



# Global trade and political continuity: The rise of timber tycoons in Sarawak, 1945-1963

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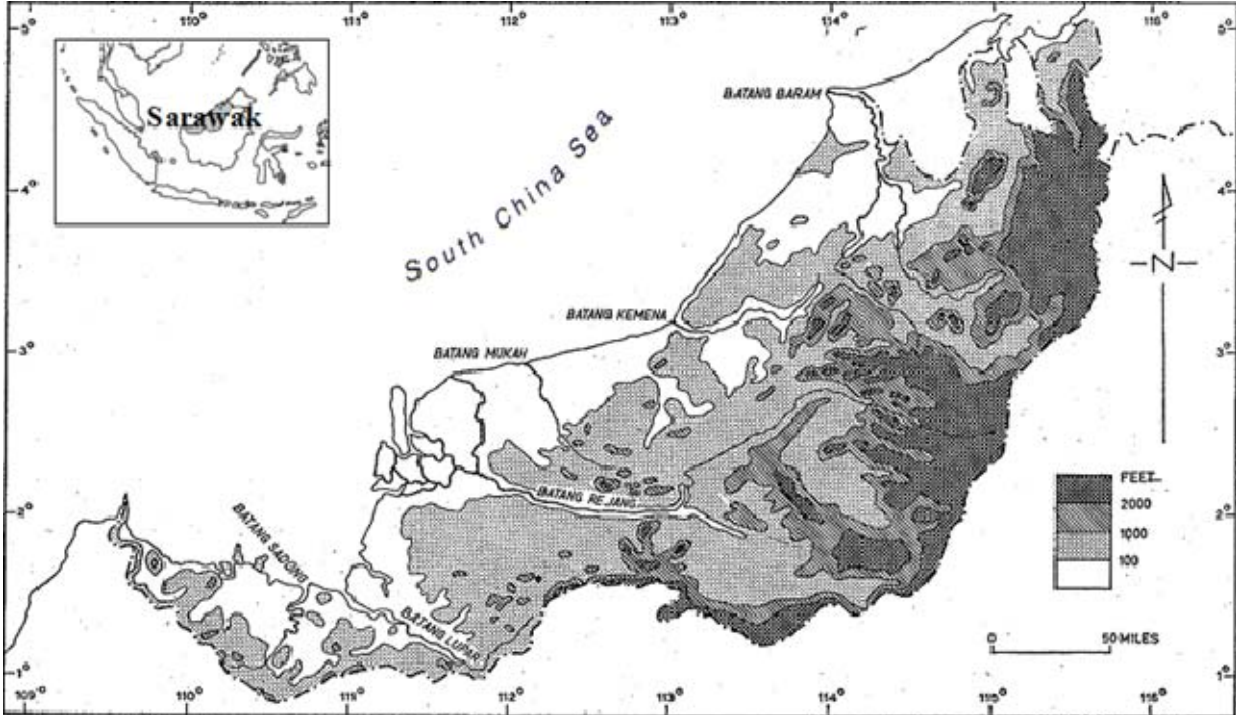
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Figure 1 Map of Sarawak



Source: Adapted from Jackson (1968, p.33)

## 1. Introduction<sup>1</sup>

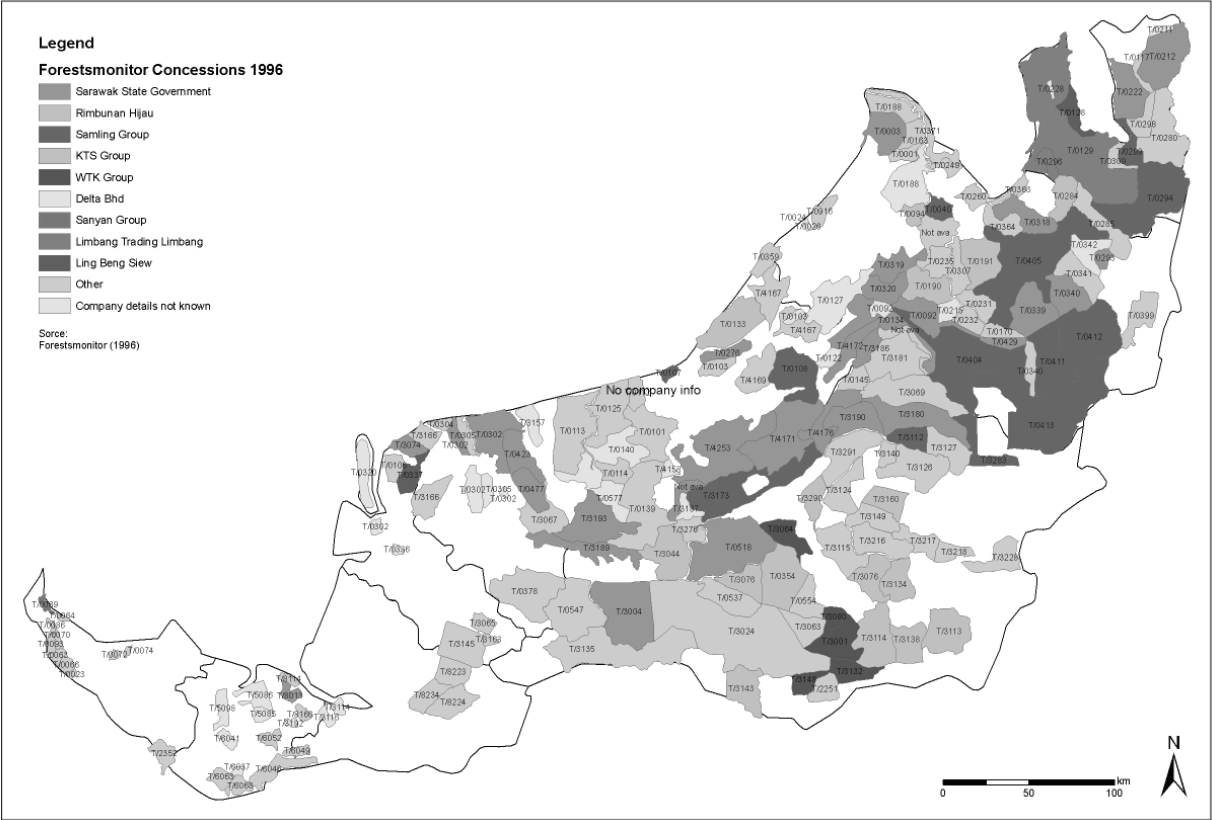
In the 12<sup>th</sup> Malaysian general election, the Sarawak ruling coalition won 29 out of 31 parliamentary seats in Sarawak thereby contributing quite decisively towards the victory of the incumbent, the Barisan Nasional (BN) at the federal level general election. Comprising several regional political parties headed by Sarawakians, it is indicative that the Sarawak Barisan Nasional's (BN) support for the federal Barisan Nasional is nowadays regarded as its 'fixed deposit' i.e. that the Sarawak BN can be relied upon to deliver critical political support for the BN in the polls.

It has been argued by some analysts that Sarawak politics has become akin to that in Peninsular Malaysia in recent decades, at least in terms of the strengthening of Sarawak's political institutions and how in Sarawak, politics nowadays is also organized along ethnic and religious lines, whereas it tended not to be so prior to the formation of Federation of Malaysia in 1963 (Leigh, 1988a). That said, it can also be argued that its distinctive geography, ethnic composition, different colonial experience, and relatively greater autonomy of the state government vis-à-vis Kuala Lumpur, have contributed towards the emergence of a distinctive Sarawak model of politics characterized by a weak state, domination by local strongmen politicians, and widespread money politics. In this model of politics, state institutions and policies are very much subjected to the private interests of the Chief Minister and a clique of his cronies, comprising cross-ethnic political allies and timber entrepreneurs. While the Chief Minister acts as a strongman surrounded by cronies at the state level, this clique of cronies might also play the role of strongmen at the local or ethnic-community levels. Consequently, a state-wide web of different levels of local strongmen emerges. Usually, these strongmen dominate not only state institutions but also most local community organizations and cultural associations which allow them to maintain power. Critically, it also disallows easy penetration by the federal government or federal BN parties into Sarawak politics. The sustainability of the local strongmen's political control very much lies in their close association with the timber trade that developed in Sarawak in post-World War II period, and which links Sarawak into the global timber industry nowadays. Amidst these developments and the transition from the Brookes administration, to British colonialism, to Independence, this paper attempts to provide an explanation of political continuity in Sarawak politics, especially in the Sibiu region. The paper first discusses the role of government and its accommodative policies vis-a-vis the timber trade. Then it investigates the emergence of the local timber entrepreneurs and their subsequent emergence as strongmen politicians for their ethnic community when they entered into politics beginning from the late 1950s and early 1960s.

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<sup>1</sup> Thanks are due to Francis Loh Kok Wah, Frederik Holst and Vincent Houben for their helpful comments on the draft of this paper. Also special thanks go to Universiti Sains Malaysia and Humboldt University zum Berlin for their generous sponsorships.

**Figure 2 Timber concessions in Sarawak, 1996**



Source: Forestsmonitor (1996)

These Sarawak-based timber tycoons who came into the political scene in the 1960s have remained influential until today. Figure 2 shows that besides the state government, Rimbunan Hijau and Salim Group were the major largest timber concessionaires in 1996. Older timber corporations such as K. T. S. Group, W. T. K. Group, Delta Bhd, Limbang Trading Bhd. and Ling Beng Siew Company each occupies a small piece of forest land. Meanwhile a huge size of forest estate is worked by other timber companies. All the timber tycoons are closely related to a few important figures in the ruling political parties, especially the Parti Pesaka Bumiputera Bersatu (PBB), the Sarawak United People Party (SUPP) and even the federal-based United Malays National Organization (UMNO). However, the timber tycoons, unlike the principal strongmen politicians like Abdul Rahman Yakub and Abdul Taib Mahmud, do not directly control the state administrative machine. Neither do they get involved directly at the top decision making level. Rather they are politically well connected entrepreneurs exercising their influences in order to consolidate their commercial power. This paper classifies them as local, district or communal strongmen due to their explicit political and economic influences demonstrated at the local government level and in electoral politics in various urban areas in Sarawak, for instance in the towns of Sibul, Kanowit and Sarikei in the Rejang delta.

To an extent it was the British who first sponsored the emergence of patronage politics. As Independence approached in the late 1950s and early 1960s, the British colonial government encouraged and



induced local businessmen to set up political parties and to contest in elections. The entanglement between politics and business did not come to an end but became even more pronounced after the departure of the British and the handing over of power to local leaders. Today the Sarawak state government grants timber concessionaires to two main groups: the Chief Minister's family and his *bumiputera*<sup>2</sup> proxies, and to non-*bumiputera* corporations. These people comprise a segment of the strongmen network headed by the Chief Minister and have become the main source of money supply for the political parties, especially during electoral contests (Aeria 1997, 2005; Kaur 1998). This study limits its scope to the rise of the non-*bumiputera* timber corporations for practical reasons. For data regarding the emergence of the corporations – whose expansion are observable and need to be reported to some extent - are more readily accessible, whereas data on the chief minister's family and his political cronies are less transparent and difficult to access.

A historical approach is taken to trace the rise of timber entrepreneurs concentrated in the Rejang delta during the colonial period from 1945 to 1963. Business rivalry prior to 1970s was mainly between the various Chinese dialect groups. The founders and present day prominent shareholders of The Rimbulan Hijau, K. T. S. Group, W. T. K. Group, Delta Bhd, and Ling Beng Siew's companies all originate from the Rejang River delta consisting of Foochow speaking Chinese. They are the descendants of Foochow farmers who had migrated from Southern China to the Rejang basin in the early nineteenth century. These people can also be distinguished from the rest of the Chinese groups not just by their dialect group but by a strong tradition of Christianity too. Subsequently, their business empire challenged the Hokkien and Teochew merchants' control over Sarawak's commercial activities. In this study which focuses on the Foochow timber entrepreneurs from the Rejang delta, I try to answer two major questions. First, how did the rural farmers of the Rejang delta break the domination of the Hokkien merchant class over Sarawak's urban economy, and by extension the latter's involvement in transnational trade connected to that urban economy? Second, how did the Foochow community, specifically these timber merchants seize political leadership of the Chinese society of Sarawak. In general, this is a study of the emergence of Chinese strongmen politicians in the post-war context, which in turn was related to the rise of the timber trade in the world economy, to the weakness of state and political institutions in Sarawak, and to the workings of local politics in Sarawak which is characterized by the complex ethnic mix.

The introduction of the study includes a brief discussion to the problems in Sarawak politics, and to the geography and demography of Sarawak in the post war period. The contents are structured chronologically and followed by an analysis of the transformation at different stages. The first stage is the

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<sup>2</sup> *bumiputera* can be literally translated as "sons of the soil". It is a legal status that enables particular ethnic groups such as the Malays of Peninsular Malaysia and all native groups of Sarawak and Sabah to enjoy special goodies and treatments such as business licenses, education opportunities, scholarships, government tenders provided by the government.

emergence of rural Foochow entrepreneurs from the Lower Rejang of Third Division who quickly established their economic power by participating in the global rubber trade. The second stage focuses on the rise of timber entrepreneurs from this community in the post-war phase of Sarawak history. Finally the paper explains the continuity of strongman or *towkay* leadership during the British colonial period by discussing the supportive attitude of the British towards the merchant class on the one hand and their repression of the leftist movement on the other, and lastly the social influences of the timber entrepreneurs in a multi-ethnic society.

## 2. Geography of Sarawak

As part of the tropics, the geography of Sarawak is featured with a multitude of rivers, a broad area of river deltas, swampy peat forests and interior highlands. A long belt of muddy plain lies in the coastal region and extending from the coast is a vast plain of tropical swamp forests elevated a few feet above sea level. The extensive low lying plain gives way to the hilly area and interior highlands of the Third, Fourth and Fifth Divisions. The swamps separating the hilly regions and the coast constitute the Lower Rejang, Baram, Saribas, Lupar and Sadong deltas. The swampy forests is the natural habitat for the *ramin* (*Gonystylus* species), the most valuable commodity of Sarawak excluding petroleum in the 1950s. The timber industry at the early phase was largely concentrated in the swampy forests meandering with large rivers that provided cheap transportation of heavy and bulky logs. Hilly and interior regions of Sarawak are heavily covered with dipterocarp forests which could also be found in the tropical forests of the Malay Peninsula and the Philippines. Dipterocarp forests produce a wide range of soft and hardwoods such as *belian* (*Eusideroxylon zwageri*), *cengal* (*Neobalanocarpus heimii*) and *kapur* (*Dryobalanops aromatica*) used for construction purposes and for furniture. As early as the 1870s, *belian* or Borneo Ironwood was logged and exported by the Cantonese loggers of Kanowit to Hong Kong and Kwangtung.<sup>3</sup> Until the mid-1970s, hill forests remained largely untapped due to the difficult terrain and high cost. But this changed with the decline of Philippines and Indonesia log supplies and the proliferation of state logging permits (Ross, 1997, p. 251).

The Rejang River is the longest river of Sarawak, flowing approximately 563 km from the Iran Mountain at the Indonesian border to the South China Sea. It flows rapidly through the mountains and hills of the Kapit Division and slows down when it reaches the coastal plain. Early logging activities, initiated by both The Borneo Company and Chinese loggers often concentrated along the Upper Rejang. The Lower Rejang and its multiple tributaries cover an extensive region comprising the Sibul, Sarikei and Mukah Divisions. At the post-war period, the muddy areas of Lower Rejang became the hotspots of harvesting *ramin* wood. Rivers also remained the chief transportation and sources of livelihood for much of the population. Today, rivers retain their traditional roles particularly for the interior population and the chief transportation between the interior and coastal areas. During the twentieth century, numerous towns such as Sibul, Sarikei, Kanowit, Kapit, Song and Bintangor emerged along the Rejang River and its tributaries. In the 1960 Sarawak population census, there were listed seven towns in Sarawak: While the capital, Kuching appeared as the largest urban centre, Sibul was the second largest and Miri the third. Kuching municipal city is found at the river mouth of the Sarawak River and Miri at the river mouth of Baram River. Besides Sibul, Sarikei is another most populated town and the major

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<sup>3</sup> Smythies (1961), Jackson (1968) and Outram have all mentioned the involvement of Chinese or Cantonese in logging as early as 1870s. Outram adds that the Kapitan of Kanowit is the descendent of the Cantonese loggers. Details of early Cantonese logging activities are recorded in the 122<sup>nd</sup> Anniversary Souvenir Magazine of Kwang Wai Siew Association of Sarikei, Sarawak.

transportation spot on the Lower Rejang. Even until today travel between Kuching and Sibü by road and water has to pass by the town of Sarikei.

## 2.1 Towns and the people of Sarawak

After the cession of Sarawak from the Brooke to the British, the British had carried out major census and re-delineations of administrative district in 1947 and 1960. Reports on Census 1947 and 1960 (Table 1) indicate Sea Dayak or the Iban people accounted for one-third of the total population, the largest ethnic group in Sarawak. The second largest was the Chinese (26.6%), followed by Malay (17.8%), Land Dayak (7.7%) and Melanau (6.5%). This ethnic distribution pattern remains largely unchanged until the present day.

**Table 1 Sarawak population, 1947 and 1960**

<b>Ethnic Group</b>	<b>1947</b>	<b>%</b>	<b>1960</b>
Iban	190,387	34.9	237,741
Chinese	145,158	26.6	229,154
Malay	97,540	17.8	129,300
Land Dayak	42,195	7.7	57,619
Melanau	35,553	6.5	44,661

*Source: Sarawak Government (1947). Annual Report on Sarawak, 1947; Jackson (1968, p. 43).*

During the post-war years, the Chinese community may share a same written language but not a spoken one. It fell into seven major dialect groups as indicated in the Table 2, Hakka and Foochow each comprised about 30% of the total Chinese population. Most of them settled and farmed in the rural districts of First and Third Divisions. Though the Hokkien and Teochew accounted less than a quarter of the total number, they were mainly urban settlers and the Chinese representatives in Brooke and British governments. Cantonese, Henghua and Hainanese were the smallest groups.

**Table 2 Chinese dialect groups, 1947**

<b>Dialects</b>	<b>1947</b>	<b>Percentage</b>
Hakka	45,409	31.3
Foochow	41,946	28.9
Hokkien	20,289	14.0
Teochew	12,892	8.9
Cantonese	14,622	10.1
Henghua	4,356	3.0
Hainanese	3,871	2.6
Others	1,773	1.2

*Source: Jackson (1968, p. 54)*

During the post-war period, the majority of Sarawak population including the Chinese resided in rural district areas. Urbanization took a slow pace in the 1950s and 1960s and only picked up in the 1980s. There were three urban centres, Kuching, Sibü and Miri in 1960 as compared with one only (the Kuching Municipal Council) in 1939. Kuching and Sibü towns were extended and Miri town adjusted

in 1960. Miri District was divided into Miri Urban and Miri Rural in 1947 and 1960. Lower Rejang District of 1947 became Binatang and Sarikei District in 1960. Table 3 shows that Kuching Municipality accommodated a total of 50,579 residents, followed by the SibU Urban Area (29,630) and the Miri Urban Area (13,350). In addition to these urban centers, Sarawak residential pattern manifested in towns, bazaar centers and numerous types of communal villages.

**Table 3 Urban population, 1960**

Urban centres	Population
Kuching Municipality	50,579
Sibu Urban Area	29,630
Miri Urban Area	13,350
Simanggang Town	5,648
Bintulu Town	5,307
Sarikei Town	4,204
Lutong Town	3,039

*Source: Jackson (1968, p.64)*

As the capital city of Sarawak state, Kuching catered the central government departments of Sarawak and the rest of towns like SibU, Kanowit or, Miri were outpost towns launched by the Brooke government. Kuching was found at the river mouth of Sarawak River which lied on the northwest of Borneo Island. It had been made the capital city of Sarawak after the capture of the surrounding areas of Sarawak River by the first White Rajah from the hand of Brunei. The rule of Brooke Rajahs had lasted for about a century until the Second World War. Kuching continued to its central role in British government administration after the war. As the new urban centres of Sarawak in the post-war era, SibU lied at the juncture of the Rejang River and Igan River in the central zone of Sarawak and Miri on the river mouth of Baram River, to the north east of both Kuching and SibU cities.

Early studies (Pringle, 1970) and local accounts note that there was a scattered population of Melanau and Iban in the Rejang basin at the arrival of James Brooke. The Melanaus are primarily settlers of the low-lying coastal plains of the present day Mukah, Sarikei, SibU and Bintulu Division. Today the Melanau community of Kampung Nangka SibU believes that their ancestor came from the estuary of Retus River (Tugau), Tanjung and Kanowit.<sup>4</sup> In the 1960s, Melanaus men were the major source of laborer in the timber industry (Jackson, 1968, p.50). A majority of Melanaus have converted to Islam and the rest remained animist or adopted Christianity. The Muslim Melanaus and Sarawakian Malays are frequently grouped together in the population censuses for their similar lifestyles and perhaps also

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<sup>4</sup> The exhibition of ethnic histories of SibU at Dewan Suarah SibU (August 2000) presented that Melanaus were originally longhouse dwellers. The ancestor of SibU Melanaus lived in a long house called Rumah Bajau nearby the Aup River. Before 1880, they moved from Tanjung River to the river bank of Seduan River. The outbreak of typhoid disease in the first decade of the twentieth century had driven them to move again to the Kampung Nangka of present day. After one of their longhouses was burnt down by a fire, the Brooke government had divided the area into lots for the residents and ever since then they did not live in longhouse anymore.

political purposes.<sup>5</sup> The Ibans is the largest ethnic group of Sarawak. They gradually moved into Sibul Division<sup>6</sup> after 1850 from the Batang Lupar and Saribas of Second Division for the purpose of obtaining new farming grounds (Jackson, 1968, p.45). They migrated constantly northward from the headwaters of Rejang tributaries to the upstream of Oya, Mukah, Tatau and Kemena Rivers during the nineteenth century. Today Ibans are heavily concentrated in the Kota Samarahan, Sri Aman, Kapit, Sibul and Sarikei Divisions. Urbanization has reached the longhouses in the proximity of urban centres like Kuching and Sibul, many Iban youths have studied and worked in cities and eventually settled down there.

After the annexation of the region of Sarawak River in the Northwestern Borneo, James Brooke and his successor Charles Brooke had made several expeditions to the Northeast. To sustain the new rule, forts were established at several locations on the major rivers and tributaries, and Brooke's officer and army were stationed at the forts. The new establishment had largely reduced the possibility of arbitrary taxation by the local chiefs and robbery attacks, and encouraged the movement of traders into the region. Hokkien and Teochew traders opened small posts close to the newly-established government forts<sup>7</sup>, at which they bartered cloth, jars, salt and luxurious accessories in exchange for jungle produce collected by upriver natives. In 1862, the rajah's expedition extended to the Rejang River by building the Brooke Castle at Sibul and subsequently launched several outposts along the Rejang downstream. By the 1880s, there were about thirty attap shops at Sibul mainly owned by Hokkien and a few Teochew traders.

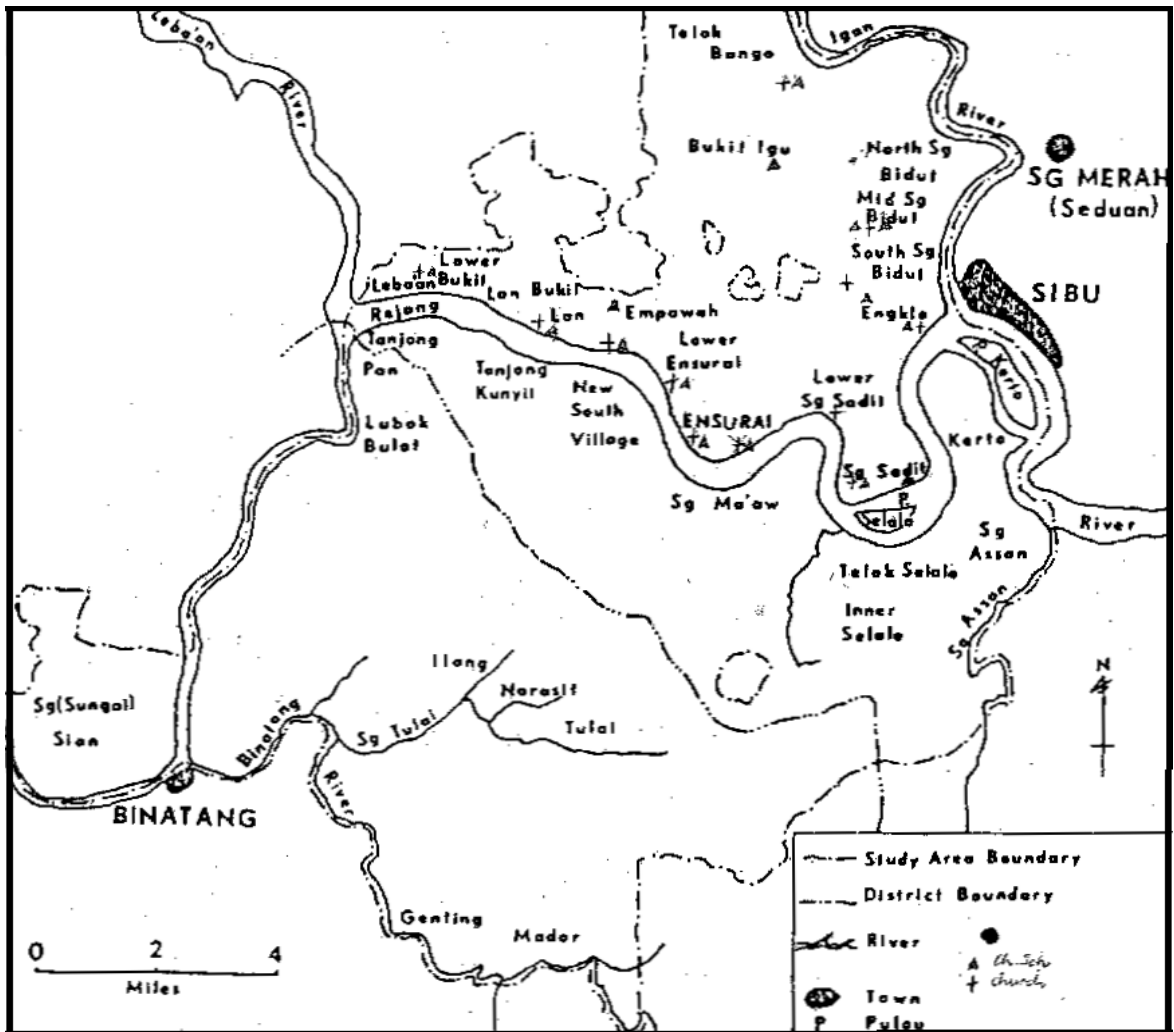
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<sup>5</sup> The ethnic Melanau (Census 2000) consists only 5.6% of the total population of Sarawak. However, with the blessings of the federal Government, the former and current Chief Ministers always belonged to the ethnic Melanau over three decades. Malays account for 23% of the Sarawakian population. Islam has been used by the ruling parties especially the Parti Pesaka Bumiputera Bersatu to unify the two different groups.

<sup>6</sup> Old Sibul Division includes the present day Divisions of Kapit, Sarikei and Mukah. Kapit Division covers the Rejang upstream, while Sarikei covers a large area of Lower Rejang and Mukah the areas permeated by the Igan River.

<sup>7</sup> The first fort on Rejang River was installed at Kanowit in 1851. Hokkien and Teochew traders had ventured to Kanowit after the installation and a few years later Hokkien merchants from Singapore were establishing trading posts on the Rejang River (Jackson, 1968, p.58).

Figure 3 The early Foochow settlements in Lower Rejang



Source: Adapted from Kiu (1997, p.16)

### 3. New settlement: The arrival of Foochow farmers

In 1900, the Brooke government made an agreement with a Chinese scholar, Wong Nai Siong to bring in several groups of Foochow agriculturalists from Fujian Province of China into the Rejang delta, with the hope that Sarawak could then become self-reliant in rice production.<sup>8</sup> During the period of 1901-1902 about a thousand colonists were settled into two groups along the dialect or sub-ethnic line where the Kutien Foochows were located at Bukit Lan and Ensurai on the west riverbank, while the Mintsing Foochows<sup>9</sup> were settled on the east riverbank at Sungai Merah or Sungai Seduan, north to the Sibua bazaar. Soon after their arrival, each colonist was allocated a piece of two hectare land. A large majority of them held membership of Methodist Episcopal Church and the Methodist missionar-

<sup>8</sup> The conditions in China provided the main cause of the Foochow emigration. In addition to economic hardship and natural disaster, the anti-Christian movement led by the Boxer Rebellion of 1900 had intensified the sufferings of Foochow Christians. Refer to Means, N. T. (1935).

<sup>9</sup> Kutien and Mintsing are two different districts in the north of Fujian Province.

ies had indeed played as the Foochow community leaders until the end of the World War Two. The subsequent large immigrant groups were unconverted Cantonese and Henghua agriculturalists. Cantonese immigrants came under the arrangement between two Cantonese individuals and the Brooke government in 1902.<sup>10</sup> The land that granted to Cantonese was on the river bank of Lanang River, a tributary of Rejang and was located to the south of Sibu town. They planted pepper and gradually moved to the upper river. Another group, the Henghuas, came under the auspices of Methodist missionary. For the Henghuas, they were placed on the right bank of the Igan River near Sungai Merah. The expectation of the Charles Brooke government towards the Henghuas was the same as it held for the earliest Foochow farmers. They were brought in for the purpose of rice production and surprisingly their endeavors were quite satisfactory in only a couple of years. The Brooke government regarded the development of Henghua settlement as 'satisfactory' as little money had been spent on the settlement and they were able to supply sufficient rice to Sibu (Lockard, 2009).

### 3.1 The rise of rural entrepreneurs before the war

In contrast to the success of Henghuas in rice planting, Foochow faced failures of rice cultivation in the initial stage. However, the introduction of rubber as a new profitable commodity had changed the fate of Foochow farmers and some prospered after working on the new crop. In 1906, the missionary of Methodist Episcopal Church in Sibu, Reverend James M. Hoover received a thousand rubber saplings from Kapit and bought another three thousands rubber seeds from Singapore<sup>11</sup>. All these were given to his local assistants, Wong King Ho, an ordained Methodist pastor, and Kuok Yew Dew<sup>12</sup> for plant testing at the Lower Sungai Sadit and the Lower Ensurai.<sup>13</sup> During the subsequent years, the Methodist Church had imported another twenty thousand rubber saplings and distributed them among the Foochow farmers. In 1909, the rubber plantation of Wong King Ho was ready to be tapped and his success had motivated the other farmers to rush for rubber plantation.

Rubber booming periods went on and off throughout the first half of nineteen twentieth century. It resulted in the flourish of colony population due to more immigration of family members of the colonists. When the settlements expanded, many farmers eagerly asked for new lands for new cultivations. The first rubber boom was in 1910s but had gradually calmed down in the last quarter of 1920s after

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<sup>10</sup> Teng Kung Suk and Kong Yik Khim were among the Cantonese pioneers who brought the first batch of 676 settlers to Sibu in 1902.

<sup>11</sup> There are several records of the early history of rubber introduction to the Foochow farmers of Sibu and there are slightly different in years, numbers of rubber seeds and sapling, and the roles of James Hoover and Wong King Ho. The information used in this section is largely based on the oral history of Wong King Ho, extracted from a narration (in Chinese text) of Wong King Ho (1966).

<sup>12</sup> Wong received seminary education in the city of Fuzhou and had been one of the earliest Foochow pioneers who served as a Methodist pastor. He also bought about 3,000 rubber saplings from Singapore.

<sup>13</sup> The record of Sarawak Gazette [SG] (1906) on the years and the total number of rubber tree planted are slightly different from the record of a local historian whose works are very much based on oral history.



World War One. And the year 1924 saw the beginning of another boom period. The second boom was again wholeheartedly embraced by the Foochow colonists. Fierce competition occurred with each other at buying gardens or application to the land office for land from several ten acres to several hundred acres.<sup>14</sup> Some mortgaged parts of the lands to a local Cantonese bank for capital.<sup>15</sup> Investments in new works ranged from several thousand to several tens of thousands dollars (Chang, 1955, p.541).

In fact, almost all the rural people of Sarawak including Hakkas, Ibans, Malays and Melanaus were attracted by the good return of planting rubber and had participated in planting rubber during the price hike periods. Many Melanaus who were traditionally sago planters had neglected their sago farms; Ibans of Rejang District opened up rubber plantations at the interior (Jackson, 1968, p.90), and Malay farmers gradually took up. It is worthy to note that several British reports<sup>16</sup> made similar comments of the attitude of Saribas and Krian Ibans and the Lower Rejang Foochows. The Saribas Ibans (the down-river of Second Division) were distinguished from the Ibans of other regions and Malay farmers as well due to their enterprising and industrious qualities in planting new crops and searching for missionary education (Pringle, 1970, pp.193-209). As for the Foochows of Sibü, Charles Brooke and his officers also highly appreciated their working attitude and eagerness to education (Pringle, 1970).

By the early 1930s, rubber had overtaken other jungle produce as the most valuable export of Sarawak. As the feature of Sarawak rubber plantation was essentially smallholding, impacts of fluctuating rubber price at the world market were directly affecting the petty planters. The impacts on Foochow planters were much deeper than the native peasants as the latter only spared part of their time and energy on cash crop while retaining their farms for planting traditional crops especially *padi*. The Foochow planters, however, tended to plunge themselves into specific cash crops, work on a wider scale and spare a small size of land for other cultivation.<sup>17</sup> When the price of rubber dropped sharply for a couple of years, many sold their gardens and went back to China, and some of them even starved as they had no land for planting rice.<sup>18</sup> On the other hand many Foochow planters prospered during the boom periods. Blooming periods had enabled the Foochow farmers to enjoy consumer goods and invest on other industries. In the town of Sibü, shops and firms were established to deal in remittance, groceries and other consumer goods. Some had used small capitals to set up light industries such as

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<sup>14</sup> Many established Cantonese gardens in Binatang were bought over by the Foochow farmers (Leigh, 1988, p.180).

<sup>15</sup> The information can be found in a Hoover's report, cited in Zhu (2009, pp. 114-116).

<sup>16</sup> Second Division October report (SG 665) and Second Division annual report for 1917 in *Sarawak Government Gazette* [SGG], cited in Pringle's (1970).

<sup>17</sup> By the early 1940s, a report showed that the native planters held averaged less than 1.5 acres and the Chinese held averagely 6 acres (Jackson, 1948, p.91).

<sup>18</sup> Cited in Kiu's (1997) book, originally from *Sarawak Gazette* 1920 & 1921. Due to widespread unemployment and poor economic situation during the period of 1920-1921, many dispirited Foochow planters got on boats departing for Fujian.

rice mills, rubber mills, sawmills and steamship companies (Chang, 1955).<sup>19</sup> The growing prosperity of Foochow colonists had been frequently dampened by accidents, wars and fluctuating rubber prices in the global market. A large sum of properties and new investments of Foochow farmers were ruined when a fire razed the whole town of Sibü in 1928. The depression years of the 1930s and the years of Second World War had caused a significant drop of rubber prices and aggravated the misery of rubber planters.

Despite those depressing years, some had actually prospered along the fluctuation period. The end of the destructive war came along with the growth of world trade thrived the economy of Sarawak. Many Foochow-owned companies which have subsequently developed into successful corporations were established in 1950s. The emergence of Foochow economic power had challenged the dominations of Hokkien and Cantonese traders in the towns of the Rejang basin. Traditionally, Hokkien traders dominated the businesses of Sibü, Kanowit and Kapit towns while the Cantonese controlled the Binatang and Sarikei trading activities.<sup>20</sup> By owning wealth, these groups acquired the official recognition of the authority and had greater influences on policy-making. However, rubber cultivation and trade had opened the path for the rural farmers of Sarawak especially the Foochows to accumulate capital and acquire trading skills for the next phase of economic development that involved greater deal of capital and business network.

Several factors have led to the progress of Foochow settlements and their expansion in Central Sarawak and other parts of Sarawak before the World War Two. First of all, a rather lenient land and immigration policy implemented by the Second White Rajah, Charles Brooke, had encouraged the rapid expansion of cash crop planting and immigration of laborers. Secondly, the benevolent leadership and organizational framework of American Methodist Church (Leigh, 1988a; Chew 1990; Zhu, 2009) had not only protected the agriculturalist and labor class from being exploited by their headmen as happened in elsewhere but provided them a ladder of upward mobility. Thirdly the working culture of Foochow pioneers gave the settlements a boost in progression (Leigh 1988a).

Firstly, land and immigration policies of Charles Brooke aimed at new lands cultivation for revenue generation and reducing dependency on the import of strategic food like rice. In the early nineteenth century, several areas in the Rejang delta and suburb Kuching were assigned to the newly arrived

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<sup>19</sup> In his writing of the history of Rejang regions, Fong (1996) noted that steam ships and outboard motor boats appeared on the Rejang River in the 1920s. Most routes connected the town of Sibü and the bazaars along the Rejang such as the upstream Kanowit, Song, Kapit and Sarikei and Bintangor at the lower. Before the World War Two, steam ships with a hundred over horsepower started appearing on the Rejang River. A local account noted that in 1941, there was a two-storeyed passenger ship powered by over two hundred horsepower machine, traveling between Sibü, Bintangor and Sarikei, the major towns of Rejang basin.

<sup>20</sup> Two local banks were run by Cantonese and Hokkien families. At the same time, shipping and trading businesses were under the control of Hokkien merchants (Fong, 1966, pp. 253-254). The most well-known and influential leaders in the town of Sibü was Teo Yien Too. Teo family was bestowed a number of official titles, please refer to page 44 for the details.

Foochow and Hakka peasants for rice and other crop cultivation. Lands were easy to obtain and immigrations of laborers were loosely controlled. When the Foochow farmers switched to planting rubber, they did not face any intervention from the government. Instead the government agreed to allocate more lands when the rubber prospect seemed promising. Intervention of government only occurred when there was encroachment of Foochow farmers into the farming lands of Dayak. During the period of 1920-1926, there were reports on conflicts between Dayak and Foochow farmers and bought over of Dayak lands by the Foochow farmers.<sup>21</sup> To reduce the 'constant bickering' between the Foochow and Dayak peasants, the Resident had restricted the farming and settling areas of both groups. While the Foochows were placed on the west bank, the Dayak farms, as stated in a report in 1922, would be moved to the east bank after their harvest (Kiu, 1997). Despite some interventions, the government of those days in general was pleased to see a gradual growth in rubber export and increasing revenue.<sup>22</sup> The Third Rajah, Charles Vyner Brooke, however, took a cautious approach towards the role of Chinese in Sarawak. He removed the native status of Chinese and issued a major land policy which characterized the entire land of the state into 'Native Area Land' and 'Mixed Zone Land'. This Land Code of 1931 has fundamental impacts on the land laws until the present day. The 1931 Land Code stipulated a few categories of land as Mixed Zone Land, Native Area Land, Native Customary Land, Reserved Land and Interior Area Land. The Chinese have only been allowed to hold the land title in the Mixed Zone Land until the present day.

Secondly, while the state set the underlying rules and principles for the functioning of the whole society, it was the social organizations that provided day to day and workable socio-economic models that were apprehended by the grass roots to deal with their livelihoods. For the Foochow farmers of Rejang delta, the Methodist Church and its missionaries provided a benevolent leadership and organizational framework for their protection and promotion. The first Kangchu of Foochow, Wong Nai Siong and his Methodist fellows did not appear to take any personal advantage of their intermediary role between the Rajah and the new immigrants. An American missionary, Reverend James Hoover succeeded the position of Wong Nai Siong and was bestowed the title of 'the Proprietor of Foochows' by the Charles Brooke. He was a man full of ideas, energy and harbored a puritan ideology. Gambling, taking opium and commercial arrack production were prohibited among church members comprising largely Foochows. Values of hardworking, frugality, economic achievement and wealth sharing were encouraged by Hoover (Cartright, 1993). Hoover had never become a wealthy capitalist but always retained a frugal lifestyle as most of the missionaries. Unlike Hoover, the pioneer Chinese merchants of the first

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<sup>21</sup> Sarawak Government (1909). *SGG*, 11(16), cited in Kiu (1997). In an instruction to the residents of Rejang, no Dayaks or Malays were allowed to sell the lands occupied by them without a grant from the government. If their lands were acquired and allocated to the Chinese, the Chinese would have to recompense the owners for fruit trees or any standing fixtures.

<sup>22</sup> During the rubber slump in early 1920s, the Resident of the Third Division had acquired a thousand over acre of land from the Dayaks and distributed them to 500 Foochow families for rice planting and each plot was charged with a nominal fee.

division had been granted near exclusive rights over the laborers whom they imported, large tracts of land to be worked by their coolies, and a monopoly over the 'farming' of opium, arrack and gambling.<sup>23</sup> Additionally they controlled the import and export trading of the farmers' production. All these enabled them to accumulate handsome profit and retained personal domination in Chinese society.

As the first scholar who takes serious study of Chinese social structure of Sarawak, Tien (1953) notices that Foochows were relatively more ready to join venture with other Foochows to pool resources together. The answer may be laid in the role of James Hoover. Under the leadership of James Hoover, capitalist model of business management (Zhu, 2009) was introduced to the church management members. Hoover initiated various church enterprises including a basic sawmill, a rice mill, and a rubber plantation and factory, an electricity supplier<sup>24</sup>, community schools and town property. The Church got involved in business by contributing capitals and holding shares, the operation work was totally entrusted to church leaders like Liu Ka Too, Wong Kin Ho, Ding Ming Jian, Ling Chu Ming and Ling Kai Chen.<sup>25</sup> Business partnership among co-workers instead of family members was experienced by early pioneers and it had become an early form of cooperation among Foochow Methodist entrepreneurs. Hoover's effective management skills were also manifested in his management of church property. In 1904, the property of church worth only \$1,509, but in 1925, Hoover reported that the church property had accumulated to at least \$250,000 including \$5,000 allocated from the missionary. While the Church was making profits, it supported all the expenses of its schools and churches.<sup>26</sup>

In the early days, private education was only available to the rich and noble such as the family members of urban wealthy Chinese merchants and the children of Malay aristocrats. However, missionary education and Chinese public schools had broken the class and gender barriers by offering either free or low fee education to the public. Despite living in the rural context, the Foochow children had high accessibility to education. Their parents eagerly embraced western missionary institution as well as homeland educational system. Prior to the war, almost all pockets of Foochow peasant settlements had

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<sup>23</sup> Chin, J. (1981), cited in Leigh (1988a).

<sup>24</sup> James Hoover had introduced wood cutting machine, planer, rice mill and rubber mill from the west (Means, 1935, p. 97).

<sup>25</sup> After the World War Two, the two biggest sawmills in Rejang were Lee Hua Sawmills and Kong Thai Sawmills. Both were owned by the sons of Ding and Ling families. Subsequent expansion of both factories had brought to the birth of Sarawak United Sawmills (Kong Thai) and Borneo United Sawmills (Lee Hua).

<sup>26</sup> Self-reliance spirit had been cultivated in the early days. Often the Mission would support the church pastors and expenses for the first few months, the church community must assume responsibility in the subsequent period. In order to do that, the plan was to tax on each pound of agricultural products produced by the church members (Means, 1935, p.98).

built their own schools and churches which shared same premises.<sup>27</sup> Church pastors taught during weekdays and preached on Sunday. The church cum school model (refer to Figure 3) resulted in providing education at low cost and the integration of Christian churches into the community life. Because of James Hoover' insistence on mother-tongue education, all the rural schools built by the Methodist Church in Rejang delta used Foochow dialects as the medium of instruction with English as one of the subjects. In 1916, the first secondary school of Sibul was built by the joint efforts of all settlements and located at the Lower Sadit. It was a Chinese public school rather than a missionary school as religion factor was less significant in recruiting teaching staff. The principal, Ting Zan Tan<sup>28</sup>, was a college graduate from China.

An interviewee attributed the early success of Lee Hua Sawmill partly to the teaching of higher education to the Lower Sadit settlement as the founders of Lee Hua enjoyed the access to secondary education. High literacy rate facilitated the advancement of businesses especially the import and export businesses that involved complicated procedures and multi-lingual communication. Meanwhile modern education that emphasized the values of rationality and pragmatism, and undermined the traditional supernatural beliefs had largely removed the psychological barriers of the pioneer farmers in managing the nature.<sup>29</sup> Mystical attachment to the environment and supernatural incidents were hardly told by the early settlers.

Thirdly, studies of Foochow commercial success (Leigh, 1988a) suggested the working attitude of Foochow laborers was fundamental to their upward mobility. Pringle (1970) in his early studies of Sarawak people distinguished these Christian farmers from other Chinese dialect group as they were of 'blend of innate Chinese energy with the Protestant Ethic'. However the working culture of Foochow should not be over stated as the other dialect group of Chinese and Saribas Ibans too all demonstrated strong-will in achieving economic success before the outbreak of the war.

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<sup>27</sup> About fifteen schools and churches were built on the east bank of Rejang and Igan. Today many of them are still being used by the remaining residents.

<sup>28</sup> Ting was a Kutien Foochow who graduated from a teaching college of Fujian Province. Before his service in Sibul, he had taught in primary schools of Fujian Province. His bibliography can be found in the online database of Fujian Province at <http://www.fjsq.gov.cn/ShowText.asp?ToBook=3193&index=1957&>

<sup>29</sup> In his footnote, Pringle (1970, p.203) cited Freeman's report (1955, p.105) that the Balleh Ibans of the Third Division had planted rubber before 1924, but the story that the spirit of the rubber trees (*antu kubal*) would drive away the spirit of padi (*antu padi*) caused many of the Balleh people to cut down their trees. The story had sprung from a dream. Similar incidents found from Sandin reports for the Second Division and Geddes' for the First Division).

### 3.2 The birth of Foochow timber entrepreneurs after the war

**Table 4 Chinese Dialect Groups in the 1960**

<b>Dialect Group</b>	<b>Number</b>	<b>Percentage of Total Chinese Population</b>
Hakka	70,221	30.6
Foochow	70,125	30.6
Hokkien	28,304	12.4
Teochew	21,952	9.6
Cantonese	17,432	7.6
Hainan	5,717	2.5
Others	15,403	6.7
Total	229,154	100.0

*Source: Adapted from Lee, Y. L. (1964)*

Hakkas and Foochows were traditionally rural agriculturalists. They constituted about 61% of the total Chinese population whereas urban settlers such as Hokkien, Teochew and Cantonese all together accounted for around 30% of the total. Despite their numerical minority status, they played a relative significant role in the state's economy. Tien's study of the Chinese social structure of Sarawak in the 1950s indicates that dialect group was the main support of Chinese immigrants in terms of occupation, business cooperation and other type of social support. Towns and urban centres had been the traditional battlefields for stiff competition between dialect groups for trading opportunities and economic success. Urban groups jealously guarded their domains from the encroachment of other groups, but opened to cooperation across groups when it was a mean to profitable opportunities.

The following story is a brief introduction to the establishment of the first Foochow capital bank in Sarawak in the early 1950s. It was a major sign of collaboration among a new group of capitalists who did not belong to the traditional business class. The establishment tells who and how founded the Hock Hua Bank. The story is significant in a way that it not only echoes the research findings of Tien, but provides an understanding of the post-war context that diminished the old social structure.

The end of World War Two in 1945 saw a rise of internal conflicts among nations like Korea, China, Vietnam, Indonesia and Malaya. Countries engaged in civil wars such as Korea had increased her imports of natural products such as rubber to sustain a long battle. When the Korean War officially sparked off in June 1950, it triggered a huge demand for Sarawak products like pepper and rubber, whereby led to the price hike of these two commodities. Total exports of Sarawak jumped to \$212,193,376 in 1951 from \$150,026,931 of 1950 (Sarawak government, 1959). A local historian (Fong, 1996) gave a brief account of the economic gains of the Foochow farmers during the war years from 1950 to July 1953. In his observation, many Foochow farmers had accumulated a large sum of capital and set foot in urban businesses.

The first Foochow capital bank, Hock Hua Bank was set up in 1952. It was assumed as Foochow capital bank because a large sum of the capital came from Foochow businessmen who resented their loan applications to local banks had constantly been denied. They perceived the rejection as a denial to Foochow community as a whole. There were two local financial institutions on Sibu town in the early 1950s, the Kwong Lee Bank (广利银行) and Wah Tat Bank (华达银行). The former was a Cantonese capital and the later was owned by the two most prominent Hokkien families, Chew and Teo families. He regarded Wah Tat Bank as a family business because the management and company capital were in the hands of the family members. The bank was formed in 1929 and Teo Chong Loh was the first Board Chairman. In contrast to Kwong Lee and Wah Tat, Hock Hua Bank was a joint venture of several Foochow entrepreneurs and a large number of small investors. During an interview with Chieng on the founding history of Hock Hua Bank, he attributed the establishment partly to the difficulty of rural Foochow farmers and traders to borrow money from the existing banks. Chieng was born in the west bank of Sibu and became the first local manager of Hock Hua Bank.<sup>30</sup> In his view, both Wah Tat Bank and Kwong Lee Bank refused to provide loans to Foochows as they were regarded as rural farmers holding no record of doing business. As many Foochow farmers regarded opening a bank account was the very first step to start businesses, they turned to self-help. For these new rich, a bank account was a basic mean to run legal transactions and access to bank loans would overcome their capital constraints. Chieng recalled that several Foochows who shared common bitter experiences and visions met at the venue of Foochow Association and all agreed to set up a bank funded by Foochow capitals. Among these people, some were well-educated. For instance, Tiong Gong Bing, a graduate of British university, went to meet the Resident of Third Division on behalf of the Foochow capitalist interests. In the meeting, the Resident showed great interest in Tiong's proposal and promised to bring the issue to the Treasury Department of the state. During his visit to Kuching, the Resident raised the issue to the state Treasury Department and it was agreed in principle. When the Resident returned to Sibu, he met the representatives of the group and explained the detailed regulation in relation to the company registered capital. The rule required two million dollars as registered capital. Chieng recalled that the founders of the Hock Hua Bank were shocked by the size of capital required but luckily the Resident agreed to reduce the amount to one million and allowed them to top up after registration. When the establishment of Hong Hua Bank was publicized, it stirred up an investment enthusiasm among not only Foochow but also Hokkien individuals who saw the profitable prospect of the bank. Within two months, the bank was able to pay a total of two million dollars as the required registered capital. The speed of capital raising implied a strong interest in investment among Foochow folks and a sign of an emerging Foochow commercial power. It also signaled the breakthrough of Foochow rich agriculturalists into urban business which has been traditionally in the hands of Hokkien merchants. When the

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<sup>30</sup> The first manager was a Foochow originally holding a senior position at the Oversea-Chinese Banking Corporation of Singapore.

bank and other Foochow ventures expanded rapidly in the subsequent years, it eventually led to the change of power structure in the town of Sibü and then the overall Chinese society of the 1960s.

#### 4. Sarawak in the global timber trade

Integration of Sarawak economy, from rubber to timber trade, into the global market was intensified after the country had formally come under the rule of British in 1946-1963. To trace the sources of timber wealth, it is significant to understand the dynamics at global and local dimensions after World War Two. While the advanced capitalist economies demonstrated a huge demand for raw materials, the Sarawak side was able to be a supplier by exploiting its natural resources. This part shows how the Sarawak British government generated the state's revenue by adopting the exported-oriented policy. It carried on the Brooke legacy by remaining the dependency of Sarawak economic development on the resource economy and export trading.

Before the intervention of western global enterprises in Sarawak economy, the export products of Sarawak was principally jungle produce traded within regional markets connecting Southeast Asian archipelago, China and India. Following the rule of western powers in the region, western capitalists found an opening to tap into the local economies and integrated them into the orbits of international economy. As Amarjit Kaur (1998, p. 98) describes in her study of East Malaysia's economy, the early exports of Sarawak were generally luxury products including decorative products like bezoar stones or hornbill beaks, aromatic substances' like camphor and gastronomic products like birds' nests. Other forest produce included rattans, firewood, and the guttas collected by the natives for local and regional markets. Traditional networks of collection and distribution transported these products to coastal port towns where Chinese or Malay traders sold them on the regional market. Detailed studies of *ulu* (upstream) and riverine trades of Sarawak among native collectors, petty Malay and Chinese traders can be found in the study of Daniel Chew (Chew, 1990). Coupled with the luxurious and forest products, mineral products gold, coal and oil, and subsequently cash crops like sago, pepper and rubber had also formed a significant share of the total revenue of Sarawak. To stimulate the trading activities, the Brooke government saw the necessity to enhance the order and security of market towns on the major rivers. For that purpose, military and government presence was deemed necessary. It manifested in the form of forts and simple administrative offices. These buildings were built in the vicinity of existing towns and strategic spots. On the Sarawak River, Kuching was made the administrative centre of Sarawak. It then developed into a major centre for gold, pepper, gambier and rubber trade. Along the Rejang River, forts and office buildings were installed at Kanowit, Sibü, Kapit and other ports. Very soon these towns developed into major trading posts as a result of a relative peaceful environment created by the presence of Brooke government.



During the time of Brookes, timber trade was a minimal percentage of revenue of the state. As early as 1899, the Second Rajah, Charles Brooke, imposed some regulations on timber felling in the First Division and later extended them to the whole state (Smythies, 1961). In 1919, the Forestry Department was established marked the rising significance of timber as a commodity product. It also revealed the intention of Brooke government to further exploit the jungle resources of Sarawak. After the Second World War, The Sarawak Annual Report (1959) clearly spelled out the orientation of forestry policy of the colonial government. In order to obtain the highest possible revenue for the state and for the needs of the local people as well, the Sarawak forests were regarded as estates that were made to be productive.<sup>31</sup> Once the demarcation of forests was put into practice including constituting permanent forests, steps were taken to create an inventory of timber resources. The government efforts had expanded the size of concession areas and that stimulated the increment of the timber exports in the long run. As a state with large primary forests, but small domestic market and low industrialization, it was almost impossible to rely on local market to generate state revenue. To resolve the marketing problem of local woods, the government turned to foster an export trade in raw timber products. This justifies the comment that it is the external world demands on Sarawak natural resources rather than local needs defined the internal resource policy and the speed of forest exploitation in Sarawak.

The leap of timber export occurred in the immediate post-war period where the western states and Japan were undergoing extensive reconstructions, and followed by the Korean War (1950-1953). However, timber export to Hong Kong was already recorded in 1870 during the rule of Brooke but the proportion of timber in total exports remained below 1 per cent even in the late 1930s. The five decades of growth of timber output and revenue from 1920 to 1960 can be found in the report of B. E. Smythies (1961) presented below. Smythies was a former Conservator of Sarawak Forest and the head of Sarawak Forest Department as well.

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<sup>31</sup> Four points made in the policy of Sarawak Government are:

“To reserve permanently for the benefit of the present and future inhabitants of the country forest land sufficient for – the assurance of the sound climatic and physical condition of the country; the safe-guarding of soil fertility and of supplies of water for domestic and industrial use, irrigation and general agricultural purposes; and the prevention of damage by flooding and erosion to rivers and agricultural land; the supply in perpetuity and at moderate prices of all forms of forest produce within the country, required by the people for agricultural, domestic and industrial purposes under a fully developed national economy.

To manage the productive forests of the permanent forest estate to obtain the highest possible revenue compatible with the principle of sustained yield and the primary objects set out above.

To promote, as far as may be practicable, the thorough and economical utilization of forest products on land not included in the permanent forest estate, before its alienation.

To foster, as far as may be compatible with the prior claims of local demands, a profitable export trade in forest produce.”

**Table 5 Total outputs of timber and fuel, 1920-1960**

<b>Year</b>	<b>1920</b>	<b>1930</b>	<b>1940</b>	<b>1950</b>	<b>1960</b>
Timber*, tons of 50 cu. Ft. true measure	5,024	24,827	19,602	79,054	852,665
Mangrove Firewood, Long tons	14,723	23,603	21,822	37,035	26,760
Mangrove Charcoal, Long tons	4,067	3,322	4,537	4,138	5,146

*Source: Smythies (1961, p. 173)*

The outputs of timber had consistently shown remarkable high growth while the wood-based fuels remain only slight increments. After the war, the total output of timber was further boost up .The total outturn of timber in 1940 registered about 19,602 tons, hit 79,054 tons in 1950, and 852,665 tons in 1960, almost a ten-fold increase!

**Table 6 Revenue and Expenditure of Forest Department of Sarawak (to nearest \$100)**

<b>Year</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus or Deficit</b>	<b>Export duty on forest produce</b>	<b>Expenditure C. D. &amp; W. funds</b>
1920	19,700	29,000	-9,300	415,000	-
1930	112,900	108,600	+4,300	123,600	-
1940	81,100	59,500	+21,700	89,900	-
1950	389,100	141,300	+247,800	254,700	27,300
1960	5,207,900	647,900	+4,560,000	842,500	25,600

*Source: Smythies (1961, p. 173)*

The same report presented by Smythies (1961) also stipulated the revenue and expenditure of Forest Department of Sarawak during those fifty years. Despite a drop of revenue in 1940, there was a revenue hike during the decade 1950-1960. In Smythies's report, he attributed the sharp increase to the external demand of *ramin* wood in the post-war period. For a state such as Sarawak where the manufacturing industries and commerce were developing at a slow pace, export taxes and royalties became a major source of state revenue. Thus when the timber export increased considerably, it provided the Sarawak government with a substantial quantity of income.

**Table 7 Timber Exports, 1946-1962**

Year	Tons	Value per ton	Total value	Percentage of total exports (excluding petroleum)
1946	n. a.	n. a.	25,774	0.2
1947	n. a.	n. a.	233,508	0.5
1948	21,128	55	1,158,355	2.0
1949	36,607	55	2,018,896	3.8
1950	44,133	65	2,866,725	2.0
1951	54,528	87	4,727,834	2.3
1952	98,309	91	8,925,910	6.8
1953	155,694	89	13,861,976	11.1
1954	163,459	85	13,879,952	11.2
1955	210,043	105	21,962,081	14.9
1956	197,089	97	19,064,435	14.6
1957	201,617	97	19,558,560	16.0
1958	194,954	100	19,568,542	16.8
1959	317,244	98	31,040,471	17.0
1960	361,663	121	43,607,088	21.8
1961	415,874	100	41,597,302	23.7
1962	515,051	79	40,835,364	22.6

*Source: Sarawak Government (1962). Sarawak annual report 1962.*

Excluding petroleum, timber together with rubber and pepper constituted the backbone of the Sarawak economy in the 1960s. Above statistics indicates a constant growth of timber contribution to the overall export of Sarawak. The contribution of timber to export remained below 5 per cent of the total export before 1952, but jumped strikingly up to 21.8 per cent in 1960 and continued to grow.

A huge part of international market for timber products of Sarawak lied with the European nations in the west and their colonial centres in the east. In 1957, United Kingdom, Australia and Hong Kong were the three principal markets for timber exports of Sarawak. United Kingdom accounted for 42 per cent of the total export, Australia and Hong Kong each 17 per cent.<sup>32</sup> The report of Sarawak government for the year 1966 marked an increasing significance of Asian market in the timber exports of Sarawak. In 1966, the total export of logs was 1,071,153 tons. Logs were shipped to 12 different countries of which the largest importers were listed below:

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<sup>32</sup> See the table of total timber exports during 1956-1958 in the *Annual Report on the Forest Department for the Year 1958* (Browne.)

**Table 8 Major importers of Sarawak logs in 1966**

<b>Importers</b>	<b>Weight (tons)</b>
Japan	794,158
Hong Kong	120,733
Italy	49,658
Korea	46,392

*Source: The Forest Department (1966). Annual report for 1966. Sarawak, Malaysia.*

The international market was fond of two types of tropical woods, the swamp timbers like *ramin*, *jongkong* and *alan*, and hill timbers like *meranti* and *kapur*. Sarawak timber products were exported mainly in the forms of log and sawn timber because Sarawak itself had no expertise and equipment to produce high value-added wood products. In fact the foreign demand for logs was bigger than the sawn timber. Low demand for sawn timber and value-added products had resulted in low incentive for the development of local wood industry. In the long run, it failed to stimulate the transformation of economic structure of Sarawak.

**Table 9 Main importers of Sarawak sawn timber in 1966**

<b>Importers</b>	<b>Weight (tons)</b>
United Kingdom	48,118
Germany	21,563
United States	17,810
Australia	15,563
Netherlands	11,418

*Source: The Forest Department (1966). Annual report for 1966. Sarawak, Malaysia.*

The statistics above clearly indicate that the exports of sawn timber and other wood productions were relatively small if compared to the quantity and value of logs export. The European market remained as the major importer with regard to this. The total exports of sawn timber in 1966 were 156,528 tons and the sawn timber was exported to 27 different countries of which the biggest customers were mostly western countries.

Table 8 and Table 9 show that Sarawak timber products had found markets in the regions of North America, Europe and Asia as early as in the 1960s. It is worthy to note that in the second half of 1960s (refer to Table 8), a large scale of log export was fuelled by the demand from East Asian countries like Japan, Hong Kong and Korea, which all preoccupied with massive postwar reconstruction works. The pattern of trading route had changed from the western market to the regional markets of East Asia. The shift revealed a sign of an end of colonial era and the rise of Eastern market. The change of international buyers was not only happened to Sarawak but also shared by other Southeast Asian countries which were endowed with rich dipterocarp forests. An explanation to that had been tropical hardwood

logs were heavy, bulky and low in unit value, their exports to regional countries had much reduced the handling and transporting costs of local loggers (Ooi, 1990). This trading route has remained essentially unchanged until the present day.

#### 4.1 Local suppliers from the Rejang delta

Without the cooperative local agencies, world demand itself would not be able to turn the timber market into a vibrant one. After the end of the World War Two, the British government in Sarawak had reformed the forest policies of Brooke and enabled a market structure which was more open and competitive. In Kaur' analysis (1998, pp. 140-149) of the British colonial forest and commercial policies in both Sarawak and Sabah, she illustrated the three main components of the policies that had generated the growth of timber industries after the war. Firstly, there was a demise of large monopoly concessions and the entry of greater capital investment in the sector. Secondly, regulation of the forest and planned forest resource utilization became more efficient, and lastly the advent of new and improved technology in timber exploitation. In the case of Sarawak, the monopolistic controls of the Borneo Company over a range of natural resource extraction, which very soon expired at the end of the war, was not extended. In 1950 numerous western capital timber companies worked in Sarawak.<sup>33</sup> As the Sarawak government had neither capital nor agency to work on the timber extraction, it relied very much on private initiatives to put works into operation. Public policy that was favorable to the development of timber trade benefited both the western as well as the local entrepreneurs. A large majority of local entrepreneurs venturing into timber industry and attained satisfactory achievement were primarily the rural rubber planters from the low lying Rejang River. The following section is a discussion of the patterns of expansion of local timber companies in the midst of global growth in timber trade.

##### 4.1.1 A humble origin: Rural sawmills

As mentioned in the preceding section, published documents of British officers (Smythies, 1961; Jackson, 1968) and Christian missionaries, and local oral accounts<sup>34</sup> all hinted at the pioneering of the Cantonese in logging and log trading in Sarawak.<sup>35</sup> By the early 1880s Cantonese had moved into the tim-

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<sup>33</sup> *Annual Report of the Forest Department for the year 1950*, p. 5. Cited in Kaur (1998). The main timber companies in Sarawak were the Bombay Burmah Trading Company, Colonial Timber Company (previously known as the British Milling and General Trading Company), Borneo Australia Timber Company, Borneo Company, Borneo Timber Company, Song Timber Company (a subsidiary of Colonial Timber Company), Sarawak Company (previously the Island Trading Company), Montague L Meyer Limited, Soriano and Cia (a large company with logging interests in the Philippines and elsewhere), and the Limbang Trading Company, owned by James Wong, a Sarawakian Hakka.

<sup>34</sup> Bibliographies of prominent Cantonese leaders of Sarikei are published in a blog called Sarikei Time Capsule, at the website of <http://sarikei-time-capsule.blogspot.com>

<sup>35</sup> As mentioned earlier, a large group of Cantonese planters arrived at Rejang Delta in 1902. In fact, before their arrival, there were some Cantonese settling as far as in Kanowit, a bazaar town in the middle zone of Rejang

ber trade and were exporting logs and sawn *belian* from the Rejang to Hong Kong. A Sarikei local recalled that a few Cantonese had made commercial boats and installed a sawmill on the Sarikei District before World War Two. The sawmill was later sold to an Australian enterprise and renamed as the Colonial Timber Company Ltd.<sup>36</sup> However, the venture was not successful so the Australian owners sold it to the Delta Group of Companies of Sibü<sup>37</sup> and shifted their operations to the Solomon Islands. What has caused the withdrawal of the Cantonese from the wood industry of Sarawak in the twentieth century is unknown. Besides the Cantonese loggers, The Borneo Company Limited also worked on the forests above the Pelagus rapids in Kapit District but the venture failed due to the difficult terrain and transportation problem.

Until the 1920s, all timber produced in Sarawak was locally consumed (Smythies, 1961). A substantial export trade was neither existent nor available in official record. The official details of sawmill installation were firstly available in 1923, in which seven sawmills were found operating in four divisions (Smythies, 1961).<sup>38</sup> The number had added to sixteen by 1940. In the early 1930s, Sarawak lumber had opened up a small regional market including the neighbouring territories of Brunei and Labuan and then a small market in United Kingdom (Smythies, 1961). In 1933 local sawmills shipped nearly four hundred tons of timber, valued at about £1,400 f.o.b. and same amount in the following year (Smythies, 1961). The growth was limited due to the selective market of United Kingdom and the inability of a small local market to absorb the lower grade timber. With the end of World War Two and the revival of the global demand for natural resources, the Sarawak economy regained its momentum. Local sawmills mushroomed in the 1950s and early 1960s, a period of time seeing the boom of *ramin* industry. A sizeable of them lied on the river bank along the Lower Rejang and Baram River.

Most of sawmills in Sarawak remained small and poorly equipped by today's standard. With regard to timber processing, seventy sawmills used oil or diesel engines made in Britain (Federation of British Industries, 1961, p. 134). As late as 1958 less than a third had more than four sawbenches and all used

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River. A number of Cantonese headmen in Kanowit, Sarikei and Tatao came from Khoo, Kong and Chen families.

<sup>36</sup> Jackson's report has not told anything about the Cantonese owner but confirmed that the Colonial Timber Company was commenced by Australians at the end of the war and established in the Sarikei District. Smythies (1961) attributed *ramin* extraction on a large scale became feasible after the Colonial Timber Company applied the technique of using light railways in the swamp forests of Rejang.

<sup>37</sup> The Colonial Timber Company Ltd. was renamed again C.T.C. Ltd. It was bought over by The Delta Group of Companies in June 1968. The Delta Ltd. was formed in 1962 by a group of Foochow entrepreneurs including Ding Jack Soon, Hii Yii Chiong, Ting Ming Hui, Yap Ming Ik and presently still holds logging concessions over parts of Sarawak forest. The first Chief Director was Ding Jack Sung and Hii Yii Chiong was the Managing Director (Huang, 1999).

<sup>38</sup> 1<sup>st</sup> Division: Kuching Steam Sawmill (established before 1914); 3<sup>rd</sup> Division: Mills at Sibü, Rajang, Pulau Selalo and Binatang (the last two established in 1921); 4<sup>th</sup> Division: Sarawak Oilfields Ltd. Sawmill at Bakong; 5<sup>th</sup> Division: Vamco sawmill in Lawas District (established 1920).

wasteful circular saws. However, an international effort to promote efficient logging and processing was going on within the global forestry network. In August 1961 a sawmill engineer from the Food and Agriculture Organization of the United Nations arrived in Sibul. His mission was to advise the local sawmill owners on introduction of advanced equipment and efficient sawmill layout. His advices were highly appreciated as a rush for new equipment installation occurred among the local sawmills, in which wasteful circular saws were replaced by the vertical band saws. Some were so enthusiastic that they could not wait for him and went ahead with purchasing of machines manufactured by Japanese, Belgian and the British (The Forest Department, 1960). In 1963 most of the leading sawmills had converted to band saws. Among them 45 per cent had more than four saw benches (Jackson, 1968, p.130).

At the end of British colonization in 1963, there was an invasion of timber enterprises from regional entities and countries like Sabah, Japan, Philippines and Korea in search of concessions in northern Sarawak (Jackson, 1968, pp.125-183). This period also marks the initial shift of logging interest from the coastal swamps of the Rejang delta (*ramin*) to the lowland dipterocarp forests of northern Sarawak. However, large-scale logging in low hill regions only became possible in the late 1970s due to the advent of new logging and hauling technologies, and modernized sawmills.

#### 4.1.2 Leading local sawmills of Sarawak

As mentioned previously, early local timber enterprises existed in the form of petty sawmills and often operated by single family. Their financial capital and profits were small<sup>39</sup>, poorly equipped and very much dependent on the local market. Almost all of them were ethnic Chinese initiatives. Timber trade thrived since the mid-1950s and continued in the subsequent decades. The 1960s marked the vigorous expansion of several local timber enterprises from the Rejang delta to other regions of Sarawak. During this period the Kong Thai Company, Lee Hua Company, Hua Seng Company and W.T.K. Company were the most well-established among the local sawmills. It was a time when the Sarawak British government widely opened its economy to both western capitalists and local Chinese enterprises. Though western corporations often held longer concessions, the British government also granted annual leases of logging to local enterprises. Sawn lumber and logs were the main commodities in timber industry. As the world demand for logs was much higher than for sawn lumber, log exports were more profitable. Local sawmills were more interested in sawing logs than processing wood products which were mainly for local consumptions. In fact those profited from the timber trade in the 1960s were sawmill owners who held logging concessions and the knowledge of marketing their products. In the later part of 1950s, when the world were showing a fond of *ramin* wood grew widely in the river deltas of Sarawak, many local enterprises made handsome profits and some of them expanded to become

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<sup>39</sup> When Hua Seng Company registered in 1936, its capital was less than ten thousand dollars (Zhan, 1996, p. 66).

transnational enterprises. The interesting part is that these timber enterprises such as Kong Thai, Lee Hua and Hua Seng actually followed a similar route of expansion. They all started as petty sawmills and worked as contractors for the western capitalist transnational companies. That was how they learnt fundamental knowledge and experiences of logging and timber trade. From that foundation, they continued improving logging expertise and created their own networks and markets. When they succeeded to hold timber concessions, they were already quite well-equipped to be players in timber trade. By the end of 1960s, these local timber enterprises were already able to control local production lines as well as external marketing of timber. To have a concrete picture of the path of development of local timber companies, two pioneer timber companies, Kong Thai Sdn. Bhd. and Hua Seng Company, were selected as case studies. The following accounts depict the development process of both companies covering their humble establishments, consolidations and expansions.

### The story of Kong Thai and Ling brothers

It is general perception that Ling Beng Siew was the most successful Foochow entrepreneurs in the early 1960s and timber predominated in his businesses. His sawmill was one of the earliest and well-established in the Rejang delta. Ling's political career had been much related to his success in business. The British government continuously promoted him as a Chinese community leader in Sarawak government by picking him as a delegate of Sarawak to London and blessed him when he was elected as the President of Sarawak Chinese Association (SCA). Ling brought his brother, Ling Beng Siong into politics. Beng Siong was an ex-Minister of Sarawak.

Ling Beng Siew's father, Ling Chu Ming (1898-1956) came from the Kutien county of Fujian Province. The earliest batch of Kutien pioneers came under the contract between Wong Nai Siong and Brooke government, but Ling Chu Ming arrived in Sibu in 1916 upon the arrangement of his elder brother Ling Chu Jing. Unlike the majority of Foochows, Ling Chu Ming did not work as a farmer but shopkeeper at his brother's store. The store was called Chop Ling Kong Thai Shop (林公泰商号), running the business of trading. His early experiences very much resembled the Hokkien pioneers instead of that of the majority of Kutien agriculturalists. In the 1920's, when there was an economic slump in Sibu caused by the world-wide Depression, on top of the decease of Ling Chu Jing, Ling Chu Ming decided to close down the family business. They moved to Bukit Lan<sup>40</sup> where they owned a few hundred acres of rubber plantation. During the economic downturn, like other people, Ling family strove to find extra incomes. In addition to farming, a small mill was built for the purposes of rice milling and rubber sheet pressing. The processed rubber sheets were mainly shipped to Kuching for export. In 1926 the mill was expanded by including sawmilling and it was named Kong Thai. It was the second sawmill established by Foochow farmers of the Rejang delta. The first sawmill was installed in 1918

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<sup>40</sup> Bukit Lan located on the west bank of Rejang River, was one of the earliest settlements of Kutien Foochow agriculturalists.



at Teluk Selalo under a partnership of several prominent Methodist leaders. It was later registered as a company called Lee Hua Company and the founding managers included Ding Ming Jian and Ling Kai Cheng. Kong Thai instead was run by the Ling family where work load was shared by Ling's wife and his children, with the assistances of their employees. Altogether Ling Chu Ming had six sons and three daughters. Ling Beng Siew was the eldest and Ling Beng Siong who later became a minister in Sarawak Cabinet for one term was the third son.

Like the Hokkien traders in Kuching, Sibuan Foochow planters also made business visits to Singapore the busiest port of Southeast Asia.<sup>41</sup> During a visit to Singapore, Ling's brother purchased a massive old single piston diesel engine.<sup>42</sup> The diesel engine of those days was not equipped with a pneumatic or an electric starter. It had to be heated up with a blow lamp for hours before it could be started to run. This second hand relic was used to drive a belting system consisting of a heavy flywheel. The belting system would provide power to turn rice hulling machines (rice mill), scrap rubber processors (rubber mill), and circular saws (sawmill).<sup>43</sup> This was how Ling family started their small-scale manufacturing productions at home. Before the invasion of the Japanese, the Ling family already acquired the basic skill of wood cutting by using the rolling grinding machine. When the Japanese came, the Japanese brought in additional machines and warehouse, and installed on the land of Kong Thai. After their surrender and retreat in 1945, they left behind some food stock and sawmill equipment for the landowner.

Ling Beng Siew was born in Sibuan on 13<sup>th</sup> December 1926. He received Chinese and English education in Sibuan. In 1954 he and his fellow sawmillers formed a trading company called the Sarawak United Sawmills Sdn. Bhd. The company office was located in the town centre of Sibuan with nine sawmills situated at Rajang Basin.<sup>44</sup> The company was an exporter of Borneo Timber, general exporter and importer, insurance and shipping agent as well as an airline agency acting as agent for major airlines such as BOAC, Qantas and PAA.<sup>45</sup> The company also operated a shipping business in which it controlled the shipment of export logs. The control of shipping service was also practiced by other timber

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<sup>41</sup> In 1926, several headmen of Sibuan Foochow settlements including Wong King Ho, Lau Kah Too, Ting Min Jian, Ting Zan Tan and Ling Kai Cheng formed Hua Guang Company (华光公司) at 36, Keling Road in Singapore (Ling, 1990). It was a trading company running import and export businesses of rubber and miscellaneous products from Sarawak and regional areas. Additionally it operated remittance businesses for the regions of Southeast Asia and China.

<sup>42</sup> Interviews with Ting S. K. in August 2010.

<sup>43</sup> The first grinding machine was firstly introduced to Sibuan planter in 1906 by the Reverend James Hoover. He brought the machine from the United States and started the first food processing industry in Sibuan. The subsequent development of Sibuan economy had owed much to the introduction of the machine. In 1914, the richest planter of Sibuan, Lau Kah Too owned ten grinding factories and employed about two hundred planter workers (Huang & Huang, 2005).

<sup>44</sup> Equal partnership was shared among sawmills of Lee Hua, Hwa Syn, Hua Seng, Kong Thai, Seng Ling, Lian Hua, Lian Ho, Moulin, and Wan Hing.

<sup>45</sup> The details are provided by Ting S. K.

companies such as Delta Sdn. Bhd. which had set up a shipping company (a C. T. C. subsidiary) to run the shipping services of Ben Line Agencies.<sup>46</sup> In 1955, a branch office was set up in Hong Kong as the base for promoting *ramin* wood to the international market and the effort seemed much fruitful (Huang, 1999, p. 183). In 1961 Ling Beng Siew contracted the timber operation of the Borneo Company Limited which was plagued with problems among the partners and suffering losses (SAR, 1962). Soon Ling Beng Siew joint ventured with the Borneo Company in logging and sawmilling. The joint venture went a step further when a new company was formed and named Borneo Timber Company Limited. Under it a wood processing factory was set up in Sungai Antu/Merah, a couple of miles to the north of Sibul town. In the same year, the factory commenced *ramin* moldings production manufacturing specially molded slats mainly for use as window blinds in Italy where they were known as Tapporelli shutters. *Ramin* molding was a new industry in Sibul and Borneo Timber was accorded pioneer status (Jackson 1968).<sup>47</sup> Most of the *ramin* molding export went to the United Kingdom. After having a firm foundation on the timber business, Ling set his foot into other businesses such as tourism by setting up a travel agency in Sarawak, which was registered as a member of International Air Transport Association (IATA) in 1959. He also had a share in the shipping industry by providing transportation services among the towns of Sibul, Bintangor and Sarikei.

Ling Beng Siew had a younger brother, Beng Siong, who worked closely with him. Beng Siong went to schools in Sibul and started work early in life. When their father passed away, Beng Siong inherited the Kong Thai Sawmill. Kong Thai was restructured in 1963 and assumed a new name Kong Thai Sawmill (1963) Sdn. Bhd. The dedication of Beng Siong on Kong Thai Sawmill is reflected in the biography of Lau Hui Kang, the founding managing director of K. T. S. Group. Lau was an employee of Kong Thai before K. T. S. was formed. He admired Beng Siong's devotion in work and ever ready attitude in embracing rough works at urgency. Beng Siong once jumped into the river with Lau and two of them spent half the day in the water to just tie up the floating logs.

In the timber trade, the Ling brothers were not only material suppliers, but also producers and exporters. The business strategy of Ling was to control a chain of timber industry from logging, local transportation, production, overseas transportation and external market. The strategy was not unique to

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<sup>46</sup> An international shipping enterprise originally set up by two British, provided shipping services between the Far East and Europe. Today it has a well-established shipping network in East Asia.

<sup>47</sup> The son-in-law of Ling Beng Siew, Ting S. K. recalled how Ling Beng Siew 'discovered' the molding technique. Ling noticed that the Italian company made a large order of *ramin* wood and wondered what they would do with them. Unfortunately the Italian company refused his application to visit their factory. This further aroused Ling's curiosity. As Ling was holding several state positions, he got a lot of chances to make overseas visits on behalf of the state Government. One of these overseas visits had provided him opportunity to observe the *ramin* moldings production which he found that only simple technology was required. All it needed was the molding machinery. With the purchase of molding machinery from Europe, Ling started the first molding production factory in Sibul.

Ling's timber business but applied by other large timber enterprises as well like the Delta Group and K. T. S. Group.

Old Foochow folks related Ling Beng Siew's personality to his high achievements in business and perhaps political status as well. Ling had been praised as a creative businessman who was keen to introduce new technology to the local timber industry. He made use of all opportunities both official and private trips abroad to establish business ties. What distinguished him from many Foochow timber businessmen were his proficiency in English and accustomed to non-Chinese milieu. He spoke fluent English and enjoyed being a high profile businessman. He socialized comfortably among multi-ethnic government officers, who often appeared at official functions such as government fund raising events and sports. For instance, Ling Beng Siew led the first Sarawak Chinese Volleyball team to Hong Kong in 1959, where his first overseas timber branch company located. When he was interviewed by the Hong Kong Tiger Standard, he talked about the objectives of the team's visit, the way of building friendships between two places and the timber export of Sarawak.<sup>48</sup>

#### The story of K. T. S. and Lau Hui Kang

Presently the K. T. S. Group is a conglomerate in Sarawak owned and run by the Lau families. Timber and oil palm plantations dominate their businesses. Their family members hold positions in Sibü Municipal Council, Sibü SUPP branch and either state or federal government. Lau Hui Kang is the founding managing director of K. T. S. and had been the executive chairman for over four decades. He is the elder brother of the late Robert Lau Hoi Chew, the former Deputy Transport Minister of Federal Cabinet of Malaysia.

Lau's grandfather and father were originally paddy planters from Ming Qing (Mintsing) District of Fujian Province. They departed for Sibü settling down in the Foochow settlements of Tanjung Kuniyit in the early part of twentieth century. They were basically rubber planters owning a few acres of farm land and running a basic grocery store in their neighbourhood. Lau's father moved to Bukit Lan in the mid-1930s and worked on a land rented from Iban farmers. After Second World War, they added a manual grinding instrument making rice noodle. Each day, the Lau family produced an average of 180 kilograms of rice noodles.

Lau received Chinese education from primary to junior high school. In 1947 he started his career as an account clerk and laborer at Hua Seng Sawmill of which his father was a shareholder. Later he quit the job and ran a shipping service between Bukit Lan and Sibü bazaar with an used ship of eight-horse power. Through shipping business, he got to know a lot of locals including the manager of Kong Thai

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<sup>48</sup> Speaking about the export of Sarawak timber, he said that Hong Kong took about 6000 tons monthly while a total of 15,000 tons were exported to Australia, United States and Europe each month. Touching on his visit to Japan, he said there was a great interest in Sarawak timber. Japan imported about 5,000 tons monthly (*Sarawak of the week* 1959. 26/59, p. 10).

Sawmill Ling Beng Siong and joined him. He served as a camp supervisor with Kong Thai for two years before switching back to Hua Seng Sawmill. Working at Kong Thai provided him invaluable experiences of logging and logs transportation. It laid the foundation of his career in timber industry. Hua Seng was formed in 1931 but only officially registered as Hua Sen Sawmill Sdn Bhd in 1936. When Lau took over as a camp contractor, he produced about 1000 tons of logs and earned \$5000 each month. When Hua Seng camp was closed down after introduction of a new policy, Lau moved on to become the manager of a new company Hua Lin Sawmill. The new sawmill was set up by Hua Sen shareholders who received a sawmill license in Simunjan in the First Division. A few years later they bought over another sawmill in Kuching originally run by a Hokkien and another sawmill in Simunjan. They had four sawmills working on swampy logs by the end of 1950s.

**Table 10 Capitals and number of workers of Hua Seng, Hua Lin, Kuching Timber and Fu Tong Xin**

<b>Sawmills</b>	<b>Capitals (\$)</b>	<b>Number of Workers</b>
Hua Seng	1,100,000	300
Hua Lin	400,000	200
Kuching Timber	500,000	200
Fu Tong Xin	170,000	>100

*Source: Zhan (1996, p.76)*

In 1956, the company formed the Hua Seng Export Department and Lau was made in charge of it. A year later it was restructured to become the Export Department of Kuching Timber Store Sawmills Ltd. On 6 February, 1962, K. T. S. & Company was incorporated with a capital \$500,000, to consolidate the timber exports of Hua Lin, Kuching Timber and Fu Tong Xin. Hii Yii Chiong was the Chairman of the Board of Director and Lau was the Managing Director. The corporation was based in Sibui; the Kuching branch was set up in the same year. Business expanded rapidly in 1960s to Miri or Baram region and a branch was set up in Miri town. In 1968, the registered capital was increased to five million. It bought over Hua Aik Sdn. Bhd. a year later. The company then set up K. T. S. Holdings in September of 1968. As Sarawak United Sawmills did, K. T. S. bought over shares of Borneo timber shipping company in 1963. The beginning of 1970s marked the expansion of timber business to regional cities like Jakarta and Singapore. Business diversification also commenced when K. T. S. invested in a shipping service, a travel agency and glass sand production<sup>49</sup>. In 1987, the K. T. S. Group diversified into large-scale oil palm cultivation by setting up BLD Plantation Berhad which went publicly listed for further expansion. The group also has interests in the shipping and shipbuilding indus-

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<sup>49</sup> K. T. S. invested in Hong Kong shipping business in 1971, Metropolitan Travel Service Sdn. Bhd. in 1972 and glass sand production in March 1974.

try, as well as the print media.<sup>50</sup> Lau passed away in 2006 at the age of 83. Today Lau's three sons – Henry Lau Lee Kong, Stephen Lau Lee Kong and Vincent Lau Lee Ming run the businesses. Henry Lau is currently the managing director of K. T. S. Group of Companies.

Lau Hui Kang was a low profile businessman as opposed to Ling Beng Siew. He did not enjoy mingling with politicians but concentrated more on expanding his business empire. Lau had held the position of Chief Executive of K. T. S. Group for about four decades. He is known very much for his management ability. In contrast to Kong Thai Sawmill, K. T. S. was not established as a single family business that heavily relying on the business acumen of a few personals. It instead relied on business partnership among several Sibuan businessmen including Hii Yii Chiong, Lau Swee Guang, Lau Hui Kang and etc. More importantly by setting up the corporate structure at the early stage, K. T. S. is more equipped to expand further in the subsequent decades.

#### 4.1.3 An analysis of Kong Thai and Hua Seng's expansion

Expansion stories of Kong Thai and Hua Seng during the British colonial period opened a new chapter of Sarawak trading history that carrying at least two features. Firstly, local entrepreneurs were further integrated into global business networks and capitalist cultures established by western colonial powers. Secondly, when wealth was a primary source of power, changes of trading patterns often led to the reconfiguration of power structure in local societies.

#### Colonial capitalism

After ceding Sarawak to the British government in 1946 by the Third Rajah, Charles Vyner Brooke, the new government adopted open economic policies that nourished competition. Sizeable logging concessions and sawmill licences were given to presumably reputable companies of both western and local interests with expectation of efficient recovery of the timber trade.<sup>51</sup> Both Kong Thai and K. T. S. held sawmill licences and logging concessions for working in the swampy forests of Rejang delta. Ability to become logging concessionaires is essential in the early success of local sawmill operators as log exports contribute a large portion of their profits. The British, however, had forbidden the installation of sawmills or using modern methods to fell trees at longhouses. The rule was only relaxed

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<sup>50</sup> The group also has a slice of the action in the shipping and shipbuilding businesses and has completed dozens of tugboats, barges and landing crafts for both local and foreign markets. K. T. S. owns See Hua Daily News (Chinese), The Borneo Post (English) and Utusan Borneo, all of which are published and circulated in Sabah and Sarawak and the Oriental Daily (Chinese) which is published and sold in Peninsular Malaysia (The Star. 21<sup>st</sup> March, 2010)

<sup>51</sup> Timber license became a political issue in 1961 when Council Negri member, John Meda, asked the government to give Natives timber working licences. Of seventy-eight licensed sawmills operating in Sarawak in 1962, seventy-four were owned by Sarawak Chinese. The government responded by restating its policy of issuing licences to those having the necessary capital, knowledge, and experience to work the forest efficiently.' (Porritt, 1997)

in 1959 as a result of increasing demand of woods in Kapit areas.<sup>52</sup> The policy was in line with British policy that had traditionally prevented commercial activities spreading to longhouse communities. When the former Chief Minister of Sarawak, Abdul Rahman Yaakub came into power in 1970 in conjunction with the commencement of the New Economic Policy, non-bumiputera loggers were slowly restricted from holding logging permits. Long established logging companies like K. T. S. also failed to get concessions, but transformed into contractors for the Bumiputera concessionaires.<sup>53</sup> The process to obtain the contracts usually involved a large sum of bribery as the Bumiputera concessionaires were mainly politicians who were close to the Chief Minister. In other words, the cost of logging during the colonial period was relatively cheaper. High ranking British officers did not take part in the profitable timber business and quite restricted themselves from interfering in competitions among private interests.

Another feature of colonial capitalism was the vibrant global market where interchange of commodities, personnel and knowledge of both colonial governments and colonies occurred. It was constituted by European colonial centres across regions, in which the western capital funded transnational corporations played as main intermediary actors between international market and local supply. In the case of Sarawak, the Britain and other European countries provided the local products with an extensive market and had been the main suppliers of mechanical equipment, managerial staff, technological skills, and trading networks.<sup>54</sup> Local contractors participated in the colonial market by contracting the local operations of transnational corporations. When the colonial government formally retreated from Sarawak in 1963, western corporations who felt they had lost their privileges chose to gradually retreat from the local market. Some of their businesses were taken over by their local contractors. Along the transition process, the trading pattern was largely followed. For instance, after the end of colonization, the transportation of timber products still followed the shipping routes and services established by western capitalists. On top of that, merchants of ex-colonies were given preferential treatment in trading businesses such as reinforcing a better deal of tariff arrangement (Ooi, 1990).

### **New trading pattern**

Jackson's report of Sarawak (1968) noted the emergence of large Chinese timber exporters in the 1950s particularly in the Rejang ports and Kuching. He identified the phenomenon as a newly-developed trade based on the arguments that the commodity, timber, was basically different from other agricultural products which involved collection from a multiplicity of small peasant producers. Timber was shipped mainly from Tanjong Mani (a coastal port at Rejang river mouth) directly to consumer

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<sup>52</sup> Two such sawmills were licensed. Refer to the *Annual report of the Forest Department for the year 1960*.

<sup>53</sup> Refer to Lau Hui Kang's bibliography (Zhan, 1996) for details.

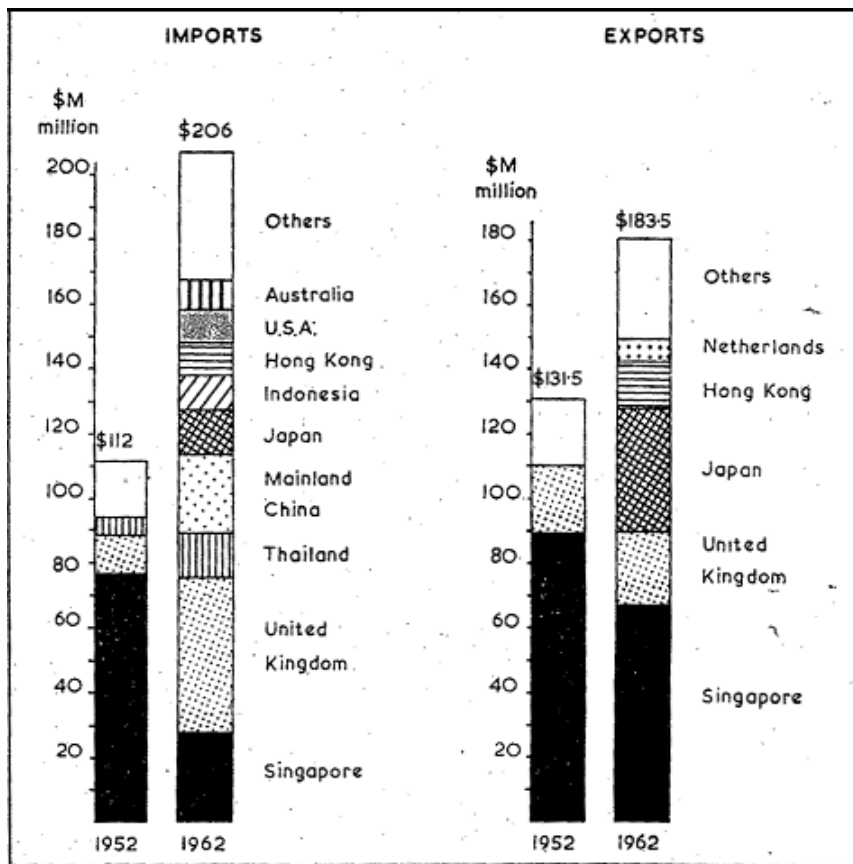
<sup>54</sup> For instance, extraction on a large scale became feasible when the Colonial Timber Company in the end of 1940s applied the technique of using light railways in the swamp forests (Jackson, 1968).

countries, and the producers were frequently also the exporters. The large Chinese timber exporters mentioned by Jackson were chiefly the timber entrepreneurs from the Rejang delta. Sarawak United Sawmills, K. T. S. and Delta Group, as discussed in the preceding section, had cultivated their own trading networks which were different from those of the Hokkien and Teochew's.

During Brooke rule, Hokkien and Teochew merchants living in the municipal city depended on the local supply from rural farmers and shopkeepers. The supply was sustained through a long chain of credit system involving rural producers, small shopkeepers, export merchants and the merchants in Singapore. Meanwhile, the international commerce involving exports of natural resources and imports of machinery and consumer goods mainly controlled by the European agency house (Kaur, 1998, p.69). Hokkien and Teochew merchants either traded through the European agency house or their clan fellows at the regional port of Singapore.

Foochow timber exporters, besides very much dependent on the traditional business network lying within kinship and clan ties, also used the trade links built up by western capital during the colonial period. The new trading pattern, in controlling the chain of timber industry from logging, processing to trading, enabled the timber merchants to accumulate huge sums of profits. A different pattern of external trade had expedited the declining of the role of Singapore in the Sarawak's external trade. By investing in shipping services, Sarawak timber exporters could bypass Singapore port and shipped their products directly to buyers from various regions. The development of communication technology also enabled direct imports between producers and buyers instead of going through Singapore intermediaries. Figure 4 reflects the changes of trade values contributed by various countries in external trade of Sarawak in 1952 and 1962. The decline of Singapore in the role of Sarawak export trade also led to the decline of Hokkien merchants' influence in Sarawak.

Figure 4 Patterns of external trade in 1952 and 1962



Source: Jackson (1968, p. 182)

In conclusion, the economic development after the Second World War had opened a new window of opportunities for the Foochow rural entrepreneurs of the Rejang delta to transform the economic hierarchy of Sarawak society. The growth in timber trade provided an enormous market for the wood producers of tropical countries like Indonesia and Malaysia. In conjunction with the economic trend, the establishment of Hock Hua Bank in 1952 was instrumental in financing the expansion of Foochow timber companies. The bank pooled together new capital from Foochow masses of Sibul and became a new source of capital for Foochow entrepreneurs. With respect to the external market, timber entrepreneurs initially utilized the trading networks of western capital and expanded from there to other regional countries. Gradually, the Rejang timber entrepreneurs bypassed the Hokkien and Teochew merchants of Kuching and Singapore, building their business empires in the subsequent decades.



## 5. Colonial government and continuity of traditional leadership

For much of James Brooke's tenure as the First Rajah, local revolts ranging from Hakka *kongsi*, Malay chiefs to Iban raiders within Sarawak threatened his new rule. Shaky political situation and the lack of strong military back-up from British government compelled him to go for a more creative way to consolidate his ultimate authority. To address the problem, he had developed a loose but effective political organization to gradually win the local support (Walker, 2002). He first empowered the local chiefs that had accepted his rule and used them to pacify other chiefs who refused his authority. To achieve the goal of maximizing the local support, he adopted the rule of 'divide and govern' which was practiced elsewhere in British colonies. The model was proven to be effective in consolidating his kingdom and retaining the political stability during the reigns of his successors.

Kuching, as the capital city of Sarawak, had an ethnically diverse population. It was the first example of how the rule of divide and govern was implemented as a means of political control. There were multiple layers of state and local leaders in the state and their duties were assigned fundamentally along ethnic line. State leaders such as Brookes and their European officials often exercised their prerogatives in local legal and political affairs, but not in direct involvement in many other aspects of social and economic activities (Lockard, 1978). Their influence was exerted through a network of headmen of various ethnic communities and sub-ethnic groups. The everyday life of Kuching residents was in reality governed by communal leaders that were Malay *datu*, Dayak *penghulu* and *kapitan* China General in town and Chinese headmen in rural areas. In general, the political mechanism of Brookes was characterized by extremely weak institution and the rule of multiple ethnic strongmen from centre to periphery.

In Lockard's study (1987) of pre-war Kuching Chinese society, the Chinese communal leaders under the reign of Brookes were the *de facto* leaders among local communities. They were highly regarded in their communities and addressed with the title of *towkay* by the Chinese public. *Towkay*, carrying the meaning of boss, is a Hokkien term used to address the shop owner. The criteria of economic power, kinship and language group membership were fundamental to the development of *towkay* leadership. One of the most prominent *towkays* in Kuching came from the Ong family. Their wealth was accumulated by running import-export businesses between Sarawak and Singapore. One of the key business strengths of Hokkien merchants in Southeast Asia was their extensive business network sustained by kinship and Hokkien dialect. Business partnership with Hokkiens in Singapore enabled the Kuching *towkays* to access a pool of capital and a large regional market. They controlled the local market by providing capital or credit for local petty traders and farmers, and marketing the local products. They rose to the communal leadership by exercising their influences through credit system, arrangement of clansmen immigration and provision of welfare and protection for their clansmen. The government which had no plan or interest to understand the migrant laborers chose to control them in

an indirect way. For instance, the title of *kapitan* was conferred to the Chinese communal leaders who were entitled to carry minor governance duties including hearing small disputes among settlers, advising the government on Chinese customs as well as in general acting as intermediary between the government and the community. Ong's family the wealthiest and most respected family of Kuching Chinese society, had been bestowed with the title of *kapitan* China General for decades.

In the town of Sibul, the title was conferred to Teo's family. Teo Yien Too, a Hokkien trader, was the first Chinese *kapitan* of Sibul. Teo Chong Loh, one of the first appointed Chinese councilor in Sibul Municipal Board in 1925, was bestowed the title of *kapitan* in 1932. He held the position for thirty years and the *Kapitan* status entitled one to the monopoly control of arak production, opium trade, gambling activities and pawnshops within his jurisdiction. Old Sibul folks claimed that Teo Chong Loh had profited much from arak production and pawnshops business. In 1925, the area headmen system was introduced to Foochow settlements in the rural areas. Area headmen were appointed by government, commanding less power than the urban *kapitan*. In contrast to the wealthy elite towkays in Kuching and Sibul, Foochow headmen were largely lay leaders of Methodist churches. Elite leadership had yet established in rural settlements. James Hoover held the title of 'the Proprietor of Foochow' until he passed away in 1932. His advice on Foochow affairs was much appreciated by the Brooke government.

After the World War Two, religious leadership in Foochow settlements had gradually given way to towkay leadership. One of the factors causing the change of leadership came from the Church itself. Though James Hoover's leadership was honored by Foochow community, some missionaries were apparently upset with his leadership. They criticized him for stressing too much on community services and placing the 'church affairs' in a state of neglect. When Hoover passed away, the new leadership diverted their attention to consolidating internal pastoral care and evangelical works. Besides the internal factor, external factors also brought down the social influences of the Methodist Church. After the war, accelerated urbanization processes, economic development, a much varying social structure and growing state institutions had produced a larger community with more complex needs. Such vacuum of community leadership was very soon filled by the leftist intelligentsia, the patron-type of communal towkays and leaders of political parties.

After the concession of Sarawak, the colonial government continued to depend on the local chief political model to maintain the status quo. However, several forces within the state especially the young intelligentsia emerged to challenge the traditional model. The Saribas Ibans, for instance, who formed the political party SNAP were largely white collar professionals as opposed to the traditional Iban *penghulu* leadership. A rift among First and Third Divisions Malays also appeared at the end of the war with the latter harbouring a strong resentment against the colonial government over the issue of cession. Kuching Malays were led by the aristocratic related Malays and Datu Bandar. The largest

force was the nation-wide leftist movement comprising a large number of young intelligentsia and laborers inspired up by the aspiration of ending western colonization. The British government, alarmed at the rapid emergence of leftist movement after the Japanese Occupation, took harsh measures to oppress its growth. In the midst of the political turbulence, the British relied very much on traditional leaders for retaining the status quo and political stability. To suppress the leftist uprising that consisted of majority of Chinese youth, the wealthy towkay leadership was upheld.

The argument of revival or continuity of the towkays leadership in Sarawak in the 1950s and 1960s (Lockard, 2009; Ooi, 1999) is of correct observation. But this paper opines that the towkay leadership may not only had drawn from the traditional elite of Hokkiens and Teochews as contended by Ooi. This paper argues that there had been a new variant of towkay leadership since the 1950s with the emergence of entrepreneur groups from the Third Division. The evidence of their leadership is their substantial roles in government advisory boards, ruling political parties and even social leadership. Like the Malay *datus*, Hokkien and Teochew merchants of Kuching, these Foochow entrepreneurs began casting their roles in state policy making with respect to the administration of timber export including taxes and royalties. For instance, an advisory committee of seven members was set up to assist the Conservator of Forest in setting export quotas and on any amendment to the timber related laws. The committee met every three months. In the committee of 1958, two were foreign representatives and the remaining five of the seven members were local Foochows. The seven members were Ting Ming Hui, representing Sarawak United Sawmills Limited, Sibul (Chairman); L. Minchin, Colonial Timber Company Limited, Sarikei (Secretary); J. G. Perry, Harper, Gilfillan and Company Limited, Kuching; Ting Jack Yu, Sin Hua Company, Kuching; Yap Ming Ik, Hock Lee Sawmill, Bintulu; Ling Beng Siew, Sarawak United Sawmills Limited, Sibul; And Ting Ik Tien, Kion Seng Milling Company, Kuching (The Forest Department, 1958). The establishment of the timber advisory committee indicated the increasingly important role of timber trade in Sarawak economy and the rise of Rejang Foochow timber entrepreneurs in shaping major government policy. Traditionally the merchants of outpost towns had never participated in the central government.

Another event showing the influences of the Third Division leaders in state politics was a state-wide protest initiated by the Sarikei Chinese Chamber of Commerce against a revised scale of trade licensing fees. The new policy which took effect from 1 January 1955 onwards was designed to increase a further \$3.5 million per annum in state revenue. A considerable number of local traders were taxed heavily under the new scheme. When the Sarikei Chinese traders took the lead to protest against the new scheme by closing their shops for the first ten days of the new year, the traders of other towns followed. Very soon the strike was followed by the Binatang shopkeepers, Sibul traders as well as those from Kuching, Miri and Bintulu (Leigh, 1988a).

## 5.1 The Sarawak United People's Party and the Sarawak Chinese Association

During the pre-war era, Chinese were generally excluded from the state politics and their roles were restricted to communal leaders. With the introduction of electoral democracy in the 1950s, political opportunities were open to communal leaders of various ethnic and sub-ethnic groups, young intelligentsia and even leftists. The idea of forming political parties arose among Sarawak expatriate officers, the elite class and leftist intelligentsia in the late 1950s. Briefly speaking, the British officials planned to facilitate the Kuching business elite in setting up a rightist multi-racial political party to take over the government. The leftists, on the other hand, were anxious to look for a legal platform to exert their influences. The birth of SUPP was the result of a mixture of these desires with the top echelon retaining ties with British and Kuching merchants and leftists predominated the ranks and files.

With the initial blessing of top British officers such as J. H. L. Ellis (Chief Secretary of Sarawak) and Anthony Abell (Governor of Sarawak), the SUPP, the first political party in Sarawak was launched in 1959 under the leadership of Ong Kee Hui. Ong, a Sarawak-born Hokkien, came from the wealthiest family of Kuching. Educated in a well-known missionary school in Kuching, he then attended the Serdang College of Agriculture in Malaya. After his return, he worked with the Department of Agriculture for ten years. He was a member of the Kuching Municipal Council since 1953 (President from 1960 to 1965), represented that Council in the Council Negri from 1956 to 1963 and served concurrently as a member of the Cabinet, the Supreme Council. When the SUPP was launched, he was elected as the first president. Another founder of SUPP was Stephen Yong who carried a Hakka background, received Chinese and English education in Sarawak as well as law education in London. When he returned, he worked as a lawyer in Kuching and also got involved in businesses. As the General Secretary of SUPP, his role in managing the internal affairs of SUPP had overshadowed the leadership of Ong. Another important figure was Chan Siew Hee, a Kuching-based bus operator who extended his business to other major towns. Among these three prominent leaders, he had close contact with the underground communists. His position in government was a long term member of the Kuching Port Authority and Kuching Municipal Council. He was arrested by the federal Government in 1968 and detained for a little more than a year. As we can see, the prominent leaders of SUPP were all Kuching Chinese and well-educated businessmen. According to Leigh (1988a, p.21), the power constestation within SUPP can be summarized as, 'SUPP, though recruiting many Dayaks throughout the state, is Chinese controlled. The Hokkien and Hakka Chinese are consistently over-represented within its ranks and the Teochew, Cantonese and Foochow are under-represented. SUPP members lead such disparate organizations as Kuching Chinese Chamber of Commerce and the Sarawak Communist Organization. The latter influenced the party at the branch level whilst the former had made its impact at the top echelons of SUPP.'

The British officers gradually lost their faith in Ong and SUPP when they suspected the underground communists had subjugated the SUPP. They turned suspicious when a large number of Chinese leftist mainly from the First and Third Divisions joined SUPP, and leaders like Ong and Yong were frequently submitted to the immense pressure from the local branch leaders to oppose British policies in particular the measures taken against the leftist movement and more importantly the formation of Malaysia. The desire of British to look for an alternative to SUPP was reflected in their selection of Sarawak delegates for signing the Malaysia agreement in London in 1963. Instead of Ong Kee Hui, Ling Beng Siew, a timber tycoon from Rejang was chosen as the Chinese representative. Ling was the Second President of the Sarawak Chinese Association, a pro-British political party.

In July 1962, a year prior to the formation of Malaysia, the Sarawak Chinese Association (SCA) was formed by a number of Teochew and Foochow businessmen looking for an political alternative to safeguard their interests. It was echoing the call of Malayan government to form a single ethnic-based party in accordance to the ethnic parties in Malaya on the eve of Malaysia. The first Chairman, William Tan Ho Choon, was a wealthy businessman living a western lifestyle. He had been the president of the first fully-elected Kuching Municipal Council (1956-9)<sup>55</sup>, a member of the state Cabinet (1957-9) and, the Speaker of the Council Negeri (1968-73) and a federal senator (1963-71). Tan had been active in several uniform groups as the British Red Cross Society and Boy Scout, he did not participate in traditional Chinese organizations except the Teochew Association. When Tan gradually lost his popularity, he stepped down and gave way to the leaders from the Third Division. The successor of William Tan was Ling Beng Siew, a wealthy Sibu timber merchant. Besides his own party, SCA, Ling was a major donor of SNAP and Pesaka. He was one of the three Sarawakian delegates that went to London on July 9, 1963 to sign the Malaysia Agreement. Despite the supports of wealthy businessmen, SCA only claimed to have 2,000 to 3000 membership in the 1960s in contrast to about 50,000 members of SUPP in 1967 (Leigh, 1988a). The support of Sarawak government for SCA was evident given the appointments of its representatives into Council Negri. For instance, Ling Beng Siew's brother, Beng Siong, was appointed as the Minister of Youth and Culture of Sarawak Cabinet in 1967.

The Sarawak politics of the 1960s witnessed various new forces contesting for political leadership. Timber entrepreneurs such as James Wong, Wee Wood Teck and Wee Boon Ping chose to enter SNAP, an Iban-majority political party.<sup>56</sup> Both Wees were prominent Hokkien businessmen in Kuching and James Wong was a Hakka from the Fifth Division. Another force was the new towkays

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<sup>55</sup> William Tan defeated Ong Kee Hui with a margin of only one vote in the contest for the president seat at the KMC.

<sup>56</sup> Wee Wood Teck joined the SNAP in 1966 and was elected as the Vice-President. Wee Boon Ping was the financial officer of SNAP. During the 1966 crisis, both resigned from SNAP under the pressure of Alliance leaders (Leigh, 1988a, p.118). James Wong had been the representative of SNAP in Sarawak Cabinet holding the position of Deputy Chief Minister.

of the Third Divisions, making considerable inroads in state politics which used to be dominated by Kuching elites. However, the influences of timber entrepreneurs in SUPP was not as salient as in SCA and SNAP.

Another social force was the leftist intellectuals who held stronger connections with the grass roots. They made considerable impacts on Sarawak politics through SUPP, trade unions, youth associations and Chinese schools. Firm leftists were generally not businessmen, but idealistic and educated youth. They filled the SUPP's rank and file, controlled the trade unions, formed youth organizations and Chinese press, and recruited students of Chinese schools. While some young leftists tangled with the underground communist movements, some retained independent from the communist stream. The Chinese masses perceived the SUPP as a political party which battled over the interests of grass roots. Their supports of SUPP could be seen from the results of 1963 District Council elections. The results showed that SUPP won 116 out of 429 seats, about 24.5 per cent of the total. Except for pockets of Iban communities, the votes it won were mainly in Chinese areas. In comparison the SCA did very poorly, winning only three seats overall. When SUPP joined Sarawak BN after the 1970 election, SCA had lost its role to play as a Chinese representative party. It was finally dissolved before the 1974 election and Beng Siong joined the SUPP. However, some SCA individuals became the sponsors of DAP actions when the DAP set its foot in Sarawak a few years later.

The uneven support of Chinese masses towards SCA and SUPP had challenged the notion of towkay leadership which used to characterise the Chinese leadership. It is widely acknowledged that the Brookes chose to work with the *de facto* communal leaders for retaining the social stability. As contended by scholars, the representatives of urban Chinese had always been wealthy businessmen supported by their respective dialect and kin groups. After the war, however, the British had actually refused to work with the popular Chinese leaders, but continued supporting wealthy business individuals. Harsh measures including imprisonment without trial were slammed on the SUPP leftists and underground communists. However, the influences of SUPP leftists and communists had further expanded in 1969-1970 (Leigh, 1988a, p.156) when the economic situation of Sarawak was worsening. More Chinese and Iban farmers as well as the unemployed youth gave their supports to communism. Increased occurrence of military engagements and communists' violence against the government officers eventually led the Malaysian government to take comprehensive measures in combating the communists of Sarawak. These measures included inducement policies for rural people, taking over Chinese schools and military actions. At the same time, the deterioration of internal security, especially in the rural regions had added to the misery of civilians who were forced to discard their homes and moved to towns. The moving trend from district to urban Sibu was spelled out in the Censuses of 1960 and 1970. There was a slow annual growth of the district population of the Third Division, but a high growth in the Sibu urban centre, the Fourth Division and followed by the First Di-

vision. This probably left the impression that leftists and communists were eventually rejected by the Chinese masses.

Perhaps Ooi's (1999, p.104) elite continuity thesis can also provide an answer to the fall of leftists and the sustainability of towkay leadership. He claims that 'the tragedy of the leadership struggle lies in the fact that the aspiring new leaders were tainted with the brush of communism and Chinese chauvinism which, as far as the Colonial authorities were concerned, represented subversive elements, and they continued to work through the old leadership. Therefore, the opportunity of ousting the traditional towkay leaders, who had never truly represented the Chinese and who were tainted by collaborators, was lost.'

Another major victory of Malaysian government in battling the communism was the inclusion of SUPP as a member of Sarawak Alliance in 1970. The decision to join the ruling coalition had earned Ong Kee Hui a position as federal minister and Stephen Yong was made a member of State Security Committee. The effort of 'leftist cleansing' within SUPP and the closure of SUPP as a channel of spreading communism had expanded the influences of leaders like Ong and Yong within the party. When the seventh annual SUPP Delegates Conference was held in September 1971, Ong and Yong were duly re-elected as the Chairman and General Secretary. The result was a triumph for both the existing party leadership and the ruling alliance. But it was also a sign of delegate division on the ideology of party (Leigh, 1988a) and planting the seed for future cracks in the party. The major distinction between leaders like Ong and Yong on one side, and the leftists on the other was the latter held on to a political ideology. The ideology provided them with a picture of how the state should be run. However, Ong and Yong's political careers were unlikely driven by political ideology but desires for career success and personal achievement. One of the evidences was that although they opposed the Malaysia proposal in its initial stage, they did not really harbour an anti-colonial sentiment like the leftists. And clearly British officers were open to have constant negotiations with leaders like Ong and Yong and had never taken any intimidating action against them. Perhaps Ong and Yong were typical examples of pragmatic politicians who had dominated the upper echelon of the political party similar to the MCA in the post colonial politics.

## 5.2 Social influences of timber businessmen

During the post-war period, towkay leadership persisted in part due to the support of colonial government, in part the vacuum of leadership after the mass arrest of leftist leaders, and perhaps also related to their broad social connection rested in their businesses. With respect to the social influences, considerable scholarly efforts have been directed towards studying the roles of Chinese communal institutions in consolidating the towkay leadership of Sarawak and of other Chinese communities of

Southeast Asia in the pre-war era. After World War Two, drastic political transformation occurred across the Southeast Asian nations. New political forces emerged alongside the development of modern politics. Modernization process gave birth to the new social and political institutions which gradually overshadowed the traditional institutions. The latter lost its weight and had to give up to political office, public administration and political party in particular in establishing both local and national leadership. A great example was the declining influences of Chinese clan and dialect associations in directly selecting communal leaders or their political representatives into government.

The building of a modern nation provides local strongmen a new means for seizing power and leadership. The pattern also applies to other Southeast Asian countries like the Philippines. The work of John Sidel (1999) on local bosses of the Philippines illustrates the varying category of bosses and their means of retaining power. His discussion suggests that the subjugation of modern public institutions and special skills of the provincial bosses of Philippines in extracting local resources led to the continuity of bossism. One of examples given is the mayors or bosses of Cavite Province. They are termed as 'warlords' due to their constant use of violence and coercion in local politics. On the other hand, a medium size city, Cebu, sees a merchant dynasty where the strongmen use their business acumen and political position to access public resources, and sustain their political control by resorting to their economic resources. Often the relationship between Cebu bosses and their grass roots employees is described as patron-client relationship. Such relationship easily converts to electoral support during elections. With respect to the political characteristics of strongmen leadership and patron-client relationship, Cebu and Sarawak was quite in congruence. In view of this, this study would like to fill the gap of previous scholarly study of Sarawak towkay leadership by exploring the employment influences of timber business on multi-ethnic society. Though mobilizing employees for electoral gains was not evident during the early Independence years, it became an effective instrument for electoral gains over the last two decades.

Having an insight of the multi-ethnic setting of Southeast Asia had always been a great advantage for traders who established their businesses in the region. Early Hokkien and Malay traders were great examples of adapting themselves and businesses into the ethnic diversity of Malay Archipelago. During the colonial period, cross ethnic cooperation was still significant for the success of wealthy businessmen like Ong Kee Hui, Ling Beng Siew, Wee Hood Teck and James Wong. This part focuses specifically on the ethnic composition of labor force in the timber industry of Sarawak and argues that it has enhanced the social influences of timber businessmen.

In the 1960s, timber industry especially sawmills created considerable working opportunities for local residents. It ranked first among all the industries in Sarawak in generating state revenue as well as local employments (Sarawak Government, 1962). In 1962, eighty sawmills were in operation employ-



ing a total number of about 5,500 workers. As shown in the Table 11, 65% of the total registered sawmills were installed in Third and Forth Division, with the rest in First, Second and Fifth Division.

**Table 11 Divisions Number of Licensed Sawmills**

1 <sup>st</sup>	.....	15
2 <sup>nd</sup>	.....	4
3 <sup>rd</sup>	.....	24
4 <sup>th</sup>	.....	28
5 <sup>th</sup>	.....	9

The labor force employed in timber industry continued to increase after 1963. The report on Census 1970 revealed that logging alone employed a total of 20,228 workers or 5.8% of the total labor force of Sarawak. Among them 18,963 worked full time and 1,265 part time. With respect to wood products manufacturing industries, the laborers employed was 7,139 or 2.1% of the total labor force. Together the logging and wood products manufacturing industries contributed 7.9% of the total employment of Sarawak (Porrit, 1997). With respect to the ethnic composition of labor, reports of Smythies (1961) and Jackson (1968) both acknowledged that a sizeable logger population consisted of Melanau and Malays. The distribution of sawmills was across divisions and mainly concentrated at suburban areas of Kuching, Simanggang (Second Division), Sibul, Bintulu and Miri.

**Table 12 Number of sawmills and average labor employed across forest sections**

Forest Section	Total Number of Sawmills	Average Labor Employed			
		Chinese	Iban	Malay	Others
Kuching/Simanggang	28	624	362	821	-
Sibu	32	1134	212	392	117
Bintulu	16	147	10	337	3
Miri	42	279	158	262	58
Sarawak	118	2184	742	1812	178

*Source: The Forest Department (1969)*

In the 1960s, a great number of laborers were the Chinese of Sibul and the Malays of Kuching and Simanggang, with about two thirds of sawmills concentrated in Sibul and Miri. Table 12 shows that 44.4 per cent of laborers were Chinese, Malays 36.9 per cent, Iban 15.1 per cent and the others 3.62 per cent. The Chinese of Sibul who worked as sawmill laborers were largely young Foochows from Sibul rural districts. This speculation can be verified by the study of Kiu on the out-migration of Foochows in the 1960s and 1970s. His study of the flows of Foochow migration during 1970-1972 reveals that 27.4% of the total out-immigrants of Lower Rejang districts worked for the timber industry (Kiu, 1997). Today Iban and foreign workers also constitute a significant portion of the labor force.

Timber employment could be divided into two major categories, laborers like loggers and sawmillers, and administrative and technical personnel like camp managers, clerks, mechanics and surveyors. Loggers and sawmillers made up the majority of workers and many of them were casual laborers engaged on daily pay or contract basis. In the event of a slump in the industry, they were the first to be retrenched. A timber market falloff also affected the administrative staffs, but the negative impact was relatively light. They may be given less work, less wage or annual bonuses, but may not be retrenchment as they were needed to stay back to maintain the logging camps, roads, railways and machinery (Porrit, 1997).

Lacking of industrial development in Sarawak had driven a large number of young men searching jobs in timber industry. Looking back upon the leadership pattern of Sarawak, it is reasonable to assume that such *towkay*-employee relationship to certain degree would have an impact on workers if the towkays demanded political supports from their employees. The contemporary Sarawak politics has further exposed the effectiveness of such relationship in rallying employee voters at the polls.

### 5.3 Timber entrepreneurs in post-independence politics

During the Brookes' rule, each ethnic and sub-ethnic community was expected to play their particular role, for instance the Malay noble males as Brooke officers, Hokkiens as traders and shop keepers, Foochows and Hakkas as rural peasants, and Ibans as soldiers and peasants. The end of the Brooke dynasty and the post war development saw the challenges to the traditional roles of each group. In the Chinese community, there was an emergence of new entrepreneurs from rural Chinese like Foochows, Hakkas, Henghuas and Chaoan (Tien, 1983), in contrast to the weakening of traditional towkay groups like Hokkien and Teochew.<sup>57</sup> Table 13 shows that Foochows and Hakkas who were traditionally brought to Sarawak as rural agriculturalists had occupied a place in both the Sarawak political and economic arena at the turn of twentieth century, standing alongside the Hokkien and Teochew businessmen. Their common features include holding timber interests and significant positions in political parties.

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<sup>57</sup> Tien's (1983) study of Chinese society of Sarawak in the early 1980s discovers that there was a sharp decline of Teochew influences in economic and political leadership in Sarawak and other Southeast Asian cities as well.

**Table 13 Connections between political parties, corporations and timber tycoons 1963-1974**

<b>Political Parties</b>	<b>Prominent corporate donors</b>	<b>Prominent leaders</b>	<b>Main business interests</b>	<b>Political Membership of prominent leaders</b>	<b>Political or ministerial positions in Sarawak</b>
Sarawak National Party (SNAP)	Limbang Trading Company	James Wong (Miri Hakka)	Timber	SNAP	ADUN of Limbang, Deputy Chief Minister
		Wee Boon Ping (Kuching Hokkien)	Various, including banking and timber	SNAP	Financial Officer of SNAP
		Wee Hood Teck (Kuching Hokkien)	Various, including Timber	SNAP	Vice-President of SNAP
Sarawak Chinese Association (SCA)	Kong Thai Sawmill	Ling Beng Siew,  Ling Beng Siong and brothers (Sibu Foochow)	Timber  Timber	SCA, SUPP (after 1974)  SCA, SUPP (after 1974)	President of SCA, Member of Parliament ADUN of Igan; Minister for Youth and Culture
Parti Pesaka Anak Rakyat (Pesaka)	Kong Thai Sawmill	Ling Beng Siew and brothers	Timber	SCA	Refer to above column
		Wee Hood Teck	Various, including Timber	SNAP	Refer to above column
		Temengong Jugah	Timber	Pesaka, PBB	President of Pesaka, Federal Minister for Sarawak Affairs
Sarawak United People Party (SUPP)		Wee Hood Teck	Various, including Timber	SNAP	Refer to above column
	W. T. K. Group	Wong Tuong Kwang (Sibu Foochow)	Timber	SUPP	
Parti Bumiputera		Ling Beng Siew and brothers	Timber	SCA	Refer to above column
Sabah		Mustapha Harun	Timber		

*Source: Adapted from Ross (1996) and Leigh (1988a)*

From the above table, it was obvious that timber entrepreneurs had built up their links with major political parties including SNAP, PBB, SCA, Parti Bumiputera, Pesaka and SUPP in the post-

independence years. One of the major roles taken up by them was being the financial contributors. However, it may not be accurate to say that all the prominent timber entrepreneurs in the 1960s were well political-connected and pro-establishment. In fact, we can find varying degree of political engagement among them. Ling brothers and James Wong, for examples, enjoyed to be high profile whereas others would rather keep a low profile like those from the Delta Group and K. T. S. These two timber corporations focused very much on business expansion and retained a lesser intimate political link. Another type of timber capitalist like Wong Tuong Kuong acutally supported the party in opposition. In the 1970 Sarawak election, Wong Tuong Kuong, representating the SUPP contested against the SCA candidate Ling Beng Siong in Igan constituency, was defeated by a margin of 769 votes. Despite varying degree of political engagement, all those timber businessmen mentioned managed to sustain their businesses over the subsequent decades.

Under the Malaysian democratic framework, in order to be appointed to high ranking political positions such as ministers of state cabinet, one was expected to win in state election. Additionally, one was expected to deliver communal votes for their cross-ethnic alliance that consisted of ethnic-based political parties. Timber businessmen who were keen to directly participate in state politics would go beyond just being financial contributors of major political parties but also strove to appeal to local or ethnic community as their representatives in government.

**Table 14** The results of the 1970 Sarawak Election of the state constituencies in the Lower Rejang

No.	State constituencies	Political Parties	Candidates	Votes gained
26	Binatang 45.3	SUPP	Anthony Teo Tiao Gin	3048
		SCA	Luk Tai Lik	2130
		PESAKA	Sandom ak. Nyuak	1077
		SNAP	Teng Tun Hsin	849
27	Sibu Tengah 84.9	SUPP	Chew Kim Poon	4470
		SCA	Chieng Hie Kwong	2098
		SNAP	Yap Siew Hoe	493
		INDEP	Lim Ung Chiew	380
28	Sibu Luar 69.3	SUPP	Wong Kah Sing	2969
		SCA	Tai Sing Chii	2261
		SNAP	Joseph C. C. Tang	562
		INDEP	Peter Hwang	135
		INDEP	Jamal bin Hj. Dris	92
		INDEP	Ngu Teck Sing	75
29	Igan 38.3	SCA	Ling Beng Siong	3264
		SUPP	Wong Tuong Kwang	2495
		SNAP	Gelanggang ak. Mujan	213
		INDEP	Ampi ak. Matari	75
		INDEP	Jawi ak. Sureng	46
		INDEP	Penghulu Pengabang Impak	35

Source: Leigh (1988a, p. 209)

In the 1970 state election, Foochow timber entrepreneurs including Ling Beng Siong, Wong Tuong Kwang, Tai Sing Chii and perhaps Chieng Hui Kwong (the manager of Hock Hua Bank owned by Ling Beng Siew) contested in several Chinese predominant constituencies except the Igan seat where Dayak accounted for 46.1 percent of total voter population in the Lower Rejang. Except Ling Beng Siong, all SCA candidates were defeated by SUPP candidates with either moderate or close margins. The results could be read as a sign of aggressive political encroachment of timber entrepreneurs in the initial phase of mass politics in Sarawak. For the victory of Ling Beng Siong in Igan, Leigh (1988a, pp. 122-138) attributed to the individual effort of Ling in providing material needs of the residents. Igan, a mixed Dayak and Chinese constituency, was a rural district where majority of the population were involved in agricultural activities. As a State Minister, Ling delivered substantial funding for rural development projects including paths, roads and bridges constructions. The development funds came from government grants, his personal funds and his timber companies. It was worthy to note that Ling did not only defeat the SUPP candidate, but also SNAP and other Dayak candidates. Ling's success indicated an old variant of political tradition characterised by patron-client relationship instead of ethnic politics thus was still playing an effective role in certain corners of Sarawak political arena.

## 6. Conclusion

It is arguably that the end of colonial rule and the establishment of a modern state in Sarawak have not inspired a significant transformation in conventional political culture and practices of Sarawak. Strongmen and towkay leadership, with the support of British officers, survived throughout the post-war period and gained prominence in the global resource trade. 'Representatives' from timber corporations continuously exercise their influences in the subsequent development of Sarawak politics and remain significant until today.

It is important to note that despite the continuity of strongmen and towkay leadership, the sources of political power in the post-war decades had been diversified. In addition to wealth, language and kinship, other elements such as education, political ideology and political mechanism had gained much significance. This is particularly obvious in urban Chinese community where SUPP and leftist leaders had captured most of the constituencies in 1963 and 1970 state elections. However, federal politics has cast a shadow over the local politics of Sarawak after 1963, which has not only strengthened the ethnic-based strongmen politics but also complicated the Sarawak politics with indoctrination of religious identity.

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