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THE FEDERATION OF MALAYSIA

MALAYSIA

Postscript: September 1963

Early in the morning of 9th July 1963, an agreement was signed in London which provided for Malaysia to come into being on 31st August 1963. The agreement was signed by the British Prime Minister, Mr. Macmillan (for Great Britain), Tunku Abdul Rahman (for Malaya), Mr. Lee Kwan Yew (for Singapore), and for North Borneo and Sarawak by their political representatives.

The Sultan of Brunei, who had attended the prolonged discussions which led up to the signature of the Malaysia Agreement, finally decided against bringing his country into Malaysia at this stage. It has always been accepted that joining Malaysia is a matter for Brunei to decide herself, though Britain's view has been that it would be in her best interest to join. Britain still thinks this to be true and hopes that when the advantages of Malaysia become clearer to her Brunei will ultimately decide to join.

On August 10th the Commonwealth Relations Office announced that, in response to a request from the Prime Minister of Malaya, Tunku Abdul Rahman, Her Majesty's Government had agreed to give the Secretary-General of the United Nations facilities to ascertain whether the peoples of North Borneo and Sarawak wished to join the Federation of Malaysia.

In order to allow sufficient time for this investigation the British Government, the Malayan Government and other signatories of the London agreement, announced on August 29th that they had agreed to substitute September 16th for August 31st as the date on which Malaysia would come into being.

CONTENTS

	Page
INTRODUCTION	1
THE TERRITORIES AND THE PEOPLES	3
Climate and Topography	3
Population	6
HISTORICAL OUTLINE	11
Early History	11
The Advent of British Influence	13
British Rule – the Early Years	16
Law and Justice	17
The Inter-War Years	18
The Second World War	20
Towards Self-Government	20
The Emergency in Malaya	23
Malaya Achieves Merdeka	23
The State of Singapore	25
Progress in the Borneo Territories	26
ECONOMIC DEVELOPMENT	29
Communications	30
Agriculture, Fisheries and Forests	32
Mining and Manufacturing Industry	37
Public Utilities	40
Finance and Trade	41
Development Planning	43
United Kingdom and Other Assistance	45
Labour	46
Rural Development	48
International Bank Mission	48
SOCIAL SERVICES	50
Health Services	50
Education	53
Social Welfare and Social Security	57
EXTERNAL AFFAIRS AND DEFENCE	58
Malayan Foreign Policy since Independence	58
The Anglo-Malayan Defence Agreement	58
Malaysia's Neighbours	59
MALAYSIA: THE DESIGN AND ITS REALISATION	60
Tunku Abdul Rahman's Proposal	61
Reaction within the Territories	62
The Cobbold Commission	63
The Singapore Referendum	64
The Brunei Revolt	65
Report of the Inter-Governmental Committee	67
Developments in Sarawak and North Borneo	71
Final Arrangements for Malaysia	72

continued overleaf

Page

APPENDIX

Some Facts and figures 74
Short Reading List 75

MAPS

Federation of Malaysia 5
Malaya and Singapore 7
Sarawak, Brunei and Sabah (North Borneo) 9

INTRODUCTION

ON 31st August, 1957, the Federation of Malaya became an independent State within the Commonwealth. Singapore, whose history had been closely linked with that of Malaya, remained under British sovereignty, achieving internal self-government in 1959 as the State of Singapore. The other colonies of Britain in South-East Asia, Sarawak and North Borneo, continued under British administration after 1957 while the protected State of Brunei became self-governing internally after 1959. Although the five territories were at different stages in their political development they nevertheless possessed many features in common. They had derived from the British the same forms of administration, much of their legislation was similar in nature, the administration of justice was based on the legal forms of the United Kingdom, and the practices of their legislative organs were, in essentials, those of the British Parliament. The economic life of the territories also had much in common; they were all exporters of primary products, sharing a common currency and with their patterns of trade to a considerable extent orientated toward Singapore, the greatest entrepôt in South-East Asia. In administration and justice, education and commerce the use of the English language was widespread and provided a further unifying link. Each of the territories was multi-racial in nature but in all of them the Malay language was essentially the *lingua franca* of the common people. All these factors combined to give a traveller in the territories a feeling of their community and similarity.

The idea of their association was not a new one and indeed the links between them go back to ancient times; but, because of their different levels of political development, no practical steps had been taken in that direction. Once the Federation of Malaya had emerged as an independent entity, however, it soon showed its ability to progress in a stable manner and provided a model toward which the emerging local leaders of the other four territories could look for example, especially after 1960 when the emergency in Malaya caused by Communist terrorism had been successfully ended.

At the same time the British Government did not wish to prolong its position as a colonial Power in the Borneo territories and in Singapore, and, in accordance with its general policy for its dependent territories, wished to ensure that the people of the four territories should enjoy independence as soon as possible. The relatively undeveloped nature and comparatively small populations of the three Borneo territories, however, made it doubtful whether they could speedily achieve political and economic viability as independent States or even in some form of union, as a single State. Likewise, it was doubtful that an island of the size of Singapore, with its economy so closely bound up with that of Malaya, could become an independent country.

On 27th May, 1961, the Prime Minister of the Federation of Malaya, Tunku Abdul Rahman said, in the course of a speech to the Foreign Correspondents' Association in Singapore, 'Malaya today as a nation realises she cannot stand alone and in isolation. . . .Sooner or later she should have an understanding with Britain and the peoples of the territories of Singapore, Borneo, Brunei and Sarawak. . . . It is inevitable that we should look ahead

to this objective and think of a plan whereby these territories can be brought closer together in a political and economic co-operation'. The Malayan Prime Minister's initiative met with a favourable response not only from a majority of public opinion in the countries concerned but also from the Government of the United Kingdom. Events then moved rapidly, and in November 1961 the British and Malayan Governments reached agreement that the creation of a Federation of Malaysia was a desirable aim. Equal emphasis in the agreement was, however, given to the view of both Governments that no final decision should be reached without ascertaining the views of the peoples of the various territories. This consultation was thoroughly carried out by means of a referendum in Singapore and by the investigations of the Cobbold Commission of Inquiry in Sarawak and North Borneo. The process of consultation in these three territories was further reinforced by reference to their legislative organs which gave overwhelming support, in the cases of Sarawak and of North Borneo, first to the principle of Malaysia and later to detailed constitutional arrangements and safeguards which had been worked out by an Inter-Governmental Committee and, in the case of Singapore, to the proposals for merger drawn up by the Malayan and Singapore Governments. As an autonomous State under British protection, Brunei was free to decide whether or not to enter and, if so, to work out its own scheme of association in consultation with the Government of the Federation of Malaya. By March 1963 the legislatures of Sarawak and North Borneo had accepted the detailed constitutional proposals, and negotiations were continuing between Malaya and the Governments of Singapore and of Brunei. The stage was thus almost set for the initialling of a formal agreement, by Britain, Malaya and representatives of the other territories concerned, to provide, subject to the passage of the necessary legislation, for sovereignty to be transferred and for the Federation of Malaysia to become by 31st August, 1963, a sovereign State within the Commonwealth. The federation would consist of 15 States, namely the 11 States of the existing Federation of Malaya, Sarawak, Sabah (N. Borneo) and, if negotiations were completed, the State of Singapore and the Sultanate of Brunei.

In the following pages a short description is given of Malaysia's territories and peoples and of their histories. In particular, attention is paid to constitutional advances since the war. An outline of their economies and social services follows and problems relating to defence and external affairs are outlined. The development of the Malaysia concept is then traced to its conclusion. The pamphlet has been written on the assumption that the negotiations between the Malayan government and the governments of Singapore and of Brunei will be successful. At the time of going to print the final outcome of the negotiations was not known.

THE TERRITORIES AND THE PEOPLES

THE Federation of Malaysia covers an area of 130,778 square miles, somewhat larger than that of the British Isles. It occupies two distinct regions, the Malay peninsula which extends south-south-east from the continental land mass of South-East Asia from the narrow Kra isthmus to the island of Singapore, and the north-western coastal area of the island of Borneo. The two areas are separated by about 400 miles of the South China Sea. A number of small islands off the coast of Malaya, adjacent to Singapore, and off the Borneo coast, are also within its borders. The Federation has land frontiers with Thailand on the mainland of Asia and with the Republic of Indonesia in the island of Borneo. Across the narrow Straits of Malacca lies the Indonesian island of Sumatra, while to the north and north-east of Sabah (North Borneo) across the Sulu sea lie the islands of Palawan and Mindanao which form part of the Republic of the Philippines.

The position of the Malay peninsula, and in particular of the island of Singapore, is focal in the geographical region of South-East Asia. It lies at the meeting place of the continental and insular parts of the region, at the cross-roads of monsoon Asia where the wind systems of the Indian ocean converge with those of the South China Sea; facts that contributed to its early commercial importance. Lying close to the shortest sea route between India and China and almost equidistant between those great population and land masses, astride the main sea and air routes to Australia and, across the Pacific, to the United States, Malaya is an area of great strategic importance.

The Borneo territories of the Federation are not so nodally situated. They lie to the east of the main shipping routes from China and Japan to India and the west and in consequence have not profited to the same degree from the cultural and economic streams which have been so close to the Malay peninsula. Their development has nevertheless both paralleled and reflected that of Malaya, and British influence in the Borneo territories has tended to reinforce in a variety of ways the affinities which they already had with the peninsula.

CLIMATE AND TOPOGRAPHY

The Federation of Malaysia lies close to the equator between latitudes 1° and 7° north and longitudes 100° and 119° east. Both of its main areas, the Malay peninsula and the Borneo territories, are open to maritime influences and are subject to the interplay of the wind systems which originate in the Indian Ocean and the South China Sea. The year is commonly divided into the south-west and north-east monsoon seasons which in time correspond roughly with the summer and winter of northern latitudes. In the Malay peninsula the months between the two monsoon periods are generally the wettest, though on the east coast the period of the north-east monsoon brings the greatest amount of rain. In Sarawak and Brunei, from the beginning of October until nearly the end of February, the north-east monsoon brings heavy rainfall, particularly in the coastal belt. From April to July a mild

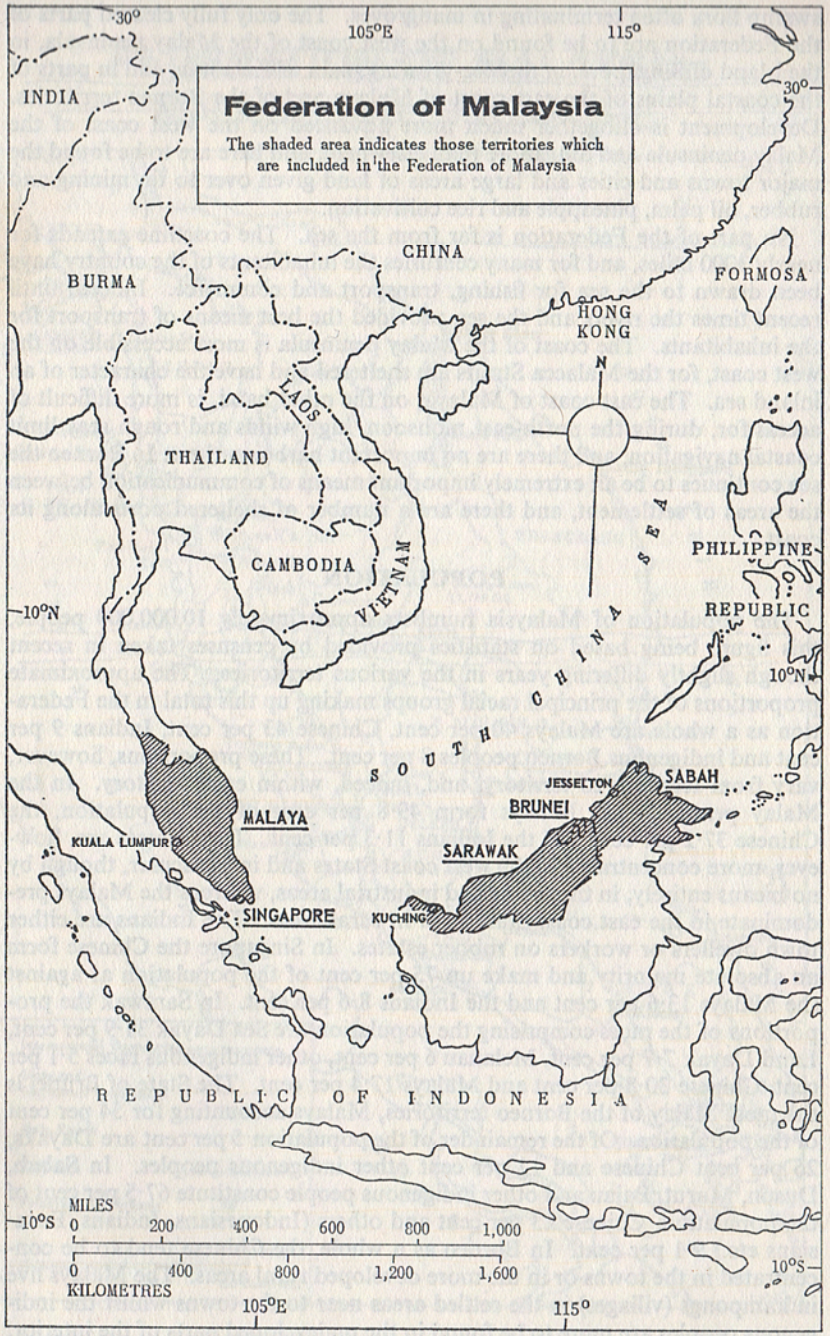
south-east monsoon occurs, and, during the period, rainfall often occurs in the form of afternoon thunderstorms. In North Borneo the north-east monsoon lasts from October and November until March and April, and the south-west monsoon from May to August, with interim periods of indeterminate winds between the two monsoons. On the west coast the wetter seasons occur during the south-west monsoon period and the interim periods, while on the east coast the heaviest rainfall occurs during the north-east monsoon. Rainfall averages about 100 inches throughout the year, though the annual fall varies from place to place and from year to year. The driest part of the Malay peninsula is Jelebu in Negri Sembilan with an average of 65 inches, and the wettest place, Maxwell's Hill in Perak with 198 inches a year. Singapore's annual rainfall is 95 inches. A large area of Sarawak receives between 120 and 160 inches of rain and like figures are recorded for Brunei. In North Borneo rainfall varies from 60 to 160 inches. The highest rainfall is in the south-west (Beaufort and Labuan) and the lowest in the interior, where it is more evenly distributed.

Throughout the Federation, average daily temperature varies from about 70° F. to 90° F. though in higher areas temperatures are lower and vary more widely. (At Cameron Highlands in Pahang the extreme temperatures recorded are 79° F. and 36° F.) Relative humidity is everywhere generally high.

The peninsular part of the Federation consists essentially of an east and west coastal plain between which the central mountain ranges run roughly north to south. These ranges reach 7000 feet in places, and from them run many streams and rivers, the largest being the Perak and the Pahang rivers, towards the Straits of Malacca and the South China Sea. At their sources and in their upper reaches the rivers are quick-flowing, often with tortuous rapids and precipitous gorges. In the lower reaches the descent to the coastal plain is more gradual, and the water takes on a muddy colour from contamination with the lowland silts through which the rivers meander before reaching the coast. On the west coast the lower courses of the rivers sometimes lie through swampy land, while on the east coast their entrance into the sea is sometimes impeded by sand spits created by powerful on-shore currents.

The Borneo territories consist in general of an alluvial and often swampy coastal plain, of more hilly rolling country further inland and of mountain ranges in the interior. The rivers rise in the interior ranges and flow down through deep gorges and over rapids. In Sarawak the highest peak is Mount Murud (7950 feet) and the largest river the Rejang, 350 miles long and navigable for 100 miles. In North Borneo the central mountain ranges rise more abruptly from the west coast. They are generally about 4000–6000 feet in height, but Mount Kinabalu rises to 13,455 feet and is the highest peak in the Federation. Many rivers flow north-west and east to the South China and Sulu seas. The largest, the Kinabatangan, is navigable for considerable distances and waters the most extensive plain in the territory.

The greater part of the Federation is still covered by dense, tropical rainforest, the proportion of forest land being higher in the Borneo territories than in the Malay peninsula, which is more developed. On the plains the tropical forest forms an almost unbroken canopy a hundred feet or so above the ground, but in the higher mountains it tends to thin out and shows considerable variation in flora. In the swampy areas the high forest is replaced by a



swamp flora often terminating in mangroves. The only fully cleared parts of the Federation are to be found on the west coast of the Malay peninsula, in the island of Singapore, in the rice-growing plain of Kelantan, and in parts of the coastal plains of the east coast of Malaya and of the Borneo territories. Development is altogether much more advanced on the west coast of the Malay peninsula and Singapore than elsewhere, and here are to be found the major towns and cities and large areas of land given over to tin mining and rubber, oil palm, pineapple and rice cultivation.

No part of the Federation is far from the sea. The coastline extends for nearly 3000 miles, and for many centuries the inhabitants of the country have been drawn to the sea for fishing, transport and commerce. Indeed, until recent times the rivers and the sea provided the best means of transport for the inhabitants. The coast of the Malay peninsula is most accessible on the west coast, for the Malacca Straits are sheltered and have the character of an inland sea. The east coast of Malaya, on the other hand, is more difficult of access for, during the north-east monsoon, high winds and rough seas limit coastal navigation, and there are no important harbours there. In Borneo the sea continues to be an extremely important means of communication between the areas of settlement, and there are a number of sheltered ports along its coast.

POPULATION

The population of Malaysia numbers approximately 10,000,000 people, this figure being based on statistics provided by censuses taken in recent though slightly differing years in the various territories. The approximate proportions of the principal racial groups making up this total in the Federation as a whole are Malays 40 per cent, Chinese 43 per cent, Indians 9 per cent and indigenous Borneo peoples 8 per cent. These proportions, however, vary from territory to territory, and, indeed, within each territory. In the Malay peninsula the Malays form 49·8 per cent of the population, the Chinese 37·2 per cent and the Indians 11·3 per cent. The Chinese are, however, more concentrated in the west coast States and in particular, though by no means entirely, in the towns and industrial areas, whereas the Malays predominate in the east coast States and in rural areas. The Indians are either town dwellers or workers on rubber estates. In Singapore the Chinese form an absolute majority and make up 75 per cent of the population as against the Malays 13·6 per cent and the Indians 8·6 per cent. In Sarawak the proportions of the races comprising the population are Sea Dayak 31·9 per cent, Land Dayak 7·7 per cent, Melanau 6 per cent, other indigenous races 5·1 per cent, Chinese 30·8 per cent and Malays 17·4 per cent. The State of Brunei is the most Malay of the Borneo territories, Malays accounting for 54 per cent of the population. Of the remainder of the population 5 per cent are Dayaks, 26 per cent Chinese and 12 per cent other indigenous peoples. In Sabah, Dusun, Murut, Bajau and other indigenous people constitute 67·5 per cent of the population, Chinese 23 per cent and others (Indonesians, Indians, Eurasians etc.) 9·1 per cent. In Borneo as a whole, the Chinese tend to be concentrated in the towns or in the more developed rural areas. The Malays live in kampongs (villages) in the settled areas near to the towns whilst the indigenous peoples are more to be found in the undeveloped parts of the interior.

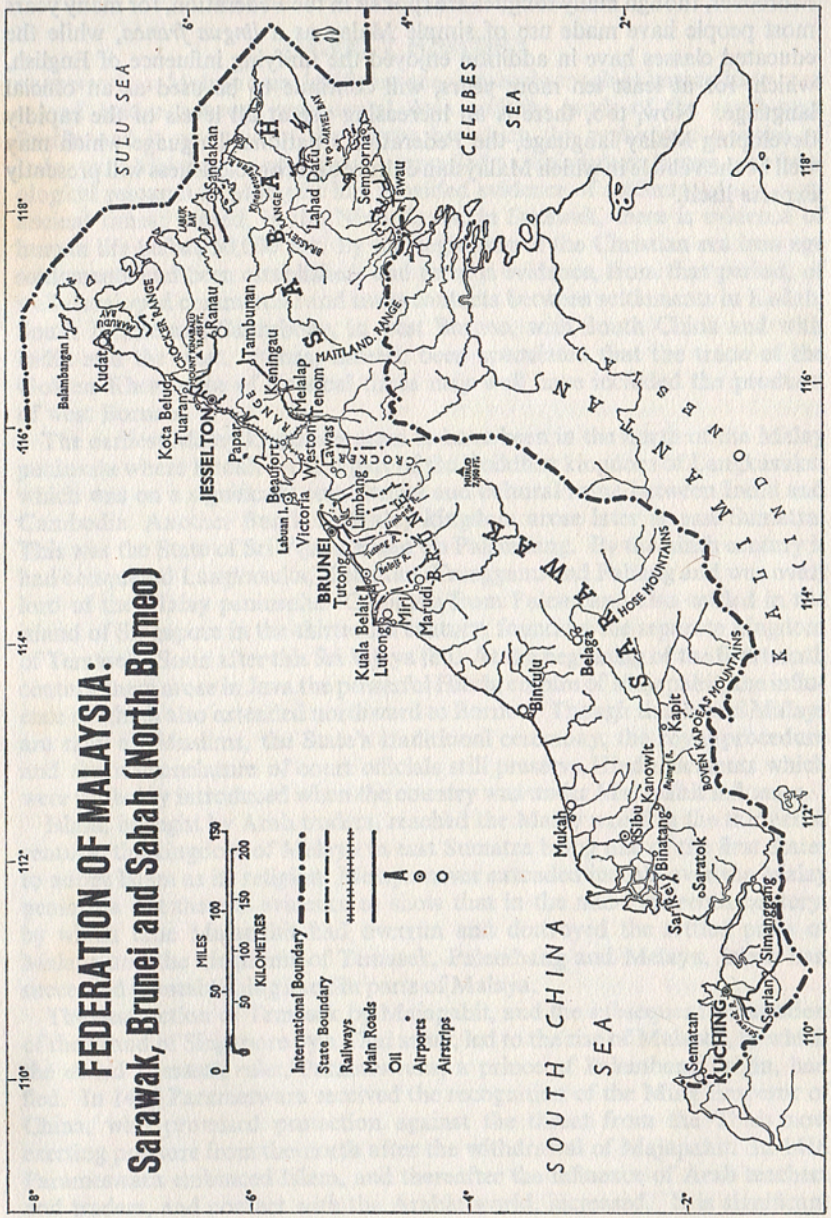
FEDERATION OF MALAYSIA: MALAYA AND SINGAPORE



Malaysia's multi-racial character reflects processes of migration by land and sea continuing over thousands of years. The complexity of the racial composition is not limited, moreover, to the four principal groups, for each can in turn be further sub-divided. The Malays, though essentially united by language and religion, are often in origin from different parts of Sumatra, Java or other islands in the Indonesian archipelago, as well as from Malaya itself, and they manifest considerable variations of physical type, of dialect and of customs. The Chinese, though mainly from south China, can be subdivided into a number of dialect groups—Cantonese, Hakka, Hokkien, Teochew, Hainanese and others—each with their distinctive characteristics. The Indians (with whom are grouped the Ceylonese and the Pakistanis) may be Dravidians from south India, Tamil or Malayalam-speaking, or Sikhs or Punjabis from the north. Among the indigenous races of Borneo there is a variety of peoples, Dusun, Bajau, Kedayan, Murut, Melanau, Dayaks and others, each with its own language or dialect and customs. In addition there are also, in the Malay peninsula, small tribes of aboriginal people sometimes loosely referred to as Sakai, but more correctly divisible into such groups as Temiar, Senoi, Semang, and Orang Laut, some speaking languages related to Malay and others tongues of Khmer origin. There are also numbers of Eurasians, among them a small Portuguese-speaking community near Malacca.

Superimposed on the physical diversity of race and the varieties of language there is the cultural diversity for the most part created by religious influences. The present Malay culture, though based on its own ancient past, has been moulded by Hindu influences from India and by Islamic influences from the Arab world. The Malay language itself is a repository of past influences and contains, in addition to its own vocabulary, words of Sanskrit, Arabic, Chinese, Portuguese, Dutch and English origin. Though Islam is universally practised by the Malays, in the ceremonies of the Malay courts and in Malay art and literature, the influence of the Hindu period still shows itself. The Chinese, too, have brought to Malaya their own distinctive culture with its amalgam of Confucian, Taoist and Mahayana Buddhist elements, while from India, Pakistan and Ceylon the immigrants have brought Hinduism, Islam and Hinayana Buddhism. In Borneo the indigenous peoples have preserved from a remote past cultures, if not so intellectually complex as those of India and China, at least of comparable interest and originality, their arts, crafts and customs constantly showing the presence of intelligence and vitality.

No strong tendency is discernible for any of the various groups to assimilate, or be assimilated by, one another, though some of the aboriginal people of Malaya and the indigenous people of Borneo have adopted Malay culture and the Islamic religion. On the whole, however, the Chinese, Malay, Indian and indigenous groups tend to remain quite distinct. Yet, despite the many differences which exist between the peoples of the Federation, there are signs that point to the emergence of a distinctive Malaysian society. Increasingly, links of friendship and loyalty, crossing racial barriers, are forged by Malaysian institutions, by the armed forces and by the sporting, cultural and educational organisations which are an essential part of modern Malaysian society. There is, too, the influence of language. The tongues which sometimes separate one group from their immediate neighbours may nevertheless link them with another group in a distant part of the Federation; a



Malay speaker and a Hokkien speaker from Brunei will generally have no difficulty in understanding a Malay speaker and a Hokkien speaker in Penang. Moreover, though many tongues are spoken in the Federation, for many years most people have made use of simple Malay as a *lingua franca*, while the educated classes have in addition enjoyed the unifying influence of English, which, for at least ten more years, will continue to be used as an official language. Now, too, there is an increasing use at all levels of the rapidly developing Malay language, the Federation's national language which may well be the vehicle in which Malaysian culture and consciousness will presently express itself.

HISTORICAL OUTLINE

EARLY HISTORY

PENINSULAR Malaya was significant at a very early epoch in human history as a land bridge between continental Asia and the lands of the south-west Pacific and it was one of the routes by which the prehistoric peoples of Indonesia, Melanesia and Australia travelled to their future homes. Archaeological research in Malaysia has provided evidence of settlement from very ancient times; indeed, in the Niah Caves, in Sarawak, there is evidence of human life before 50,000 B.C. By the beginning of the Christian era iron age settlements had been established, and there is evidence, from that period, of well-developed commercial and trade contacts between settlements in Kedah, South Johore and Santubong, in west Borneo, with South China and with India and the west. It has, indeed, been speculated that the trade of the Golden Khersonese of classical times may well have included the products of west Borneo.

The earliest Malay kingdoms seem to have been in the north of the Malay peninsula where Kedah formed part of the Buddhist kingdom of Langkasuka, which was on a significant commercial and cultural route between India and Cambodia. Another Buddhist Malay kingdom arose later in east Sumatra. This was the State of Sri Vijaya based on Palembang. By the ninth century it had conquered Langkasuka, Kelantan, Trengganu and Pahang and was overlord of the Malay peninsula. Colonists from Palembang also settled in the island of Singapore in the thirteenth century, founding the separate kingdom of Temasek. Soon after this Sri Vijaya fell. At the beginning of the fourteenth century there arose in Java the powerful Hindu empire of Majapahit, the influence of which also extended northward to Borneo. Though the Brunei Malays are now all Muslims, the State's traditional ceremony, the royal procedure and the nomenclature of court officials still preserve Hindu elements which were probably introduced when the country was under Majapahit influence.

Islam, brought by Arab traders, reached the Malay world in the thirteenth century, the kingdom of Melayu in east Sumatra being one of the first States to adopt Islam as its religion. Melayu never extended its rule over the Malay peninsula but there is evidence to show that in the mid-fourteenth century, by which time Majapahit had overrun and destroyed the settled parts of Malaya and the kingdoms of Temasek, Palembang and Melayu, Islam had succeeded in establishing itself in parts of Malaya.

The destruction of Temasek by Majapahit, and the subsequent occupation of the island of Singapore by a Thai army, led to the rise of Malacca, to which the exiled Temasek ruler, Parameswara, a prince of Palembang origin, had fled. In 1405 Parameswara received the recognition of the Ming Emperor of China, who promised protection against the threat from the Thais now exerting pressure from the north after the withdrawal of Majapahit. In 1416 Parameswara embraced Islam, and thereafter the influence of Arab teachers and traders, and contact with the Arabic world, increased. It is significant nevertheless that Parameswara's successor still adopted the Sri Vijaya title of Sri Maharaja. At the same time Malacca continued to cultivate its political

and trade connections with China, and as a result of its two-way trade with the Far East and with the Indian and Islamic worlds, it prospered increasingly. In the mid-fifteenth century the Golden Age of Malacca dawned. It was the time of Hang Tuah, the greatest of Malacca's warriors. Conquests were made in Malaya and Sumatra and the wealth and prestige of the State increased. From Malacca the influence of Islam continued to spread in the Malay world, and in the peninsula it gradually replaced Hinduism. Often Islam was carried by the merchant princes and traders who were an important element in Malacca's population.

By the early fifteenth century the influence of Islam had also spread to Borneo where it was adopted by the powerful State of Brunei which now controlled the trade of the area. In Borneo, as in Malaya, the same cultural and commercial influences — from India and the Islamic world and from China—were thus at work. But in the early sixteenth century these influences were joined by another which soon had far-reaching effects on the political and commercial life of the area. In 1509 a Portuguese fleet sent by Albuquerque reached Malacca and in 1521 the first western expedition to circumnavigate the globe arrived at Brunei town.

The capture of Malacca by the Portuguese in 1511 destroyed the Malay empire which had controlled the peninsula and the east coast of Sumatra, and a period of Malay adversity followed. The Malacca dynasty established a new Sultanate based on the Riau islands and Johore, but Riau-Johore was never able to re-establish control over Malacca, which became the centre of Portuguese influence over the trade of the Far East. In 1641 the Dutch seized Malacca in order that it should no longer rival their own commercial centre at Batavia but they in turn had to face the hostility of Riau-Johore, after 1721 under the control of the Bugis, the warrior merchants of the Celebes. The Riau-Johore State, to the discomfiture of the Dutch, was at the beginning of the eighteenth century able to dominate the whole of western Malaya (apart from Malacca) except in the north, where Kedah, together with the east coast States of Kelantan and Trengganu, had again come under Thai influence. As the century wore on, however, Riau-Johore declined in power, and in 1743 Selangor achieved independence under a Bugis dynasty to be followed in 1773 by the Minangkabau States of Negri Sembilan. Perak, whose first ruler was the son of the last Malacca sultan, preserved its existence against the Bugis, but, as their power declined, found itself harassed by the Thais from the north.

The triumph of Islam over the greater part of the Malay world (Majapahit had fallen early in the sixteenth century to the new Javanese Islamic kingdoms) provided the Malays with a unifying influence which neither the Portuguese nor the Dutch, despite their military power, could destroy. The trading influence of the Dutch, and later the British, nevertheless helped in the disintegration of the larger Malay political units whose territories tended to become separate sultanates. Thus, when the Riau royal family divided into two branches, one under British and the other under Dutch influence, the officials of the State who ruled Pahang and Johore assumed the positions of independent princes. Similarly after the beginning of the seventeenth century the power of Brunei over Borneo declined as the Dutch established trading centres in the south and east of the island, until, by the beginning of

the nineteenth century, it included only its present territory, Sarawak and parts of North Borneo.

THE ADVENT OF BRITISH INFLUENCE

The British interest in the East Indies and the Far East was, like that of the Portuguese and Dutch, to begin with primarily commercial. In the second half of the eighteenth century the British East India Company was badly in need of bases for its trade with China, and an attempt to establish a station in the area was made in North Borneo. There, the Sultan of Sulu, who had been released from Spanish captivity when the British captured Manila in 1763, had ceded to the company the land from the Kimanis river to the Straits of Macassar. This territory had earlier been given to the Sultan of Sulu by Brunei as a reward for services which he had rendered. The company opened a base at Balambangan, an island to the north of Marudu Bay, but the place was unhealthy and constantly menaced by pirates. In 1775 it was pillaged by Sulus and Illanuns, who forced the garrison to retire. In 1803 an attempt to re-establish the base was made but again without success, and the station was closed together with a company factory at Brunei. After this no further British efforts at settlement in Borneo were made for 40 years.

In Malaya British attempts to establish settlements were more successful. In 1786 Frances Light, on behalf of the East India Company, took possession of the island of Penang. The island belonged to Kedah which at the time was anxious to obtain a guarantee of military assistance against Siam (its nominal suzerain), the Bugis and Burma. The East India Company was unwilling to give such a guarantee but after 1791, when Kedah tried unsuccessfully to recapture Penang, it agreed to pay the Sultan of Kedah and his successors $M 10,000 per year in return for the cession of Penang and, in addition, Province Wellesley.

Malacca was surrendered to the British in 1795 during the Napoleonic wars. It was subsequently returned on two occasions to the Dutch, who finally gave it up in exchange for Bencoolen in west Sumatra in 1825. Meanwhile, the termination of the Napoleonic wars and the re-occupation of Java by Holland again faced the East India Company with the need for a good East India trading station. The geographical position of Penang limited its value as a trading and naval base. The problem was solved by the foundation in 1819 of Singapore by Sir Stamford Raffles.

Raffles' 'Malta of the East' more than justified his hopes. A year after its occupation the population numbered 10,000 and by 1823 the value of imports and exports in the free port exceeded 10 million dollars.

The vision of Raffles, which greatly influenced the officials in Malaya who came after him, went far beyond the creation of a great entrepôt at Singapore. He was anxious that Britain should 'stretch a protecting hand over the East Archipelago and establish the amelioration and property of the inhabitants'. He prohibited slavery and cruel sports and sought to promote the education of the people. The foundation stone of the Raffles Institution was laid by him in 1823. 'Shall we not consider it one of our first duties', he had written to his superiors, 'to afford the means of education to surrounding countries and thus render our stations not only the seats of commerce but of literature and the arts'. His insistence that Singapore should be a port where 'trade was open

to ships and vessels of every nation free of duty, equally and alike to all' was for him not a mere economic doctrine, expedient in his time, but an ethical reform aimed at establishing the freedom of Asians from the monopolies which for so long had confined their lives.

In 1826 Penang, Malacca and Singapore were combined to form the Colony of the Straits Settlements and continued to be administered from India. In 1830 they were brought under the control of the presidency of Bengal and 21 years later transferred to the direct control of the Governor-General of India. In 1867 their administration became the responsibility of the Colonial Office.

For the first three-quarters of the nineteenth century it was the policy neither of the East India Company nor of the British Government to interfere in the Malay States of the peninsula or in Borneo. During the period, however, significant changes began to take place in the peninsular Malay States. The *pax Britannica* had removed the threat of external aggression and greatly increased trade in the area. There was a considerable development of tin mining by immigrant Chinese workers using new methods, and in consequence the control of the districts brought to the nobles greater revenue and power than attendance at the sultans' courts. At the same time the population grew and began to spread out over the countryside. Despite the economic progress the internal government of the Malay States remained far from good. There was constant warfare between them and civil war was frequent. Piracy flourished and the people were burdened by service in the local wars of their rulers and by the system of slavery which was widespread. The situation was far from satisfactory to the increasingly prosperous commercial circles of Penang and Singapore. The transfer of the Straits Settlements to the Colonial Office enabled the Governor and leading merchants in the colony to represent the conditions in the Malay States more effectively to the British Government, with the result that in 1873 new instructions permitting a change of policy were issued to the Governor of the Straits Settlements in the following terms:

> 'Her Majesty's Government have, it need hardly be said, no desire to interfere in the internal affairs of the Malay States. But looking to the long and intimate connection between them and the British Government and to the well-being of the British Settlements themselves, Her Majesty's Government find it incumbent upon them to employ such influence as they possess with the Native Princes to rescue, if possible, those fertile and productive countries from the ruin which must befall them if the present disorders continue.'

The Governor was instructed to ascertain the actual situation in each State and in particular to consider whether it would be advisable to appoint a British officer to reside in any of them. 'Such an appointment', the instruction went on, 'could, of course, only be made with the full consent of the Native Government. . . .'

In the following year Britain became involved in the State of Perak, where, in addition to difficulties of the kind outlined above, large numbers of people were being killed in strife between Malays and Chinese and in feuds between rival Chinese secret societies in the tin fields of Larut. The Governor succeeded in negotiating a treaty with the Ruler and Chiefs by which the advice of a British Resident should be asked and acted upon on all questions other than those touching Malay religion and custom. In 1874, also, the Sultan of

Selangor, on the advice of the Chiefs, asked for a similar treaty and accepted a British Resident. Similar arrangements were made later with Negri Sembilan and Pahang, and in 1895 these four States—Perak, Selangor, Negri Sembilan and Pahang—became a federation with a British Resident-General and a system of centralised government.

Johore secured a treaty of protection in 1885, and in 1914, under a new treaty, a General Adviser was appointed. By the Bangkok Treaty of 1909, Thailand transferred all rights of suzerainty, protection, administration and control of the four northern States of Kelantan, Trengganu, Perlis and Kedah to Britain. Up to then, those States had continued to suffer from the weaknesses which had previously beset the States in the south. Although the provisions of the treaties negotiated with them and with Johore were similar to those of the earlier treaties, these northern States remained outside the Federation.

In the development of the Residential system, Sir Hugh Low in Perak and Sir Frank Swettenham in Selangor and Perak (and later as Resident-General) showed great skill, and their wisdom and understanding helped to establish the new régime with the help of the Malay ruling class. It should be noted that neither the federated Malay States nor Kedah, Perlis, Kelantan, Trengganu and Johore were ever declared British territory, but an administrative link existed between the States and the British Straits Settlements, since the High Commissioner for the Malay States was also Governor of the Straits Settlements.

The course of events in the Borneo territories in the second half of the nineteenth century was not entirely dissimilar from what took place in Malaya. By the middle of the century the once powerful State of Brunei consisted of only its present territory, with a shadowy authority over Sarawak and part of North Borneo. Anarchy was rife and Illanun and Sulu pirates went almost uncontrolled. It was inevitable that Britain should take some steps to secure the safety of the seas in the area for commerce and navigation. In 1840 James Brooke, an adventurous Englishman, interceded in a dispute in Sarawak occasioned by the revolt of the Malays and Land Dayaks against the rule of the Sultan of Brunei's viceroy. As a reward for his services in pacifying the country the Sultan installed him as Rajah. Brooke quickly recognised that he could hardly rule effectively as long as piracy was rife and he consequently sought and obtained the assistance of the Royal Navy to restore order. Subsequently he secured the intervention of the Navy in North Borneo where, in 1845, a successful action occurred against pirates in Marudu Bay. In order that it should have a base for further operations against piracy Britain in 1846 obtained the cession from the Sultan of Brunei of the island of Labuan, which became a Crown Colony under the government of the Straits Settlements. In the following year Brunei concluded a treaty for the promotion of commerce and the suppression of piracy with Britain.

Rajah Brooke meanwhile had continued the work of pacifying Sarawak, reducing head-hunting and laying the foundations of administration. His country's independence was recognised by the United States in 1850, and in 1864 Great Britain appointed a Consul. His son and successor, Sir Charles Brooke, over a period of 50 years built on his predecessor's foundations. The State was enlarged, piracy all but disappeared, head-hunting was greatly reduced, prosperity increased and a system of administration was established.

The development of North Borneo was largely undertaken as a commercial

proposition by businessmen attracted by the country's timber, its reported mineral wealth and its land. Some early attempts to establish settlements had failed, but in 1877 the Sultan of Brunei and in 1878 the Sultan of Sulu ceded possessions in north and in east Borneo to Baron Overbeck and Alfred Dent. Immediate steps were taken to establish the rudiments of government. In 1881 the British Government granted a charter to the British North Borneo Provisional Association Ltd. The charter provided, *inter alia*, that the company should always be British, that it should undertake to abolish slavery, to administer justice with due regard to native customs and laws and not to interfere with the religion of the inhabitants. In 1882 the British North Borneo (Chartered) Company was founded, and in 1888 the British presence in Borneo as a whole was formalised when North Borneo, Brunei and Sarawak became British protectorates.

BRITISH RULE - THE EARLY YEARS

While the territories of Malaysia were British colonies or protectorates the foundations and structures of their modern administrations and economies were built. Poverty, ill-health and low standards of living still exist, and much remains to be done before productivity has increased to a degree that will permit all the people of the territories to enjoy a reasonable standard of life. But it must be remembered that when the British assumed control of the territories anarchy was rampant, the countries were economically backward, of organised settlements and good means of transport there was hardly anything and there were few means of obtaining secular education; whereas at the time of Britain's departure representative legislative organs were in existence, justice was efficiently and fairly administered, law and order were maintained, all the main departments of modern government had been established, cities and towns had been built and, in the developed areas, efficient means of transport created, considerable strides had been made in education, and attention had been given to both agricultural and industrial development.

In the early decades of the establishment of British influence both in Malaya and Borneo, feudal anarchy, internecine wars and piracy were replaced by stable government. Efficient administrations, devoted to serving the needs of the people, were built up to meet the requirements of the expanding economies, the growth of which was now permitted by the establishment of peaceful conditions.

The commerce of the territories was vastly stimulated by the opening of the Suez Canal in 1869, by the introduction of the rubber tree from South America via the Royal Botanic Gardens at Kew in 1877 and by the rapid expansion of tin mining in the peninsula. These developments were accompanied by a great influx of Chinese and Indian labour. In Malaya, in the early years of the twentieth century, the construction of railways and roads went on at a rapid pace to allow the extension of rubber planting and tin mining to go forward unchecked. On a less spectacular scale progress was also made in Sarawak where the less developed economy did not, however, lead to such a great development of settlement and communications as in Malaya. In North Borneo economic development was most marked on the west coast where the Chartered Company offered land on attractive terms. A railway was constructed and proved its worth at the time of the rubber boom

in the early nineteen-hundreds. In Brunei, too, ordered government was established and a degree of economic development took place.

The establishment of peace had permitted economic growth; the development of the economies in turn helped to provide the revenues which permitted the further development of the organs of modern government. Standards of administration were high and British officers were required to study Malay and to a lesser extent Chinese dialects and Indian languages and to learn about the customs of the people, in order that in the course of their work they could bring sympathy and understanding to bear on the problems of administration. The employment of Malays in government service had been government policy from the beginning, but in the early years of British administration there were few qualified for technical or clerical work. As a result the clerical services had to a considerable extent in the Straits Settlements and the federated States to be staffed by Indians, Ceylonese and Chinese who were English-educated, which state of affairs led to an increased use of English in government administration. At a higher level, however, the British administrative officers and, in particular, the Residents, were often masters of Malay and very often conducted their official duties in the language.

In the early years of British administration the local populations were not associated in government by means of any elected legislatures but every endeavour was made to govern the country in association with local leaders. In both the federated and unfederated Malay States the British Residents acted as advisers to the existing Rulers on all matters excepting those relating to Muslim law and Malay custom. In 1909, in the federated States, a Federal Council was created by Sir John Anderson, the membership being the Rulers, the Resident-General, the four British Residents and four unofficials nominated by the High Commissioner who presided over the council.

In the Straits Settlements, as early as the mid-nineteenth century, municipal committees had been established in Penang, Singapore and Malacca during the period of company rule. These organs enabled the leaders of all committees to express their views to the government. Singapore became a municipality in 1856. Under Crown Colony government a Straits Settlements Legislative Council, consisting of eleven officials and six nominated unofficials was established and recruitment to the civil service of the Settlements by competitive examination was initiated.

In Brunei the British Resident, in a similar manner to the Residents in the Malay States, advised the Sultan in council on matters of government except those affecting the Muslim religion and Malay custom. In North Borneo the government remained in the hands of the chartered company and in Sarawak in the control of the Brooke family. Such arrangements may seem strange but there is no doubt that both the company and the Brookes were devoted to the development of their territories and the welfare of their peoples, and their rules commanded general assent.

LAW AND JUSTICE

Among the tasks of the British administration was the introduction of an impartial, humane and universally valid system of law and justice. Apart from the relatively humane law, based on the matrilineal system of law operating in Negri Sembilan, the law of the Malay States and Brunei at the advent

of British authority was for the most part arbitrary and cruel. Sir Richard Winstedt has described the criminal law of the patriarchal States as 'a tissue of barbarities, inconsistencies and class favouritism . . .' As, by agreement with the Rulers, British authority advanced, the law and judicial system of the Colony of the Straits Settlements became the model for the Malay States and Brunei.

Even in the Settlements the introduction of a satisfactory legal system had taken time. The various racial and tribal groups within their rapidly expanding populations brought with them their own customs and traditions and their own approach to crime and punishment. Thus the government instructions for the administration of justice in Penang, issued in 1800, prescribed that the law was to be 'the law of the different peoples and tribes of which the inhabitants consist, tempered by such parts of the British law as are of universal application'.

The system of law eventually introduced in the Straits Settlements and subsequently adopted alike by the federated and unfederated Malay States and Brunei was the Indian Evidence Act, and Penal and Criminal Procedure Codes (of British India), with slight alterations and a Civil Procedure Code based on the English Judicature Acts. In Sarawak and Borneo the basis of Criminal Law is again the Indian Penal Code and it is provided that in both territories save insofar as provision is made by any written laws in force, the common law of England and the doctrines of Equity shall apply as far as local circumstances permit.

THE INTER-WAR YEARS

In the years between 1918 and 1939 Malaya and the Borneo territories suffered, like most other countries, from the effects of the trade recession in the 'twenties and of the world economic depression of the 'thirties. Nevertheless considerable progress was made in expanding the public utilities and social services.

In the federated Malay States the largest items of government expenditure during the 'twenties were on the extension of railways and the construction of new roads and buildings. Medical and educational services were also expanded and other social services showed a moderate advance. The world economic depression forced the government to introduce sweeping economies and impose additional taxation. Construction of new public works was impeded and departmental expenditure cut, but with the recovery of revenue after 1934 services were again expanded.

Development in the unfederated Malay States also went ahead in the inter-war years. Johore, the largest and wealthiest, saw a considerable expansion of public works and social services. In Kedah, Perlis and Kelantan, much less revenue was available and the scale of development lower. Trengganu was still in the early stages of development during the period and the surplus revenues available for social services were small. The beneficial effect of security and justice is nevertheless indicated by the fourteenfold increase in the revenue of the State between 1911 and 1937.

The Straits Settlements Government embarked in 1919 on a programme of expansion. The Singapore Harbour Works were improved. Expenditure on

medical services and education increased very considerably. Expenditure on public works rose from $M 458,000 in 1918 to over $M 6 million in 1927. After the depression progress was resumed, and by 1930 medical expenditure in the three municipalities was over $M 5 million. The expansion of the naval base also helped the island's economy.

In Borneo progress was slower. In Brunei, however, a revolution in the economy was occasioned by the discovery of a workable oilfield at Seria in 1929. Once exploitation of the field had begun, the State's revenue vastly increased and Brunei became prosperous.

In Sarawak Sir Vyner Brooke, the third Rajah, succeeded his father in 1917 and continued his policies. Head-hunting was reduced to sporadic proportions, revenue increased and medical and educational services were improved. At the outbreak of war the State was in a sound economic position with a large sum of money in reserve. In North Borneo the chartered company was able to achieve creditable, if somewhat slow, progress. The economy was affected by the world slump in 1931 but thereafter the company was able to achieve a balanced economy based largely on the export of rubber, timber and copra. Sandakan, the then seat of government, Jesselton, Beaufort, Tawau and Kudat had developed into small but prosperous towns, but good communications were still mainly limited to the west coast.

Constitutionally there were some advances in the period. In 1927 the Federal Council of the Federated Malay States was changed when the Rulers withdrew, the officials were increased to 13 and the unofficials to 11. The proceedings of the council then began to adopt something of the modern aspect of Government and Opposition. In the Straits Settlements after 1924, the Legislative Council had equal numbers of officials and unofficials appointed by the Governor, who, in carrying out his duties, was advised by an Executive Council consisting mainly of officials. Co-ordination of policy throughout the peninsula continued to be achieved by the Governor as High Commissioner for the Malay States.

In the Borneo territories the inter-war years witnessed no marked constitutional changes, though, on the eve of the Japanese occupation in 1941, the Rajah of Sarawak, in celebration of the centenary of his family's rule, enacted a new constitution which abrogated his absolute powers and set his people on the first stage of the road to democratic self-government.

During the inter-war years there were few people who thought in terms of achieving independence in the near future for any of the territories. For the most part the Malays were satisfied with a system of administrative tutelage which gave them opportunity and time to develop and which preserved the sovereignty of their traditional rulers. The immigrant races, though numerically important, to a large extent still thought in terms of a return to their homelands. The object of many of the Indian labourers who came to work in the Federation's plantations was to amass sufficient money to return in comparative affluence to India and they were not at all interested in the possibility of taking part in politics in Malaya. The immigrant Chinese on the other hand were beginning to be interested in politics but it was an interest in the politics of mainland China and not of Malaya or Borneo. Both the Kuomintang and, after 1924, the Chinese Communist Party, established branches in Malaya, but they were concerned to a large extent with winning

the support of the comparatively wealthy overseas Chinese group with its financial resources so valuable to their ends in China, rather than in influencing political developments locally. After the Japanese invasion of China, the Chinese in Malaya and Borneo increasingly gave support to the organisations seeking to aid, by financial or other means, the Chinese Government in its resistance. To the Chinese, therefore, the arrival of the Japanese in 1941 was part of a struggle in which they had been involved for a number of years.

THE SECOND WORLD WAR

Between the outbreak of the war in Europe and the Japanese occupation, the production of rubber, tin and oil in Malaya and Borneo greatly aided the British war effort through its conservation of foreign exchange, especially United States dollars. Japan, however, entered the war in 1941 at a time when Britain was desperately engaged in the west. After a campaign lasting two months, Malaya and the Borneo territories were overrun and Singapore, the centre of Britain's power in the area, surrendered in February 1942.

The Japanese occupation, despite the promises of the 'Greater East-Asia Co-prosperity Sphere', was a tremendous set-back to progress in all the territories. In North Borneo and Brunei whole towns were destroyed and years of achievement ruined. An official British report, published in May 1949 (Cmd. 7709), on the effects of the occupation, reads as follows:

> 'The territories were administered solely for Japanese military convenience and the rights and welfare of the civilian population received scant consideration. The cessation of food imports, especially of rice, coupled with requisitioning of local crops and livestock, left the people in a state of serious under-nourishment. With the abandonment of anti-malarial measures malaria became rife and took a heavy toll—all the heavier because of malnutrition. Hospitals continued to function—but only insofar as they could provide services with depleted staffs and largely without drugs and medical stores of all kinds. There was a complete neglect and under-maintenance of public services—water supplies, power, communications—unless required for military purposes. Commerce came virtually to a standstill. . . Industry continued only to the extent that it contributed to the needs of the Japanese war machine. . . . The rubber and tin industries were for the most part abandoned. . . . Higher education ceased entirely; primary and secondary education continued only on an insignificant scale.'

Despite the severities of the occupation a spirit of resistance nevertheless gradually developed among the people. The first to organise resistance were the Chinese groups which had already before the war been engaged in anti-Japanese activities. Later on the Malays, too, organised a resistance and, as the occupation period went on, there was among all groups an awakening of political consciousness that was to bear fruit when the Japanese had left. The Japanese occupation, destructive as it was, did have the effect of stimulating a desire for national independence.

TOWARDS SELF-GOVERNMENT

During the Japanese occupation considerable thought had been given in the United Kingdom to the future form of government in Malaya and

Borneo. It was clear that the awakening of political consciousness would not permit the return to the forms of government which had existed before the war and that an effort would have to be made to establish constitutional arrangements which would provide for opportunities for development toward responsible self-government. A White Paper on the future administration of Malaya, published in 1946, stated that, 'In this development all those who have made the country their homeland should have the opportunity of a due share in their country's political and cultural institutions'.

The British Government proposed that in Malaya the pre-war system of federated and unfederated Malay States should be replaced by a centralised Malayan Union which would deprive the Rulers and the States of all but nominal authority. Penang and Malacca would form part of the Union but Singapore, on account of its large entrepôt trade and its special economic and social interests, would become a separate colony. Orders in Council constituting the Malayan Union and the Colony of Singapore came into operation on 1st April, 1946. While the Orders conferred constitutions on the territories and decreed the creation of Legislative, State and Settlement Councils, such councils were not to come into being until a later date, after full consultation with local opinion had been possible. In the meantime, in the Malayan Union and Singapore, nominated Advisory Councils were established to advise the Governor on legislation and other matters.

Singapore became a separate colony but the proposals for the creation of a Malayan Union were never fully implemented, although the Union itself had a brief existence from 1946–48 after the end of the British Military Administration. It was quickly apparent that the Malays were extremely dissatisfied with the proposals for the Union, especially those which transferred jurisdiction from the Malay Rulers to the British Crown and contained conditions of citizenship which the Malays feared would result in Chinese domination. The Malays were led by Dato Onn, leader of the United Malay National Organisation (UMNO) which rapidly formed branches throughout Malaya. In place of the Malayan Union a federal scheme was drawn up by a representative Malay working committee, and, after consultation with the non-Malay communities and the United Kingdom Government, there emerged the Federation of Malaya Agreement of 1948, under which the States and Settlements were to retain their own individuality but were to be united under a strong central government. The Malay rulers remained sovereign in the Malay States and Penang, and Malacca remained British territory. The Federation of Malaya agreement provided for a High Commissioner and a Federal Legislative Council consisting of 75 members, 50 of whom were unofficials, and considerable authority was left to the State and Settlement governments particularly where land administration was concerned. A form of common citizenship was created for all who acknowledged Malaya as their permanent home. Out of a population of approximately 5 million in 1948, some 3·1 million qualified automatically for federal citizenship of whom 78 per cent were Malays, 12 per cent Chinese, and 7 per cent Indian. By December 1951 a further 327,773 persons, mainly Chinese, had become federal citizens by application.

After becoming a separate colony Singapore was given a new constitution providing for it to be administered by a Governor with a nominated Executive

Council and a partly elected Legislative Council. The Legislative Council elected in 1948 consisted of the Governor as President, 6 members elected by territorial constituencies, 3 elected by the three Chambers of Commerce, 4 nominated unofficials, 5 officials and 4 *ex officio* members. After the 1951 elections the number of elected members was increased to 12 of whom 9 represented territorial seats.

In 1952 a committee of unofficial Legislative Council members established by the Governor recommended the increase of territorially elected representatives to 18 and the complete review of Singapore's constitution. Such a review was carried out by a commission under the chairmanship of Sir George Rendel. All the Rendel Commission's recommendations were accepted by the British Government, a new constitution was brought into force and elections were held in April 1955.

In Sarawak, after the Japanese occupation, the Rajah resumed administration. It was, however, evident to him that greater resources than he could command would be necessary to restore the country's prosperity. He therefore considered it best for Sarawak to come under the British Crown. A Bill to this effect was passed by the Council Negri in 1946, and in June of that year an Order-in-Council establishing the Colony of Sarawak came into force. The Supreme Council and the Council Negri established under the 1941 constitution retained their authority under the new arrangements. Legislative and financial jurisdiction lay with the Council Negri, a body of 25 members of whom 14 were official members appointed from the Sarawak Civil Service and 11 unofficial members representative of the different peoples of the country and their interests. In addition there were several standing members of the Council Negri immediately before the enactment of the new Constitution Ordinance. The council had the power to make laws for the peace, order and good government of the country, and no public money could be expended without its consent. The constitution also provided for a Supreme Council of not less than five members of whom a majority should be members of the Sarawak Civil Service and the Council Negri. The powers of the Rajah in Council were henceforth vested in the Governor in Council.

The system of government in Brunei after liberation from the Japanese remained unchanged, that is to say, the supreme executive authority in the State was vested in the Sultan who was assisted in his functions by a State Council. The Sultan, however, accepted the advice of a British Resident in all matters except those affecting the Islamic religion and Malay custom.

With the ending of the British Military Administration in 1946, North Borneo, including Labuan, became a Crown Colony. Government was conducted by the Governor who had the assistance of an Advisory Council. The almost total destruction by the Japanese of all that had been achieved by the chartered company meant that in the immediate years after liberation all attention had to be given to the physical tasks of rehabilitation and reconstruction. To effect this, grants and loans were made by the British Government. In 1950 a new constitution came into being, providing for the establishment of Executive and Legislative Councils, the unofficial members of which were not in a majority and were chosen by the Governor from persons considered to be as representative as possible of the various sectors of the community.

THE EMERGENCY IN MALAYA

The Governments of Malaya, Singapore, Brunei, Sarawak and North Borneo were all faced with the tasks of reconstructing and developing their economies and preparing for responsible self-government, but the Government of the Federation of Malaya had to face these tasks against the background of a struggle against armed Communist insurrention. The anti-Japanese Communist resistance groups, mainly Chinese, which had emerged from the jungle in September 1945, had hoped to gain control of the country but in this aim they were foiled by the arrival of the British Military Administration. Failing in their endeavour to seize power or even be associated in the government of the country, they made determined efforts to paralyse economic recovery and finally launched a campaign of violence and murder in which the principal targets were British rubber planters and miners, on whom the economy largely depended, and those Chinese who actively opposed the Communists. To cope with the situation a State of Emergency was declared in June 1948.

Years of unremitting struggle followed—the emergency was not lifted until 1960—but gradually the forces of Communism were destroyed. Victory was not achieved by the military effort alone, although as the years went by, Malayan, British and other Commonwealth forces were called on unceasingly to prosecute arduous jungle campaigns, but also by measures involving the protection of whole sections of the civil population from the depradations and intimidation of the terrorists. Chief among these methods was the Briggs plan, which involved the re-settling into new villages of nearly half a million dispersed rural dwellers, often illegal Chinese squatters, who previously had been obliged in their unprotected and isolated habitations to contribute support in manpower, money and food, to the Communist movement. The new settlements made it possible for Government to bring to the re-settled population the benefits of better administration and social services and to prosecute the campaign of winning their 'hearts and minds' so that they would actively support Government's efforts instead of sitting on the fence. As confidence was restored, such active support was increasingly forthcoming until home guard units composed of new villagers were themselves able to undertake the defence of the settlements. Food denial measures aimed at cutting off the supply of food to the terrorists were also applied and, although these caused some hardship, the population accepted them as a fair means of ending terrorism.

By 1954, when General Templer handed over his post to Sir Donald MacGillivray, the Communist threat, if not yet destroyed, had been broken. To a cheering Legislative Council the General announced that the British Government no longer regarded the Communist threat as a bar to the introduction of elections or to the achievement of Malayan independence.

MALAYA ACHIEVES MERDEKA

A considerable advance had already been made toward self-government with the introduction of the 'Member' system in 1951. This was in effect the first step toward ministerial responsibility. Various departments and subjects were grouped under the supervision of individual members of the

Legislative Council, most of whom were political and community leaders. In 1952 the composition of the Executive Council was changed to include all those in the Legislative Council who were 'Members'. The leaders of the various communities and politicians thus associated themselves with Government in the prosecution of the emergency and there is no doubt that the national effort and purpose which this association engendered did much to give the people a feeling of being united as a single Malayan people. The ordeal of the emergency in a sense therefore contributed towards the development of Malayan national identity.

In 1955 a new constitution was introduced which transferred to the elected representatives of the people most of the responsibility for the government of the Federation. It was based on the recommendation of an almost entirely Malayan Committee appointed by the High Commissioner in 1953. The new Federal Legislative Council was to consist of 52 elected members, 3 *ex officio* members (Chief Secretary, Attorney-General, Financial Secretary), 11 State and Settlement representatives, 22 representatives of scheduled interests (for example mining, agriculture and labour), 3 representatives of racial minorities (Aborigines, Ceylonese, Eurasians) and 7 nominated reserve members. Of the 7 seats reserved for the High Commissioner's nomination, 2 were filled by officials and 5 by unofficials after consultation with the leader of the majority party among elected members. Provision was thus made for a substantial popular majority in the council.

In the elections held in July 1955 the Alliance Party, which had been formed by a coalition of the United Malay National Organisation (UMNO), the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC), won a sweeping victory under its leader, Tunku Abdul Rahman, on its electoral platform of early independence and gained 51 out of the 52 elected seats. Early in 1956 a conference was held in London to discuss the problems involved in advancing further toward self-government. As a result of agreement reached at the conference, the Federation of Malaya achieved internal self-government and arrangements were set in train for the achievement of full self-government and independence within the Commonwealth by August 1957.

In March 1956 an independent Constitutional Commission headed by Lord Reid was appointed, and its report, on which the present Malayan constitution was ultimately based, was published in February 1957. The Legislative Council then accepted the constitutional proposals which had been finalised after consultation between the United Malay National Organisation, the Malayan Chinese Association, the Malayan Indian Congress and the British Government. The Federation of Malaya Agreement was signed on behalf of the Queen and the Malay Rulers in August 1957, and, at the end of the month, independence ('Merdeka' in Malay) was finally achieved.

The constitution of the new State was unique. While acknowledging the Queen as Head of the Commonwealth, the Federation became an elective monarchy, the sovereign, the Yang di-Pertuan Agong, being elected by and from among the other Malay rulers for a period of five years. The form of government remained federal with a bicameral legislature. Under the new constitution provision was made for a federal list of powers, a State list and a concurrent list with residual powers lying with the States.

The lower house (Dewan Ra'ayat) consisted of 104 members and the

Senate (Dewan Negara) of 38 members—2 elected by the Legislative Council of each State and 16 appointed by the Yang di-Pertuan Agong on such grounds as having achieved distinction in public life or their professions. The Yang di-Pertuan Agong is a constitutional monarch and chooses his Prime Minister from the party in the lower house which can command a majority. Each of the States and Settlements has a written constitution, and the Rulers of the States and the Governors of the Settlements act in like manner to the Federal Head of State as constitutional heads choosing their chief executive from the leader of the majority party in the legislature.

All who were citizens of the Federation before Independence Day (August 31st, 1957) continued to be citizens and all born in the country after that date are citizens by operation of the law. Persons over 18 years of age who were born in any State in the Federation before independence and who have resided there for periods of 5 out of the previous 7 years may also become citizens if they intend to become permanent residents, provided they possess certain qualifications such as some knowledge of Malay and take an oath of loyalty to the Federation. Those who had resided in the Federation for 8 of the previous 12 years at the time of independence could also, subject to the same qualification, become citizens. Provision is made for the acquiring of citizenship by naturalisation and for the acquiring of citizenship by women married to citizens.

The franchise is based on universal suffrage of all federal citizens on a common electoral roll. At the time the Federation became independent the legislature was only partially elected. One of the transitional provisions of the constitution was the requirement that the first fully elected House of Representatives should be elected within two years of independence. The effect of the new provisions regarding citizenship on the franchise can be judged by comparing the figure of 1,240,000 names on the electoral rolls for the 1955 elections with the 2,240,000 names on the rolls prepared after independence for the 1959 elections.

THE STATE OF SINGAPORE

The 1955 constitution took Singapore far on the road to self-government and gave the people a large measure of control over their own affairs. The new Legislative Assembly consisted of a Speaker and 32 members of whom 25 were popularly elected in single-member constituencies. There were 3 *ex officio* members and 4 unofficials nominated by the Governor. The former Executive Council was replaced by a Council of Ministers consisting of 3 *ex officio* Ministers (the Chief Secretary, the Attorney General and the Financial Secretary) and 6 Ministers drawn from the legislative Assembly and appointed by the Governor on the recommendation of the majority leader in the House. The leading elected Minister was styled Chief Minister.

At the elections all adult citizens of the United Kingdom and Colonies in Singapore were entitled to vote, subject to a one year's residential qualification. Out of a population of about 1,250,000 the qualified electorate numbered just over 300,000.

The leader of the victorious Labour Front/Alliance Coalition, Mr. David Marshall, went to London early in 1956 to negotiate a new constitution. The

London conference failed to reach agreement, but, in December of the same year, Mr. Lim Yew Hock, who had by then succeeded Mr. Marshall as Chief Minister, agreed with the Secretary of State for the Colonies to hold further talks in 1957. The 1957 conference was a success and agreement was reached on a constitution that would give full internal self-government to Singapore whilst leaving responsibility for defence and external affairs with the United Kingdom Government. In 1958 the State of Singapore Act was passed in the British Parliament providing for the establishment of the new State and enabling promulgation of the new constitution by Order-in-Council. Under it the legislature was to consist of one house—the Legislative Assembly —with 51 members elected from single member constituencies. There was a cabinet of nine members including the Prime Minister, drawn from the leadership of the majority party. Though external affairs and defence were reserved to the United Kingdom Government, the Singapore Government was given delegated authority to conduct matters concerning relations with other countries subject to safeguards in respect of Britain's international responsibilities. The Queen's representative in Singapore was to be known as the Yang di-Pertuan Negara (Head of State) while the representative of the British Government was the United Kingdom Commissioner.

Internal security became the responsibility of the Singapore Government but, in recognition of the relationship between internal security and defence, the constitution provided for an Internal Security Council. This was to consist of the United Kingdom Commissioner as chairman, two other British members, the Prime Minister and two other members of the Singapore Cabinet and a nominee of the Government of Malaya. The council was given the power to make decisions by vote binding on the Singapore Government.

A separate citizenship of Singapore had been constituted by the Singapore Citizenship Ordinance, 1957, and subsequent amendments. Birth was a qualification but citizenship could be granted to British, Irish or Commonwealth citizens who had resided in Singapore for 8 out of the 12 years preceding the date of application. Citizens of other States might also be granted citizenship subject to more stringent residential qualifications and, if under 45 years of age, to a Malay language qualification. Citizenship of Singapore became equal in status to that of independent Commonwealth members when the 1959 constitution was introduced. The growth of the electorate was rapid. From 22,000 in the 1948 elections it had grown to more than 600,000 in the 1959 elections.

The first elections under the new constitution were held at the end of May 1959 and resulted in an overwhelming victory for the People's Action Party led by Mr. Lee Kuan Yew. The party, left-wing in its general policies, made it clear from the beginning that its ultimate hope was to gain independence through a merger with the Federation of Malaya. The problem that remained was to find a form of association that would be acceptable to Malaya.

PROGRESS IN THE BORNEO TERRITORIES

Events in Malaya and Singapore in the second half of the 1950s were watched with close interest in the Borneo territories, and inevitably the examples of the speedy attainment of self-government and independence began

to have their influence on the leaders of the various countries. The British Government was committed to further steps on the road to self-government, and the recovery of the territories' economies and the increased political awareness made the time ripe for further changes.

In Sarawak in August 1956 an Order-in-Council was made, and Letters Patent and Royal Instructions were promulgated which, between them, contained a new constitution for the country. Under the new arrangements there was to be a new legislature of 45 members of whom 24 were elected unofficials, 14 *ex officio*, 4 to be nominated to represent interests which the Governor considered to be inadequately represented and the remaining 3 standing members. The new Supreme (or Executive) Council consisted of 3 *ex officio* members, namely the Chief Secretary, the Attorney General and the Financial Secretary, 2 nominated members 5 elected members who were to be elected, nominated or standing members of the Legislative Council (Council Negri). Twenty-one of the 24 unofficial members were to be elected by councils representing the five Administrative Divisions of Sarawak or Divisional Advisory Councils and the remaining three by the Kuching Municipal Council, the Sibu Urban District Council and the Miri District Council.

Local authorities had after 1948 been established on a racial basis which proved unsound. After 1957 the whole population of the country came under the jurisdiction of inter-racial territorial local authorities. These authorities had a dual function: local government within the limits of the Local Authority Ordinance and, as sub-electoral colleges, the election of members to the District Advisory Councils.

The first general election of representatives to the District Councils were held from November to December 1959. The council areas were divided into wards to avoid, as far as possible, the creation of groups on a racial basis. The suffrage was based on male heads of household. Great interest was shown in the election and about 71 per cent of the electorate cast their vote.

The District Councils in turn elected from among their membership to the Divisional Councils and they in turn, together with the urban councils, chose the unofficial members of the Council Negri. The elections were accompanied by a vigorous development of political parties whose activities increasingly stimulated the various peoples of the territory to consider what their position might be as the progress toward self-government continued.

During 1961 certain proposals were accepted by the Council Negri for further electoral and constitutional advance to take place, it was anticipated, in 1963. The 1961 proposals included the extension of the franchise to all qualified persons over the age of 21, the continuance of the three-tier electoral system except that Kuching Municipal, Sibu Urban District and Miri District Councils direct representation should be ended, the replacement of the Council Negri President (currently the Chief Secretary) by a Speaker, and the reduction to 15 of the nominated members of whom not less than four should be unofficials. It was also anticipated that at an appropriate time some unofficial members of the Supreme Council would be associated in the formulation of government policy (see also page 71).

In North Borneo from 1951 onward considerable progress had been made in establishing local authorities in rural areas, and after 1954 the Municipal and Urban Authorities Act provided for the establishment of Town

Board and Township Authorities. By 1960 most of the territory was under the jurisdiction of a local authority. The membership of these bodies became almost entirely unofficial, the members, though not elected, being chosen from among the prominent leaders of the various communities. The association of representatives of the people in day-to-day government thus made very considerable strides during the decade.

In 1960 the Royal Instructions and Order-in-Council were amended to provide for an unofficial majority in the Legislative Council and an increase in unofficial membership of the Executive Council whilst official membership decreased. The nominated members of the Legislative Council were subsequently appointed by the Governor from lists of names submitted to him by Town Boards, District Councils, the Native Chiefs Conference and Chambers of Commerce. The council thus became broadly representative of the people of North Borneo and soon included leaders of the main political parties which had now developed. By 1962 the composition of the Legislative Council was 18 unofficial, 4 *ex officio* and 3 official members (see also page 71).

In Brunei, after the war, the system of government continued for a time unchanged in the forms it had followed since the beginning of the century. In 1959, however, a new agreement was concluded with Britain in replacement of the 1906 treaty. Under this agreement the British Government remained responsible for defence and external affairs, in practice leaving the State internally self-governing; and a post of High Commissioner was established, the holder of which title was to reside in Brunei and represent the British Government.

In September 1959 the Sultan granted the State its first written constitution, which provided for an Executive Council and a Legislative Council. The first elections in Brunei were held in 1962. The Legislative Council then consisted of 8 *ex officio* members, 6 official members appointed by the Sultan, 16 elected members and 3 unofficial members nominated by the Sultan. The elected members of the council were elected by, and from among the membership of, four District Councils whose members were elected by adult suffrage. The Executive and Legislative Councils were temporarily suspended and replaced by an Emergency Council in December 1962 owing to the Brunei revolt.

ECONOMIC DEVELOPMENT

THE present-day economy of Malaysia has for the most part been built up over the past century by the co-operation of the various administrations and private enterprise. The construction of public communications, the planning and development of modern settlements, the provision of public utilities and basic services, the creation of irrigation and drainage schemes and the building of housing for Government employees have in the main been undertaken by Government agencies or departments. Private enterprises, British, Malaysian and foreign, have helped to raise living standards by stimulating the general economy; and have made a direct contribution to local revenue through taxation.

Wealth earned from the mines and plantations has never been exclusively monopolised by Britain. Between the two world wars, for example, it has been estimated that in peninsular Malaya Asians owned over half of the rubber plantations and a third of the tin mines. In 1955 about 40 per cent of the tin output was from Asian-owned mines and 45 per cent of the rubber output from Asian smallholdings. Since independence Asian holdings in the basic industries of Malaya have tended to increase. French, Belgian and American and Australian companies also have substantial holdings in both the tin-mining and rubber industries. The investors of all the countries which have been able to operate in the Malaysian territories have, of course, operated in equality with companies registered in London.

The economies of all the Malaysian territories are essentially based on the production of primary products, on agriculture and on trade. Industry, although developing comparatively rapidly, is as yet on a moderate scale. The relative importance of the production of primary products, of agriculture and of trade varies considerably from territory to territory within Malaysia. In Malaya rubber and tin production are the chief bases of the economy accounting for some 76 per cent of the total export income and 40 per cent of gross national product. Singapore on the other hand is largely dependent for its commercial prosperity on its position as an entrepôt for the surrounding territories in South-East Asia and on the handling of a considerable part of Malaya's exports and imports. Sarawak and North Borneo are mainly agricultural with a great proportion of their populations dwelling on smallholdings producing rubber, padi, sago, pepper, hemp and coconuts. Rubber plantations controlled by large estates are proportionally of less importance in the economy than in Malaya. Brunei is wealthy in comparison with its larger neighbours, its rich oil fields providing the source of its prosperity. In none of the Borneo territories have manufacturing industries developed to any significant degree.

With the exception of Brunei, the Borneo territories are economically far less developed than Malaya and Singapore, but within Malaya itself a broad contrast in development exists between the agricultural east coast States and the more developed west coast States. To a very large extent both rural and industrial development in the east coast States of Malaya and, to an

even greater degree, in North Borneo and Sarawak, are still hampered by the absence of good communications.

All the territories face the problems posed by the need to increase agricultural and industrial productivity to provide opportunities of employment and satisfy the requirements of a population which has a high rate of growth. Being so connected with the production of basic commodities which are exported all over the world, the Malaysian economy is highly dependent on the state of world markets, the prosperity or depression of which quickly create a reaction throughout the country. There is thus an urgent need both to cope with the problem of population growth by schemes of rural and industrial development and to lessen the dependence of the economy on world commodity markets by the maximum possible industrial and agricultural diversification. In achieving this, the general policies of the various governments have been to stimulate industrial growth by creating an infrastructure of basic facilities and services and by framing fiscal policies in such a manner that private enterprise, both local and overseas, will be prepared to invest and expand. At the same time, and especially in Malaya, every effort has been made to expand agricultural production by rubber replanting schemes and by the opening up of new agricultural areas. To achieve the most rapid possible development in Malaya, especially on the east coast, in Sarawak and in North Borneo the construction of new roads has been given high priority.

In the following pages the main features of economic development within the Federation of Malaysia are summarised.

COMMUNICATIONS

The principal stimulus which the administrations have given to development has been the provision of better means of communication. A century ago the normal means of communication in the territories was by river or by jungle track, and in the coastal areas the sea was the best means of transport. River transport has been greatly improved by keeping rivers clear and by establishing riverside wharves and jetties, and coastal traffic has profited from the construction of ports both large and small. Roads and railways have been constructed and more recently a network of aerodromes and landing fields developed. Postal and telecommunications systems now facilitate the speedy passage of information.

Roads and Railways

The building of roads and railways in Malaya quickly followed the establishment of British control. The first railways in the peninsula were short lines from west coast ports to tin-producing areas in the interior, the first line—Taiping to Port Weld (8 miles long)—being opened in 1885. The north to south main line from Penang had reached Negri Sembilan by 1903 and by 1909 had been extended to Johore Bahru. The causeway carrying both rail and road lines from Johore to Singapore was completed in 1923. The connection of the Malayan rail system to that of Siam was achieved in 1918, and by 1937 Malaya had over 1,000 miles of railway. The railway to Kelantan from Negri Sembilan, removed by the Japanese, was reconstructed by 1955

but another line removed by the Japanese, that leading to Malacca, has never been relaid. The railways in Malaya and Singapore are operated by a statutory company, the Malayan Railway Administration.

The only railway in the Borneo territories is in North Borneo. This runs from Jesselton to Tenom with a branch line to the port of Weston opposite Labuan. The railway was constructed from 1896–1901 and has been an important factor in the development of the west coast. Its total length is 116 miles and it is Government-operated.

Roads were constructed simultaneously with the railways and were improved as years went by to cope with increasing traffic. Today Malaya and Singapore have perhaps the finest system of first-class roads in Asia. There are 2,000 miles of federal roads in Malaya and 4,000 miles maintained by the States, the most extensive network being on the west coast. New development is proceeding rapidly, however, and within a few years the long-felt need for a high-grade through-road along the east coast will be satisfied. In the Borneo territories, on the other hand, the road system is less developed. In Sarawak there were 748 miles of road at the end of 1961, and a programme for the construction of 550 additional miles was being undertaken. When completed the new roads will permit easy communications in the First, Second and Third Divisions of the territory from Sematan, west of Kuching, to Kanowit up-river from Sibu. A road inland will also have been constructed from the port of Bintulu, and in the north the coastal road from Brunei to Miri will have been extended south to Bekenu. In North Borneo in 1961 there were 928 miles of road of all types, most of the mileage being in the west coast area. An ambitious five-year programme of road construction has now begun, the most important part of which is the completion of the route from Sandakan, on the east coast, to the west coast. Brunei has 284 miles of road which provide efficient communication in the coastal region. In the interior, as elsewhere in Borneo, communications are difficult.

Ports and Harbours

Singapore is Malaysia's greatest port and largest city. It has up-to-date equipment and installations and highly developed storage, merchandising and banking facilities. It is used by over 60 major shipping lines providing services to every part of the world. There are 2½ miles of wharves and six dry docks. In peninsular Malaya, Penang has facilities similar to Singapore but on a smaller scale. Port Swettenham is a rapidly developing port for Kuala Lumpur and is being extended by the provision of additional deep-water port facilities in the North Klang Straits. Port Swettenham is controlled by the Malayan Railway Administration which also controls smaller ports at Telok Anson, Port Dickson and Port Weld. The once important port of Malacca is now little used by ocean-going shipping. The east coast has fewer ports but there are port facilities, sometimes involving offshore loading, at Kuantan Dungun and Kuala Trengganu. In Sarawak the principal ports are at Miri, which has open sea anchorage, and Kuching, where a new port costing more than a million pounds was opened in 1961. In North Borneo the island of Labuan is a free port and a transhipment centre for Brunei and the Seria oilfield. There are ports at Sandakan, Tawau, Lahad Datu, Jesselton, Kudat and Semporna, as well as smaller ports and timber-loading points elsewhere.

Brunei is served by ports at Brunei town and Kuala Belait. There are regular coastal shipping routes between all the Borneo territories and Singapore and Malaya, as well as to Hong Kong, Japan, the United Kingdom and other countries.

Civil Aviation

Air transport has made rapid strides throughout Malaysia since 1955, and the main towns of Malaya and the Borneo territories are now connected by regular flights by Malayan Airways. Internal air services are also operated in North Borneo, Sarawak and Brunei between the main centres served by Malayan Airways, and airstrips at smaller towns. The main international air companies serve Singapore and some international air routes pass through Kuala Lumpur. A new international airport being constructed at Kuala Lumpur will improve air communications between the federal capital and the rest of the world. There are also external air services from Penang to Indonesia and Thailand, from Brunei to Hong Kong and from North Borneo to Hong Kong, the Philippines and Indonesia.

Telecommunications, Broadcasting and Television

The Federation of Malaysia has a well-developed system of telecommunications. In peninsular Malaya a new VHF radio trunk-telephone service has greatly improved communication between the principal towns in the west coast states, Singapore and Kuantan on the east coast. This service is being further developed with a United Kingdom credit of £2·25 million. An international radio telephone service from Kuching to Singapore and Malaya has been in operation since November 1960. The main centres of population in the Borneo territories have telephone services and there is a considerable number of automatic exchanges. There are also links internally between the territories by direct radio telegraph and/or VHF radio telephone . Overseas telegraphic communications are maintained with the rest of the world. Singapore is a focal point for international radio and submarine cable links.

The broadcasting departments in the five territories are at present separate. In Malaya, Radio Malaya maintains transmitting stations at Kuala Lumpur, Penang, Malacca and Ipoh, and broadcasts in English, Malay, five Chinese dialects and Tamil. Radio Singapore serves the population of Singapore in the same languages. Radio Sarawak broadcasts in English, Malay, Chinese and Iban. In North Borneo, Radio Sabah broadcasts in Chinese, Malay, Dusun and English and in Brunei, Radio Brunei in Malay, English and Chinese. In Singapore a multi-lingual television service opened at the beginning of 1963 and television programmes will shortly be transmitted by Radio Malaya from Kuala Lumpur. In 1962 Radio Malaya inaugurated an overseas broadcasting service. The eventual linking up of the various sound and television transmissions is expected to have a significant effect in helping to unite the peoples of Malaysia.

AGRICULTURE, FISHERIES AND FORESTS

Malaysia is principally an agricultural country, and rubber, introduced by the British, is the chief crop and a major source of its prosperity. The country

produces over one-third of the world's supply of natural rubber, and, despite the competition of the artificial product, there is no doubt that it will continue to be a mainstay of the country's economy.

Other export crops were produced in Malaysia long before the successful introduction of rubber. In the first half of the nineteenth century pepper was important and later nutmeg and cloves until plant diseases destroyed the industry. In the mid-nineteenth century sugar production became important in Province Wellesley and, later, coffee was introduced in Perak and Selangor, where for a time it flourished. Tobacco helped to establish the colony of North Borneo but experienced setbacks by the beginning of the twentieth century. The expansion of rubber, which was such a profitable crop, reduced the incentive to persist in the establishment of other plantation crops, but the present need to diversify agriculture and to reduce dependence on one crop will no doubt lead to the expansion of other forms of export crops; there has already, indeed, been a considerable expansion of the areas under oil palm and pineapple. The wise exploitation of the wide variety of timber in Malaysia's forests will for long provide a valuable source of income and it is recognised that the careful conservation of forest land should continue to be given due regard when land development schemes are being considered. A wide variety of foodstuffs—padi, coconuts, pepper, maize, coffee, tea, sago, vegetables and fruits—are produced in Malaysia. A great deal remains to be done to improve the yield and production of such local crops as well as to improve the rearing of cattle, pigs and poultry, for these will all provide important sources of food for Malaysia's growing population. Malaysia's fisheries, too, are potentially a very rich source of food supply but present methods of fishing need to be improved further if the best use is to be made of the fishing grounds.

Rubber

Any account of the rubber industry in Malaysia will tend to concentrate on peninsular Malaya for it is there that the crop is most widely grown and the industry most scientifically developed. Nevertheless, the methods which have been developed in Malaya and the research which goes on there have been applied in the other territories, and their rubber industries are intimately connected with that of Malaya.

In peninsular Malaya the crop is mainly grown in the western States, particularly in Kedah, Perak, Selangor, Negri Sembilan, Malacca and Johore. Two million acres of land are under rubber estates and 1½ million under rubber smallholdings. The number of workers on the estates is about 300,000 or approximately 55 per cent of Malaya's total gainfully employed population. When the smallholdings are taken into consideration it can be said that 2 million people are directly or indirectly dependent on the rubber industry for their livelihood. Annual production is about 750,000 tons and exports of rubber in 1961 amounted to $M 1,443 million or 55 per cent of peninsular Malaya's export earnings. The rubber is processed locally and exported mainly in the form of sheet or crêpe, although a certain amount of latex is also sent abroad.

The development of rubber production went ahead rapidly once the pioneers had proved the suitability of the soil and the climate, and demand

for the product was immensely stimulated by the growth of the automobile industry. Despite general progress the industry has faced several crises in the course of its development. The trade depression of 1921 threatened the industry with ruin, and the plight of producers was even worse in the world economic depression in the '30s. After 1934 the International Rubber Regulation Agreement restricted exports, and, with the help of the general trade recovery, permitted well-managed estates to earn a fair profit. Although the Japanese occupation caused damage to the industry, recovery was rapid, and in 1946 Malaya produced 403,207 tons. The years of the emergency caused difficulties but terrorism was never able to achieve its object of crippling the industry, which continued at a high level of productivity.

At the present time the industry faces competition from the growing synthetic rubber industry of the United States and for this reason special attention is being given to improving the efficiency of production, principally by planting high-yielding trees both on estates and on smallholdings.

In May 1955 the Malayan Federal Legislative Council gave approval for the expenditure of $M 280 million on a replanting scheme. Producers claiming grants have to satisfy the grant authority that they are planting approved high-yielding rubber trees and following good agricultural practice. Grants have to be applied for annually and a total sum not exceeding $M 400 per acre may be granted to estates over a five-year period. Of the $M 112 million allocated for the improvement of smallholdings, $M 5 million has been set aside for the establishment of a stock of planting material to ensure that adequate supplies are available to all smallholders.

In North Borneo in 1961 the total acreage under rubber was a little over 200,000 acres of which 122,000 acres were owned by smallholders and the remainder by estates over 250 acres in size. As in Malaya, the emphasis since 1956 has been on high-yielding rubber which now accounts for over 41 per cent of the total area under cultivation. To promote the further improvement of yield, the Rubber Fund Board produces high-yielding material for issue both to smallholders and estates. Exports in 1961 from North Borneo totalled 23,611 tons valued at $M 41·2 million. This was the territory's second most valuable export. In Sarawak most of the area under rubber is in smallholdings. The estimated planted area in 1961 was 330,500 acres of which nearly 90 per cent consisted of old unselected trees nearing the end of their economic life. The five estates, which were over 1,000 acres, had a total area of only 13,255 acres. Since 1956 a rubber planting scheme has encouraged the replacement of old uneconomic rubber with high-yielding trees. Rubber was the second most valuable export both of Sarawak and Brunei, with a value of over $M 83 million and $M 3 million respectively in 1961.

Other Export Crops

In addition to rubber Malaysia produces several other crops chiefly for export, the most important being oil palms, coconuts, pineapples and pepper, but the income derived from them is small compared with that from rubber.

Oil Palms

These are grown on estates in Malaya and North Borneo. Trees were introduced about 1875 from seed supplied by Kew Gardens in Britain and

their plantation use began in 1917. In Malaya in 1961 approximately 141,000 acres under the crop produced over 93,000 tons of palm oil and 24,000 tons of palm kernels. In North Borneo considerable interest is being shown by cultivators in the potentialities of the crop, and several thousand acres have now been planted or cleared for planting. As yet, however. no palm kernels or palm oil have been exported in commercial quantities.

Coconuts

Copra became an important export after 1870. It is mainly a smallholder crop. Even in Malaya less than 20 per cent of the half million acres under coconut palm is estate-planted. The value of coconut oil in Malaya's exports in 1961 was $M 28 million and of copra $M 19 million. In North Borneo the value of domestic exports of copra was $M 9·8 million. This, together with the re-export of copra imported from the Philippines and Indonesia, was North Borneo's third most valuable export. Small amounts of copra are sometimes exported from Sarawak.

Pineapples

These are grown throughout Malaysia but only in Johore, Selangor and Perak are they cultivated for the canning trade. Pineapple canning started in 1888, and before the second world war over 2·5 million cases of canned pineapples were exported annually. After the war only one-tenth of the planted acreage was found fit for replanting, but since that time the area under cultivation has steadily increased. The annual value of the export in Malaya's trade exceeds $M 26 million.

Pepper

Though formerly important in Malaya, it is now mainly in Sarawak that pepper remains an important export crop. The area under pepper in Sarawak is approximately 7,200 acres. Production has tended to increase in recent years on account of increased planting and the more widespread use of fertilisers. The total export of pepper from Sarawak in 1961 was 10,950 tons valued at over $M 28 million.

Other Crops

Other crops such as tapioca, cocoa and coffee, have a potential export significance and their area and exports may increase in time. In North Borneo quantities of cocoa beans have been exported. Their quality was good and they were well received in the export market.

Subsistence Production

Rice

Rice is the staple food of the vast majority of the peoples of Malaysia. Production is entirely in the hands of smallholders assisted by the Departments of Agriculture and of Irrigation and Drainage. The governments in Malaya and in the Borneo territories have always endeavoured to make their territories as nearly self-sufficient as possible in rice production and to this end have encouraged the extension of the padi area by constructing drainage and irrigation works. In the peninsula such schemes are to be seen in Perak, Kedah and Selangor. In Sarawak the Assistance to Padi Planters Scheme

aims at fostering a spirit of self-help and provides technical and indirect assistance to farmers to improve drainage, bund-making, the provision of water gates and so forth. Considerable areas of padi in North Borneo are under irrigation schemes and in Brunei part of the State's first development plan was devoted to the opening up of irrigation areas for rice growing.

In 1961 in peninsular Malaya over 750,000 acres were under rice, 885,000 being wet padi and 65,000 dry padi. In Sarawak the 1961 figures totalled 240,600 acres, of which 83,000 were wet padi and 157,600 dry padi. In North Borneo there were some 89,000 acres, of which 65,000 acres were wet padi, and in Brunei about 5,000 acres, nearly four-fifths of which was wet padi. Malaysia is nevertheless not self-sufficient in rice production and continues to import rice to meet food requirements.

Other Subsistence Crops

There are of course many other subsistence crops widely grown for local consumption. These include sweet potatoes, tapioca, yams, green vegetables, water melons, spices such as chili, nutmeg and cloves, ginger, citrus fruits, maize, groundnuts, soya beans, bananas and a variety of distinctive Malaysian fruits such as rambutan, durian, chiku, jambu, mangosteen, papaya, and duku. In elevated areas such as the Cameron Highlands there is even the production of vegetables more associated with temperate climates, and of fruits such as strawberries. Caves in Borneo provide the cup-like nests made by swiftlets with their salivary glands, which when cleaned, dried and boiled, are the basis of Chinese birds' nest soup. This wide range of foodstuffs all help to add to the variety and richness of the culinary arts of the peoples of Malaysia.

Livestock

Modern animal husbandry is little developed in Malaysia, though there are possibilities of its future extensive development in North Borneo. Buffaloes are generally used as draught animals and for meat, and Indian dairy cattle are kept. With improved breeding and the setting aside of land for grazing, it is possible that dairy farms could be developed profitably to meet growing urban needs. Pigs are reared by Chinese farmers, and goats and poultry are common in Malay kampong areas.

Agricultural Development and Research

Much of the development and research on rubber production is undertaken by local departments of agriculture and the Rubber Research Institute of Malaya. The latter organisation was established in 1923 and took over from the Malayan Agricultural Department the functions of research and advice on rubber cultivation and the preparation of raw rubber. Both government and private enterprise are represented on the board and its finances are obtained by a cess on rubber exports, paid by producers.

The various agricultural departments in Malaysia undertake a wide variety of research into all aspects of tropical agriculture. Experimental stations are to be found in all the territories. Assistance has been given in research by United Kingdom Colonial Development and Welfare funds. The departments of agriculture are also responsible for agricultural education.

Fisheries

The Malaysian marine fisheries are now in a transitional stage in which the former primitive industry based on small sailing craft and traditional gear in coastal waters is being replaced by modern fisheries using large, engine-driven boats which can venture farther out to sea and operate more up-to-date gear. These changes are being brought about by the increased demand for fish from the growing population and by over-exploitation of the in-shore fishing grounds. In 1950 there were almost no power-driven fishing craft in Malaysia. In 1960, out of the 23,500 registered fishing boats in Malaya, 8,900 were powered by outboard or inboard engines.

In North Borneo Japanese concerns have commenced trawling, and new ventures such as a plant for exporting quick-frozen prawns have been started. Local fishermen have shown considerable interest in trawling, which is being stimulated by the Government. A joint Japanese-Malayan fishing company based in Penang has already shown Malayan fishermen the potentialities of deep-sea fishing. In Sarawak a great interest has been shown in freshwater fish culture and many new fishponds now help to remedy the deficiency of protein in the diet of the people. The activities of fishermen are in all the territories helped by fisheries departments and there is a Fish Culture Research and Training Institute in Malacca.

Forestry

About three-quarters of Malaysia is still under forest. In each territory certain parts of the forest are demarcated as reserved forest to conserve soils, to create water-catchment areas or set aside for the regeneration and development of timber reserves. Economic growth has stimulated the local demand for timber to which must be added the overseas demand for tropical timbers. The 1961 value of timber exports from Malaya was $M 42 million, from Sarawak $M 42 million and from North Borneo $M 103 million—the largest item in the territory's exports.

MINING AND MANUFACTURING INDUSTRY

Tin, in relation to other mining industries in Malaysia, occupies a dominant position similar to that of rubber in agriculture. Other minerals such as coal, iron ore, bauxite, gold, tungsten, titanium and china clay are or have been produced on a relatively small scale, but the exploitation of iron ore deposits is increasing and other mineral deposits may prove economically significant when more intensive prospecting has revealed their full potentialities.

Tin Mining

Tin mining was carried on in Malaya for many centuries, but, until the intervention of the British in the Malay States, exports were limited by anarchic conditions and by the lack of communications. Early development was largely carried out by the Chinese, who as late as 1912 were responsible for 80 per cent of the output. The development of roads and railways by the administrations in the States made increased output possible and by 1900 54 per cent of the world's output of tin (40,000 tons) was produced in Malaya.

From the turn of the century European (mainly British) capital and skill were introduced and made possible the development of poorer tin deposits which the less efficient Chinese methods could not profitably exploit. Despite the difficulties of alternating prosperity and depression in the inter-war years, the industry continued to develop. Average production in 1936–38 was 62,600 tons, and, during 1940–41, stimulated by war-time demands, an annual average of 80,000 tons was produced.

Since the second world war both European and Chinese sections of the industry have received considerable financial aid from government funds to speed rehabilitation. Total production of tin-ore-concentrates rose from 8,432 tons in 1946 to 44,815 in 1948, and to 62,295 in 1956, in which year the net exports were 62,072 tons valued at $M 401·1 million. On 1st July, 1956, the International Tin Agreement, to which Malaya was a signatory, came into force, and, as a result of a serious fall in world prices, it was announced in December 1957 that the country, along with other producing members, would restrict its exports. Production in 1959 was only 37,525 tons and net exports were 36,145 tons valued at $M 239·9 million but by 1961 production had risen to 56,028 tons (net exports 57,992 tons) valued at $M 307 million. Over half of this output came from European-owned mines and the remainder. from Asian-owned concerns (mainly Chinese).

From the early days of British authority the development of tin mining has been controlled by the administrations in the interests of the territory. Leases of land had to be approved by the British Resident of the State concerned and a rent paid. These powers continue to be exercised at the present time by State governments. The Government retains all rights over streams and water courses, so that, for example, mines at the head of a valley cannot deprive others of their share of water. These and other mining regulations are enforced by the Mines Department, which trains and employs a staff of wardens and inspectors.

Other Minerals

Iron Ore

Exports of iron ore, mainly from Trengganu, Kelantan and Perak, in 1961 amounted to 6·4 million tons and were valued at $M 164 million. Important developments of new iron ore mines are taking place in the Rompin District of Pahang where the Rompin Mining Company has developed a deposit. A new company railway, 56 miles long, together with additional road development, is transforming the economy of the previously undeveloped Rompin area. Five smaller mines are being developed near to Ipoh, in Perak. Iron ore deposits exist in North Borneo and may be developed in due course.

Bauxite

Bauxite, the ore of aluminium, is produced in Johore in peninsular Malaya and in Sematan in western Sarawak. In 1961 exports from Johore totalled 284,355 tons valued at $M 5·1 millions, and, from Sarawak, 256,442 tons valued at $M 5½ millions approximately.

Gold

Gold is produced in Malaya and Sarawak. Malaya's production of gold in 1961 was 12,486 oz., mainly as a by-product of tin mining, and that of Sarawak in 1961 was 4,132 oz.

Coal

Up to 1958, production of coal from the Batu Arang colliery in Selangor was about 70,000 tons. The colliery closed down in January 1960, however, as the product could not compete with imported oil. In Labuan, coal production continued for 60 years but stopped in 1912. Investigations have shown that mining could be resumed and that 9,000,000 tons of sub-bituminous non-coking coal may still exist in one seam alone. Both the Malayan and North Borneo coalfields may have economic value in the future as industry develops further.

Other Minerals

Quantities of ilmenite, columbite, copper concentrates, monazite, china clay, and tungsten are produced in Malaya. Prospecting for minerals is being carried on in North Borneo and moderate deposits of copper, dolomite, gold, nickel and phosphate have been found.

The Petroleum Industry

The production of oil in Malaysia is limited to the Borneo territories, and within those territories the greatest quantity of oil is produced by Brunei. There is, however, an oilfield at Miri in Sarawak, and widespread oil prospecting in North Borneo may result in the development of workable oil fields in the territory. Expenditure on oil prospecting in North Borneo in 1961 amounted to $M 6,564,000. In 1961 in Brunei some 4 million tons of crude oil was produced. Mining is in the hands of the Brunei Shell Petroleum Company whose headquarters is at Seria. The oil is piped from Seria to the Lutong refinery at Miri, in Sarawak, whence both Brunei and Sarawak oil is exported. The value of Brunei's crude oil exports in 1961 was $M 224,103,669. The quantity of Sarawak and Brunei oil exported from Lutong in the same year was 4,085,809 tons valued at $M 244,210,733. Most of this was crude oil but the Lutong refinery produced 2,243,181 tons made up of gasoline, gas oil, diesel fuel, residue, naphtha and isobutane concentrate. The production of Sarawak's Miri field was 59,498 tons valued at $M 2,649,856.

Secondary Industries

A tin-smelting industry in Malaya developed as a by-product of tin mining. As early as 1887 a company was founded and a small tin-smelting business was established a few years later. It set up buying agencies throughout the Malay States. About the turn of the century an American attempt to transfer smelting to the United States was frustrated by the government of the Straits Settlements by the imposition of a prohibitive duty on the export of tin ore and an equivalent rebate on all ore smelted in the Settlements. These measures secured the smelting industry for Malaya. Tin smelting is now carried on in Penang, Singapore and Butterworth, both Malayan and imported concentrates being smelted.

In all the Malaysian territories there are some secondary industries such as rubber processing, copra milling, saw milling, and the maintenance of mining and rubber processing machinery, though in the Borneo territories such developments are generally on a small scale. Engineering enterprises—mainly in Malaya and Singapore—include the repair of motor vehicles and earth-moving equipment, the manufacture of bus and commercial vehicle bodies, boat building and light foundry work.

In Malaya and Singapore a number of firms produce, both for export and local consumption, foodstuffs such as canned pineapple, canned meats, biscuits, pickles, sauces and mineral waters. There are also potteries, distilleries, and factories making tyres, rubber footwear, soap, matches, tobacco and cigarettes. Factories producing building materials such as bricks, tiles, sanitary ware and wire fencing meet local requirements.

A cement factory in Selangor now produces over 300,000 tons of cement annually, which meets the requirements of central Malaya. In the workshops of the Malayan Railways at Kuala Lumpur, locomotives, rolling stock and ancillary equipment are maintained and railway carriages and tracks built to a high standard of craftsmanship.

There has in recent years been considerable encouragement of industrial development in Malaysia by the various governments by way of tax reliefs, the granting of pioneer status and the giving of guarantees regarding the security of foreign capital. The effect of these measures is most noticeable in Malaya and Singapore. Industrial estates have been or are being established, the most notable being those at Petaling Jaya near Kuala Lumpur, and at Jurong in Singapore. Other industrial estates are being developed at Penang, Ipoh and elsewhere. They are an essential part of the country's industrial diversification and development policy. Among the new industries already established through such government encouragement are oil refineries, tyre factories, cigarette factories, chemical plants, textile mills, a steel rolling mill, chocolate factories and a variety of factories making consumer goods.

PUBLIC UTILITIES

Electricity

Electricity supply in the Malaysian territories was in general undertaken initially by governments to supply their own needs. As time went on supplies were made available for the public and for industry, and in the late '20s the use of electricity was spreading in homes and industry. In most cases the generation of electricity is undertaken by government-controlled boards or companies, but some private companies are responsible for supply in northern Malaya and in some towns of North Borneo, while in parts of Brunei supply is obtained from the Shell Oil Company. In the municipal areas of Singapore and Penang the municipalities are responsible for electricity supply. In central Malaya the Central Electricity Board is developing a national grid and this will be extended in due course. The supply of electricity in small villages is sometimes undertaken by private concerns operating under license. The demand for electricity is increasing not only in the expanding towns and

in industry but also in the rural areas, where electricity supplies are an important aspect of rural development. The first stage of a large hydro-electric scheme in the Cameron Highlands in Malaya will be completed in 1963, and it is probable that in the Borneo territories, in due course, similar use will be made of some of the rivers. A survey of the hydro-electric potentialities of the west coast of North Borneo was begun in 1962.

Water Supply

In most parts of Malaysia the government is responsible for the supply of water. Most towns of any size have a reasonable supply controlled by the Public Works Department, or, in Sarawak, by water boards. Demand, however, continues to rise sharply as towns expand, and schemes both large and small are being undertaken to cope with increasing requirements. Particular attention is now being paid to the supply of water in rural areas.

Drainage and Irrigation

The improvement of agriculture by government-constructed drainage and irrigation schemes has been a feature of the development of the territories of Malaysia for decades. Such schemes have already been mentioned in connection with the growing of padi. They have also been of value in improving coconut plantations and in repairing damage done to rivers by soil wash from rubber estates and tailings from mines. The Department of Drainage and Irrigation is also responsible for drainage schemes designed to prevent flooding in urban areas.

FINANCE AND TRADE

Where statistics of production have been given they have been in respect of the separate territories, since it is only in this form that statistical information is at present available. In due course the Government of the Federation of Malaysia will produce figures for the economy as a whole. In the meantime, despite the common currency issued by the Board of Commissioners of Currency, Malaya and British Borneo, and the creation at the beginning of 1962 of a free trade area between Sarawak and North Borneo, much remains to be done before the economies of the component parts of the Federation are integrated. Customs barriers exist between the various territories, erected to stimulate the development of separate economies, and even within the formerly separate territories customs barriers are created by the existence of free ports at Labuan and Penang. In the following pages, also, it will therefore be necessary to refer to statistics provided by five separate governments in order to describe the situation on the eve of Malaysia's coming into existence.

Revenue and Expenditure

The following table sets out the revenue and expenditure for Malaya, Singapore, Brunei, Sarawak and North Borneo in 1962. The figures give a rough guide to the relative economic strengths of the five territories.

	Million $ M.	
	1962 Estimated Revenue	*1962 Estimated Expenditure*
Fed. of Malaya	989	1,039
Singapore	391	394
Brunei	110	47
Sarawak	77	123
North Borneo	69	68
TOTAL	1,636	1,671

Most of the revenues were derived from income tax, customs and excise duties, export duties on primary products, royalties, rents, rates and interest. In the more developed territories the revenue derived from income tax tended to be proportionately higher than in those with less-developed middle and upper income groups. In the relatively less-developed States of Sarawak and North Borneo the greater part of revenue was derived from customs duties. In Malaya and Brunei, with their wealth derived from tin and rubber and from petroleum respectively, significantly larger revenues were derived from dues and royalties on these products.

The main items of expenditure were administration, education, medical and health services, social welfare, security, and in certain cases contributions to development expenditure. The generally high expenditure on education, health and social welfare measures is noteworthy.

Trade

It has been observed that Malaysia is essentially an agricultural country and a producer of basic commodities required by more industrialised lands. The country's overseas trade is to a large extent determined by these circumstances. Whilst exports are made up of rubber, tin, oil, palm oil, copra, timber, pepper, certain mineral ores and products of the country's tropical agriculture, imports consist of manufactured consumer goods, machinery, chemicals, tobacco, beverages, foodstuffs not produced in the country and rice which is produced in insufficient quantities for the needs of the population.

The United Kingdom is an important trading partner with all the territories of Malaysia but other industrialised countries such as the United States, Japan and western European countries are important importers of Malaysia's raw materials and supply her with considerable quantities of manufactured goods. The importance of Britain in Malaya's overseas trade has declined relatively since independence and it is possible that this circumstance will repeat itself in respect of the other Malaysian territories now that they have achieved their independence and seek to expand and diversify the patterns of their trade. Neighbouring countries of Indonesia and Thailand are important in Malaysia's trade. From Thailand rice, tin ore and crude rubber are imported and from Indonesia petroleum products and crude rubber. Singapore imports rice and other foodstuffs from Thailand and re-exports petroleum products and manufactured goods to that country. From Indonesia, Singapore imports for re-export petroleum products, crude rubber and pepper. North Borneo re-exports copra imported from the Philippines and Indonesia. To Indonesia the Malaysian territories, and especially

Singapore and Malaya, export or re-export, manufactured goods not produced in that country.

Singapore acts as an entrepôt for all Malaysia and is the commercial centre through which the territories' products are often exported and through which they receive their requirements of manufactured goods produced overseas. The importance of Singapore in the trade of North Borneo is less, however, and much of North Borneo's trade is directed toward Japan, Hong Kong and the Philippines.

The total values of the import and export trades of Malaya, Singapore, Sarawak, Brunei and North Borneo in 1961 are set forth in the following table. These figures include the entrepôt trade carried on by Singapore and also the value of the inter-trade between the territories; in the case of Malaya and Singapore, this latter trade is very substantial.

	Million $ M.	
	Imports	*Exports*
Malaya	2,228	2,626
Singapore	3,963	3,309
Sarawak	411	397
Brunei	58	238
North Borneo	215	220

Malaya's principal exports are rubber, tin, coconut oil, iron ore, palm oil, canned pineapples and timber. The imports are foodstuffs (rice, cereals and dairy produce), machinery and equipment, fuels, chemicals, beverages and tobacco. Singapore handles a substantial proportion of Malaya's import and export trade. The port's chief exports are rubber, tin, timber, petroleum products, copra, canned pineapples, coconut oil and spices. A wide range of consumer goods is imported for local consumption and re-export.

In Borneo, Sarawak's trade is closely bound up with Singapore and with Brunei. The principal exports of domestic produce are rubber, timber, pepper and sago, but oil from Brunei, together with the small Sarawak output is refined and exported. Approximately 40 per cent of the domestic exports go to Singapore. Principal imports, apart from crude oil from Brunei, are foodstuffs, textiles, machinery and equipment, tobacco, beverages and transport equipment. Brunei's chief export is oil, exported via Sarawak. Rubber and timber are exported in small quantities. Imports, other than oil, are similar to those of Sarawak.

North Borneo's main exports are timber, rubber, copra, hemp and tobacco and her main imports are machinery, tobacco, beverages, oil and rice. In 1961, 48 per cent of her exports went to Japan. The Philippines, Singapore, Hong Kong and the United Kingdom also received a considerable proportion of her exports. Japan was not in such a dominating position where imports were concerned: 21 per cent of these came from Britain, and other important suppliers were Hong Kong, the United States, Indonesia, Japan, the Philippines and Thailand.

DEVELOPMENT PLANNING

All the territories have development plans which basically aim to raise national productivity and increase *per capita* income. In Malaya development plans are broadly based on the recommendations of an International

Bank mission which made a survey of the country in 1954. Development funds, raised mainly by means of home and overseas loans, have been used to increase fuel, power and water supplies and communications, and to improve housing, educational, health and social welfare facilities. In 1960 more than $M 280 million was spent on development.

The second five-year plan was launched in February 1961, with the following objectives:

(1) To undertake a programme of rural development to improve the economic and social well-being of the rural population and to redress the imbalance between rural and urban areas.

(2) To provide employment opportunities for the growing population.

(3) To raise the *per capita* output of the economy.

(4) To diversify Malayan production through the development of other agricultural crops in addition to rubber, and the promotion of industrial development.

(5) To improve and expand the coverage of social services in such fields as education, medicine and health and housing.

It was estimated that government expenditure required to achieve these objectives would amount over the five-year period to $M 5,050 million. Of this, $M 2,100 million would be allocated to the public sector, i.e. land development, roads, ports and transport, public works department plant, utilities, industrial development, social services (education, housing, health), other government development and defence. The remainder would be devoted to rural development, with priority for agricultural and land development, rural roads and water supplies.

The Singapore 1961–64 development plan envisages the expenditure of $M 871 million. The principal items of expenditure are on the provision of the necessary infrastructure for industrial development, in particular the Jurong industrial estate, and on housing, health and education.

Brunei's wealth has permitted ambitious development plans to proceed since 1953. The 1953–58 plan, for which $M 100 million was set aside, was concerned with the provision of basic services; it included the development of modern communications, the building of schools, hospitals, government buildings, telephone exchanges and harbour facilities, the opening up of new rice-growing areas by irrigation schemes, the provision of electricity, sewerage and water supplies and the establishment of a system of non-contributory pensions for the aged and disabled. The new plan for 1962–67 is intended to raise gross national product by 6 per cent and *per capita* output by 4 per cent. Over-all expenditure is envisaged at $M 150 million. The plan is aimed at diversification of the economy by developing agricultural and forest resources, the introduction of industry, the provision of a comprehensive educational system, improved health and welfare services and the encouragement of recreational facilities and cultural development.

Under the current plan (1959–63) in Sarawak the planting of high-yielding rubber takes an important place. It is the largest single scheme and will be partly financed by the imposition of a rubber cess. Also of importance is expenditure on roads, port developments, aviation, waterways and telecommunications, and provision is also made for further expansion of the

social services. The plan for 1959–63 was approved in August 1959 and provided for expenditure of $M 114·9 million. Following reviews in 1960 and 1961 the plan has been enlarged in scope, and the total approved expenditure now amounts to $M 165 million. The over-all target figure of expenditure on the development plan for the next five years, which is on similar lines to the earlier plan, is $M 300 million.

In North Borneo development planning has been on similar lines to Sarawak with substantial expenditure on rubber replanting and on the improvement of communications; there have also been schemes for the extension of padi irrigation and the expansion of social services. The 1959–64 plan at first provided for expenditure of $M 61 million. This has now been increased to $M 130 million while the target figure for development in the period 1965–69 is now $M 200 million.

UNITED KINGDOM AND OTHER ASSISTANCE

Since the end of the second world war the United Kingdom has made significant financial contributions to the revenues of the Malaysian territories in the form of loans and grants. Some of these were provided from Colonial Development and Welfare funds. This financial aid is summarised below:

FEDERATION OF MALAYA	
Grant toward the cost of internal security 1949–55	£14,000,000
Colonial Development and Welfare grants and loans	£5,223,085
Loan for telecommunications	£2,250,000
SINGAPORE	
Colonial Development and Welfare grants and loans	£2,385,266
MALAYA AND SINGAPORE	
War damage compensation grant	£20,000,000
War damage compensation loan	£15,500,000
NORTH BORNEO	
Colonial Development and Welfare grants and loans	£7,148,333
SARAWAK	
Colonial Development and Welfare grants	£5,732,026
NORTH BORNEO, SARAWAK AND BRUNEI	
War damage compensation grant	£816,667
War damage compensation loan	£163,000
The total financial assistance in the public sector provided by Britain to the Malaysian territories since the war to March 1963 was	£73,218,377

The territories of Malaysia, with the exception of Brunei, have participated in the Colombo Plan since its inception in 1950. The Federation of Malaya and the State of Singapore became full members of the plan in 1957 and 1959 after achieving independence and internal self-government respectively. The Colombo Plan was born as a result of Commonwealth initiative. It represents a co-operative effort by the countries of South and South-East Asia, helped by member countries from outside the region, to develop their economies and raise the living standards of their peoples. A Consultative Committee meets annually to review and assess what has been achieved and to evaluate the tasks and problems ahead, and, by sharing of experience, to help in finding

solutions to the problems. The annual survey of development gives the committee a basis on which future plans can be prepared and shows the gap between needs and available resources which external assistance can fill. Most of the members of the plan within the region finance their development plans domestically, but they also help one another with technical aid and some capital development funds. Malaya has received a $M 30 million loan from Singapore and a $M 20 million loan from Brunei.

Member countries from outside the area, and these include the United Kingdom, the United States of America, Australia, New Zealand, Canada and Japan, offer aid in the form of outright grants, inter-governmental loans, loans by public banks and various kinds of private grants and credits. A further important flow of external aid takes the form of technical assistance.

In the Federation of Malaya, Singapore, Sarawak and North Borneo, capital aid has been provided by the United Kingdom Government for a variety of development projects, for example the construction of university buildings, dock and airport construction, the building of hospitals, colleges and roads, irrigation schemes and telecommunications development. Capital aid to Malaysia provided by the Commonwealth Development Finance Company, set up in 1953 to assist in the provision of finance for development projects in the Commonwealth, consists of a sum of £500,000 for the Malayan Cameron Highlands hydro-electric scheme and £74,667 for the Malayan Industrial Development Finance Ltd. The Colonial Development Corporation has provided £12,256,000 largely in the form of loans to the Central Electricity Board and to the Malayan Borneo Building Society. Financial aid from the United States of America Development Loan Fund has taken the form of $M 30 million for roads and bridges, $M 30 million for Port Swettenham port development and $M 202·5 million for various schemes submitted in 1958. Australia has provided capital aid to Malaya for the purchase of railway equipment and New Zealand for the building of an agricultural college, for land development schemes and for a Civil Service training centre. Canada has provided aid to Malaya for coastal fisheries equipment and technical education. Capital aid of $M 108,936,000 has also been provided to Malaya by the International Bank for Reconstruction and Development for the Cameron Highlands Scheme and by the United Nations Special Fund, principally for the building of a telecommunications centre in Kuala Lumpur. IBRD loans to Singapore for $M 45·9 million for the Pasir Panjang Power Station and $M 40,698,000 for the Johore River Water Catchment Scheme are under consideration.

Technical assistance is provided by the supply of experts to assist in research training or development activities, by the provision of training places at universities, technical institutions, public utilities and private firms and by the provision of equipment for training and research purposes. Malaya, Singapore, Sarawak and North Borneo have all supplied and received technical assistance in this form, and technical assistance has been made available to them by Colombo Plan member countries from outside the region.

LABOUR

Under the traditional Malay feudal system forced labour was a commonplace, as indeed it was under feudal systems elsewhere in the world, but as a

modern economy began to develop, the gradual extirpation of forced labour and slavery became the first preoccupation of British administration.

During the earlier days of development large numbers of immigrant workers entered the territories of Malaysia. Chinese settled in peninsular Malaya, Singapore and all the Borneo territories, but the influx of labour from India was largely restricted to Malaya and Singapore. From quite early days the recruitment of labour from India was controlled to prevent abuses. Regulations were strengthened and recruitment systems developed to deal with the problems associated with the large numbers of Indian workers who arrived. Chinese labour needed, and desired, less government control of recruitment.

Since the 1930s immigration into the Malaysian territories has been strictly controlled, and, since the second world war, dependence on migrant labour has ceased. There is now a stable labour force, and migration to and from other countries is almost at an end.

Labour Legislation

In all the territories of Malaysia labour legislation has been built up to protect the workers and to govern their relations with employers. Labour legislation covers such matters as hours of work, health conditions, the age of admission to employment, medical treatment, written contracts, conditions of notice and statutory holidays with pay. There is also legislation concerned with workmen's compensation and provident funds. Employment exchanges are being established and industrial training schemes developed. The administration of labour legislation is in the hands of Labour Departments. In addition, Machinery Departments enforce the laws relating to the construction, installation and operation of machinery and its control to ensure the safety of workers.

Trade Unions

The multi-racial nature of the Malaysian labour force made the early emergence of trade unions on the western pattern difficult. After the war Trade Union Advisers' departments with a specialist staff recruited from British trade unions were established and under such guidance the trade union movement developed rapidly. Unions are much more numerous and developed in Malaya and Singapore than elsewhere in Malaysia and this is a reflection of their more developed economies. Although there is a Communist element in some unions aiming to make use of union activities for its own ends, the vast majority of trade union members are anxious to see that the union movement is used to promote the genuine interests of organised and unorganised workers in the Federation of Malaysia in accordance with democratic methods. In Malaya, the Malayan Trade Union Council is the central co-ordinating trade union body and is growing in strength and influence. In Singapore the government has passed legislation to make compulsory the affiliation of all unions to the Singapore Trades Union Congress. It has also endeavoured to group together unions of similar occupation, trade or industry and has taken action against subversive elements in the union movement. In the Borneo territories generally, there are conditions of almost full employment, and, if anything, a labour shortage. These circumstances in

a society which is in any case not highly developed economically have not been conducive to the early emergence of an active or widespread union movement.

RURAL DEVELOPMENT

Once Malaysia has been formed it is likely that the policies of extensive rural and community development worked out in the Federation of Malaya will be applied in the three Borneo territories. Political leaders in these territories have indeed already expressed keen interest in Malayan rural development schemes.

In Malaya rural development is executed by the State governments with the co-ordinating influence of the Ministry of Rural Development. Where States can meet costs from their own resources they can proceed with their plans; where they are unable to meet costs of development, funds can be made available from federal sources. Two statutory authorities exist to assist in rural development. The first is the Rural and Industrial Development Authority (RIDA) established in 1954, which concentrates on improving the quality of rural artifacts and marketing and trading techniques; the second is the Federal Land Development Authority (FLDA) which applies itself to the opening up of new land and the establishment of self-contained communities.

The main aims of the rural development policy are to give the rural community its due importance, to provide sound economic foundations for rural livelihood, to encourage a desire among the rural people to strive for economic advance, to focus the services of government on the betterment of rural living conditions and to make the rural people aware that the destiny of the country is in their hands. The government is pledged to co-ordinate its policies and to harness its energies for the achievement of these ends with the same intensive planning used to defeat Communist terrorism during the emergency.

INTERNATIONAL BANK MISSION

In August 1961 the Malayan and Singapore Governments agreed to invite a mission from the International Bank for Reconstruction and Development to examine the feasibility of closer economic co-operation between the two territories. When the decision to establish Malaysia by 1963 had been taken, it was decided, with the concurrence of British and other governments concerned, to include in the field of investigation the economic implications of the association of all the territories of the proposed Federation of Malaysia.

The members of the mission arrived in Kuala Lumpur in February 1963 and the mission's leader, M. Jacques Rueff, who had played an important part in the evolution of the European Economic Community, joined them in April. During the course of its investigations the mission intended to visit all the Malaysian territories. The agreed terms of reference of the mission were as follows:

(1) To examine and report on the feasibility of, and problems inherent in, closer economic co-ordination among the prospective Malaysian territories with special reference to:

(a) The feasibility of Common Market arrangements among the territories of Malaysia, taking into account the importance of preserving the entrepôt trade of Singapore, Penang and Labuan, and the public revenue implications of such arrangements;
(b) the impact of present differences in tariff and trade policies among the territories;
(c) differences in competitive position and the industrial promotion aims and policies of the territories;
(d) other economic areas of possible conflict or overlapping interests.

(2) To recommend concrete steps which should be taken in the field of economic policy to effect such economic co-ordination so as to produce the maximum advantage to all the territories.

(3) To recommend administrative arrangements for co-ordinating and integrating development planning, including industrial development.

SOCIAL SERVICES

THE territories of Malaysia possess social services which, in comparison with those of most other Asian countries, are of a high standard. Health and educational facilities and social welfare services have been built up on foundations laid down by administrators during the early years of the British connection and by the voluntary efforts of the various communities which dwell in Malaysia. As the resources of the various territories developed, so it became possible to devote increasing sums of money to meet the cost of building, staffing and equipping hospitals and dispensaries, educational establishments and welfare centres. All these services were badly neglected during the period of the Japanese occupation but after the war they were rehabilitated and expanded to meet increased requirements.

HEALTH SERVICES

The medical history of Malaysia is one of great achievement in the gradual elimination of disease and ill-health, which were formerly wide spread in its territories. One of the most unhealthy regions in the tropics has been converted into one of the most healthy by the application of the latest techniques in curative medicine and health. A mission of the International Bank for Reconstruction and Development which visited Malaya in 1954 described this as 'one of the world's outstanding achievements of public health and medicine, a tribute to the British administrators and their medical and public health officers'.

Expenditure on the various health services progressively increased as more public funds became available. In 1960 expenditure on medical and health services in the Malaysian territories was as follows:

Malaya	$M 80,399,000
Singapore	$M 29,559,310
Sarawak	$M 6,038,110
North Borneo	$M 4,009,587
Brunei	$M 3,104,738

In the early years of British administration the work of the medical departments was confined to curative medicine, but by the end of the nineteenth century the foundations of modern hospital services had been laid. Public health measures on a large scale were commenced at the beginning of the twentieth century with schemes to eradicate malaria and to improve sanitation control in urban and rural areas.

During the Japanese occupation medical and health services were grossly neglected. Anti-malarial work and quinine treatment were often abandoned, the absence of immigration control resulted in the easy spread of epidemics, street clearing systems lapsed and water supplies deteriorated. All this, together with insufficient food for the population, caused rapid increases in malnutrition diseases.

After the war years the first task of the medical departments was to rebuild health and medical services, and by 1950 these had in general been restored to their pre-war levels. Since then, very considerable progress has been made

in all medical and health fields. New hospitals and clinics have been built and new services launched, ranging from inoculation campaigns against tuberculosis and diphtheria to dental treatment and nutritional research.

Today the territories of Malaysia are served by hospitals, dispensaries and clinics using up-to-date techniques, drugs and equipment. Public health has been vastly improved by strict controls imposed at ports and airfields and by careful supervision of sanitation and health education. In Malaya and Singapore the greatest single achievement has been the progressive reduction of malaria—indeed, in this, Malaya was the world's pioneer. In the Borneo territories, too, malaria has been vastly reduced since 1955 by an anti-malarial campaign which has received assistance from the World Health Organisation.

The development of health services has caused reductions in the death rates. In Malaya, for instance, in 1947 the death rate was 19·4 per thousand. In 1955 the rate was 11·5 per thousand and in 1960 it had fallen still further to 9·5. The death rate in Singapore fell from 8·1 per thousand in 1955 to 5·9 in 1961. In Sarawak it fell from 11·2 per thousand in 1950 to 5·2 in 1961. In Brunei the death rate fell from 19·3 per thousand in 1947 to 11·1 in 1960 and still further to 7·19 in 1961. At the same time there has been a marked decline in infant mortality rates. There remain a number of endemic diseases such as tuberculosis, malaria and yaws, but these are being brought increasingly under control by the use of new drugs. Western medicine is by now well established and the peoples of Malaysia are developing increasing confidence in its efficacy. Present health campaigns are to a large extent concerned with the prevention and cure of tuberculosis and in the further reduction of maternal and infant mortality rates.

Hospitals and Health Centres

Malaya

In Malaya government hospital accommodation runs to over 20,000 beds. There are three categories of hospitals—General Hospitals (which have facilities for specialist consultants), District Hospitals (which refer special cases to the General Hospitals), and Special Institutions (which are concerned with specific illnesses such as leprosy or mental diseases). The total number of beds in the 69 General and District Hospitals is 12,500. These hospitals all have out-patient departments, but in smaller towns and in rural areas out-station dispensaries are organised and these make regular visits to the different parts of the countryside. The hospitals vary in size and quality of construction. The most modern are in Johore Bahru, Penang and Malacca. A phased rebuilding of the Kuala Lumpur General Hospital is being undertaken, the new maternity block being the first new section to be completed.

Singapore

In Singapore there are 13 government hospitals, including mental hospitals, a tuberculosis hospital and a leper settlement. Together they provide over 6,700 beds. There are 10 static dispensaries serving a million people in the city area. Twelve static dispensaries, a number of travelling and floating dispensaries and more than 50 Government maternity and child welfare centres serve a rural population of over 600,000 people.

Sarawak

In Sarawak there are four General Hospitals, a mental hospital, a leprosarium, and a sanatorium. The total number of beds is 1,564. There are also 29 static dispensaries and 14 travelling dispensaries. Maternity and child welfare centres are maintained in the main centres, and ophthalmic and dental services are provided by the Government. The Methodist and Roman Catholic missions operate a number of small hospitals.

Brunei

In Brunei there are two State hospitals providing 273 beds and one oil company hospital with 77 beds. In addition there are 2 district dispensaries, 5 travelling clinics and 7 maternity and child health clinics.

North Borneo

In North Borneo there are 2 General Hospitals, 6 Cottage Hospitals, and 1 mental hospital, together providing 1,323 beds. Twelve dispensaries provide 186 beds for less serious cases. There are also 18 dispensaries exclusively for out-patients, 6 travelling dispensaries, and 2 urban health centres. Some religious missions and voluntary bodies also maintain medical facilities, and there are dispensaries or small hospitals at 49 places of employment. Maternity and child welfare services are provided at the urban health centres at Jesselton and Sandakan and at 46 clinics throughout the country. Plans are in hand for building new hospitals at Lahad Datu and Tawau, a new mental hospital at Jesselton and a new health centre at Keningau.

In all the territories of Malaysia the expansion and development of rural health services has been given priority and there has been a considerable expansion of auxiliary services—dental clinics, midwifery services, and child welfare and school medical services. Facilities for training nurses exist at major hospitals throughout the country.

Medical Schools

The University in Singapore has a medical faculty with departments of medicine, dentistry and pharmaceuticals. Plans for a medical faculty at the University in Kuala Lumpur are in hand and a teaching hospital is being built near the University. Dental surgeons receive training at the Dental School in Singapore and dental nurses and technicians are trained at the Federal Dental School in Penang.

For a number of years to come, however, Malaysia will be dependent also on medical schools overseas for the training of doctors. Post-graduate work in medicine is almost entirely dependent on such overseas training. A large number of medical graduates receive their training at universities and teaching hospitals throughout the Commonwealth.

Public Health—Malaria Control

Anti-malarial measures, probably the first application of Sir Ronald Ross's discovery in 1888 of the cause of the disease, were introduced at the beginning of the century, and the campaign against malaria was gradually extended throughout the country. After the second world war the medical services started experimenting with new insecticides and new drugs. Cheap, highly

lethal insecticide sprays using BHC and DDT have offered more effective protection in rural areas than pre-war methods, which were more costly and slower to produce results. In North Borneo a project for malaria control sponsored jointly by the Government, the World Health Organisation and the United Nations' Children's Fund began in 1955 at a time when rural areas were quite seriously affected with malaria. Large areas have already been cleared of the disease and it is hoped to eradicate it completely by 1968. Sarawak has a malaria eradication campaign which has now passed from the attack to the consolidation phase. Further plans of action are being worked out in association with the World Health Organisation. In Brunei malaria has been all but eliminated.

Other Public Health Campaigns

Widespread campaigns have been undertaken against tuberculosis. Teams have been tuberculin-testing children and BCG vaccination campaigns prosecuted. Mass radiography measures have also been carried out. Preventive measures depend to a large extent, however, on the provision of better housing and on reducing the overcrowding which often occurs in densely populated urban areas. In Kuala Lumpur the Lady Templer Tuberculosis Hospital caters exclusively for the disease; it is a modern private institution with 250 beds for curable patients and places emphasis on surgical treatment.

Campaigns have been carried out against yaws, a disease often found among riverine peoples in Malaysia. Where anti-yaws campaigns have been carried out, there is now a low incidence of the disease.

Other diseases such as diphtheria, poliomyelitis, cholera and dysentery occur from time to time. Immunisation campaigns have been carried out wherever necessary, but these diseases have not on the whole constituted a serious threat to public health.

Medical Research

The United Kingdom pledged support in 1898 for scientific research on tropical diseases in its overseas dependencies. One of the first results of this policy was the foundation of the Pathological Institute, later the Institute of Medical Research, in Kuala Lumpur in 1900. The institute has played a leading role in the diagnosis, treatment and prevention of malaria and of other tropical fevers. It has also carried out important work on nutrition and on the search for new antibiotics.

The institute is a federal organisation, administered as a branch of the medical department, and is maintained by the Government with financial aid from the Governments of Singapore and North Borneo. It also receives further support for special work from United Kingdom Colonial Development and Welfare funds.

EDUCATION

In the early days of British administration schooling facilities were very largely provided by private organisations rather than by Government. The oldest school in Malaysia—the Penang Free School—was founded in 1816 by the Colonial Chaplain, and from its foundation was open to all races and

religions. 'The Institution' was founded in Singapore by Sir Stamford Raffles in 1823 and still survives as a secondary school today. At the beginning of the present century the Malay College at Kuala Kangsar was founded. It is a residential college on the lines of an English public school. It was initially designed to prepare Malays for higher education and for entry into the administrative service of Government.

The governments of the Malaysian territories have all founded schools for Malay and English education, but, in addition, valuable educational work has been carried out by missionaries—particularly in the field of English education. At the same time the Chinese, with their traditional respect for education, were quick to establish Chinese-medium schools which after 1911 dispensed with the outmoded traditional pattern of classical Chinese education and took the modern schools of China as their model. After 1920 most of the Chinese schools used the Chinese national language Kuo-Yu (Mandarin) as the medium of instruction. Indian schools in Malaya were established on estates which had large Indian labour forces. At first they were not of a high standard, but after 1930, when government inspection was introduced, they tended to improve.

The main problem in education in Malaysia is posed by the language question. At present there are four media of education—Malay, English, Chinese and Indian languages. There is also some vernacular education in Dusun in North Borneo. Whilst people of all races have been educated in English, which has thus had a great unifying effect, the other languages have tended to be used in education exclusively by the races which speak them. Secondary education, formerly promoted only in English and Chinese, is now being developed in Malay.

In Malaya the recognition of Malay as the national language has led to some changes in educational policy, since it is clearly desirable that the emergence of national consciousness should be promoted by the development of the Malay language. The Education Ordinance summarises the post-independence education policy as follows:

> 'The education policy of the Federation is to establish a national system of education, acceptable to the people as a whole, which will satisfy their needs and promote their cultural, social, economic and political development as a nation, with the intention of making the Malay language the national language of the country whilst preserving and sustaining the growth of the language and culture of people other than Malays living in the country' (Education Ordinance, section 3).

Schools in Malaya operated in accordance with this policy are of two kinds, those operated directly by Government and those which are financially assisted provided they conform to government regulations. After 1961 any school that did not conform to government policy received no grant. The wishes of parents must be taken into account where media of instruction are concerned, and religious instruction must be given to Muslim pupils by teachers approved by Government in State-supported schools containing 15 or more Muslims.

The educational policy of the State is thus liberal and progressive. Although Malay and, for the time being, English are compulsory subjects, other languages are used as media of instruction and there is no danger of any of

the different cultures of the country dying out. There is little doubt too that English, which is recognised as a national asset, will continue to play its part in furthering the education and development of the people.

Primary and Secondary Education

Malaya

In January 1960 the number of pupils attending schools of various types were as follows:

Medium of Instruction	*Number of Schools*	*Enrolment*
ENGLISH		
Primary	516	204,581
Secondary	278	102,854
MALAY		
Primary	2,341	486,822
Secondary	—	901
CHINESE		
Primary	1,293	385,598
Secondary	106	52,952
INDIAN LANGUAGES		
Primary	832	61,221
Secondary	2	267
TOTAL		
Primary	4,982	1,138,219
Secondary	386	156,974

Of the English-medium schools 3 were partially assisted and 331 independent; Chinese-medium, 171 partially assisted and 163 independent; Indian-medium, 19 independent.

Singapore

In 1960, 337,189 pupils were receiving primary and secondary education in government and government-aided schools. Of this number 280,949 were attending primary schools. The media of instruction in which pupils were taught were as follows:

English	172,766
Chinese	142,256
Malay	18,963
Tamil	1,333

There were also 1,871 pupils at integrated English/Chinese language schools. In addition there were 12,701 pupils in 91 private schools.

Sarawak

In Sarawak in 1961, 108,821 pupils were receiving primary and secondary education. Of this number 96,145 were receiving primary education in 862 government or government-aided schools and 9,333 receiving secondary education in 35 government or government-aided schools. There were also 1,432 pupils in 25 unaided primary schools and 1,911 pupils in 13 unaided secondary schools. Of the primary school pupils 44,202 were being taught in

Chinese and the remainder in English or vernacular languages. Of the secondary school pupils 4,948 were receiving their education in Chinese and the remainder in English.

North Borneo

Primary education is provided in English, Malay, Chinese and Dusun and secondary education in English and Chinese. Total school enrolment in 1961 was 56,285. Primary schools, of which there were 93 government and 311 grant-aided, accounted for 51,936 of the pupils. There were 4,349 secondary pupils in 5 government (3 English and 2 Chinese-medium) and 23 grant-aided (19 English-medium and 4 Chinese-medium) secondary schools. All schools receive government aid.

Brunei

In 1961 there were 15,981 primary school pupils in 56 government vernacular schools, 3 government English schools, 8 aided Chinese schools, 7 unaided mission schools (English language) and 1 unaided school run by the Shell Company. There were also 1,900 secondary pupils in 12 schools (5 government, 3 Chinese and 4 mission).

Technical and Specialist Training

Technical training to an advanced level is provided by the Technical College in Kuala Lumpur and by the Singapore Polytechnic. There are also a number of junior technical (trade) schools throughout Malaya and at Kuching, Brunei and Jesselton in the Borneo territories. A number of commercial colleges provide courses in commercial subjects, and in various centres evening vocational and technical courses are held. There is an agricultural college near Kuala Lumpur and a nautical school in Kuching. The Rural and Industrial Development Authority (RIDA) provides special courses for farmers, fishermen and rural women at colleges in Kuala Lumpur.

Teacher-Training

After the war many teachers from Malaya were trained at two teacher-training colleges in the United Kingdom. Now only one of these remains in operation for specialist training. Facilities for teacher-training have been increased in Malaya and there are now colleges at Kuala Lumpur, Penang, Kota Bharu and Malacca as well as two Malay teacher-training colleges at Tanjong Malim and Malacca. The Language Institute in Kuala Lumpur trains specialist language teachers and 12 day training centres turn out teachers for primary schools.

In Singapore teachers are trained at the University of Singapore. In the Borneo territories there are two teacher-training centres (English and Chinese) at Kuching, and at Kent College at Tuaran in North Borneo a teacher-training centre offers courses in Malay, Chinese and English. There is also a government teacher-training college in Brunei.

University Education

The University of Malaya was first established in 1949 as a result of the merger of Raffles College and the King Edward VII College of Medicine. A

grant of over £1½ million was allocated from Colonial Development and Welfare funds to help its development. In 1957 a new division of the University was established in Kuala Lumpur and this made spectacular progress. In 1962 the two divisions became autonomous and separate national universities were established. Singapore has faculties of Arts, Science, Law, Medicine (including medicine, dentistry and pharmacy and education). Total enrolment of students in 1960 was 1,641. Kuala Lumpur has faculties of Arts, Science, Agriculture and Engineering. Total enrolment in 1961 was 1,010 students.

In Singapore there is also a Chinese language university—the Nanyang University with faculties of Arts, Science and Commerce. Total enrolment in 1960 was 1,861.

There is no university in the Borneo territories but the three governments there provide scholarships for university education overseas. Overseas scholarships are also offered by the governments of Malaya and Singapore and by other governments and there can be little doubt that for some time to come Malaysia as a whole will need to supplement its existing university facilities by sending students abroad for graduate and post-graduate training.

SOCIAL WELFARE AND SOCIAL SECURITY

In Malaya and Singapore Departments of Social Welfare concentrate on the care of children and of the aged and disabled, the training of the physically handicapped, general welfare and relief, the support of voluntary organisations and the development of youth activities. In Sarawak and North Borneo Social Welfare Councils have been set up. The work of voluntary bodies is also of great importance and they are often supported by government grants or by grants from lotteries boards.

In some territories probation and approved school services are in operation. The Sarawak and North Borneo Social Welfare Councils in consultation with the government co-ordinate policy and disburse funds through the many voluntary organisations which exist in the territories. Funds are derived from government and from lotteries and sweepstakes organised by the Turf Clubs.

The need for social security schemes is more particularly felt in the developed areas of Malaya and Singapore than in the rural parts of Malaysia as a whole. Government employees in all the territories receive pensions. In Malaya there is also a compulsory contributory Employees Provident Fund Scheme to provide some measure of old age security for persons not covered by superannuation schemes. A similar Central Provident Fund Scheme exists in Singapore and both territories have systems of workmen's compensation. A system of non-contributory pensions has been established by the Brunei Government for the aged and the disabled. Throughout Malaysia free medical treatment can be obtained by those who need it.

EXTERNAL AFFAIRS AND DEFENCE

MALAYAN FOREIGN POLICY SINCE INDEPENDENCE

THE Federation of Malaya, like other Commonwealth countries, became, on achieving independence, completely responsible for its own external affairs. It joined the United Nations and many of its specialised agencies, including the International Monetary Fund, the International Bank for Reconstruction and Development and the Economic Commission for Asia and the Far East (ECAFE). It also joined the International Finance Corporation, the International Tin Council and the International Rubber Study Group and became a signatory to the General Agreement on Tariffs and Trade. In pursuit of its support of the United Nations charter, in 1960 it sent troops to the Congo as part of the United Nations forces.

The Federation became a member and firm supporter of the Commonwealth and its various activities. The Prime Minister of the Federation, in a speech in July 1961, said:

> 'I and my people have great faith in the fellowship of the Commonwealth as a unifying force in a world torn between opposing aims and ideals . . . . I should like to repeat here what I have always maintained, that Malaya will always be linked up with the Commonwealth and will do all she can to make the Commonwealth a living force for the good of man in the name of peace, fairness and justice'.

Even before independence Malaya was a member of the Colombo Plan organisation and has been both a receiving and a donor nation.

Malaya has a Defence Agreement with Britain (see below). It is not a member of the South-East Asia Treaty Organisation (SEATO).

The co-operation of the countries of South-East Asia has always been an important platform in the foreign policy of the Federation government, and a treaty of friendship and economic co-operation embracing most of South-East Asia was first proposed by the Malayan Prime Minister in 1958. The Governments of Thailand and the Philippines expressed interest in the proposal, which ultimately resulted in the formation of the Association of South-East Asia (ASA), the objects of which are to promote the economic and cultural co-operation of Malaya, Thailand and the Philippines.

The Federation on the eve of Malaysia's formation maintained diplomatic missions in Australia, France, India, Indonesia, Pakistan, the Philippines, Thailand, the United Arab Republic, the United Kingdom and the United States, and a consulate in Saudi-Arabia. It did not recognise the Republic, of China or the People's Republic of China, the Mongolian People's Republic, or the Communist régimes in East Germany, North Korea and North Vietnam.

THE ANGLO-MALAYAN DEFENCE AGREEMENT

Under an agreement signed in 1957 the United Kingdom will give all reasonable military assistance requested by the Federation to meet external aggression and Britain may maintain troops (including a Commonwealth

Strategic Reserve) and installations in Malaya at a strength which may be varied from time to time by mutual consent, to enable the United Kingdom to meet its international obligations.

The agreement also provides that if there is an attack on the Federation or on British dependencies in the Far East, both Governments will co-operate in defensive action. Should there be an outbreak of hostilities elsewhere, the United Kingdom Government will obtain the agreement of the Malayan Government before using bases in the Federation. There is no limit to the life of the agreement, and either Government can call for a review of it. It is the intention of the governments concerned that the agreement shall be extended to include, after Malaysia Day, all the territories of Malaysia.

Singapore has been of strategic value since its foundation and the employment provided to the people of Singapore by the naval base continues to be a vital factor in the island's economy. The headquarters of the Far East Land Forces is in Singapore, and its military establishments also provide employment to the local population. The headquarters of the Royal Malayan Navy is in Singapore.

The discussions held between the British and Malayan Prime Ministers in November 1961 included an agreement that the Government of Malaysia should afford to the United Kingdom the right 'to continue to maintain bases at Singapore for the defence of Malaysia, for Commonwealth defence and for the preservation of peace in South East Asia.'

MALAYSIA'S NEIGHBOURS

Many countries in the Far East and the Pacific, for example Thailand, India, Australia and New Zealand have expressed their support for the creation of Malaysia which they regard as offering a prospect of an area of stability and prosperity in South East Asia. There are, however, two complicated problems which lie outside the scope of this pamphlet but which must be briefly mentioned. These are first the Philippine claim to a part of North Borneo and secondly the attitude of Indonesia. Of the first problem, neither Britain nor the people of North Borneo have been able to accept that the Philippine government has made out a valid case. Of the second problem, Indonesia at first indicated that she was not opposed to the Malaysia plan and indeed the Indonesian Foreign Minister Dr. Subandrio said in the United Nations on 20th November, 1961, 'when Malaya told us of her intention to merge with the three British Crown Colonies as one federation, we told them that we have no objection and that we wish them success with the merger so that everyone may live in peace and freedom'. Subsequently, however, Indonesia has expressed opposition to the proposal with varying degrees of hostility, though efforts continue to be made, including planned tripartite talks between Indonesia, the Philippines and Malaya, which it is hoped may resolve the difficulties.

MALAYSIA: THE DESIGN AND ITS REALISATION

IT HAS been seen in the concluding sections of the chapter on historical background that by 1960 the Federation of Malaya had achieved independence and held elections to its first fully elected House of Representatives, the internally self-governing State of Singapore had been created and held elections resulting in the formation of a government anxious to merge with Malaya, the State of Brunei had achieved autonomy and for the first time possessed a constitution providing for representative institutions, Sarawak had held elections and now had a legislature with an elected majority and North Borneo had a constitution which gave considerable power to popular representatives who were in a majority in the legislature. The latter four territories were now therefore, though in different degrees, all well advanced along the road to independence but there were some difficulties in their situations. Singapore was a small island of strategic importance yet with a large Communist element whose aims were opposed to those of the Governments of Malaya, Singapore and the United Kingdom. In these circumstances it was difficult to see how it could achieve stability as an independent State.

Likewise in such a small State as Brunei, with a population of only 84,000 yet with tempting riches in oil, the government could not remain stable or secure as a separate entity. North Borneo and Sarawak were larger in size but they, too, had comparatively small populations. In both the territories, therefore, the possibility of achieving viable independence at an early date appeared remote, and there was little support for an independent Federation of Sarawak, Brunei and North Borneo. Moreover, despite the strides made in the last decade in education, economic development and responsible government, the territories were still to a large extent dependent for good administration on the services of British officers who could not be speedily replaced by local men.

By the end of 1960 the Federation of Malaya had made great progress as an independent State. The Alliance Party had won the 1959 elections with a substantial majority, and the emergence of opposition parties in Parliament presaged the development of a vigorous life for parliamentary democracy. Substantial economic and social progress had been made, and the Government was preparing to launch its second five-year development plan with its special emphasis on rural development. The Malayanisation of the public services was being carried out smoothly, government efficiency remained unimpaired and there was a general feeling of confidence in the country. Most satisfactory of all, the Government had at last been able to lift the state of emergency which had been in existence since 1948. Independence had indeed finally put the lie to the Communists' principal argument for continuing the struggle—that they were struggling for freedom against colonialism—and even those who had once sympathised with the terrorists now saw the falsehood of their propaganda and the futility of their struggle. The country in the enjoyment of peace and security could now devote its resources to social advancement and economic development instead of to war.

The Malayan Government was well aware of the desire of the new Singapore Government to achieve independence through merger with Malaya, but, whilst not adverse to ending the unnatural division of the island from the mainland, it had to face the realities of the political situation. Malaya was a multi-racial State and it had achieved a remarkable degree of racial harmony. This harmony was, however, dependent to a considerable extent on a balance of power between the two largest racial groups. Complete merger with Singapore would upset this delicate balance by creating a situation in which the Chinese would acquire an absolute majority in the State. But, more important, it would also bring into the State a section of the Singapore population which clearly looked for inspiration to Communist China. After a twelve-year struggle against Communist terrorism the people of Malaya could hardly look on such a prospect with equanimity.

TUNKU ABDUL RAHMAN'S PROPOSAL

Such, then, was the situation when on 27th May, 1961, in an historic address to the Foreign Press Association of Singapore, Tunku Abdul Rahman, the Prime Minister of Malaya, took the initiative and suggested that Malaya 'should have an understanding with Britain and the peoples of the territories of Singapore, North Borneo, Brunei and Sarawak' and that a plan should be devised 'whereby these territories can be brought closer together in political and economic co-operation'. The swift and favourable reaction among political leaders in the territories concerned suggested that the Malayan Prime Minister's Malaysia proposal was capable of early realisation and that it was widely regarded as a satisfactory method whereby the peoples of the four dependent territories could achieve early independence.

Many advantages were contained in Tunku Abdul Rahman's proposal. For all of the territories there were of course the economic benefits accruing from the creation of a larger economic unit which, as tariff barriers were gradually removed, would provide greater markets for manufacturers and greater opportunities for raising *per capita* output and living standards. There was, too, the prospect that the larger State would attract a greater degree of foreign capital investment than would be forthcoming as long as the political futures of the individual territories appeared uncertain. There were the advantages to be derived from the pooling of resources both human and natural, and in particular from the pooling of educational and technical skills which in some territories were in very short supply. Finally, there were the human and social advantages of associating once more territories whose peoples had so much in common historically and culturally.

Political advantages were offered additionally to each of the territories. To the States at present forming the Federation of Malaya, Malaysia offered a way of associating with Singapore and the Borneo territories without creating a disadvantageous racial balance. The association of Singapore with Malaysia also meant that the anti-Communist forces in Singapore, with the help of the central government, would be more able to control the subversive elements whose object was to make the island a Communist base.

To the people of Singapore, Malaysia offered an obvious means of ending colonial status. It also eliminated the possibility that the Federation might

by-pass its services and facilities by developing its own ports and industries at Singapore's expense. The evidently empirical nature of the Malayan Prime Minister's approach also removed the fear of those in Singapore who were concerned to preserve their own forms of education and multilingualism.

The people of Sarawak, Brunei and North Borneo were also offered a way of achieving independence at an early date. It would be an independence, too, in which their representative systems of government might continue to evolve with stability in accord with the growing political awareness of the people. The Federation would provide an effective defence against Communism. The territories would be able to profit from the example of harmonious racial collaboration which existed in Malaya and they would be able to apply in their own territories the policies of rural development, so necessary for the advancement of their peoples, now being worked out in Malaya with such success. They would also be able to profit from the greater educational facilities and skilled personnel in existence in Malaya and Singapore.

A final political advantage, which would benefit all the territories, lay in the fact that the existing machinery of central government in Kuala Lumpar was federal in nature. The central administration, though strong, was experienced in dealing with State governments, sympathetic to their needs and understanding of their problems. This experience, sympathy and understanding would clearly be of value to Malaysia and would provide a sound foundation on which the future federal government could be built.

The United Kingdom Government saw in the Malaysia proposal a most satisfactory resolution of its colonial responsibilities in South East Asia. It offered a method of enabling its remaining colonies and protectorates in the area to achieve speedy independence in circumstances which offered their peoples the prospect of security and prosperity. There was every likelihood that democratic forms of government would flourish in Malaysia and that the happy relationship which had so long existed between its peoples and other Commonwealth countries would continue.

REACTIONS WITHIN THE TERRITORIES

Political leaders in Singapore and the Borneo territories were quick to respond favourably to the Tunku's proposal. In June Mr. Lee Kuan Yew, the Singapore Prime Minister, expressed his support for the scheme and on 23rd July, at the end of a regional Commonwealth Parliamentary Association meeting in Singapore, the representatives from Malaya, Singapore, Sarawak, Brunei and North Borneo decided to form a Malaysia Solidarity Consultative Committee under the chairmanship of Mr. Donald Stephens, a prominent unofficial member of the North Borneo Legislative Council. The objects of the committee were to collect and collate views and opinions concerning Malaysia in the territories, to disseminate information and encourage discussion concerning Malaysia and to promote activities to expedite its realisation. The committee played a valuable part in promoting understanding between the political leaders and in clarifying the issues.

With public support for the Malaysia proposal increasing in both Malaya and Borneo, the time seemed opportune for consultation between the Federation and Singapore governments on the subject of merger between the two

territories. In August and September 1961 the Prime Ministers of the two States met and agreed to set up a joint Malaya-Singapore working party to work out details with the object of bringing about integration. In November the basic merger proposals were ready. They provided for the retention by the Singapore government of autonomy in labour and educational matters, for Singapore's representation in the federal Parliament by 15 seats, for the retention of multilingualism and for the automatic gaining of Malaysian nationality, by all citizens. These proposals were accepted by the two governments. In December motions supporting in principle the Malaysia plan and the Merger Agreement were passed by the Singapore Legislative Assembly. Subsequently, the assembly also approved the Governments' proposals for holding a referendum in order that the people of Singapore might have an opportunity of expressing their opinion.

Meanwhile the degree of support for the Malaysia plan in the Federation of Malaya was indicated by the overwhelming majority given in October in the Malayan Parliament to a motion seeking agreement in principle to the proposed Federation. The mounting support for the proposal in the Borneo territories was at the same time indicated by a resolution in its favour passed by the Annual Conference of North Borneo Chiefs and by a speech made by the Sultan of Brunei to the State Legislative Council.

In November 1961, the Prime Ministers of Great Britain and Malaya met in London and agreed that the establishment of Malaysia was 'a desirable aim'. They noted with satisfaction the agreement for merger negotiated between Malaya and Singapore but decided that, before a final decision could be made, the views of the people of North Borneo and Sarawak should be ascertained. To ascertain these views and to make recommendations, a commission of inquiry should be appointed by the two governments. The Prime Ministers also agreed that in the event of the formation of Malaysia, the existing defence agreement between Great Britain and Malaya should be extended to embrace the new territories and that Britain should have the right to continue to maintain the Singapore bases.

THE COBBOLD COMMISSION

The appointment of the chairman and members of the joint British and Malayan Commission to ascertain the views of the people of North Borneo and Sarawak was announced on 16th January, 1962. Before the commission, under Lord Cobbold's chairmanship, arrived in Borneo, the Sarawak and North Borneo Governments issued papers to explain in simple terms the purpose of the commission and the idea of Malaysia. The commission spent two months travelling widely throughout the two territories, interviewed over 4,000 persons and considered some 2,200 letters and memoranda from town boards, district councils, political parties, chambers of commerce, trade unions, religious leaders, members of executive and legislative councils, native chiefs and community leaders, as well as large numbers of individual members of the public. Public opinion was thus thoroughly consulted. The commission's report (Cmnd. 1794), which was submitted in June 1962, concluded that a substantial majority of the population in both territories was in favour of Malaysia in principle, given suitable conditions and safeguards,

that it was in the interests of both territories to join, and that an early decision to proceed with the plan was essential. Lord Cobbold nevertheless emphasised in his comment on the report that it was a necessary condition from the outset that Malaysia should be regarded as an association of partners. If any idea were to take root that Malaysia would involve a 'take-over' of the Borneo territories by the Federation of Malaya and the subversion of the individualities of North Borneo and Sarawak, Malaysia would not, in his judgment, be generally acceptable or successful. He recommended that, in the following negotiations, Governments should pay close attention to this point, both in its psychological and in its practical aspects. The Cobbold Report was accepted by the British and Malayan Governments in July 1962. Thereafter agreement in principle was reached at talks in London between the two governments on the setting up of a Malaysian Federation by 31st August, 1963. The detailed working out of arrangements under which North Borneo and Sarawak would become constituent States of the Federation, including safeguards on matters of special concern to the two territories, was, however, remitted to an Inter-governmental Committee (Britain, Malaya, North Borneo and Sarawak) under the chairmanship of Lord Lansdowne (British Minister of State for Colonial Affairs).

The Inter-Governmental Committee held a preliminary meeting in Jesselton on 30th August, 1962. At this meeting it was decided to set up five sub-committees to deal with the constitutional, fiscal, legal and judicial, public service, and departmental organisation aspects of federation.

In September the North Borneo Legislative Council unanimously welcomed the decision in principle of the British and Malayan Governments to establish Malaysia by 31st August, 1963, 'provided that the terms of participation and the constitutional arrangements will safeguard the special interests of North Borneo', and authorised six members of the council to represent North Borneo on the Inter-Governmental Committee. In the same month, the Council Negri of Sarawak, without dissentient vote, also welcomed the decision 'on the understanding that the special interests of Sarawak will be safeguarded' and appointed eight persons to represent Sarawak.

The presence of North Borneo and Sarawak representatives on the committee thus continued the process of full consultation with representatives of the local peoples which had been begun by the Cobbold Commission in accordance with the decision of the British and Malayan Prime Ministers in November 1961.

THE SINGAPORE REFERENDUM

While the Inter-Governmental Committee was working on its recommendations in the second half of 1962, a number of other developments related to the Malaysia issue were taking place. Certain left-wing elements, especially those associated with the Singapore Barisan Sosialis (Socialist Front) formed after a schism in the Government People's Action Party, had come out in opposition to the Malaysia proposal, which they endeavoured to portray as a 'neo-colonialist' plot to perpetuate British control of the area. This accusation ignored the obvious fact that Britain's ready acceptance of the Malaysia

plan implied a willingness to withdraw her control from Borneo and Singapore more speedily than would otherwise have been necessary. On other occasions the extreme Left portrayed the Federation of Malaya as a new colonial Power building up an 'empire' in place of the British. This allegation ignored the careful consultation that was taking place with the governments and peoples of the territories still under Britain's control and the fact that the proposed new State would be a federation of partners and not a hegemony of one of its component territories. The opposition was in fact activated by Communist fears that the new Malaysia would turn out to be a strong and efficient democracy in which social advance and development would provide no breeding ground for the discontent in which Communism could flourish. Putting forth endless propaganda of this kind and playing on Chinese communal fears in Singapore, the left wing confidently asserted that the forthcoming referendum in Singapore would show how complete the opposition of the people was to merger. They told the people of the island that they should demonstrate their opposition to all three proposals for merger to be put to them by the Government by casting blank votes. When the referendum took place on 1st September, 1962, the results were in fact as follows:

ALTERNATIVE A:	Merger under the terms of the Government's November 1961 agreement with Malaya .. .. (as subsequently amended)	397,626 votes
ALTERNATIVE B:	'Unconditional merger' on the same terms as the existing 11 States ..	9,422 votes
ALTERNATIVE C:	Merger on terms 'no less favourable' than those of the three Borneo territories	7,911 votes
Blank Votes	.. ..	144,077

The total votes cast were over 560,000 votes out of an electorate of 625,000. The people of Singapore thus decisively showed their support of the merger proposals.

THE BRUNEI REVOLT

The next move of the opposition to Malaysia took place in Brunei. There, in July 1962, the Legislative Council had approved the Malaysia proposal in principle and the Sultan had expressed his own support provided that the terms and conditions would be beneficial to Brunei; but no firm decision had been taken in view of the great importance of the issue. In September the elections under the new constitution took place and were overwhelmingly won by the Partai Ra'ayat (Peoples Party) which had not opposed Malaysia directly but had maintained that, before any move towards Malaysia was made, there should be a unification of the three Borneo territories under the Sultan of Brunei as constitutional ruler. This proposal, whatever its appeal may have been in Brunei, which once ruled the whole area, ignored the general support for the Malaysia scheme which was being shown by most parties and people in Sarawak and N. Borneo.

The victorious Partai Ra'ayat representatives were sworn in as councillors, and the Government hoped that they would collaborate in governing the country and would assist by constitutional methods in moving toward a more liberal constitution. The Partai Ra'ayat had indeed declared its intention of so doing. Instead, however, some (but not all) of the leaders formed a secret wing within the party called the Tentera Nasional Kalimantan Utara (TNKU), the North Kalimantan National Army, which was dedicated to violence. In December this organisation, led by Azahari, staged a revolt with the declared intention of creating a new State consisting of Brunei, North Borneo and Sarawak. The Sultan requested British assistance in restoring law and order, and the revolt was speedily put down by local forces, who remained entirely loyal, and by British forces flown in from Singapore. The Legislative Council was dissolved temporarily by the Sultan who appointed an Emergency Council to carry on the government of the country. The British Government made it clear that its action in suppressing the revolt was undertaken because of its obligations under the 1959 Treaty with the Sultan. So far as Britain was concerned the attitude of Brunei toward Malaysia was a matter for the Brunei government to decide.

The Sultan announced that the insurrection had not altered the determination of his government to move forward by constitutional methods to that form of independence which would give the greatest political and economic opportunity to the people of Brunei, and that representative institutions would be restored as soon as possible. After order had been restored, a Brunei delegation was sent to Kuala Lumpur to pursue the Malaysia proposal further and to examine with the Malaysan government how the interests of the State could be best safeguarded were it to participate in the scheme.

The events in Brunei were followed with the greatest concern in Sarawak and North Borneo. Leaders of all political parties condemned the revolt and vehemently rejected Azahari's claim to speak on behalf of the people or parties of the two territories. Even the Sarawak United Peoples Party, which was not in favour of Malaysia, absolutely condemned the activities of the Tentera Nasional Kalimantan Utara. Far from gaining support in Sarawak and North Borneo for his movement, Azahari's revolt, and the moral support for it expressed in some foreign countries, had only stimulated further support for the Malaysia plan in the territories and indeed had led to a greater awareness among the people of all the five territories involved of their common dangers and their common interests.

A further indication of the views of the people of North Borneo was provided by the results of the local government elections which took place in December immediately after the revolt. These elections, though at a local government level, were fought on national issues to which particular attention was paid by the electors, both because they were North Borneo's first elections and because it was known that in the near future the local government councils would form electoral colleges (as in Sarawak) for the election of members to the Legislative Council. The elections were accordingly fought on the Malaysia issue and resulted in an overwhelming victory for pro-Malaysia candidates of the Sabah Alliance or associated parties who won 104 out of a total of 119 seats. The poll was high—between 61 per cent and 94

per cent in different areas. The remainder of the seats were won by Independents, the majority of whom were pro-Malaysia. All the unofficial members of the Legislative Council who stood for election (9 out of 18) were returned. These included the principal leaders who had backed Malaysia. In the Sipitang District, where polling had to be postponed because of the Brunei revolt, elections were held in March, and in three other Districts they were held in April. In the election results in these places the same overwhelming support for Malaysia was apparent.

The general attitude of most political parties in Malaya, Singapore and the three Borneo territories was perhaps best summed up in February 1963 when, at the end of a conference of the Malaysia Solidarity Action Committee, senior representatives of six major political parties in the five territories proclaimed:

(1) their condemnation of the rebellion in Brunei,

(2) their determination to realise Malaysia by 31st August, 1963, and

(3) their condemnation of outside interference in the affairs of the proposed federation.

REPORT OF THE INTER-GOVERNMENTAL COMMITTEE

On 27th February, 1963, the Inter-Governmental Committee, having worked out the constitutional arrangements for the accession of Sarawak and Sabah (North Borneo) to Malaysia, published its report. Although the report was essentially concerned with two of the Borneo territories, it noted that the Federation of Malaysia would in fact consist of the States of the present Federation of Malaya, Singapore, Sarawak, Sabah (North Borneo) and, if agreement were to be reached, Brunei. Though recognising that the nature of the constitutional arrangements to govern the relationship of Singapore and Brunei was not within its terms of reference, certain of its recommendations, for example those regarding the composition of the Federal Supreme Court and the establishment of territorial High Courts, were in some respects of general application and in other respects such that a considerable degree of uniformity was necessary. In consequence, in some contexts the recommendations were formulated in general terms applicable to the whole of Malaysia.

The report proposed that the constitution of Malaysia should be based in its essentials on the constitution of the Federation of Malaya and that the formal agreement between the British and Malayan Governments should include detailed constitutional arrangements, including safeguards for the special interests of North Borneo and Sarawak, in the form of drafts of the necessary legislation. The report of the Inter-Governmental Committee should be laid before the legislatures of the two territories, and, if approved by them, the draft of the formal agreement should be drawn up and initialled by representatives of the countries and territories concerned. The following is a summary of the constitutional arrangements proposed in the report:

Religion

The religion of the Federation of Malaysia should be Islam but there should be no State religion in Sarawak or North Borneo. There should be constitutional guarantees for religious freedom. Where federal law provided for the granting of financial aid to Muslim institutions or Muslim religious education, proportionate amounts should in the Borneo States be made available for purposes of social welfare.

Immigration

Immigration into Malaysia should remain in the federal list but legislation should be enacted by the Federal Parliament to ensure that, with certain exceptions, entry into the Borneo States would require the approval of the State concerned. This legislation should not be amended or repealed in its application to a Borneo State without the agreement of the State concerned.

Education

Education should be a federal subject, but the present policy and system of education administration in North Borneo and Sarawak should remain undisturbed and under the control of the State Government until that Government otherwise agreed.

Citizenship

Any citizen of the United Kingdom and Colonies who was born, naturalised or registered in North Borneo and Sarawak and ordinarily resident there when the Federation of Malaysia comes into existence, should become a citizen by operation of the law. Any other person over the age of 17 and ordinarily resident in the Borneo territories should be entitled to apply for Malaysian citizenship by registration, within eight years of Malaysia Day, subject to certain qualifications including residence for seven out of the previous ten years.

Federal Legislature

Two members of the Senate should be elected by each Borneo legislature. In addition the number of appointed members of the Senate should be increased by six in respect of the accession of Sarawak and North Borneo. The existing House of Representatives should be increased in numbers from 104 to 159. Sixteen of the new members should be elected from North Borneo and 24 from Sarawak. (The merger agreement between Malaya and Singapore had already provided for Singapore returning 15 members.)

State Constitutions

The first head of each of the Borneo States should be nominated before Malaysia Day by Her Majesty the Queen and His Majesty the Yang di-Pertuan Agong and should be appointed by the Yang di-Pertuan Agong for a period of two years. In Sarawak the head of State should be known as the Governor and in North Borneo as Yang di-Pertua Negara. The question whether a State constitution contained provisions inconsistent with 'the essential provisions' of a State constitution as set forth in the present Federation of Malaya constitution should be one ultimately determinable by the

Courts and not dependent solely on the opinion of the Federal Parliament. Certain other modifications should be permitted in respect of the State constitutions in the two territories, including one allowing the Sarawak Executive Council to be styled 'the Supreme Council' and the Legislative Assembly 'the Council Negri'.

Legislative Powers

The legislative powers which should be attributed to the federal and the State legislatures are set forth in an appendix to the report. These lists were, with some modifications, based on the distribution of legislative powers under the Federation of Malaya constitution. Certain legislative powers should be concurrent.

In the early years after the establishment of Malaysia as few changes as possible should be made in the administrative arrangements in the Borneo territories affecting the day-to-day lives of the people, and during the early years certain federal powers should be delegated to the State governments. Subject to this reservation the principal items in the federal legislative list should be external affairs, defence, internal security, civil and criminal law and procedure and administration of justice (except Muslim and native law), federal citizenship and naturalisation, machinery of government, finance (except State sales tax), trade, commerce and industry, shipping and navigation, communication and transport (excluding the North Borneo Railway), federal works and power, surveys, education (subject to the reservation recorded above), medicine (except that in North Borneo this subject should be concurrent until 1970), labour and social security, welfare of aborigines (though federal this should not apply in Sarawak and North Borneo), professional occupations, holidays (other than State holidays), unincorporated societies, control of pests, newspapers and publishing, censorship, places of amusement, federal housing and improvement trusts, co-operative societies.

The principal items in the State legislative lists should be: Muslim law and native law and custom (including personal law relating to marriage, divorce, maintenance, succession, etc.), land, agriculture and forestry, local government, other services of a local character (such as fire brigades, hotels, burial grounds, markets, licensing of theatres, etc.), State works and water, machinery of the State government subject to the federal lists, State holidays, creation of offences in respect of matters included in the State list, inquiries for State purposes, indemnity in respect of matters in the State list, turtles and riverine fishing.

The principal items in the concurrent list should be: social welfare, scholarships, protection of wild life, animal husbandry, town and country planning, vagrancy and hawkers, public health and sanitation, drainage and irrigation, rehabilitation of mining land.

Financial Provisions

Subject to certain exceptions, taxation should be a federal subject. After consultation with senior officials in Sarawak and N. Borneo taxes in the two States should, by graduated stages, be raised to federal levels. In order that the cost of State services should be met and provision for expansion made, it would be necessary to provide adequate revenues for the State governments.

It would therefore be necessary to assign to the Borneo States certain revenues additional to those assigned to the States in the existing Federation of Malaya, such, for example, as certain duties on petroleum products, timber and minerals, revenue from State sales taxes and port dues. In North Borneo, for as long as the State retained responsibility for medicine and health, 30 per cent of all other customs revenue should be assigned to it. Among several other grants including an annual balancing grant for each State, to be made from federal sources to the Borneo States, is a special grant to Sarawak to provide for continued expansion of State services, and another to North Borneo equal to 40 per cent of any increase of federal revenues derived from the State and not already assigned.

The Malayan Government would use its best endeavours to enable Sarawak to spend $M 300 million during the first five years after Malaysia Day on capital expenditure on development. Malaya also noted an estimate of desirable development expenditure in North Borneo of $M 200 million for the same period, and recognised that funds from outside the territory would be required. Britain promised a grant of £1.5 million per year for five years for the development of the Borneo States on the assumption that Malayan Government aid would continue for the same period.

Elections

Members of the Federal Legislature from Sarawak and N. Borneo should initially be elected by the State Legislative Assemblies. Direct elections to the Federal Parliament (and to the State Legislatures) should be held for the first general election after the fifth anniversary of Malaysia Day or earlier if the State Government agreed. Elections should be the responsibility of the Federal Election Commission which should be increased by one additional member from the Borneo States.

The Judiciary

In addition to the Supreme Court of the Federation of Malaysia, there should be three High Courts, for the States of the existing federation, for Singapore, and for the Borneo States (which could include Brunei). The Supreme Court should have jurisdiction to determine appeals from the various High Courts, as well as disputes between the States or a State and the

original jurisdiction as well as jurisdiction to
or courts within the States. Native law and
ld remain a State subject.

committee's recommendations without dissentient voice on 8th March. Seventeen out of 30 unofficial members spoke, vote was by show of hands and there were 4 abstentions when the motion was put.

In North Borneo where the results of the local government elections had

Courts should have unlimited
determine appeals from infer
custom and native courts shou

Separate Public Services Commissions should be established in each State. The Federal Public Services Commission should establish, for at least five years, branches in Sarawak and North Borneo, and members of the State Public Services Commissions should serve on the Federal Public Services Commission's State branches. Existing officers, including expatriate officers should be eligible for promotion, secondment or transfer in the federal service but such officers should not be required to serve outside Borneo unless

they agreed to do so. In recruitment in the Borneo States preference will be given to Borneans.

National Language

Malay should be the national language, but for a period of 10 years after Malaysia Day, and thereafter until the State Legislatures otherwise provide, English should remain an official language. Members of the Federal Parliament representing the Borneo States should likewise be able to use English in the Federal Parliament for 10 years and thereafter until Parliament otherwise decides.

Indigenous Races

The federal constitution's existing provisions relating to Malays should be applied to natives of the Borneo States as if they were Malays.

Existing Laws

Laws on federal matters in force in a Borneo State immediately before Malaysia Day should continue in force, notwithstanding inconsistency with any provisions of the constitution, until repealed, amended or modified by the competent authority.

Transitional Arrangements

Certain constitutional powers should be delegated to State Governments during the transitional period.

International Agreements for Financial and Technical Aid

The Federal Government should ensure that existing international agreements providing for financial and technical assistance to the Borneo States should continue but should give an assurance that, as regards matters administered by the Borneo States, the benefits of such agreements should be enjoyed and administered by the States concerned.

DEVELOPMENTS IN SARAWAK AND NORTH BORNEO

The report of the Inter-Governmental Committee was, after its publication, public opinion beyond any doubt whatsoever, the motion adopting the Inter-Governmental Committee report was unanimously approved on 13th March.

As far as the people of Sarawak and North Borneo were concerned the Malaysia issue was now settled. They had been consulted at every possible stage in the negotiations and their leaders had participated in the formulation of the constitutional recommendations. But before Malaysia became a

reality the people of the two territories could look forward to further constitutional changes which would mean that by Malaysia Day their representative institutions would be at a very much more developed stage. On 10th March the Sarawak Legislative unanimously adopted a motion for amendments to the constitution to provide for:

(a) A Supreme Council consisting of a Chief Minister, three *ex officio* members and five members of the Council Negri to be appointed by the Governor on the advice of the Chief Minister.

(b) A Council Negri consisting of a Speaker, three *ex officio* members, 36 elected members, 1 standing member and not more than 3 nominated members.

These changes would be set in motion on 1st June with the dissolution of the existing Council Negri, and subsequent general elections on the basis of universal adult suffrage would culminate in mid-August when the new arrangements would come into force. Before the creation of Malaysia, Sarawak would therefore have a ministerial system and an almost completely representative legislature.

In North Borneo, as soon as the remaining local authority elections were completed in April, the newly elected local authorities were to function as electoral colleges for the election of members to the Legislative Council. Progress towards the establishment of a ministerial system was begun on 25th March when six unofficial members of the council were given departmental responsibilities. By Malaysia Day North Borneo would thus have a Legislative Council with an elected majority of members and a functioning ministerial system.

FINAL ARRANGEMENTS FOR MALAYSIA

On 8th February the Brunei Government had announced that it was in favour of Malaysia, provided satisfactory terms and constitutional arrangements could be devised. Representatives of the Malayan and Brunei governments then proceeded to draw up draft Heads of Agreement which, once initialled, would have to be considered by the two governments concerned and by the British Government. At the same time representatives of the Singapore and Malayan governments were discussing the constitutional arrangements for Singapore's entry into Malaysia based on the merger agreement of November 1961.

A final meeting of heads of government was to take place for the conclusion of the formal agreement to be entered into by the British and Malayan Governments. The agreement would provide for:

(a) the transfer of sovereignty in North Borneo, Sarawak and Singapore by 31st August, 1963;

(b) provision governing the relationship between Singapore and the new Federation as agreed between the Governments of Malaya and Singapore;

(c) defence arrangements as set out in the Joint Statement by the British and Malayan Governments dated 22nd November, 1961;

(d) detailed constitutional arrangements including safeguards for the special interests of North Borneo and Sarawak;

(e) provisions to govern the future relationship between Brunei and the new Federation as agreed between the Brunei and Malayan governments.

Once the agreement was initialled the British and Malayan Parliaments would be asked to pass the necessary legislation to give effect to its provisions. The passage of the British and Malayan legislation and the making of the appropriate Orders-in-Council would thus enable the Federation of Malaysia to come into being by 31st August, 1963.

APPENDIX

SOME FACTS AND FIGURES

Area: 130,778 square miles.

Population: 10,000,000 (approximately).

Federal Capital: Kuala Lumpur (population 316,000).

Head of State: His Majesty Tuanku Syed Putra ibni Al-Marhum Syed Hassan Jamalullail.

Prime Minister: Y.T.M. Tunku Abdul Rahman Putra Al-Haj, K.O.M.

The States and their Capitals:

State	(Population)	*Capital*	(Population)
Brunei	(84,000)	Brunei Town	(17,000)
Johore	(927,000)	Johore Bahru	(75,000)
Kedah	(702,000)	Alor Star	(53,000)
Kelantan	(506,000)	Kota Bharu	(38,000)
Malacca	(291,000)	Malacca	(70,000)
Negri Sembilan	(365,000)	Seremban	(52,000)
Pahang	(313,000)	Kuantan	(23,000)
Penang	(572,000)	George Town	(235,000)
Perak	(1,221,000)	Ipoh	(125,000)
Perlis	(91,000)	Kangar	(6,000)
Sabah	(454,000)	Jesselton	(22,000)
Sarawak	(744,000)	Kuching	(50,000)
Selangor	(1,013,000)	Kuala Lumpur	(316,000)
Singapore	(1,700,000)	Singapore	(no separate figure available)
Trengganu	(278,000)	Kuala Trengganu	(29,000)

(The above figures are in all cases the most recent available).

Currency: Malayan dollar (= 2s. 4d. sterling).

Revenue and Expenditure (1962):

	Revenue $M *million*	Expenditure $M *million*
Federation of Malaya	989	1,039
Singapore	391	394
Brunei	110	47
Sarawak	77	123
Sabah	69	68
TOTAL	1,636	1,671

Value of Imports and Exports (1961):

	Imports $M *million*	Exports $M *million*
Federation of Malaya	2,228	2,636
Singapore	3,963	3,309
Sarawak	411	397
Brunei	58	238
Sabah	215	220

(These figures include the entrepôt trade carried on by Singapore and also the value of the inter-trade between the territories.)

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