

INSTITUTE OF CURRENT WORLD AFFAIRS

GDN-35
Sabah and Sarawak:
Mild Indigestion in Malaysia

28 College Green
Singapore 11
Malaysia
8 April 1964

Dear Mr. Nolte,

Two years ago, I visited the eastern Malaysian states of Sabah and Sarawak, then colonies of Great Britain. Last month I returned to try to assess what two years of modern political ferment had brought. Two years ago, despite serious opposition to Malaysia, it seemed that the emergence of this larger Federation would materialize. There was simply no other way to solve the pressing and intertwined problems of integrating Singapore with Malaya and freeing the Borneo colonies before they became the object of violent attack from the "emerging forces" in the region. Today, despite the teething problems of a new administration and some mutual distrust, Malaysia seems destined to last. Again, one can see no alternatives. Neither Sabah nor Sarawak are viable independent units, Britain is gone and the clock cannot be turned back, and the current raids on the border by Indonesian guerillas only serve to make this a rather universally accepted fact.

Between my two visits much has changed and much - at least superficially - has remained the same. The strongest impression I received, however, was one of impending radical change. Things are beginning to happen. Under the facade of sameness new forces are emerging, forces more powerful than any yet experienced, forces slowly but inexorably building into major determinants of life in the two states. Most of these forces are healthy ones, and most of the changes they herald can be welcomed. But they will not come to fruition without tension and conflict. Some people are going to be hurt.

Many of the changes over the past two years are striking and visible. Everywhere there is the same building boom that Malaya and Singapore have experienced on a larger scale for the past decade. Jesselton, Sabah's small but modern capital-port bristles with skeletons of new multistoried shophouses and hotels, set on a broad expanse reclaimed from the sea. On the outskirts of the city, suburbs are springing up at dizzying rates as local contractors feverishly attempt to cash in on the great demand for housing. Two years ago the striking new housing developments included a small low-cost housing development for Jesselton's squatters, and spacious houses and luxury flats for the civil servants. Today the developments are for the rapidly growing middle and lower middle classes.

The same can be seen in Sarawak. The capital, Kuching, still retains the charming demeanor of an English country estate with broad greens and large houses, a stamp placed on the town by the English country gentlemen who ruled as White Rajas for three generations before 1946. The greens remain intact, but the entire town now exudes an air of busyness. There are now two stop lights and many modern neon street lights; the port is more developed, and

three "luxury" hotels take the place of the one of two years ago. Around the town new small factories have appeared where two years ago I remember only rain-washed tropical vegetation.

There was even a striking change in my favorite Bornean town - Sibuluan - a river port somewhere near the middle of the country. Flying in I saw new areas recently cleared and planted with new rubber where before I had seen nothing but mile after mile of thick jungle, broken only by the broad, brown rivers that twist their tortuous way through the lowlands. The river is broad at Sibuluan, for the town is built on a huge bend that makes the river appear to stretch away for miles in all directions. The activity on the river is feverish and exciting and still gentle and placid. Along the port and the river bank are tied boats of every imaginable size and function: the chunky steamers that ply the South China Sea between Singapore and the Borneo ports, the long double-decked Chinese launches that make the ninety mile, ten hour trip up river to Kapit; small, sturdy government launches, smaller sampans with outboard motors, and the smallest and fleetest speedboats, cabin cruisers whose fifty horsepower outboards take their seven passengers skimming over the water to every town up and down river. The change here was primarily one of quantity: more boats, more motors, more of the wildly colorful human activity that gives Sibuluan its distinctive charm.

Confrontation has also brought its own brand of physical change. Two years ago Kuching airport was a sleepy windblown terminal that came to life once or twice a day as a few passengers trickled off the dependable old DC-3's that were the common flying stock of Bornean air travel. Today Kuching airport is alive with huge jets, four-engined transports that rattle windows for miles around in their deafening take-offs, helicopters that bounce about like mixed up grasshoppers, jet fighters that scream in with parachute breaks billowing out behind; troops in jungle green and full gear stand about waiting for trucks into the country or airlifts out; anti-aircraft guns, sand-bagged and trailing great complicated looking boxes of electronic gear and radar disks; all proclaim a state of emergency and war. It is a war that is not much felt in the towns, where we hear of it in terms of a major skirmish in which two border raiders have been killed.

There are other signs of change, less colorful and less purely physical in their manifestations. Now a normal round of interviews in government takes one to elected cabinet ministers and the two Chief Ministers (when they are in town). One is now more careful to nose about to talk with important politicians who are not on the inside. Here a new party is forming, there a party man works more obscurely outside government. One also asks what the opposition is thinking and doing and what is going on in the local councils that are filled with elected members. Elections have come to Borneo in the intervening two years and the structure of power is perceptibly changing from bureaucratic to political.

Malaysia and independence have also brought the beginnings of a government reorientation towards economic development. Sarawak now has a sophisticated plan for the period 1964-68, a new state development planning committee and divisional development committees, at the top of which sits the elected Chief Minister. The development plan for the next period envisages public investment of M\$300 million, about twice that of the last period. Sabah, too, is moving

in this direction, though more slowly. Two years ago the financial secretaries were explicitly opposed to planning. They argued that anyone could see what needed to be done, that it was better to get on with the job than to waste the time of some official who would produce nicely bound and edited plans that would have to be changed before they came out of the binders. Now these same secretaries, or one at least, acknowledge the value of taking a systematic look at the economy, what its overall problems are, and how state resources can best be allocated to build a more productive economy and a better society. In Sabah, too, Malaysia has meant a doubling of the rate of public investment.

Along with all this change, however, there is an uneasy impression of sameness; uneasy because it appears unnatural and unstable, and because there are unmistakable sounds of opposition to it. There is the continued British presence in the government and in the economy, there is a continued "bureaucratic" ring in the development programs, there is a continued opposition to Malaysia, and there is still the same woeful underpopulation of both states.

The most uneasy impression arises from the continued British presence. Government is still very much an affair of the expatriate officers. Although one talks with elected leaders, if one really wants to find out what is happening in the area of development, one talks almost exclusively with British officers. Even in the case of elected ministers, one finds a European voice standing between the request and the interview granted. I met one disturbing case of this while waiting for an interview with one of the Chief Ministers. I was sitting in the office of his competent and pleasant British secretary of rather considerable anglo-saxon proportions. There was a meek knock at the door, it was pushed open slightly, and in squeezed a somewhat embarrassed local Chinese. He stood like a schoolboy not knowing what to do with his hands as he talked with the secretary, in tones that I can only call deferential, about seeing the Chief Minister. I recognized him as one of the Ministers I had interviewed the day before. Gracious lady that she was, the secretary tried to put him at ease with a pleasant smile and a trace of formal deference in her voice. She did not refer to my scheduled interview, implying that the Minister would clearly have priority, but nonetheless conveyed the idea that the CM would unfortunately most probably not be available. She was confident, he uncomfortable; she tried to put him at ease, he was obviously relieved at being able to leave. The political leaders of Sarawak and Sabah have not yet taken control of their bureaucracies, they do not yet feel confident in rule, and the continued presence of the more articulate and more confident British personnel, however deferential they may be formally, cannot but obstruct the development of this confidence.

The new development programs are patterned on the forceful and successful rural development program in the Federation. Far more advanced in Sarawak than in Sabah, they are rational and formally efficient in appearance. The only thing they lack is life. Nothing seems to happen, though of course it does. The plans are more bureaucratic than political. They are not, as they were in Malaya, visible and jazzy, infused with a sense of urgency and drama. They are born out of a cold attempt to increase productivity (by people who really do not know much about it) rather than out of a sense of the necessity of demonstrating that the new elected government is truly a government of the people and that it can do some new things for the people - the voters. The political leaders of Sabah and Sarawak do not yet seem to understand what it

means to use the instruments of rule to mobilize voter support on a statewide basis. Nor could they really be expected to understand this, for independence or self rule came quickly and easily to them. They were given power; they did not have to fight, organize or mobilize voters to obtain it.

Two years ago the expatriates argued that Malaysia would not mean their immediate departure. "They want us to stay, especially the natives, to hold these positions open until they get enough training to fill them themselves. They know that if we left now, only the local Chinese are qualified to take over, and that would make the administration too unbalanced." This was the common expatriate evaluation throughout Sarawak and Sabah. At that time, however, emerging local leaders like Sabah's Donald Stephens were pressing for more rapid Borneanization. Today the argument of most elected leaders, especially from the natives, echoes the old expatriate argument of two years ago. In addition, a new element is added. "The British must stay to give us time to raise up native officers. If they go now the administration will be swamped with Chinese and Malaysians, and we'll have trouble all around." In the lower ranks of the bureaucracy and outside of it, however, there is mounting criticism of the slow speed of Borneanization. I have heard lists of native names allegedly capable of taking over higher posts, and I have heard the familiar accusation that the expatriates are not in a hurry to leave and are using the old argument to protect their own positions. There is also the spark of opposition to the terms of the Malaysia agreement, which were largely written by the expatriates. In this the expatriates have obtained the assurance of large lump-sum payments (sometimes as much as £10,000) in compensation for loss of career. At the same time, they need not give up their careers: they are guaranteed at least four years in Sarawak and ten years in Sabah. Unlike even the favorable terms in Malaya, where expatriates obtained their compensation for loss of career only if they left the country, in Sabah and Sarawak one gets the cake and can eat it too.

In this case the Malaysians are cast in the role of ultra-nationalists. The small group of Federal officers in the eastern states want to see more rapid Borneanization. In the old argument for a balanced administration they see an unconscious attempt on the part of expatriates to drive a wedge between Malaysians and Borneans. "What are they talking about, being swamped by Malaysians? Malaysians don't want to come here, and the government employees unions have taken a strong stand that officials should not be sent over unless they volunteer." Malaysians also point out that in many cases they have agreed to come to help only if the state would provide a local understudy to take over the job, only to be told that there are no qualified people that can be spared. And they have come up against some foot-dragging even among the local officers. "I asked this fellow if he wanted to work with me on this job so that he could learn it and do it himself. He said no, he wanted to go home at 4 o'clock. I told him if the Borneans want to take over their government they'd better be willing to put in some extra time and effort to do it; they can't talk about Malaysians wanting to come over to take their jobs if they aren't willing to do it themselves."

The most vocal opposition to things unchanged appears to come from local businessmen, who find in the continued foreign economic presence a source of mounting irritation. One local entrepreneur-type complained of the thousands of square miles of concessions held by foreign, and some local, timber firms in Sabah's fabulously rich eastern forests. The concessions are held practically in perpetuity, which many locals feel is rather longer than necessary to

guarantee responsible management of forest exploitation. An official of the natural resources explained to me that they were trying to promote native (meaning indigenous non-Chinese) timber concessions, and pointed with pride to the 150 square miles of forest land given in long term concessions to natives near Sandakan. He was somewhat less than comfortable when I asked for comparative figures and found that the dozen or so large firms hold some 6-8000 square miles of concessions.

Another local businessman complained of lack of godown (warehouse) space. "The municipal godowns are all rented out and the leases carry an option to renew for the lessee. Everyone wants them because the rent is so low, but now only the British companies have them." And yet another complained of delays in obtaining transport licences so that he could start a trucking operation, noting also that a foreign firm had its request rushed through before Malaysia by compatriots in the state government.

Against the growing local opposition the elected leaders of the states argue - quite rightly - that the states need foreign investment and they do not want to take measures that will drive it away. Local businessmen are not terribly articulate in countering this, but it is clear that to them this is not the issue. They do not want the removal of foreign business interests. They want both more attention to encouraging the mobilization of local capital, and a greater opportunity to compete equally with the foreign firms. To them it means an end to favoritism in government, an end to the club and old school ties that made government always more responsive to requests from "responsible" firms than from shaky local ventures; and of course nothing could be more responsible than the venerable foreign firms that have contributed so dramatically to the development of the east for the past century or more, and whose managers went to school with the state officials.

The continued opposition to Malaysia, now manifest in strained relations between state and central governments is one of the thorniest issues facing all Malaysian leaders. The cause of the strain lies on both sides of the sea: the Federation government continues to show a lack of sympathetic understanding of the eastern states, and the leaders of the eastern states continue to show a partly unfounded mistrust of the central government.

The balance of state and federal sources of strain can be seen fairly clearly in the different experiences of Sarawak and Sabah. The choice of the federal representative in Sarawak was a particularly happy one, the choice in Sabah was unfortunate. The Malay nobleman posted as Federal Secretary in Sarawak is the epitome of the diplomatic, non-aggressive type the situation seems to demand, and for which the background of a Malay aristocrat especially prepares one. The well-educated, suave Malayan Chinese posted as Deputy Federal Secretary in Sabah demonstrated some of the impatience and sensitivity that could only lead to trouble in such a situation. In Sarawak the Federal Secretary handled a very explosive situation - a riot in which undisciplined Malayan troops indiscriminately beat-up local Malays - with considerable skill and tact. He saved the situation and won the admiration of the entire community, not the least of the expatriates. In Sabah the Deputy Federal Secretary was accused - by the expatriates - of acting like a colonial governor general. His own public allegations - that "some officers" are sabotaging Malaysia - were not conducive to harmonious relations.

In its handling of the eastern states the Federal government has not always shown an appreciation of the local situation. There is free primary education in the Federation, but not in Sabah and Sarawak; and recently, timed for release shortly before the elections this month, the Federation government announced that the school leaving age would be advanced from 12 to 15 - in the Federation only. Clearly the Federation missed a golden opportunity to demonstrate widely the advantages of Malaysia to the small people of the eastern states. "If Malaysia had brought free primary education to Sabah and Sarawak, we would have had the best possible kind of publicity material," an information officer told me. "It would only have cost about M\$5 million for both states, and it would have been something we could have used widely, demonstrating that Malaysia put the small school fees - just a dollar or so a month - back into the pockets of the little people." Throughout the eastern states I heard continued reference from local people as well as from expatriates to the discrepancies between benefits for the Federation and none for the eastern states. And just as in Malaya of 1955, the demand for education in the eastern states is now tremendous.

The mistakes of the Federal government are the result, however, not of ill-will and antipathy as of apathy and lack of understanding. In the eastern states, on the other hand, the mistakes are more the result of antipathy, a continuation of the old anti-Malaysia sentiments. And here the sentiments of the expatriates are most crucial. Again the differences between Sarawak and Sabah are illuminating.

Two years ago I found Sarawak expatriates both partial to the Malaysia proposal and actively working for its successful fruition. Sabah expatriates were hostile in the extreme. In particular, they found it difficult to stomach the rise to importance of local political leaders whom they considered half literate provincials. The causes of this difference were not far to seek. Sarawak was poor and had tasted indigenous political developments, including strong communist agitation, for some years. Expatriates, therefore, understood modern political development and saw the need for a more secure turn in the direction of those developments. Sabah was rich, then enjoying the beginnings of a real timber boom, and there had been no political developments until Malaysia was mooted. Political developments in Sabah came too rapidly, not for the local people, but for the expatriates.

Today the residue of these pro and anti-Malaysia sentiments are still strong. Sabah has experienced a number of minor difficulties especially in financial matters as a result of Malaysia, Sarawak has had none. In Sabah I heard that Malaysia had meant a 30% decrease in the education budget. In chasing down the facts, I found that the 1963 budget was M\$9 million and the 1964 budget was M\$12 million, which was M-2 million less than the education department wanted. That they did not get the M\$14 million, however, was the result of a mix-up in the State Finance and education offices; the Federation government had been very generous and had given the state everything it asked for. In addition, the budget debate in the Federation was postponed last year, resulting in a delay in some allocations for this year. In Sabah this meant that teachers could not be obtained and some secondary school students had been turned away because of the teacher shortage. Again the fault lay with the State rather than with the Federation government; Sarawak had no such difficulties. It was impossible to escape that impression that expatriate officers in Sabah were neither sufficiently well organized nor sufficiently motivated to work out the details that would smooth over this transition period. They were almost unconsciously resisting the change and seemed willing to use any difficulties to deprecate the new administrative

and political arrangements. In Sarawak the opposite was the case. No difficulties emerged largely because the expatriates were both willing and able to make the necessary temporary accommodations to keep the machinery of government moving smoothly.

From the point of view of long term economic development, one of the most disturbing characteristics of the eastern Malaysian states is their underpopulation. The average population density in both states is only about 16 per square mile, compared with about 137 for the Federation, which is by most standards itself underpopulated. Even at the current high rate of population growth, which will double the population in a generation, the next twenty years will advance the states to only about 30 persons per square mile, somewhere near the density of the most sparsely populated state in the Federation, Pahang. The most obvious and the most severe shortage of the factors of production is labor. Whatever new possibility one considers for promoting new development and production increases, one comes up against the severe shortage of labor - unskilled as well as skilled. Some officials concerned with development acknowledge privately that the states would grow far more rapidly with two or three times - even perhaps with ten times - the present population.

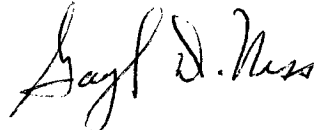
On the other side of this acknowledged shortage, however, is the States' insistence on controlling and limiting immigration. They feared being swamped with Singapore's unemployed, and in the Malaysia agreement they fought for and obtained the right to control immigration, even from other states in Malaysia. Instead of diminishing, the desire to remain isolated seems to have increased. The general and unfortunate distrust of the Federation in the eastern states is reenforced by the desire of local contractors and professionals to maintain their envious position in what is to them a seller's market. The economic interests can be overcome, because there are balancing interests within the states, manifest at least in the impatience of people who must tolerate six months delays in construction schedules. As long as the mistrust continues, however, it will be impossible to raise the question of immigration to the level of rational discussion. And as long as the immigration policy remains a negative one, the states will continue to forfeit one of the most active stimulants they could have for economic growth.

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On the whole the difficulties of Malaysia appear formidable. They are not, I think, insurmountable. Nor do I think they will prove critical to the continued existence of the new Federation. Along with all the expostulations, the signs of opposition and distrust, one hears continued acknowledgement of the absolute necessity of making a go of it. No one, not even the one articulate and powerful opposition party, the Sarawak United Peoples' Party, wants to turn the clock back. No one thinks the British will or can come back. No one thinks the states are viable independent units; and certainly no one wants to join with Indonesia. The difficulties are teething problems, as Donald Stephens has called them. One can foresee a successful cutting of new teeth. It will certainly mean, however, the emergence of stronger local leaders, whose power is based on a mobilized electorate. This will in turn mean more active political control of the bureaucracy, and a more rapid pace of Borneanization. Although the relations between the expatriates and the local

people has been one of mutual admiration and trust, it is a fair guess that this will be broken at least by a temporary period of strong local anti-British sentiment.

Sincerely,

A handwritten signature in cursive script that reads "Gayl D. Ness". The signature is written in dark ink and is positioned above the typed name.

Gayl D. Ness

Received in New York April 20, 1964.