The History of Immigrant Labor & the Malaysian Tin Industry

Overview

This paper discusses the role of immigrant labor in the development of the tin industry in Malaysia during the period 1890-1940, in particular, the significance of this pivotal era in Malaysian history that was to exacerbate and entrench the Colonial Malay-Chinese-Indian racial complexes which now underscores every facet of economic agenda and socio-political dialogue in Malaysia. Notwithstanding the 15th century Islamisation of the Peninsula and Archipelago, Malaysia as a nation-state has persisted many centuries hitherto largely unable to effectually maneuver as an autonomous sovereign entity and thus its historical status as a region of exploitation by numerous European and Asian imperial forces.

The Impetus of Immigrant Labor to Malaysia

The Straits Settlements

The Great Age of Chinese Migration

The Rise & Fall of the Tin Industry in Malaysia

Cheap & Highly Competitive Labor

Shallow Mining Practices

Knowledge Transfer of Mining Best Practices

Planned Industrial Development of a Rubber Industry

Deployment of deep “dredging technology”

The Longitudinal Impact of Immigrant Labor to Malaysia

Changes to Demographics

Transformation of Governmental Structures

Modernisation of Malaysian Economy & Infrastructures

Conclusions

BIBLIOGRAPHY

How to cite this paper:

This is a feature article of the Research Development Series. Responsibility for opinions in this paper is strictly with the author, and publication does not constitute endorsement by any other organisation.

The Research Development Series (RDS) is intended to provide quality information resources related to contemporary issues, commerce and global economics. RDS papers are available from the author’s Document Store.

To examine the rise and fall of the tin industry in Malaysia as a producer economy is to demonstrate the inevitable correspondence of the emergence of Malaysia into the industrializing international economy and the actual globalization of capitalist programs originating in the 17th century when Jonathan’s Coffee House evolved to become the London Stock Exchange, the latter driving an agenda for free markets and international trade. By these means it is observed that not only was British Imperialism fateful complicit in the continuing legacy of ethnic turmoil of Malaysia, the present predicament is equally a function of transmission processes via world commodity markets trading (especially in tin) and thereby a conundrum essentially albeit unwittingly and inevitably propagated by the international community at large.

A peculiar feature of the world tin industry of which Malaysia has been the historical dominant producer, is its demonstrable applicability to early world derivatives market trading in terms of the case study it provides of the market price mechanism interfaced with a fully efficient international financial infrastructure, and the lessons this affords economic development policy with respect to extractive industries in developing and industrialized economies concerned with astute economic welfare planning.

The Impetus of Immigrant Labor to Malaysia

Late 19th century Malaysia history is marked by two preeminent and contemporaneous events in world history, namely: (a) the
Straits Settlements as a Crown Colony and (b) the Great Age of Chinese Migration. The Confluence of these events foretell the modernization struggles that continue to beset the people of contemporary Malaysia.

**The Straits Settlements**

By the Anglo-Dutch Treaty of 1824 (The Treaty of London), an agreement emerged between the United Kingdom and the Netherlands to divide the Malay archipelago into a British zone in the north and Dutch zone in the south. This facilitated the continuing trading activities of the British East India Company in Southeast Asia whereby Singapore and Hong Kong as well as Malaysia would form key eastern trading posts. In 1874 the Pangkor Treaty between the British and Raja Abdullah of Perak signaled official British involvement in the policies of the Malays be means of a Residential System of indirect rule, of which control of tin mining was among the chief concerns.

**The Great Age of Chinese Migration**

This event occurred between 1870s and 1920s when many thousands of Chinese emigrated to various urbanizing regions of Southeast Asia. This monumental historical world event was itself spurred by some profound events in Chinese history such as: general overpopulation; the aftermath of the Taiping Rebellion between the Qing Empire and a Christian group, which is remembered as the bloodiest civil war in human history; a gradual erosion of northern Chinese Manchu power; and the emergence of Western influences. The rich mineral deposits of Malaysia attracted large numbers of Chinese.

While tin mining had occurred in Malaysia for centuries, it did not become specifically organized nor industrial scale until the 1850s when large tin deposits were discovered in the Larut area of Perak followed by further discoveries in Selangor and Kinta Valley of Perak. Hitherto, there had been a general prohibition upon direct exports of tin, however, arrangements between the Straits Merchants and Malay rulers resulted in the grant of permission to mine tin for export production on the condition that the Malay Rulers would accrue tributes and taxes upon the predominantly Chinese privately operated mines.

---

**The Rise & Fall of the Tin Industry in Malaysia**

In the Southeast Asian maritime world of the 19th century, the Malaysian economy initially grew on tin exports although by the turn of the century rubber would surpass tin as the leading export commodity. The manner in which the British Administration operated spheres of influence and direct colonial rule was such that the colonial economy was stratified with a peasant class of subsistence farmers, an indentured labor class of immigrant workers mostly belonging to the Chinese kongsi, a cooperative type of business arrangement, and an upper class of indigenous Chieftaincies that collected tributes and taxes from tin mining activities.

British colonial practices in the Straits Settlement of Malaysia were effectively to control mineral extraction to the industrialized world using newly developed European tin smelting technology and steam shipping transport. The British Administration policy of “divide and conquer” combined with a “system of dual civil administration” was structured around the objective of development of export-oriented economies supported by infrastructures that facilitated efficient vertical integration of primary industries and manufactured goods. Thus the three regions of Malaya, Sabah and Sarawak were subjected to patterns of industrial production according to the demands of international commodity and consumer markets and ultimately to become peripheral economies of the larger world economy. Commodification of both minerals for export and agricultural output for regional consumption coincided with the expansion of government and institutionalized bureaucracy. This inferred to a large extent inhibition of the indigenous peasants by encouragement of sedentary wet-rice farming to support the immigrant workers and for purposes of intra-regional trade.

The British set about building roads, bridges, harbors and railways. Between 1885 and 1996 the first stage of railways development involved short latitudinal lines on the western half of the peninsula specifically for the tin mining industry. Thus the first railway from Taiping in Larut to Port Weld on the coast was
opened to link the tin producing regions to the coastal ports to be shipped to Penang and later Singapore for smelting and export (mostly) to Britain. At this time costs of transport favored large clients and in this way the early infrastructures not only supported vertical integration, connecting Chinese mining enterprise with Western smelting and steam shipping technology, but also greater and continued foreign corporate dominance of the economy.

At this time external demand from countries of Europe and America for tin plate were mostly for food canning and the manufacture of barrels for petroleum. Accordingly, the Malaysian economy was thus organized to escalate tin mining and export production rose from 10% of world total output in 1874 to 55% of world output in 1895 whereby Malaysia had emerged as the world’s largest supplier of tin.

The influx of Chinese enterprise to Malaysia was especially opportunistic and timely. Their remarkable successes were threefold owing to: (a) Cheap and Highly Competitive Labor; (b) Shallow Mining Practices; and (c) Knowledge Transfer of Mining Best Practices.

Cheap & Highly Competitive Labor

Two systems were operated by the Chinese to recruit their own kind to work the tin mines. Firstly, a Credit-Ticket System was used to bring new immigrants (sinkheh) to the Straits Settlements where they were then brokered as Coolies to prospective employers for a fixed indenture. Another system, known as Hun System was much more risqué and involved a tribute remuneration depending on the success or failure of the mining venture. By the time of 1914 the Hun System was banned.

Altogether, the Chinese recruitment programs resulted in more than 189,000 employed in tin mines during 1911, however, due to ascendance of European mining operations combined with their “dredge” technology, this number gradually declined and by 1936-1940 had diminished by 81%. Notwithstanding, the cheap labor from China was simply the most competitive at the time.

Shallow Mining Practices

The Chinese relied on labor-intensive, low-technology methods to excavate. In the Larut mines, already cheap labor costs accounted for up to 67% of total production costs and this was the operational standard. As a result of their open-cast method (lombong), it was most practical for the Chinese to search and secure new and easy sources of ore instead of mining existing sources more intensively.

Knowledge Transfer of Mining Best Practices

A communication flow from the gold fields exploration facilitated knowledge transfer to the tin mines, which is a mineral found to be amenable to similar extraction methodologies. Best practice techniques such as the Chain Pump (water wheel), Gravel Pump and Hydraulics Skimming were borrowed from the Australian Gold Fields in the same way that the Chinese reverted to usage of bamboo water pipes employed in the rice fields of Southern China as the situation demanded. Steam Engine technology of the 1880s expedited mining activities, mostly in terms of management of flooding practices typical of most mining methods.

It is certain that the Chinese were the mobilizing force behind industrialization of the tin industry in Malaysia since productivity of their original open-cast method far superceded the rudimentary indigenous Malay panning method which had been employed for centuries in fields at Selangor and Negri. However, the pioneering work of the Chinese could not have yielded commercial scale operations without the downstream economic enablers of infrastructures, government policy and of course smelting done by the Straits Trading Company in Singapore and European operated steamship transport services all of which had been provided and coordinated by the British Administration, and always to satisfy their ultimate objectives for the colony. Thus, it is little surprise that that the Europeans would seek to break the Chinese monopoly of tin industry in Malaysia. A strategic British Administration usurpation of Chinese dominion in Malaysia occurred by means of two specific undertakings that effectively dissipated the “stronghold” of Chinese enterprise. These were namely, the: (a) Planned Industrial Development of a Rubber
Industry; and (b) Deployment of Deep (and Expensive) “Dredging Technology”.

**Planned Industrial Development of a Rubber Industry**

Some level of mutual agreement between the British and Dutch governments in Malaysia resulted in a coordinated retaliation against Chinese Coolies who had drastically changed both the ethnicity and social power relationships in the colony. A recent British Administration experience with Tamils from the Ceylon plantations of southern India combined with both British and Dutch capital capable of erecting an entirely new industry in Malaysia ultimately led to the planned industrial development of a rubber industry in Malaysia¹, which had both the climatic, labor, and civil administration compatibilities, if not surpassing that of Brazil, where rubber was known to provide a useful intermediate industrial good demanded by the world economy. Thus a concerted program of recruitment of Indian Coolies to counterbalance the Chinese influx culminated in the Tamil Immigration Fund of 1907 which also coincided with the Malaysian Rubber Boom. This immigration fund subsidized and systematically organized a large scale assisted migration program specifically for southern Indians such that in 1909 there were 21,963 recruits to Malaysia and less than two decades later that figure had escalated to 91,236 assisted Tamil immigrants.

**Deployment of Deep “Dredging Technology”**

The Europeans developed and introduced the dredge, a colossal mining machine that effectively revolutionized the scale of mining economies. Prior to World War I, the British had acquired a mere 25% of Malaysian mining output, however, after World War I, the deployment of the dredge vastly improved tin yields from mining operations. The dredge was a platform device that worked by flotation upon an artificial lake and is suited to areas of alluvial mines prone to flooding. Deployment of the dredge, though expensive, proved highly efficient, and by 1929 the British had attained more than half the Malaysian output. Thus the capital intensive dredge production method ensured that by 1931, British tin mines accounted for 65% of total tin output. Over the same time period Chinese output of Malaysian tin fell from 75% in 1913 to about 30% in 1937 and this is similarly reflected in the redundancy of the Chinese capital to labor ratio. Hence from 1928 to 1933 Chinese labor force was severely cut from 119,550 to 51,980.

Malaysia’s share of world tin production was 38.4% (or 51,377 tones) in 1913 and declined to 37.3% (or 77,542 tones) by the time of 1937. The minor decrease in world share coinciding with incremental increases of world tin production over the same period by countries such as Netherlands East Indies, Siam and Nigeria. Overall, by the time of 1916 the rubber industry surpassed tin mining to become the leading export commodity in Malaysia. The fundamentals of the rubber industry in Malaysia had simply proven to be more world competitive and cost-efficient than tin mining.

**The Longitudinal Impact of Immigrant Labor to Malaysia**

The story of Malaysia’s economy during the period 1890-1940 was in the first part the massive influx of Chinese Coolies by natural processes of Chinese enterprise, and in the second part the equally massive inflow of Indian Coolies by means of coordinated government programs to moderate the ethnic and political balance within the colony. It was the tin industry that propelled Malaysia into the world trade arena, however, by strategic colonial administration, an equally viable and more lasting economic venture was mounted in the form of the transplanted rubber industry which is characterized as having a seamless affinity with the Malaysian context in terms of year-round seasonality for tapping, absence of tropical disease epidemics and an self-evidently robust and progressive colonial administration. The longitudinal impact of immigrant labor to Malaysia during this period may be summarized as: (a) changes

---

¹ European operated plantations in Malaysia as early as 1898 and predated Asian Smallholdings which only commenced in 1907 when some 80,000 hectares were planted as compared to 6,800,000 hectares controlled by Europeans. By the time of 1921, The Asian Smallholdings of 412,800,000 hectares planted had nearly caught up to the European effort of 493,700,000 hectares.
Changes to Demographics

Altogether, the population demographics had been altered by Chinese, Indian and Javanese immigrants. The shock of the 1932 Census result was that Chinese and Indians combined totaled 53.2% of the total population. This was even worse in the Federated Malay States where the non-Malay population was 63.7% and a phenomenal 71.5% in the Straits Settlements.

Transformation of Governmental Structures

Catastrophic disruption to the Negeri System of government occurred with the entrenchment of the British Administration in Malaysia and the coordination of indigenous Malays toward a sedentary wet rice cultivating society. Whereas under the Negeri System a Sultan ruled above territorial chiefs who were geographically dispersed along strategic ports of the course of a natural river and the attendant ruling class centered on riverine commerce, British Colonization meant that the power structures of this Negeri System were to substantially dismantled if they could no longer rely on Corvee (slave) Labor for land clearing and infrastructural construction. The wholesale economic migration to a waged labor force effectively deconstructed the foundations of Corvee Labor under the Negeri System. Over time, the implicit status of the ruling and upper classes were transformed through education and enculturation to positions of power in the European bureaucratic tradition.

Modernisation of Malaysian Economy & Infrastructures

Transportation is the predominant feature of Malaysian modernization during this turn of the century period. While local coal mining product was used mostly for domestic industry, a vast and sophisticated transportation network, though piecemeal and incremental in design, evolved as a consequence of the new railways, steamships, combustion engine (motor vehicle and thus roadways), and extensive ports development. Infrastructures projects combined with civil governance enabled proliferation of localisation economies that propelled greater processes of urbanization.

Conclusions

Contemporary Malaysia represents a true composite of races, cultures and civilizations and to some measure it is perhaps in the nature of things given that Malaysia itself is a geological consequence of the processes of continental accretion, the geological formation of the Southeast Asian landmass. From this well-spring of geographical position was formed the 400 km wide Southeast Asian Tin Belt which extends 2800kms from Burma and Thailand through peninsula Malaysia to the Indonesian Tin Islands of Bangka and Belitung.

Through time, the invisible hand of capitalism has proven less pertinent to Malaysian economics then the well-worn Bornean saying that “water unites, but land divides”. This is startlingly true of the manner in which the westward flowing rivers of Malaysia eroded the main range granite mountains of the Peninsula to uncover tin, gold, copper, aluminum and other useful mineral deposits that would inevitably spur the country’s socio-economic transformation; and of the vast inland river systems that have provided a geographical basis for the original decentralized sultanate structure of social organization as much as the continuing nodes of water transportation; and also of the mostly steamship passage that brought many of the Chinese, Indian and Javanese economic immigrants to Malaysia. Together the water courses over and around Malaysia have surely united these diverse peoples, yet as the inhabitants of pluralist Malaysia would all too readily cede, the land divides them.

2 The Chartered Company signed an agreement with the Dutch government in the Netherlands East Indies to recruit indentured labor. During the years 1914-1937 some 10,000 Javanese were recruited under this system to work in Sabah.
BIBLIOGRAPHY

Texts


Journal Articles


Internet Articles


