

Rural Land Ownership and Development in the Malay Reservations of Peninsular Malaysia

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Malay Reservations in Peninsular Malaysia are areas demarcated for exclusive alienation to and settlement by Malays. They are the physical expression of a colonial policy intended to establish an indigenous Malay peasantry in the rural areas by "securing to Malays their interests in land."¹⁾ In order to protect Malay settlers from competition for land in the spate of land speculation sparked off by the scramble for land during the rubber boom of the early 1910s, suitable areas in the country were delineated for cultivation and ownership by Malay inhabitants.²⁾ Beginning in 1914, various tracts of land of different sizes were gazetted as Malay Reservations from which dealings in land such as transfer of ownership, lease, and charging of land for loans were restricted to persons of the Malay race and Moslem religion. This legal prohibition was in sharp contrast with the freedom of land owners of non-Reservation land to carry out dealings in land. Consequently, Reservations represent an ethnically-oriented creation aimed at insulating Malay land owners from the influence and activity of non-Malay persons or corporations. The extent to which this policy was implemented varied in different States; in many cases, considerable areas were reserved for this purpose (see Fig. 1).

The dual objectives in the establishment of Malay Reservations were to preserve Malay interests in land and to promote permanent settlements based on agricultural production. These objectives have important implications in the economic development of the Reservations. As a means to safeguard Malay ownership of land in rural areas, the Reservations may be considered successful.³⁾ However, whether the mere retention of ownership of land will ensure effective agricultural development and permanent settlement in these areas for the benefit of the community concerned is an altogether different question. It is the purpose of this paper to assess land ownership and aspects of development of selected Malay Reservations by focussing attention on

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1) "The Malay Reservations Enactment, 1913," *Federated Malay States Government Gazette*, Dec. 1913, No. 61, Vol. 5, Notification No. 3,812. The term "Malay" in this enactment means "a person belonging to the Malayan race who habitually speaks the Malay language or any Malayan language and professes the Moslem religion."

2) The background to the creation of Malay Reservations is outlined in Voon Phin-Keong, "Malay Reservations and Malay Land Ownership in Semenyih and Ulu Semenyih Mukims, Selangor," *Modern Asian Studies*, Vol. 10, No. 3, 1976, 509-523.

3) *Ibid.*

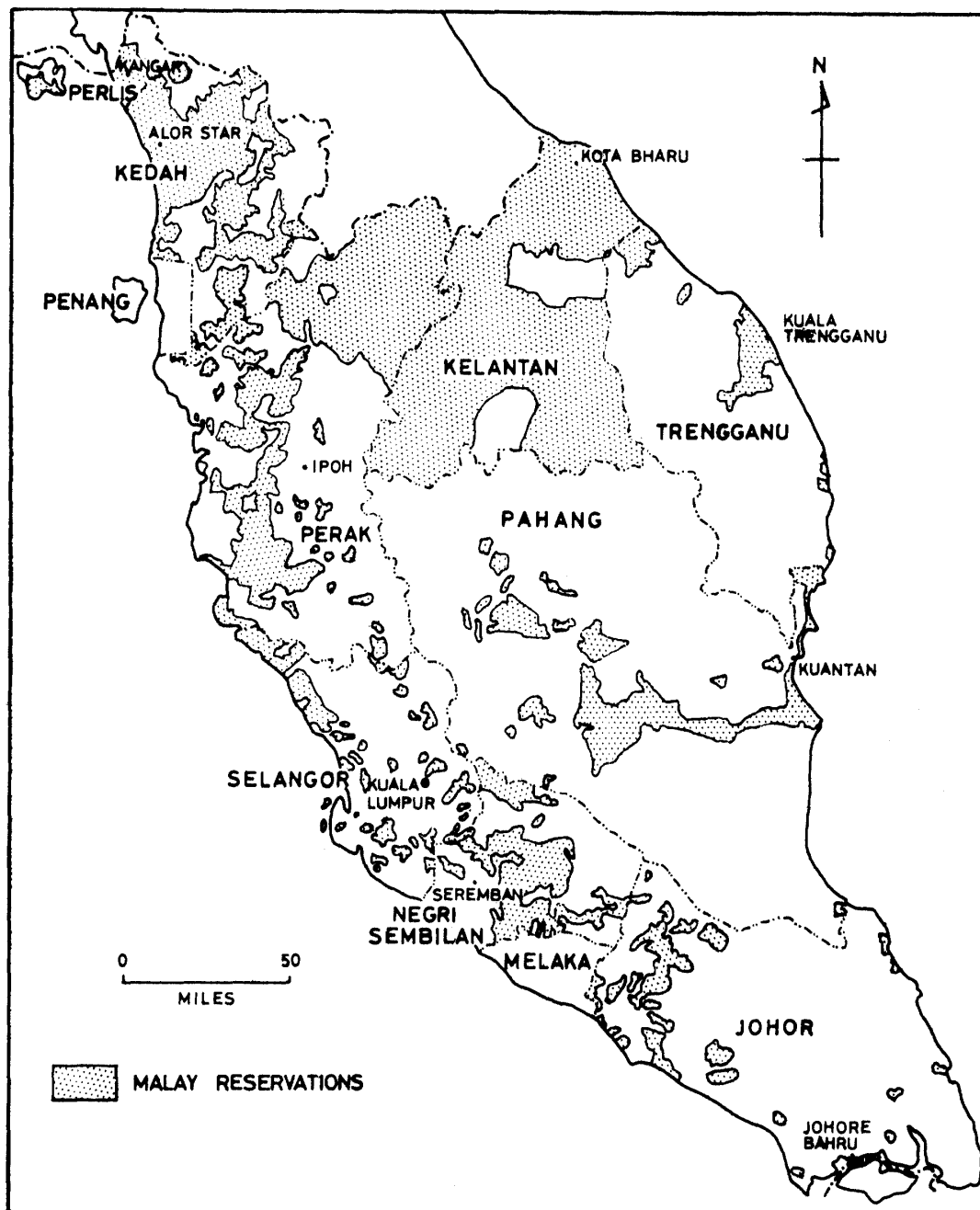


Fig. 1 Malay Reservations in Peninsular Malaysia

the changes in landuse, ownership patterns, and land values in the decades between the 1910s and 1960s.

This study is based on information extracted from all the land titles in four Malay Reservations, established in 1916, in the *mukims* (subdistricts) of Semenyih and Ulu Semenyih.⁴⁾ Land titles in most parts of Malaysia are registered according to the

4) Information from titles was collected up to 1968. For an account of the colonization of these Reservations, see *idid.*, pp. 510-514.

Torrens System which involves cadastral surveys to demarcate the boundaries of individual lots of land. Each lot is given a non-duplicating number for locational identification and all details pertaining to the owner(s), area of the lot, date of registration, landuse specifications and restrictions, and transactions are entered in separate folium of the land registers. Relevant information is extracted and tabulated and analyzed with the aid of the computer.

Admittedly, there are limitations in a study based on information contained in land titles. As land registration follows individual lots of land and not the owners, it is difficult to study concentration of land ownership based on land titles, for it is not certain whether the same name appearing in two or more titles refers to the same person or different persons. Another deficiency refers to unregistered changes in ownership. A transaction may involve a change of the owners' names, the number of owners, or the size of individual shares. Transactions may not be reported if they affect members of the same family,⁵⁾ or because of the death of one of the parties involved or even because of the practice of 'name-borrowing'. Additionally, unregistered changes may also be due to administrative causes. In Malay Reservations, land may be charged to non-Malay moneylenders; and in cases of default, the creditors assume control of the land though this change is never registered (see below). With reference to the value of land as represented by the purchase price, the sum registered is often deliberately under-quoted for the purpose of reducing the payment of *ad valorem* stamp duties and taxation to the State. In a rice-growing area in north Perak State, it is found that the recorded values of land is deflated by 20-30 per cent lower than the actual land values.⁶⁾

I Land Utilization Patterns

In the creation of Malay Reservations, the British colonial administration was principally concerned with preventing the unrestricted transfer of land from Malays to non-Malays and planting companies, for this process, if unchecked, would constitute "a serious menace to the future well-being of the Malay inhabitants of the country."⁷⁾ Within these Reservations, the Malays were induced to settle down permanently by being encouraged to take up subsistence agriculture, while cash crop cultivation was also permitted to some extent.⁸⁾ The intention here was to foster self-sufficient commu-

5) T. B. Wilson, *The Economics of Padi Production in North Malaya*, Part I, Kuala Lumpur, 1958, p. 72.

6) *Ibid.*, p. 69.

7) "Report by the committee appointed (by State Council) to enquire into the question of alienation of hereditary rights in land by Malays and the desirability or otherwise of preventive or remedial action being taken," *Selangor Secretariat File*, No. 3170, 1910.

8) In certain Reservations, land was alienated mainly for rubber cultivation. See E. K. Fisk, "Productivity and Income from Rubber in an Established Malay Reservation," *Malayan Economic Review*, Vol. 6, 1961, pp. 13-22.

nities which would also be subjected to a minimum of the “capricious” influence of commercial agriculture and its attendant price fluctuations. Minimum involvement in cash crop production would also restrain farmers from speculating in and selling their land, and eventually to leave the Reservation.

These ideas were put into practice in the Reservations under study. According to the original terms of alienation of land, the dominant types of landuse consisted of padi, *kampung* (mixed horticulture), and “general” cultivation (Fig. 2). A total of 594 individual lots was alienated in the four Reservations, averaging 3.4 acres each.

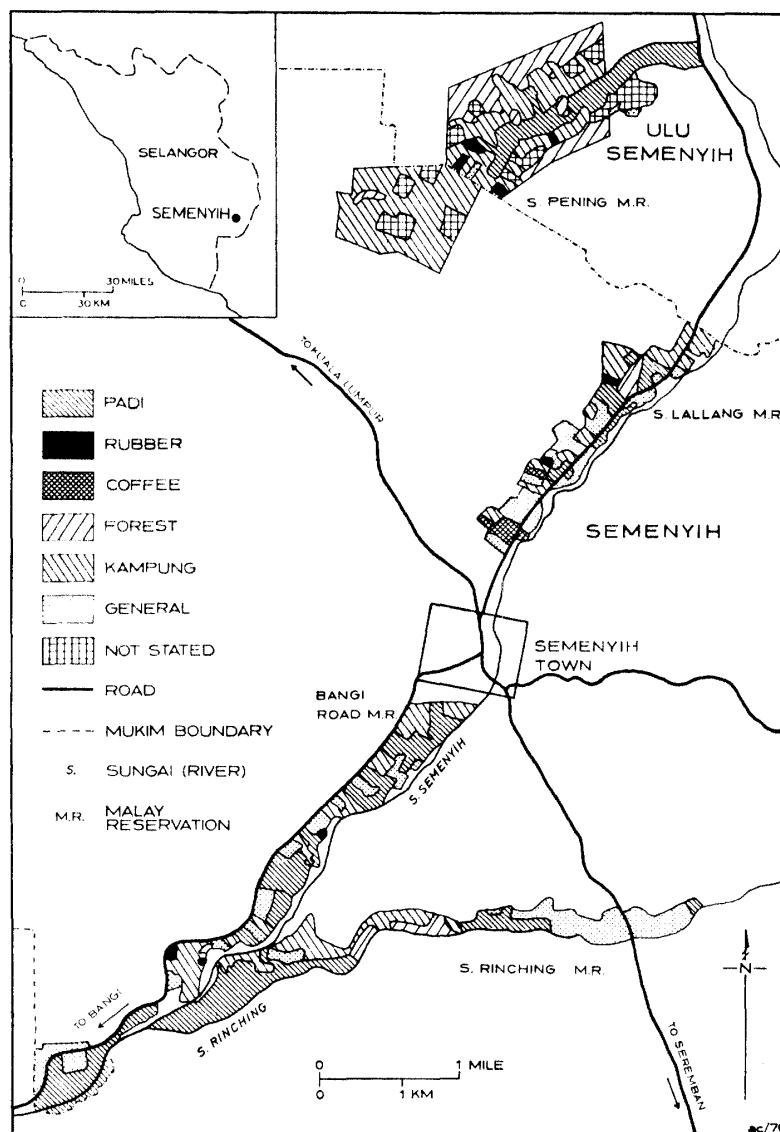


Fig. 2 Land Utilization in the Malay Reservations of Semenyih and Ulu Semenyih *Mukims* according to the conditions of alienation.

Only the approximate areal extent of individual landuse types is shown. The land office seldom checks whether the land is utilized according to the conditions as specified in land titles.

This small size was possibly in keeping with the idea that a pioneer settler was not able, given the available labour resources of his family and the enervating tropical environment, to cultivate a larger area. The areal extent of padi farming was strictly controlled by the availability of water and was thus confined to the narrow valley bottoms of the Semenyih, Rinching, and Pening rivers. *Kampung* cultivation was a composite type of landuse indicating a distinctive settlement form as well as a cultivation practice; it was also significantly linked with padi farming. The crops included a variety of fruit trees (coconuts, bananas etc.), and root crops (tapioca and yam) surrounding the normally unfenced house compounds, giving rise to a complex ecological system. "General" landuse comprised a mixture of subsistence and cash crops, allowing settlers the choice of crop combinations desired. Other landuse types were uncommon and included coffee, orchards, and rubber. A number of lots were given out without specific landuse specifications and these were possibly planted with crops that were in vogue at the time of alienation.

While subsistence agriculture based on padi, fruits, and *kampung* settlement might stimulate the peopling of Malay Reservations, these Reservations on the whole were not to become areas of great economic importance and prosperity. Indeed, the land alienation policy was such that settlers could not deviate from the principle of subsistence farming as a result of the imposition of special cultivation clauses at the time of alienation of the lots concerned (Table 1). The most frequently applied condition was that relating to wet rice cultivation, affecting 81 lots covering 194 acres. At the same time, emphasis was placed on the cultivation of fruits, especially coconuts, a plant from which a variety of products may be derived from its nuts and fronds. The production of an annual grain crop (padi) in conjunction with that of a permanent tree crop (coconut) was considered sufficient to meet the simple daily needs of settlers. In order that rural settlers followed a life of rustic simplicity and that it was insulated from adverse effects

Table 1 Conditions of Landuse in the Malay Reservations in Semenyih and Ulu Semenyih Mukims

| Conditions of Landuse | No. of Lots | Area (Acres) |
|--|-------------|--------------|
| Nil | 357 | 1,299 |
| Wet rice only | 81 | 194 |
| Five coconuts per acre per year | 66 | 225 |
| Forfeited if rubber is planted | 59 | 177 |
| Not more than half the area to be under non-rubber crops | 20 | 81 |
| Five permanent fruit trees per acre per year | 6 | 16 |
| Twenty rubber trees per year for five years | 3 | 6 |
| Other conditions | 2 | 6 |
| Total | 594 | 2,004 |

Source: Land titles of Semenyih and Ulu Semenyih *mukims*, Kajang Land Office, 1968.

of the cash crop economy, little encouragement was given to rubber cultivation.

Hence two-fifths of the lots covering a third of the alienated area were subject to special cultivation terms. Although the remaining lots were unencumbered with restrictive stipulations, these were alienated for specific crops, the cultivation of which had to be carried out. Also, the physical characteristics of certain lots were such that the choice of crops was limited, for example, valley bottomland was best adapted for padi and not for rubber planting.

Pre-occupation of Malay settlers with subsistence farming, it was believed, could help to strengthen the social fabric of the emergent peasant communities in the Reservations; nevertheless, this was probably attained at the expense of the economic well-being of these communities. While padi, coconuts, and other fruit trees could maintain self-sufficiency of rural inhabitants at a simple level of diet, these crops proved to be commercially unremunerative compared with rubber. Insistence on the policy of subsistence farming almost certainly condemned settlers in Malay Reservations to a way of life characterized by few wants and a standard of living that was comparatively low compared with rubber smallholders, who possessed greater opportunities for material advancement as a result of their integration into the cash economy.

The contrast in landuse according to the terms specified at the time of alienation and in 1974 is clear (Fig. 3). In the Sungei (S.) Rinching Reservation, padi farming has become much less common than before, the middle section of the area having reverted to a vegetation of scrub and coarse grasses. The latter consist largely of *lalang* (*imperica cylindrica*), an obnoxious weed which is costly and difficult to eradicate. Rubber has emerged as the principal crop, replacing "general" and *kampung* agriculture. The Bangi Road Reservation is no longer a padi producing area as was originally intended: indeed, the greater part of it has degenerated into scrub and *paya* (swamps). A mixed landuse pattern of rubber, *kampung* and padi has become relatively common. The S. Lalang Road Reservation is the most fully utilized of the Reservations, based largely on rubber and *kampung* cultivation. Padi and coffee had virtually disappeared and "general" cultivation had been superceded by rubber. The first plot of oil palm, representing an entirely new crop in these Reservations, has been introduced. A considerable area, however, had been colonized by scrub, *lalang* and *paya*. In the S. Pening Reservation, a major padi farming locale in the *mukims* before the Second World War, this crop has declined in importance. Instead, rubber has become a leading crop and *kampung* cultivation is confined to a narrow strip close to the main road. Hence between the date of alienation and 1974, the padi area in these Reservations has declined from an estimated 680 acres to 95 acres, while that of *kampung* cultivation fell from 730 to 230 acres. On the other hand, rubber cultivation registered an impressive expansion from less than 50 acres to 1,380 acres in the corresponding period.

The reversion of once-cultivated land into scrub, *lalang* and *paya*, affecting an area

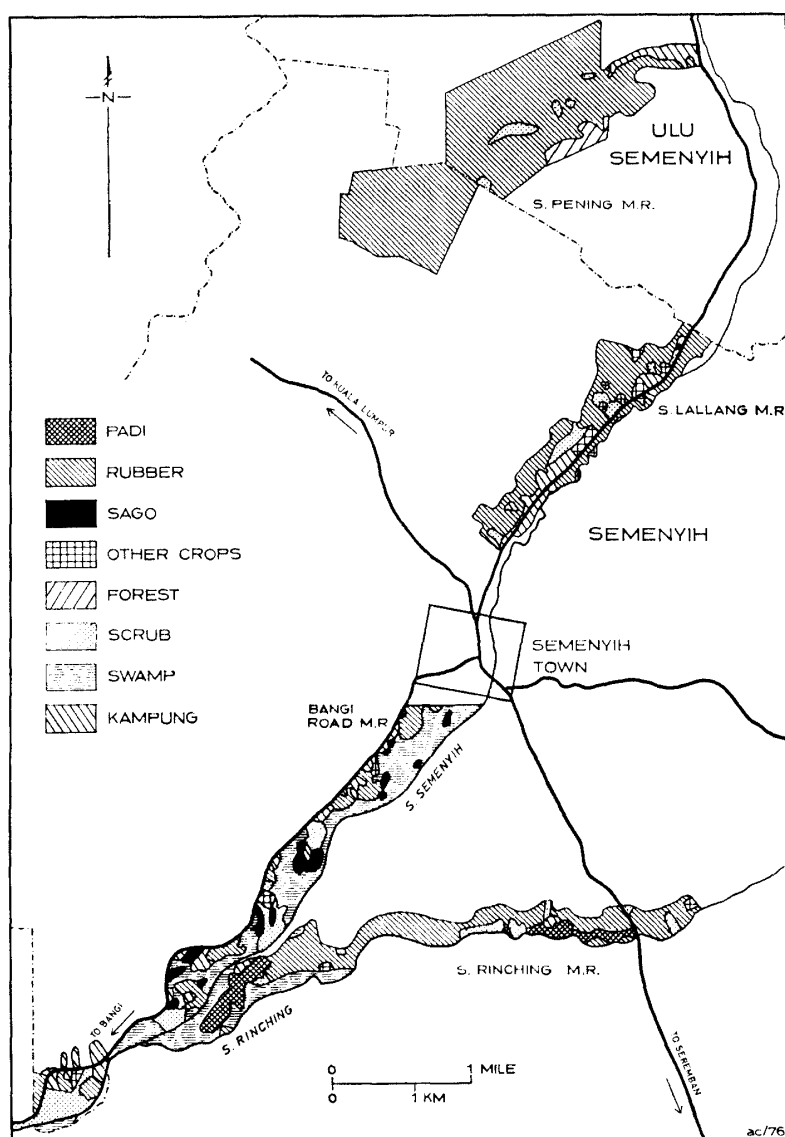


Fig. 3 Land Utilization in 1974

Based on unpublished landuse maps compiled by the Department of Agriculture, Kuala Lumpur, 1976.

equivalent to a fifth of the combined area of the Reservations (excluding forests), indicates the high degree of wastage of potentially suitable agricultural land. It is difficult to pin-point the causes of this degeneration. The riverine location of the Reservations has certainly proved to be a negative factor in the development of agriculture. The incidence of floods is a primary cause of land abandonment. The head waters of the Semenyih river has been a tin-mining area since the latter part of the last century and the silting of the river has induced continual inundations downstream. Furthermore, disruptions attendant upon the Great Depression of 1930-32 and the Japanese Occupation of 1941-45 served to aggravate the situation. The fact that the land is

held under Reservation titles with limited marketability (see below) and consequently the relatively low market value of the land, compared with non-Reservation land, may still act as a disincentive to owners to reclaim the abandoned plots, especially if the owners can depend on remittances sent by their children who have migrated to urban centres.⁹⁾

While official intention, in the days when rural areas were sparsely inhabited and deficient in agricultural development, to create permanent settlements of Malays through the cultivation of subsistence crops was justified, the continued pursuit of this objective in the country today, in a situation characterized by economic imbalance among the various ethnic groups, is hardly tenable. In this context, the replacement of subsistence crops by rubber offers an effective alternative in bringing the affected communities into the mainstream of modern agricultural production for the export market. Rubber is an excellent smallholder crop with a high cash value and a long productive life span. With the implementation of an extensive replanting programme,¹⁰⁾ the modernization of old rubber holdings has affected 58 per cent of existing rubber acreages in the four Reservations, and a concomitant rise in the income levels of the inhabitants will almost certainly materialize.

II Changes in Land Ownership

The Malay Reservation Enactment of 1913 stipulates that "no right or interest of any Malay in Reservation land shall ... be transferred to or vested in any person not being a Malay." Hence the problem of ownership of land in Malay Reservations, in the legal sense, is not that of ownership changes brought about by the inequality of wealth among the different income groups of Malays but questions posed by the definition of the term "Malayan race and Moslem religion." As long as land transactions are conducted between Malays, the rights of the persons involved are absolute. However, in the period when the practice of mortgaging Reservation land to non-Malays was permitted, effective control of land could pass to non-Malays, with the dispossessed Malay owners retaining titular ownership. It may be argued that real ownership of Reservation land in the hands of non-Malays has been minimized as a result of amendments to tighten the Malay Reservation Enactment (see below) but it is difficult to

9) These Reservations are situated close to the conurbation of Kuala Lumpur-Petaling Jaya to the north and the town of Seremban to the south. The incidence of out-migration from kampungs may be as high as 22 per cent. See Voon Phin-Keong and Khoo Soo-Hock, "Rural Out-migration in Peninsular Malaysia: Some Comments," a paper presented at the 23rd International Geographical Congress, Moscow, July 1976.

10) This programme is administered by a Federal Government agency known as the Rubber Industry and Smallholder Development Authority. Each smallholder is provided with a subsidy, in cash and kind, equivalent to M\$850 per acre to replant senile rubber holdings with high-yielding clones or other crops approved by the Authority.

ascertain the extent of real and titular ownership of Reservation among the Malays. A common cause of titular ownership among Malays may be indirectly traced to inheritance of land, a process termed transmission. Transmission of land entails a change in the name and number of owners as the land of the deceased is inherited by his rightful heirs, each receiving a portion of the land in strict adherence to the Moslem law of inheritance. In many cases, however, the share of ownership is too insignificant for practical purposes of farming. Coupled with the high incidence of rural out-migration especially of the younger persons motivated by employment or marital 'push' factors, the inherited land is often left under the effective charge of a single member among the siblings. As land ownership carries social status, the joint inheritors of land, often remain as titular owners and transfers of the shares among the siblings are not normally executed.

In the context of the official intention to promote permanent settlement in Malay Reservations, it is necessary to assess to what extent this objective has been attained in the years since the formation of these Reservations in 1916. This is done by examining aspects of land ownership changes: the two major aspects investigated here are the frequency of land transfers and the duration of land ownership.

Although the frequency of sales of Reservation land was lower than that for non-Reservation land in the *mukims*,¹¹⁾ it is nevertheless rather high (Table 2). Of the 594 individual lots in these Reservations, only 95 lots (16 per cent) were never sold since the year of alienation. The majority (87.5%) were sold between one to five occasions, and some lots were sold as many as ten or more occasions. A total of 1,577 separate transactions was recorded in the Land Office, giving an average of 2.5 sales per lot

Table 2 Frequency of Land Sales in the Malay Reservations of Semenyih and Ulu Semenyih *Mukims*, 1916-1968

| No. of Sales | No. of Lots | Acreage | Turnover in Transactions | |
|--------------|-------------|---------|--------------------------|---------|
| | | | No. of Lots | Acreage |
| No sale | 95 | 255 | — | — |
| 1 | 129 | 395 | 129 | 395 |
| 2 | 94 | 337 | 188 | 674 |
| 3 | 106 | 368 | 318 | 1,104 |
| 4-5 | 108 | 399 | 475 | 1,752 |
| 6-7 | 40 | 151 | 255 | 961 |
| 8-9 | 15 | 72 | 128 | 617 |
| 10 and above | 7 | 27 | 84 | 298 |
| Total | 594 | 2,004 | 1,577 | 5,801 |

Source: As Table 1.

11) See Voon, *op. cit.*, pp. 514-518.

between 1916 and 1968, or an average number of 30 sales per annum. The aggregate turnover of land sold amounted to 5,801 acres, this was 2.9 times the total alienated area in the four Reservations. Each transaction affected an average of 3.7 acres. A few sales were effected prior to 1916, before these areas were converted into Reservations. Despite the prohibition of transfer of ownership to non-Malays, the fact that an average of 30 transactions took place every year indicates the flux of ownership patterns in these Reservations. Changes in ownership produces three consequences. Firstly, owners and their families settled in their holdings were dislodged and had to move away, either to a site in the locality or out of the *mukims* entirely. Secondly, if the displaced owners had a house in a *kampung* and an agricultural holding elsewhere in the Reservation, the sale of the latter might not entail residential dislocation but an increase in the incidence of landlessness could occur. Lastly, the dispossessed owners could be allowed to remain on the holdings as tenants of the new and/or absentee owner-landlords.¹²⁾ In all cases, the level of income derived from the land would almost certainly be reduced. Demographically, the Reservation as a whole might not necessarily experience depopulation as the new owners and their families replaced the dispossessed families to some extent.

The permanence of settlement among Malays may be examined with reference to the duration or the length of time in which land was held by individual owners. Table 3 shows the duration of ownership of the first and subsequent owners of land in the Reservations between 1916 and 1968. A quarter of the original owners disposed of their

Table 3 Duration of Ownership of the First and Subsequent Owners of Land in the Malay Reservations of Semenyih and Ulu Semenyih *Mukims*, Selangor, 1916-1968

| Length of Ownership (years) | Owners | | | | | | | | | | | | | | | |
|-----------------------------|--------|-------|--------|------|-------|------|--------|-------|-------|-------|-------|-------|---------|-------|--------|------|
| | First | | Second | | Third | | Fourth | | Fifth | | Sixth | | Seventh | | Eighth | |
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| 0 | 5 | .8 | 37 | 7.7 | 26 | 7.2 | 20 | 8.5 | 11 | 8.3 | 7 | 8.9 | 7 | 15.2 | 4 | 18.2 |
| 1-4 | 150 | 25.3 | 109 | 22.7 | 110 | 30.6 | 61 | 26.1 | 33 | 24.8 | 28 | 35.4 | 17 | 36.9 | 5 | 22.7 |
| 5-10 | 154 | 25.9 | 114 | 23.7 | 65 | 18.1 | 56 | 23.9 | 37 | 27.8 | 18 | 22.8 | 13 | 28.3 | 9 | 40.9 |
| 11-20 | 90 | 15.2 | 88 | 18.3 | 55 | 15.3 | 41 | 17.5 | 31 | 23.3 | 12 | 15.2 | 7 | 15.2 | 3 | 13.6 |
| 21-30 | 68 | 11.4 | 58 | 12.1 | 51 | 14.2 | 24 | 10.3 | 12 | 9.0 | 8 | 10.1 | 1 | 2.2 | 1 | 4.5 |
| 31-40 | 57 | 9.6 | 41 | 8.5 | 33 | 9.2 | 24 | 10.3 | 8 | 6.0 | 6 | 7.6 | 1 | 2.2 | — | — |
| 41+ | 70 | 11.8 | 33 | 6.9 | 19 | 5.3 | 8 | 3.4 | 1 | .8 | — | — | — | — | — | — |
| Total | 594 | 100.0 | 480 | 99.9 | 359 | 99.9 | 234 | 100.0 | 133 | 100.0 | 79 | 100.0 | 46 | 100.0 | 22 | 99.9 |

Source: As Table 1.

12) In a Malay settlement in a predominantly rubber-growing Reservation, 42% of the households were landless. For this same Reservation as a whole, up to a quarter of the Malay owners were absentee owners and 80% of the farms were operated by tenants, Fisk, *op. cit.*, pp. 17 and 22.

land within the first four years of alienation and 52 per cent within the first ten years. This is a short period in the context of agricultural pioneering in tropical areas. The relatively high proportion among the pioneers selling their land was indicative of the impermanence of settlement of this group of settlers. Although some of them could have sold their original holdings to purchase existing ones in the same locality or elsewhere, the very act of selling the land was most probably accompanied by dislocation of the owners and their families.

Among the subsequent owners, the proportion of those who transferred their land within the same year of purchase was high. Statistically, the proportion of short-length ownership increases as the total length of time in which land is held by subsequent owners progressively decreases as the year 1968 is approached. However, the absolute number of owners who sold their lots within the same year of purchase is considerable, a trend indicative of speculative activity. Furthermore, the proportion of those who transferred their land within the first four years of first ten years of purchase was higher

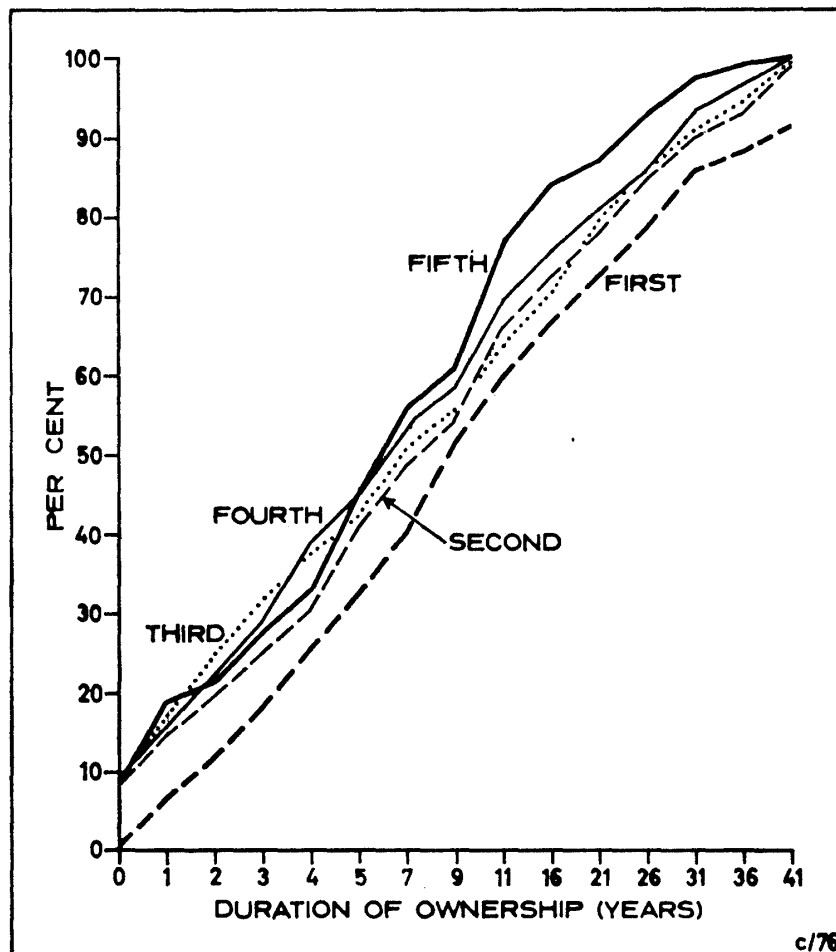


Fig. 4 Ogive Curves showing the Duration of Land Ownership among the First and Subsequent Owners, 1916-1968.

than in the case of the original owners (Fig. 4). Hence the constant and high turn-over of ownership gave rise to a continual process of out-migration of the dispossessed owners and the in-migration of the new ones into the *mukims*, a process that was disruptive to permanent settlement and the emergence of socially-mature communities.

Constant transfers of land has brought about a considerable diffusion of ownership. Up to 1968, an estimated 2,632 persons had, at some point of time, owned some land in the four Reservations, either jointly or singly (Table 4). This means that each lot had been held by an average of 4.4 persons since the date of alienation. Only 89 lots were owned by one person each since alienation and majority of the lots had been held by between two and ten persons. A few lots had even been owned by 11 to 30 persons. In many cases, the number of owners was not influenced by the transfer of ownership but by transmission, a process resulting from the operation of the Islamic law of inheritance. Hence a piece of land may be transmitted to all the rightful heirs of the deceased owners in strict accordance to shares specified by this law. The increased incidence of joint ownership of land would in turn facilitate the entry of new owners as each joint-owner has the right to transfer his share to new buyers. This process partly accounts for the fact that these Reservations can accommodate an increasing population. Between 1947 and 1970, for instance, the Malay population in the *mukims* increased from 2,158 to 3,850 persons or 78.4 per cent. In contrast, the total population rose from 11,706 to 13,603 persons in the same period.¹³⁾ In 1968, 932 persons owned land in the four Reservations. The extent of co-ownership (two owners) and joint-ownership (three and more owners) is considerable, affecting 38 per cent of all the lots. At the time of alienation, however, sole ownership was the norm as individual

Table 4 Total Number of Persons Ever Owned Land in the Malay Reservations in Semenyih and Ulu Semenyih *Mukims*, 1968

| Number of Owners | Number of Lots | Total Number of Owners |
|------------------|----------------|------------------------|
| 1 | 89 | 89 |
| 2-3 | 191 | 478 |
| 4-5 | 155 | 698 |
| 6-10 | 144 | 1,152 |
| 11-15 | 13 | 169 |
| 16-20 | 1 | 18 |
| 21-25 | — | — |
| 26-30 | 1 | 28 |
| Total | 594 | 2,632 |

Source: As Table 1.

13) Del Tufo, *Malaya: A Report of the 1947 Census of Population*, London, 1949, p. 145 and Department of Statistics, *1970 Population and Housing Census of Malaysia: Community Groups*, Kuala Lumpur, 1972, p. 195.

pioneers and their families sought land for themselves. Over the years, transfers involving portions of individual lots and the process of inheritance have initiated and perpetuated the trend towards multi-ownership of land, with the resultant diminution of holdings.¹⁴⁾

III Land Values of Reservation Holdings

Investment of labour and capital is crucial in the transformation of forest into agricultural land. While the labour of the settler and his family may often be adequate in normal circumstances and may be an effective substitute for capital, it is realized that some amount of capital was necessary for developmental purposes or for contingency measures. The general problem facing Malaysian farmers is the lack of credit facilities. As banks normally accept mortgages on house properties rather than agricultural land, farmers normally rely on local shop-keepers and moneylenders for credit. Among land owners of Reservation land, the avenues of private credit are severely restricted. The original Malay Reservation Enactment permitted owners to pledge Reservation land to non-Malay lenders as security for loans, and this practice had often led to the dispossession of the affected Malay owners in all but name. In 1933, an amendment to the Enactment forbade Malay owners to charge their land to non-Malays but allowed them to have security dealings with co-operative societies approved for this purpose.¹⁵⁾ At the same time, however, the new stipulations deprived Malay owners of available sources of capital. This is particularly detrimental to the development of Reservation holdings in the view of the limited availability of private Malay capital, especially in rural areas. The legal constraints imposed on the conditions of ownership of Reservation land have thus tended to produce contradictions in the philosophy behind the creation of Malay Reservations. These contradictions are manifested in the lower level of development of Reservation holdings, which is in turn dependent on two relevant factors, namely, the charging of land for the purpose of obtaining agricultural credit and the market value of the developed holdings.

Granted that farmers in developing countries normally obtain loans for non-agricultural purposes (marriages, festivals, etc.), the fact that they have recourse to sources of capital, it may be argued, would enable them to acquire the necessary capital for

14) This is a common trend of development in the rural areas of the country. For example, a study in a predominantly Malay-populated area shows that the percentage of sole to all owners dropped from 50 to 19 between 1910 and 1960. See R. Ho, "The Evolution of Agriculture and Land Ownership in Saiong Mukim," *Malayan Economic Review*, Vol. 13, 1968, p. 96, and "Land Ownership and Economic Prospects of Malayan Peasants," *Modern Asian Studies*, Vol. 4, 1970, p. 89.

15) The International Bank for Reconstruction and Development, *The Economic Development of Malaya*, Baltimore, 1955, p. 312 and David S. Y. Wong, *Tenure and Land Dealings in the Malay States*, Singapore, 1975, p. 510.

developmental purposes. Owners of Reservation land, however, suffer double penalties in this respect in that they are legally prohibited from transacting dealings in Reservation land with non-Malays and that Malay financial institutions (individual moneylenders or banks) are relatively rare in the period of study. It is recognized that the basic problem in promoting development of Malay Reservations is to make available to Malay owners "more credit facilities with safeguards against abuses and oppression." To this end, however, a further amendment to the Enactment was introduced in 1954 to sanction security dealings between owners of Reservation land and a few public and quasi-public institutions such as the Chief Secretary to the Government, the Rural Industrial Development Authority, the Rubber Industry (Replanting) Board, the Federal and Colonial Building Society and the Planters' Loan Board. This list has since been further extended.¹⁶⁾

The prolonged period of capital starvation experienced by the majority of owners of Reservation land has meant the inability of these owners to develop their holdings as fully as they wanted, and this accounts for the improper or even non-development of certain lots in the area of study. In general, Reservation holdings command a lower market price than non-Reservation holdings. This is the direct result of two factors: these holdings are inadequately developed and dealings in them are confined to a closed market comprising of Malay individuals or institutions.

The market value of Reservation land has indeed appreciated with time, as indicated by the recorded prices of sale for a random sample of 230 lots sold between 1930 and 1965. This is attributed partly to an increase of pressure on land with increasing population, and partly to the decreasing purchasing power of the Malaysian currency (no account has been taken of this fact for the 35-year period) (Table 5). The proportion

Table 5 Value of Malay Reservation Land 1931-65 (M\$ per acre)

| Year | Up to \$100 | % | \$100-299 | % | \$300-499 | % | \$500 and Above | % | Total | % |
|--------------|-------------|-------------|------------|-----------|-----------|-------------|-----------------|------------|------------|------------|
| 1930-35 | 40 | 66.6 | 25 | 33.3 | — | — | — | — | 75 | 100 |
| 1940-41 | 7 | 25 | 27 | 61.4 | 6 | 13.6 | — | — | 44 | 100 |
| 1946-49 | 8 | 19.1 | 33 | 78.6 | 1 | 2.4 | — | — | 42 | 100 |
| 1950-54 | 7 | 15.6 | 27 | 60 | 9 | 20 | 2 | 4.4 | 45 | 100 |
| 1956-58 | 1 | 14.3 | 5 | 71.5 | 1 | 14.3 | — | — | 7 | 100 |
| 1964-65 | — | — | 5 | 29.4 | 9 | 52.9 | 3 | 17.7 | 17 | 100 |
| Total | 77 | 33.5 | 122 | 53 | 26 | 11.3 | 5 | 2.2 | 230 | 100 |

Source: As Table 1.

16) It includes the Minister of Finance, the Federal Lands Commissioner, the Housing Trust, the Malayan Borneo Building Society, the Central Bank, the National Trading Company (or Perbadanan National Berhad) and the Agricultural Bank. See Wong, *op. cit.*, p. 511.

of land that fetched less than M\$100 per acre progressively declined from 1930, and by 1964 this price level had become too unrealistic. Relatively more sales were fetching higher recorded prices with the passage of time.

However, a comparison between these prices and those for non-Reservation land will bring into focus the disparity in the market values of these categories of land (Fig. 5). The price of non-Reservation land of less than M\$100 per acre was rare (4.7%), while Reservation lots sold at this price level amounted to one-third of all the Reservation lots transferred between 1930 and 1965. On the other hand, only 2.2 per cent of Reservation lots were sold for more than M\$500 per acre, compared with 22.7 per cent for non-Reservation lots. Also, the first piece of non-Reservation lot commanded a price exceeding M\$1,000 as early as 1925, while this was the case with Reservation land as recently as 1964.

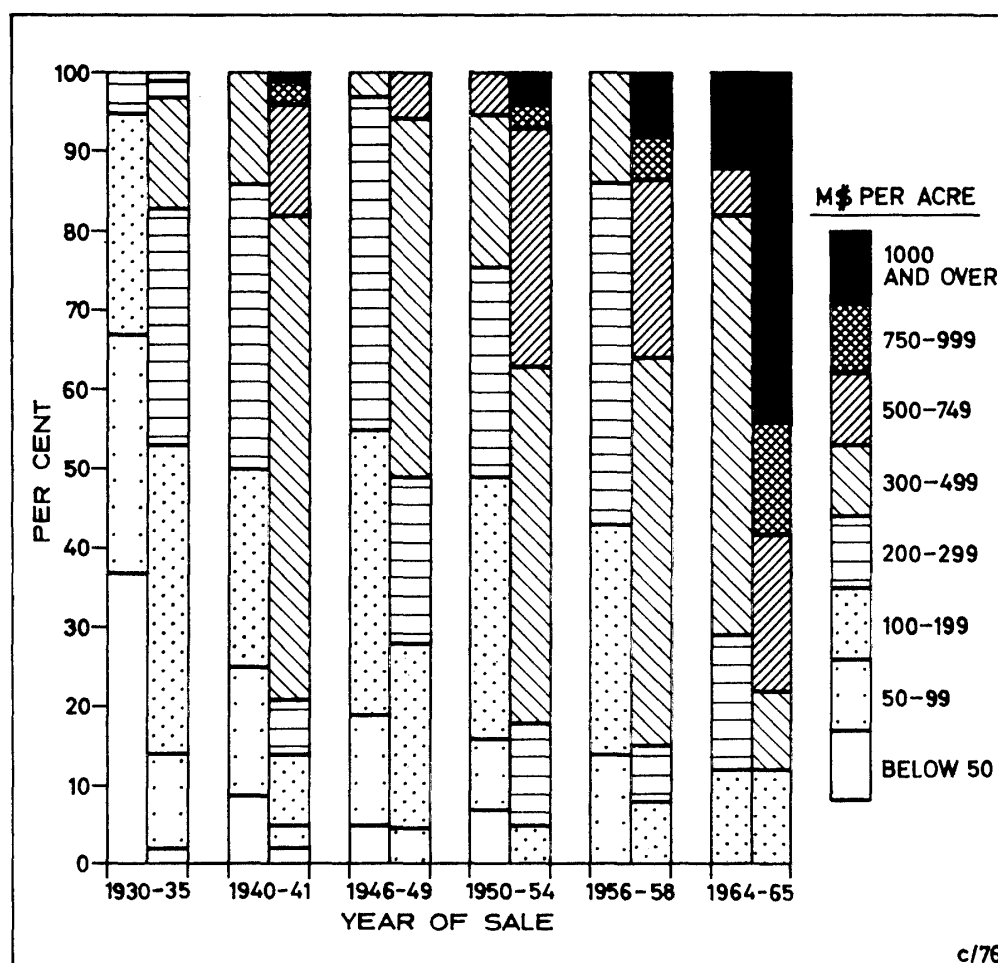


Fig. 5 Percentage Distribution of Land Values of Reservation and Non-Reservation Land, 1930-1965.

The left-hand column refers to Reservation Land.

Recent development of the Bangi complex as the site of a major university,¹⁷⁾ coupled with the construction of an expressway between Kuala Lumpur and Seremban skirting the western margin of the Bangi Road and S. Rinching Reservations, will inevitably enhance land values in these Reservations as well as surrounding areas. At the same time, however, the comparatively low value of Reservation land and its increased appeal as potential sites for residential purposes will attract prospective buyers from urban centres, and this class of buyers are well placed to take full advantage of relatively low-priced agricultural land within easy commuting distance to their places of work.¹⁸⁾

IV Conclusions

The Malay Reservations represent a legacy of colonial socioeconomic policies intended to combat the unequal competition in land acquisition between capitalist enterprise and the indigenous peasantry. In the half century since the establishment of the Malay Reservations under study, changes in the patterns of land use and ownership have occurred and land values have appreciated. The original objective of turning these Reservations into areas of subsistence cultivation and permanent settlement and the insulation of the settlers from the influence of commercial agriculture underwent considerable modification through the changing attitudes of the inhabitants towards cash crops. Deterioration in environmental quality brought about by recurring floods, especially along the Semenyih river, led to permanent abandonment of significant tracts of land formerly devoted to wet rice farming. On the other hand, the perceived financial advantages of rubber cultivation have induced a spontaneous response from Malay farmers in the adoption of this crop over the years. Today these Reservations have become areas of rubber production and *kampung* cultivation, a pattern of land use more in keeping with the physical conditions of these Reservations and, therefore, representing a more rational use of land.

Despite the limited transferability of Reservation land, changes in land ownership are constant and the turnover in terms of the number of owners is fairly high. This has interfered with the stated objective of maintaining permanency of settlement among the owners and the ceaseless transfers of land ownership must mean constant population movements into and out of these Reservations. Whether this flux in population is conducive to the creation of settlement and social stability can only be conjectured.

17) This is the National University on the development of which an estimated expenditure amounting to M\$30 million was invested in 1971–75 and an allocation of M\$176 million has been made in 1976–80. *Third Malaysia Plan 1976–1980*, Kuala Lumpur, 1976, p. 405.

18) Advice from Sultans and other leaders to farmers not to dispose of their land to urban dwellers is often voiced in the local press.

That the imposition of Reservation status had depressed land values is undoubted. Other than providing a disincentive to owners to utilize and to improve their land to the maximum, this condition may, in the long run, serve to erode the interests and stability of the rural communities in these Reservations. If the trend of land transfer from genuine rural settlers to urban-based purchasers occurs and intensifies in the future, the basic premise and identity of these Reservations as the stronghold of the rural peasantry will certainly be jeopardized.

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