

Agricultural Development Policy in West Malaysia

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Introduction

The Malaysian Government has been continuously pursuing a rural development policy since independence. The main export products of Malaysia in 1975 were rubber, tin, and palm oil, which accounted for 25.3%, 15.7%, and 15.4% of total exports respectively.¹⁾ To improve the Malaysian economy, it is important to promote the cultivation of such export crops as rubber and oil palm. In padi cultivation, even though the Government is encouraging double-cropping in such northern states as Kedah, Perlis, and Kelantan, West Malaysia has had to import 79,000 tons of rice in 1975.²⁾ So far, the Government's various development projects are working well and are contributing positively to the economic development of Malaysia.

I would like to analyze these development projects from both economic and political viewpoints. During the period of the Second Malaysia Plan, M\$1,835.6 million was allocated to agricultural and

rural development projects. This accounted for 27.8% of the total non-security development expenditure.³⁾ In West Malaysia, the majority of rural residents are Malays engaged in agriculture. Therefore, the projects were obviously aimed at improving the Malays' economic standard. This becomes more apparent if we focus on two Government projects, the Federal Land Development Authority (FELDA) and the Muda Irrigation Scheme.

It is also necessary to clarify why the Government emphasises rural (Malay) development. In colonial times, the British, for economic and paternalistic reasons, intended Malays to engage in padi cultivation. Meanwhile, the Chinese and Indians engaged in tin mining and plantation work, and later in commerce. Throughout British colonial rule, most Malays remained in the rural areas while the Chinese and Indians were enjoying economic success. Thus economic imbalance became a major cause of social tension between the three ethnic groups.

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1) This figure indicates only West Malaysia. Malaysia Government, *Malaysia 1975 Official Year Book* (Kuala Lumpur: Malaysia Government, 1977), p. 519.

2) *Ibid.*, p. 530.

3) Colin MacAndrews, *Mobility and Modernization: The Federal Land Development Authority and Its Role in Modernizing the Rural Malay* (Yogyakarta: Gadjah Mada University Press, 1977), p. 16.

In this paper, I would like to discuss British colonial agricultural policy and how it influenced the present Government's agricultural policy. I shall focus on the FELDA and the Muda irrigation Scheme.

I Early British Colonial Agricultural Policy (1874-1906)

British intrusion into Malaya began with the cession of Penang Island by the Sultan of Kedah in 1786; Singapore and Malacca came under British control in 1819 and 1824 respectively. At that time, British trade with the Malay Sultanates was small, with only jungle products and tin exported via the Settlements. The importance of the Straits Settlements, especially Penang, was as a trading port in East-West trade providing water and refitting.⁴⁾ Following the increase of trade, the number of residents in Penang increased. The immigrants cultivated various parts of the island and at least 5,875 acres of land had been cultivated by 1785.⁵⁾ In 1790 pepper was introduced into Penang from Sumatra, and many Chinese took up pepper cultivation.⁶⁾ The cultivation was successful but due to the price decline, pepper production decreased after 1810.⁷⁾ In addition, some Europeans attempted to grow nutmegs and cloves in Penang. But with few exceptions they were unsuccessful,

because these plantations required a large capital investment.⁸⁾

In 1800 Province Wellesley came under the British control. After 1820, many Chinese moved to the Province and opened sugar plantations there. The fertile lands, water communications, and cheap firewood available in the south of the Province lured many Chinese into sugar production.⁹⁾ These sugar plantations required many laborers, as did other types of plantations. Thus Chinese, Indians, and Malays were employed in the sugar plantations. At that time, laborers' wages were high, so that even the local Malays were attracted to the plantations.¹⁰⁾ Moreover, to escape Feudal Service (forced labor for the Sultan), a number of Malays fled to the British-controlled areas of Penang and Province Wellesley. Therefore, the *towkays* (Chinese merchants) were able to employ Malays in the Province.¹¹⁾

Overall, British intervention in Malaya started with the establishment of the Residential system in Perak after the Pangkor Treaty in 1874. British colonial policy toward Malaya was generally one of non-interference in the early colonial period, but there were some exceptions. For example, J.W.W. Birch, the first Resident of Perak, ignored the traditional Malay customs and administrative systems, and he tried to establish his own idealistic system. As a result,

4) R. N. Jackson, *Immigrant Labour and the Development of Malaya 1786-1920* (Kuala Lumpur: Government Press, 1961), p. 4.

5) *Ibid.*, p. 5.

6) *Ibid.*, pp. 9-10.

7) *Ibid.*, p. 11.

8) *Ibid.*, pp. 13-14.

9) *Ibid.*, p. 14.

10) *Ibid.*, pp. 16-17.

11) *Ibid.*, p. 2.

he was murdered in Lower Perak in 1875.¹²⁾ This incident convinced the British administrators that they should embrace the policy of non-intervention in Malay society.

The British concern in Malaya was to maintain law and order. The decline of tin production in 1872/3, because of civil disorders, had a marked influence on trade in Penang.¹³⁾ As long as the British could obtain supplies of tin from Malaya, they were happy. But it is noteworthy that the control of the Straits of Malacca and possession of Malaya as a hinterland of Singapore was also an important concern of the British.

Apart from the negative British attitude of non-intervention in Malay society, there were some sympathetic, favorable, but paternalistic attitudes towards Malays. Hugh Clifford noted: "the people as a whole were so generous and so charitable to their neighbours that there seem to be the makings of a very Garden of Eden in these Malay lands."¹⁴⁾ Sir Frank Swettenham wrote: "I never saw a Malay child slapped, and they never seem to cry unless they are ill."¹⁵⁾ Lady

Isabella Bird considered that "Malays undoubtedly must be numbered among civilized peoples. They live in houses which are more or less tasteful and secluded..."¹⁶⁾ Thus favorably impressed, the early British Residents were able to live closely with the Malays — learning their language, eating their food, observing their manners and sharing their homes.¹⁷⁾

The favorable impression made by the Malays, on the other hand, led the British misinterpret Malay society. J. F. A. McNair wrote: "though he (the Malay) may not possess the native intelligence of the Chinese as a trader and artisan, nor the shrewd cleverness of the Kling (Tamil) in his business and monetary transactions, he will be found no whit behind them in agricultural pursuits..."¹⁸⁾ This misinterpretation underlay the arrogant philosophy of the British administrators who wrote:

...they do well to rely on the guidance of those who best understand the country's needs and who are collectively known as the Government. The Government, then, as a body of wise people who bring their own particular knowledge, has certain duties to perform.¹⁹⁾

These misinterpretations are symbolized by Berkeley's innocent romanticism. Purcell wrote:

12) Mohamed Amin and Malcom Calbwell, ed., *Malaya: The Making of a Neo-Colony* (Nottingham: Spokesman, 1977), p. 65.

13) Lim, Teck Ghee, *Peasants and Their Agricultural Economy in Colonial Malaya 1874-1941* (Penang: University Sains Malaysia, 1977), p. 24.

14) Clifford cited in Rex Stevenson, *Cultivators and Administrators* (Kuala Lumpur: Oxford University Press, 1975), p. 6.

15) Sir Frank Swettenham, *British Malaya: An Account of the Origin and Progress of British Influence in Malaya* (London: Allen & Unwin, Ltd., 1906), p. 135.

16) Stevenson, *op. cit.*, p. 8.

17) *Loc. cit.*

18) *Ibid.*, p. 10.

19) S. M. Middlebrook and A. W. Pinnick, *How Malaya is Governed* (New York: AMS Press, 1975), p. 171.

Berkeley successfully obstructed the entry of Upper Perak into the modern world for the period of his regime. He would, for example, not allow any roads to be built, so that up to recent years it was possible to get from the district capital, Grik, to the rest of Perak only by making a detour of a hundred miles or so via Province Wellesley.²⁰⁾

The colonial economy at the end of the 1800s comprised a number of tin mines and some plantations in the Federated Malay States. Unlike tin mining, the plantations were not successful. Although a few trials were made with sugar cane, pepper, nutmegs, cloves, gambier, tea, cinnamon, cotton, tobacco, coconut, and coffee, most of these experiments were unsuccessful except for sugar and coconut,²¹⁾ or only sugar and coconut succeeded. The failure of most plantations was due mainly to failure to compete with other European colonies over price, i.e., with Ceylon in tea and with the Dutch East Indies in spices.²²⁾

The traditional life style of the Malays, subsistence agriculture, remained intact. They grew padi, went fishing, and occasionally went into the jungle to collect cash produce. That the Malays were able to maintain their traditional pastoral lifestyle was due firstly to the paternalistic

policy of the British. Secondly, the Malays lived in scattered areas, which prevented assembly of a Malay work force for the tin mines. Thirdly, the cruel, miserable, hard mining work did not attract them. Moreover, the Malays' standard of living was higher than that of tin mine workers at the end of nineteenth century.²³⁾

Ventures into cash crop cultivation by Malays ended in failure. Although they had planted coffee during the coffee boom in the late 1880s and early 1890s, by 1895 the price began to decline, and subsequently disease ruined the coffee trees. This influenced British agricultural policy toward Malays later on.

With the increase of tin production, the mainly Chinese nonagrarian population grew, and the British found it necessary to supply rice to this population. The Krian District, situated in the north-western corner of Perak, became the main padi-bowl of the Federated Malay States. The land there was flat, lying only seven to eight feet above sea level, and was mostly covered with swamp and forest.²⁴⁾ A part of area had been cultivated long before British rule. The soil was also regarded as optimum for padi cultivation.²⁵⁾ Moreover, the proximity Krian

20) Victor Purcell, *The Memoirs of a Malayan Official* (London: Cassell & Co., 1965), p. 268.

21) Jackson, *op. cit.*, pp. 9-18. Mohamed Amin, *op. cit.*, p. 18.

22) Arnold Wright and Thomas H. Reid, *The Malay Peninsula* (London: T. Fisher Unwin, 1913), p. 282.

23) Lim, Chong Yah, *Economic Development of Modern Malaya* (Kuala Lumpur: Oxford University Press, 1967), p. 122.

24) D. S. Short and James C. Jackson, "The Origin of an Irrigation Policy in Malaya," *JMBRAS*, vol. 44, part 1 (1971): 89.

25) Lim, Teck Ghee, *Origin of a Colonial Economy: Land and Agriculture in Perak 1874-1897* (Penang: University Sains Malaysia, 1976), p. 49.

to Penang facilitated transportation.

The District Officer of Krian, Noel Denison, was eager in establishing the headquarters of the region, settling land claims and collecting rents.²⁶⁾ He also improved drainage and communications, and waived initial land rents in order to attract Malays to grow padi in Krian. In the early period of padi cultivation in Krian, most immigrants came seasonally from Penang, Province Wellesley, and Kedah.²⁷⁾ They did not settle in Krian permanently. But by 1891 the Malay population had increased to 14,991 from 6,852 in 1879.²⁸⁾ Most of them were Banjarese immigrants from southern Borneo, who cultivated padi in the swamp area, and Sumatrans. In 1889 the amounts of land alienated for padi and sugar were 36,455 and 20,000 acres respectively.²⁹⁾

Despite Government efforts, only 7,500 of 36,455 acres of alienated padi land were cultivated in 1889. The unsuccessful padi cultivation was due to drought, bad harvest, disease, and lack of drinking water. The techniques of the padi growers also contributed. As mentioned, most of the Malay immigrants cultivating padi in Krian were Banjarese and Sumatrans. They cultivated padi following the Muslim calendar of their homelands, even though Krian's agricultural cycle was quite different.³⁰⁾

26) *Ibid.*, p. 50.

27) Short and Jackson, *op. cit.*, p. 89.

28) Lim, Teck Ghee, *Origin of a Colonial Economy...*, p. 52.

29) Short and Jackson, *op. cit.*, p. 89.

30) R. D. Hill, *Rice in Malaya* (Kuala Lumpur:

As a consequence, they had to face padi failure and many of them fled to other Malay states.

Interestingly, apart from Krian, the Government attempted to encourage Chinese and Indians to grow padi, although the result was miserable.³¹⁾ They were also immigrants, and they wished to go back their homeland with cash, not land.

Unlike padi cultivation, sugar production was successful in Krian. A large amount of Malay land was sold at low prices to the Chinese sugar plantation owners between 1886 and 1887.³²⁾ This was very beneficial to the Chinese *towkays*, because to have cleared the land for sugar would have cost more than \$15 per acre.³³⁾

The Chinese success in the sugar plantations was attributed to their experience in Province Wellesley, adequate communication with Indian laborers, and the small size of their plantations.³⁴⁾ The expansion of sugar plantations in Krian was not entirely appreciated by the British. In fact, the Government intervened to restrict the conversion of padi lands to sugar plantations, although the restriction applied only to the newly alienated lands.³⁵⁾

The Government realized the urgent

Oxford University Press, 1977), p. 111.

31) Lim, Teck Ghee, *Origin of a Colonial Economy...*, p. 74.

32) *Ibid.*, p. 52.

33) Jackson, *op. cit.*, p. 15.

34) Lim, Teck Ghee, *Origin of a Colonial Economy...*, p. 111.

35) *Ibid.*, p. 62.

necessity for an irrigation scheme after the disastrous harvest of 1895. The impact of the padi failure on the administrators was not due to the scarcity of rice but the decrease in revenue.³⁶⁾ Most of the British administrators were indifferent to the economic condition of the Malays in Krian.³⁷⁾ The Government approved a \$400,000 irrigation scheme to irrigate 50,000 acres, but its implementation was delayed until 1898 because of dispute between two engineers, O'shaughnessy and Caulfield.³⁸⁾ Another reason for the delay was the Government's plan to construct the Kinta Valley Railroad, which had cost two and a half million dollars.³⁹⁾ After the irrigation scheme was completed in 1906, Krian became able to export rice. In 1907, Krian exported \$600,000 worth of rice, although the State (Perak) imported \$5.7 million worth of rice in the same year.⁴⁰⁾ The objective of the irrigation scheme was clearly to feed the nonagrarian population rather than the local populace, because prior to the completion of the irrigation project Krian had been self-sufficient in most years.⁴¹⁾

II Pre-War Colonial Agricultural Policy (1907-1941)

Rubber

The history of the rubber industry of Malaya begins after Sir Clements Mark-

ham and Sir Joseph Hooker Sent two expeditions to the Amazon in 1876. The rubber seeds and plants collected at Kew Gardens were shipped to Singapore, then to Malaya in 1877. The rubber plants (*Hevea brasiliensis*) were raised successfully there.⁴²⁾ The first commercial attempt at rubber planting in Malaya was made by a Chinese in northeastern Malacca in 1898, and at a later date Europeans started establishing small estates in various parts of the Federated Malay States.⁴³⁾

The introduction of rubber into Malaya had a great impact on owners of estates in coffee, nutmeg, pepper, and so on. These estates were rarely successful at the end of the nineteenth century. For instance, pepper production declined in the middle of 1800s due to the low price. Coffee trees were ruined by a fungus disease in the 1890s, and later Brazilian coffee flooded the world market, driving out Malayan coffee. Thus rubber was introduced into Malaya at a critical time. Many coffee estates in the area between Klang and Kuala Lumpur were converted into rubber estates. The rubber acreage increased from 345 acres in 1897 to 50,000 acres in 1905.⁴⁴⁾ The impetus for the expansion of rubber was its high price. The price of rubber dramatically increased from \$2.50 per pound in 1906

36) *Ibid.*, p. 58.

37) *Ibid.*, p. 60.

38) *Ibid.*, p. 59.

39) *Loc. cit.*

40) Hill, *op. cit.*, p. 115.

41) *Loc. cit.*

42) Robert O. Tilman, *Bureaucratic Transition in Malaya* (Durham: Duke University Press, 1964), p. 52.

43) Ooi, Jin Bee, *People and Economy in Malaya* (London: Longmans, 1963), p. 200.

44) *Ibid.*, p. 201.

Table 1 Comparison of Rubber and Padi Cultivation as a Means of Securing Rice

Year	Pounds of husked padi obtainable with proceeds from one acre of rubber	Pounds of husked padi obtainable by cultivation of one acre of land	Balance in favor of rubber (in pounds of husked padi)
1929	2,184	424	1,760
1930	1,200	344	856
1931	912	568	344
1932	688	640	48
1933	1,248	608	640

Source: Lim, Chong Yah, *Economic Development of Modern Malaya* (Kuala Lumpur: Oxford University Press, 1967), p. 176.

to \$5.50 per pound in 1910. Unlike growers of other export crops, the rubber planters received a boost to their confidence by the rise of automobile industry in the United States.

Income from rubber export increased tremendously between 1906 and 1916, from \$11 million to \$131 million. The percentages of tin and rubber exports in the total exports changed from 3.8% of rubber and 29.7% of tin in 1906 to 26.8% of rubber and 20.1% of tin in 1916.⁴⁵⁾

Although the high rubber price the induced the Malay peasants to grow rubber, they were not successful in the early period. The colonial Government discouraged the expansion of rubber planting into the Malay peasantry. The Government imposed higher land rents on the Malays and the land office book was closed to them to prevent further applications for rubber lands. Moreover, neither credit nor technical assistance was given to the Malays. Thus the Malays made errors in the choice of rubber varieties and

45) Lim, Chong Yah, *op. cit.*, p. 325.

cultivation methods.⁴⁶⁾ This policy was, to a certain extent, an extension of British paternalism. Since the bitter experience of coffee failure in the peasant sector in the late nineteenth century, the Government had aimed at excluding the Malays from the export crop economy. Another reason was that the Government needed the Malays to grow rice.

Despite the Governments discouragement, the Malay peasants increased their rubber acreage by clearing new lands and converting the established cassava, gambier, and coffee lands. By 1922, 918,000 acres of rubber were planted in smallholdings, which accounted for 40% of the total rubber acreage.⁴⁷⁾ Of smallholdings, 47.3% were owned by the Malays.⁴⁸⁾ The Malay participation in rubber was due to the high price of rubber and the low price of padi. Even during the Great Depression of the early 1930s, it was more profitable to plant rubber

46) Lim, Teck Ghee, *Peasants and Their Agricultural Economy...*, p. 76.

47) Smallholding is normally under 100 acres. Lim, Chong Yah, *op. cit.*, p. 328.

48) *Ibid.*, p. 332.

rubber than to plant padi (see Table 1).

The over-heated rubber boom brought about a land shortage. After 1905 a large number of land brokers scoured the countryside and persuaded Malays to sell their lands. Some Malay immigrants disposed of their lands for a quick fortune, because they could not know how long the rubber boom would last. Other land sales were made by the long-established peasants, who sold their traditional padi lands.⁴⁹⁾ In Selangor, 7,567 acres of lands were sold by Malays to non-Malays between 1909 and 1910.⁵⁰⁾ The inflow onto Malay land of non-Malays led the British administrators to take action to protect "Malay benefits."

On the other hand, due to the growth of the nonagrarian population, rice imports were increasing year by year in the early twentieth century. The Government had to eliminate the diminution of *sawah* (wet rice fields) by passing a law. Hence, the Malay Reservation Enactment was passed in November 1913, and a large amount of *sawah* was placed in the Malay Reservation section. Thus this act not only protected "Malay benefits," it also protected British benefits.

As rubber ended its second decade in Malaya, the decline of rubber prices in the late 1910s influenced Government policy. The Government opted to restrict rubber production, and the Stevenson Rubber Restriction Scheme came into effect in November 1922.

49) Lim, Teck Ghee, *Peasants and Their Agricultural Economy...*, p. 74.

50) *Ibid.*, p. 108.

The British Government was concerned to maintain the high rubber price: because it had to repay its World War I debts to the United States, and its principal source of income was Malayan rubber.⁵¹⁾ In addition, England had a quarter of a million investors in the rubber industry, making it necessary to maintain high rubber prices to stabilize the stock market.

There was a difference in the restrictions applied to smallholdings and estates. The maximum rubber production of smallholdings was assessed at 426 pounds per acre per annum in February 1, 1923, this was effective until October 31, 1928. The average rubber production of smallholdings was high, some examples indicating a range between 599 pounds and 1,200 pounds per acre a year. The reason for the high productivity of the smallholdings was that the smallholders tapped rubber daily because they were heavily dependent on rubber trees.⁵²⁾ But the Stevenson Committee reported that the standard production of smallholdings was between 320 pounds and 533 pounds per acre a year. Thus the Committee's low assessment brought a loss of \$173 million to smallholders during the period.

On the other hand, the maximum production of estates was assessed at 400 pounds per acre per annum, although one statistic indicated a figure of 375 pounds per acre per annum.⁵³⁾ The assessment of estates was amended to

51) *Ibid.*, p. 142.

52) *Ibid.*, pp. 146-147.

53) *Ibid.*, p. 151.

500 pounds per acre per annum in 1925, and the restriction was lifted in 1926. It is clear that the Stevenson restriction scheme effectively restricted the production of smallholdings (the Malays and Chinese) but not the estates (the British).

Discrimination was also evident in the approval of new rubber lands during 1926–1930. During this period, 292,609 acres of land was approved for rubber planting. Only a quarter of the land was approved for the peasant smallholders, and the rest was alienated to plantations.⁵⁴⁾ Moreover, a discriminatory rubber restriction program was applied after the Great Depression, and the loss to peasants was estimated at \$60 million during 1934–1941.⁵⁵⁾

Padi

In 1911, 104,428 acres of *sawah* were cultivated in the Federated Malay States.⁵⁶⁾ Due to the increase in Chinese and Indian immigrants, domestic production could not meet the consumption demand. The Government had to import 596,637 tons of rice from Thailand, Burma, Indochina, and other countries, which supplied 54%, 36%, 9%, and 1% of the total import respectively.⁵⁷⁾ With the peasants planting rubber and the intrusion of the rubber estates, considerable areas of *sawah* were converted into

rubber. Also, some Malays who opened rubber lands tended to neglect padi cultivation.⁵⁸⁾

Other factors than rubber contributed to the decline of padi production. First, the price of padi was low because the Government could import rice from Thailand and Burma. This price was additionally lowered by middlemen. By 1912 Chinese *towkays* had set up eight large rice mills in Penang, Krian, and Kedah to handle rice from north Malaya. They collected, milled, and redistributed padi to the other Malay states in a monopsony. Yet because of indebtedness to the millers/creditors, the peasants had to sell the padi at low prices.⁵⁹⁾

There were technical problems in padi cultivation. The Malay technique was traditional and productivity was low. Moreover, the lack of irrigation made padi cultivation unreliable during droughts. On the whole, declining padi production in the 1910s contributed to the scarcity of rice. Between 1911 and 1916, the Federated Malay States annually imported 190,000 tons of rice, or approximately 82% of its consumption.⁶⁰⁾

The war in Europe led the administrators to think again about rice self-sufficiency. The dependency on imported rice made supplies uncertain in

54) *Ibid.*, pp. 153–154.

55) *Ibid.*, p. 194.

56) Wright and Reid, *op. cit.*, p. 304.

57) Cheng, Siok Hwa, *The Rice Trade of Malaya* (Singapore: University Education Press, 1973), p. 33.

58) Lim, Teck Ghee, *Peasants and Their Agricultural Economy...*, p. 123.

59) *Ibid.*, p. 155. C. R. Wharton, Jr., "Marketing, Merchandising, and Moneylending: A Note on Middlemen Monopsony in Malaya," *The Malayan Economic Review*, vol. 7, no. 2 (October 1962): 24–44.

60) Lim, Teck Ghee, *Peasants and Their Agricultural Economy...*, p. 120.

case of warfare. Thus the Rice Lands Enactment and Food Production Enactment were passed in 1917 and 1918/1919 respectively. These Enactments were aimed at increasing food production, although both ended in disaster.

The rice crisis in 1918, when crop failure of India necessitated extra imports from Burma, and the drought in Thailand the following year, when all rice export was prohibited, forced the Government to pay high prices for imported rice.⁶¹⁾ These experiences led to the establishment of the Drainage and Irrigation Department in 1932.

The Drainage and Irrigation Department opened two irrigation schemes: the Panchang Bedina Scheme in Kuala Selangor and the Sungei Manik Scheme in Lower Perak. The schemes were successful, bringing a total of 15,000 cultivated acres under irrigation. By 1939, 170,000 of the 250,000 acres of *sawah* in the Federated Malay States and the Straits Settlements were irrigated.⁶²⁾ But despite the efforts of the Drainage and Irrigation Department, the padi yield increased only slightly during 1932–1938.

In August 1939, Sir Shenton Thomas proposed opening the Malay rice monopoly to non-Malays.⁶³⁾ His objective was to increase production. Unlike in the early 1900s, the immigrants' conditions had deteriorated in 1930s so that

some Chinese sought to take up padi planting. But Thomas's proposal was attacked by *Majlis*,⁶⁴⁾ the Malay nationalists' organ, and the proposal was dropped. The Malays' grievance against the proposal was that if non-Malays intruded into padi production, they could not maintain their values, culture, and economy. Thus Thomas's proposal was a great threat to Malay society. On the other hand, had the Government the policy, it could not have maintained Malay support. As a result, no adequate solution was found to the scarcity of padi.

III Agricultural Policy After the Independence (1957–1978)

Political Setting of Pre-independence Period

The agricultural policy between 1942 and 1956 was very vague, due to the Pacific War, the Emergency and pre-independence political chaos. However, it is important to mention briefly the political struggle and the nationalist movement of this period, because of their influence on post-independence agricultural policy.

Nationalist movements of the pre-war period were basically pursued at the communal level. A conspicuous nationalist movement started with the formation in 1946 of the United Malay National Organization (U.M.N.O.), which opposed vehemently the Malayan Union

61) *Ibid.*, pp. 120–122.

62) *Ibid.*, p. 183.

63) Virginia Thompson, *Postmortem on Malaya* (New York: The MacMillan Company, 1943), p. 35.

64) *Majlis* was founded by Abdul Rahim Kajai in 1931. William R. Roff, *The Origins of Malay Nationalism* (Kuala Lumpur: University of Malaya Press, 1967), p. 146.

proposal.⁶⁵⁾ Conversely, other ethnic groups, such as the Chinese and Indians, were mostly apathetic toward politics, except for the communists.

The communist armed struggle, started in 1948, created an important framework in Malaysian politics. The Malayan Chinese Association (M.C.A.) was founded as a countermovement against the communists. The U.M.N.O., M.C.A., and the Malayan Indian Congress (M.I.C.) merged into the Alliance, reconciling their political differences. Malaysian politics was moved by the Alliance, or more precisely, on the U.M.N.O.'s initiative. The U.M.N.O. won all elections due to favorable constituency and citizenship laws for the Malays. Thus Government policies became tinged with "Malay color."⁶⁶⁾

In order to maintain political stability, the Alliance Government had to show its ability through the implementation of social and economic development projects.⁶⁷⁾ The Government emphasized

rural development, since most of the rural inhabitants were Malays. Its policy did not meet with strong opposition from the other Alliance parties, because these parties had to accommodate the U.M.N.O. to maintain their power.

One noteworthy source of grievance between the Malays and Chinese was the "New Village." The New Village, created during the Emergency period, was well-equipped with modern facilities. Most of its residents were Chinese, while the Malays were left in the rural areas without proper Government aid. At the same time, the Malays were fighting against the communists (Chinese).⁶⁸⁾ Moreover, the New Village brought a demographic change in Malaya. Some 500,000 of the rural Chinese were forced to move to the urban areas, and this made them more prosperous.

FELDA

The independence of the Federation of Malaya in 1957 influenced the segregation of political and economic powers among such ethnic groups as the Malays and Chinese. The Malays predominantly held political power and the Chinese maintained the economic power.

65) The Nationalism movements in the pre-war period are described in the following books and articles: Radin Soenarno, "Malay Nationalism, 1896-1941," *Journal Southeast Asian History*, vol. 1, no. 1 (March 1960): 1-28; T. H. Silcock and Ungku Abdul Aziz, "Nationalism in Malaya," in William L. Holland, ed., *Asian Nationalism and the West* (New York: The MacMillan Company, 1953); William R. Roff, *The Origin of Malay Nationalism* (Kuala Lumpur: University of Malaya Press, 1967).

66) More detailed information can be found in: Anthony Short, "Communism and the Emergency," in Wang Gungwu, ed., *Malaysia: A Survey* (New York: Frederick A.

Praeger, 1964); J. Norman Parmer, "Malaysia," in George McTurnan Kahin, ed., *Government and Politics of Southeast Asia* (Ithaca and London: Cornell University Press, 1969); K. J. Ratnam, *Communalism and the Political Process in Malaya* (Kuala Lumpur: University of Malaya Press, 1965).

67) Gayl D. Ness, *Bureaucracy and Rural Development in Malaysia* (Berkeley: University of California Press, 1967), p. 143.

68) *Ibid.*, p. 99.

The Malays, unlike the Chinese and Indians, had lived in the traditional rural society throughout the British colonial period. They were basically padi cultivators and had a lower economic standard than the other ethnic groups. Thus the Government was acutely concerned to improve the Malays' economic condition, and instigated several rural development projects. The Federal Land Development Authority (FELDA) was one of these projects.

FELDA was established in 1956. Its objectives were to promote economic advancement through rural settlements and to provide "land for the landless."⁶⁹⁾ It should be noted that twenty percent of all FELDA's schemes were reserved for former members of the security forces, largely Malays.⁷⁰⁾ The other important aim of the project was to create a number of small urban centers on the outskirts of the residential areas.⁷¹⁾ The objectives implied a pro-Malay policy. However, there was an exception in the early stage of FELDA's development project. The Bilut Valley Scheme opened in 1958, for example, was the first scheme and was directly administered by FELDA. The ethnic composition was Malays 65.3%, Chinese 26.6%, and Indians 8.1%, unlike the other schemes which were exclusively for Malays. The Bilut Valley Scheme was established for

the purpose of moving rural Chinese into a "New Village" during the Emergency.

FELDA's function until 1961 was as a planning and financing board. Settlers cleared the forest, planted their own export crops, and built their own houses, and thus the rate of development of the schemes was very slow. In addition, the schemes were administered by the state governments, which tended to send dissidents to participate.⁷²⁾ As a result of the difficulty of pioneering work and the inefficiency of administrators, FELDA schemes made far from the expected progress.

A dramatic change came in 1961-1962 after FELDA took over management of all schemes except one in Kelantan. Under the new administration, pioneering jobs were carried out by contractors, largely Chinese. The contractors cleared the jungle, planted rubber, oil palm and cover crops, built roads and houses for both staff and villagers. In addition, they maintained the planted trees and cover crops for from six months to a year until the settlers arrived.⁷³⁾

The use of contractors for the pioneering work was due to the settlers'

69) Kent Mulliner, "Toward a Silent Revolution: Rural Development Policy Changes in West Malaysia" (Master's thesis, Northern Illinois University, 1969), p. 106.

70) *Ibid.*, p. 107.

71) MacAndrews, *op. cit.*, p. 54.

72) Karl J. Pelzer, "The Plantation as the Model for Pioneer Settlement Sponsored by the Malaysian Government," in Wayne Raymond and Kent Mulliner, ed., *Southeast Asia, An Emerging Center of World Influence? Economic and Resource Consideration* (Papers in International Studies, Southeast Asia Series, no. 42) (Athens: Ohio University, Center for International Studies, Southeast Asia Program, 1977), p. 118.

73) *Ibid.*, p. 119.

unpreparedness for the job. The settlers' previous occupations in the Bilut Valley Scheme, for example, were padi cultivators (13.1%), agricultural laborers (14.8%), estate workers (16.4%), and Government ex-servicemen (11.5%).⁷⁴⁾ They were not familiar with pioneering work.

Another important change took place in the mid 1960s, when oil palm became the main cash crop in the schemes. Oil palm has several advantages over rubber, a shorter growing period, a higher income, and a lower labor requirement for harvest. Overall, 448,662 acres oil palm and 259,812 acres of rubber had been planted by mid 1975.⁷⁵⁾ In the 18 years from 1956 to 1975, FELDA opened 167 schemes and settled 34,100 settler families, of which 96.2% were Malays. The revenues from rubber and palm oil produced in the FELDA schemes were M\$64.2 million and M\$124.0 million in 1974 respectively. These figures indicate that the rubber and palm oil produced account for 2.2% and 11.4% of the total export from West Malaysia.

The average income of the settler families was M\$421.3 per month in the Ulu Jempol Scheme in 1975.⁷⁶⁾ The crop cultivated was oil palm, first planted in 1963. The settlers' previous occupations and monthly incomes were agriculture (M\$96.8), business (M\$300), Government (M\$187.6), and others (M\$133.8).⁷⁷⁾ The previous average in-

come per month was M\$127.4. Thus their income was increased through participation in the FELDA scheme.

As described earlier, 96.2% of the total settlers were Malays, who thus enjoyed the benefit of FELDA. Having contributed to foreign exchange, FELDA improved the Malays' standard of living.

Muda Irrigation Scheme

The Muda region is situated in the coastal plains of Kedah and Perlis. The majority of residents in the region are Malays, predominantly engaged in padi farming. The padi production in Kedah and Perlis for 1967-1968 harvest season was 305,220 tons, accounting for 51% of the total padi production in West Malaysia. Due to rice shortage, the Government imported 247,000 tons of rice in 1968. The cultivated padi acreage in the region was 354,390 acres, or 39.1% of the total padi acreage in the same year.⁷⁸⁾ The Muda region is the rice-bowl of West Malaysia.

The traditional agricultural cycle in the Muda region was as follows: at the end of April, the peasants burned the remaining padi stalks on the *sawah*; plowed the *sawah* from June to July; planted padi at the end of August; and harvested padi in January. The average land ownership and cultivated acreage were 3.7 acres and 4.6 acres respectively in 1964.⁷⁹⁾ Thus 0.9 acres of the

74) MacAndrews, *op. cit.*, p. 105.

75) *Ibid.*, p. 62.

76) *Ibid.*, p. 159.

77) *Ibid.*, p. 155.

78) Ministry of Agriculture and Fisheries, *Statistical Digest* (Kuala Lumpur: Ministry of Agriculture and Fisheries, 1969), p. 186.

cultivated *sawah* was tenanted.

The income from agriculture varied according to the size of cultivated *sawah*. An area of 0.7–4.2 acres of *sawah* earned M\$427–M\$702 in 1964. Most of the peasants with this income had a certain amount of debt.⁸⁰⁾ They tended to borrow money from the Chinese *towkays*, because the institutional banking organizations required collateral such as land, and the land title rarely coincided with the *de facto* owner due to the Malay land inheritance system. Thus the peasants borrowed from the Chinese and repaid their debts in padi after the harvest. The peasants had to obtain at least 4.9 acres of *sawah* to abolish their indebtedness.⁸¹⁾

A dramatic change took place when the construction of two reservoirs started in mid 1966. The Government invested M\$250 million to the Muda Irrigation Scheme, constructing the Pedu and Muda dams, a 61-mile-long main canal, a 564-mile-long branch canal and distributary, a tidal barrage, 480 miles of farm roads, etc.⁸²⁾ The scheme aimed at irrigating 250,000 acres of *sawah* in which 50,000 farm families or 325,000 people resided, and making double-

cropping possible. At the end of 1974, the yield of padi in Muda increased to 750,000 tons, which diminished rice imports in 1975 to 79,000 tons. The increase of padi production certainly eased the trade balance and stabilized the rice supply.

Double-cropping necessitated an additional investment in infrastructure, i.e., in drying complexes and rice mills. The National Padi and Rice Authority (LNP) dries, mills, and purchases padi from the peasants. The drying and storage of padi is an important factor in double-cropping, because one crop is harvested during the rainy season. The LPN also guaranteed the minimum price of padi at M\$16 a picul and is obliged to purchase every single grain of padi. Thus the padi price was maintained at a reasonably high level. As a matter of fact, the padi price was between M\$29 and M\$30.50 a picul in March, 1975.⁸³⁾

A further important role played by the LPN was to replace the Chinese monopoly of milling and purchasing of padi. As described earlier, one of the main reasons for the poverty of Malays was the Chinese monopoly of rice. With respect to the credit, the Muda Agricultural development Authority (MADA), established in 1970, is helping the peasants to get an up-to-date register on land tenure with assistance from the University Sains

79) Masuo Kuchiba, Yoshihiro Tsubouchi, and Narifumi Maeda, "A Padi Farming Village in the Northwestern Part of Malaya, Interim Report — The Fragmentation of Landholding," *Southeast Asian Studies*, vol. 3, no. 1 (1965): 38.

80) *Ibid.*, p. 46.

81) *Loc. cit.*

82) Federal Department of Information, *The Muda Irrigation Scheme* (Kuala Lumpur: Federal Department of Information, 1968?), pp. 7–9.

83) Cheong, Mei Sui, "More Water Means More Rice Means More Money for Thousands of Kedah and Perlis Families," in *The Straits Times*, ed., *The Straits Times Annual 1976* (Singapore: Times Publishing Bhd., 1976), p. 145.

Malaysia in Penang.⁸⁴⁾ A land title is the most acceptable collateral for credit from the institutional banking organizations. But only a few banks are able to offer credit since most land is in the Reservations. Credit is available to purchase such agricultural inputs as fertilizer, insecticide, and agricultural machines. Thus, unlike with credit from the middlemen (the Chinese), the peasants are not subject to the price manipulation of padi.

Apart from encouraging self-sufficiency, the schemes have also influenced the lifestyle of the Malays. MADA has introduced advanced agricultural techniques, including the use of tractors, harvesters, fertilizer, insecticides, and seeds. As described earlier, the traditional agricultural cycle kept farmers in *sawah* for nine months (April-January). The peasants planted various types of padi which had different harvest seasons, thus the harvests lasted for three months. MADA first standardized the agricultural cycle, then introduced high-yielding and early-ripening varieties of padi. The average yield of padi per acre increased from 508 *gantangs* in 1968 to 666 *gantangs* in 1975. On the other hand, the life of the peasantry has become busier due to the introduction of the short-ripening varieties of padi. MADA irrigates the *sawah* at a set time and the peasants have to plant padi in this period regardless of their wishes.

The improvement of the peasants'

84) *Ibid.*, p. 144.

economic standard is observed from the following factors: the average net family income has increased to M\$3,200 per annum compared to M\$427–M\$702, as mentioned earlier. The peasant's savings in commercial banks increased from M\$5 million in 1965 to M\$23 million in 1972. The number of motor-cycles increased to 40,000 in 1972, and the number of cars almost doubled from 8,000 to 15,000 during the same period.⁸⁵⁾

On the whole, the evidence all indicates that the economic improvement of the peasants and MADA's contribution to padi self-sufficiency in the Muda region were successful. Yet as the general manager of MADA said: "Changing values and habits is perhaps the most difficult of all our responsibilities. When we solve the human problem — and it is not going to be easy — then Muda is going to be an unqualified success."⁸⁶⁾ But would the change of Malays' values and habits coincide with their happiness?

Conclusion

The early British agricultural policy toward the Malay populace was to leave the Malays in the rural areas and encourage them to maintain the traditional way of life cultivating padi. Two factors underlay this policy: British paternalism, and politico-economic reasons. The British administrators had favorable feelings toward the Malays, and this certainly influenced the colonial administration. Moreover, the increase

85) *Ibid.*, pp. 141–143.

86) *Ibid.*, p. 144.

of nonagrarian immigrants contributed to the need for a stable rice supply. Thus the administrators insisted that the Malays should stay in the *kampongs* and supply rice cheaply. The influx of nonagrarian immigrants also kept down the wages of laborers. However, some Malays engaged in coffee cultivation in the late 1800s, but without success. This incident influenced later agricultural policy.

The introduction of rubber changed the economic map of Malaya completely. Many Europeans and some Chinese owned rubber plantations, unlike the Malays who were encouraged to remain in the *kampongs* as padi cultivators. The Government, again, encouraged the Malays to grow padi which would contribute to padi self-sufficiency. The Government, at the same time, discouraged Malays from planting rubber. The Government's idea was to keep the Malays as padi farmers. The Government needed a domestic rice supply due to warfare in Europe and an unstable rice supply from Thailand, Burma, and Indo-china. It also had to reduce rubber production due to the low price during the Depression in the 1920s and 1930s. Apart from the politico-economic reasons, British paternalism had induced the administrators to follow this policy. But the necessity for padi self-sufficiency brought Sir Shenton Thomas's proposal which aimed at inducing Chinese into padi cultivation. The proposal was strongly opposed by the Malay nationalists and was dropped as a result.

After independence the Malayan Government encouraged the Malays to cultivate rubber. FELDA was set up in 1956, and FELDA settlers were mostly Malays. The Government's efforts to develop the rural areas eventually brought the Malays socio-economic development. The Muda Irrigation Scheme was also established with the same objective, although the Scheme was expected to raise padi self-sufficiency.

In all these rural development projects the Malays were dependent on the Government. This dependency was due partly to the Malay nature, but mostly to British paternalism, which took away self-dependence from the Malays and discouraged co-operation. Furthermore, the Chinese and Indians destroyed the traditional Malay commercial mechanism.⁸⁷⁾

On the other hand, FELDA and the Muda Irrigation Scheme were the outcome of an effort to retain the political support of the Malay populace. Two major powers contested the election of 1969. The Pan Malayan Islamic Party (PAS), a communal Malay party, opposed U.M.N.O., which compromised with other ethnic groups. There were also several "non-communal parties," which were mostly Chinese-dominated and condemned the M.C.A.'s compromise with the Malays. The May 13 riot

87) Ness, *op. cit.*, p. 126. Alatas mentioned the Malays' participation in commerce and industry before the British invasion of Malaya. Syed Hussein Alatas, *The Myth of the Lazy Native* (London: Frank Cass, 1977), p. 126.

happened due to this political dissatisfaction. More precisely, the riot indicated the appearance of class consciousness. Thus, as the Third Malaysia Plan indicates, the Government has to change its policy slightly from a pro-Malay policy to a non-communal development policy.⁸⁸⁾ Nevertheless, the pro-Malay policy is still a main Government issue. As a matter of fact, the recent political power shift from PAS to the U.M.N.O. in Kelantan will certainly bring about the implementation of various rural (Malay) development projects in the state.

So far, the Government's projects are working fairly well. But the dependence of the project crops (rubber and palm oil) on the world markets has destabilized the farmers' economic situation. Moreover, the drought in the Muda Scheme may create grievances among the people. Thus the accomplishment of agricultural development is a strong factor in Malaysian politics. The Government should seek to ensure the success of agricultural development in order to stabilize the political situation of Malaysia.

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