Indian migrant workers in Malaysia – part 1

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In the past 130 years, the number of foreign migrant workers in Malaya has grown from about 84,000 in 1880 to more than three million in 2010. Originally, foreign workers were predominantly from China and India and most were locked into semi-permanent “labour circulation” arrangements through their employment contracts. Currently, foreign workers originate from a range of South and Southeast Asian countries, and Indonesians dominate labour flows. These workers migrate to Malaysia because they and their governments believe that temporary labour migration is a pathway to development. Predictably, most have also become trapped in circulating contract labour regimes. The debate on the developmental impacts of migration meanwhile continues to exclude discussion on the risks involved and the longer-term consequences of temporary migration. There is no conversation either on integration of earlier cohorts of migrant workers in society, let alone recent migrant workers who are increasingly referred to as aliens. The outlook is particularly gloomy for Malaysia's marginalised South Indian plantation workers who became "orphans of empire" when hardliners in the ruling United Malays National Organisation legislated to deny them citizenship rights.

Commodities of empire and migrant labour, 1880s – 1970s

Britain's 'forward movement' in Malaya after the 1870s resulted in the country's greater integration into the international economy and facilitated the production of mineral and agricultural commodities. Concurrently, labour migration became a fundamental component of Malaya's economic growth model and related social structures. Malaya's main's commodity exports were tin, coffee and sugar. Chinese entrepreneurs monopolised tin production, recruiting workers from China for their mines. European planters were chiefly involved in coffee and sugar cultivation and they relied on indentured labour from India for their enterprises. In the early 20th century, the planters switched to rubber and it subsequently became the main agricultural commodity. However, they lacked the capital to establish large properties and British trading (agency) houses in Singapore consequently played a vital role in bringing together planters and overseas financial interests (mainly in Britain), to convert the estates into joint-stock companies through flotation on the stock market in London. The 1909-10 rubber boom led to further changes and the proprietary estates largely disappeared, with their former owners often taking up shares in the new corporate entities as part of the sale price. These events foreshadowed major changes in the industry since rubber production necessitated the development of a distinctive agricultural 'complex' with inter-connected operations and a particular cultural milieu. Moreover, the development of the rubber industry reinforced the connections between Indian labour mobility and capital and both the Indian and Malayan colonial administrations strategically planned and organised Indian labour migration to Malaya.

The plantation production system effectively established the Indian workers' subsequent employment circumstances and contributed to their marginalisation in Malaysia. The plantation system has since continued into the 21st century and has been adapted for oil palm production. Analogous to colonial frameworks, the Malaysian government and labour-sending states presently organise inter-state labour mobility. Additionally, since the 1980s Indonesian and Bangladeshi migrant workers have mostly replaced the former Indian workforce on plantations. These new migrant workers face a similar marginalisation progression. This paper compares past and present plantation labour regimes in Malaysia and frames the subject in the broader context of the plantation complex to suggest the larger, wider significance of the plantation management system and its institutional frameworks.

Indian workers and rubber

The rubber production system that was developed in Malaya was centred on cultivation of a single crop– rubber; an imported workforce mainly from India; and capital for the enterprise came from Britain, the United States and Europe.

By 1910, rubber plantations covered approximately 225 000 hectares, rising to 891 000 hectares in 1921. This accounted for 53 per cent of the total land under rubber in South and Southeast Asia; and Malayan rubber exports also rose from 6500 to 204 000 tonnes between 1910 and 1919. As stated previously, rubber cultivation necessitated recruitment of a large, cheap and "disciplined" workforce that had be settled and organised to work under pioneering conditions in the country. British India with its teeming poverty-stricken millions and caste-ridden society was the preferred provider for this labour. The state and planters (as employers) essentially regarded the Indian labourer headed for Malaya as another tradable commodity in the production cycle. All the essential arrangements for his sojourn abroad – recruitment, transport and employment – were made by four parties: the sub-imperial Indian Government (or India Office); the Colonial Office in London; the Malayan (Straits Settlements and Federated Malay States) Government; and the employers. Since most Indian emigrants lacked the funds for spontaneous mass migration, Indian labour recruitment was managed by the India Office and sponsored by the Malayan administration. Governance arrangements for the plantation labour regime rested on two pillars – the mobilisation of a largely migrant labour force that facilitated the use of economic and extra-economic measures to maintain low wage bills; and an ethnic (and gender) differentiation of the labour force that enabled the manipulation of both workers and wages.

Private labour brokers/intermediaries were entrusted with the important task of facilitating and driving labour migration under the auspices of two recruitment methods – the indenture system and its variant, the *kangani* system. The indenture recruitment method authorised employers to utilise enforceable, written labour contracts. Malayan planters either engaged the services of one of the labour recruitment firms in Nagapattinam or Madras, or sent their own agents to south India to recruit labourers directly. The agents advanced money to individuals wanting to migrate to Malaya, the advance being conditional on the intending migrants signing a contract on arrival in the country. The migrants were then considered to be under indenture to their employers for a fixed period, varying from three to five years (reduced to three years after 1904). Subsequently, rubber planters started utilising their trusted workers as labour brokers to recruit Indian labour, thus introducing a chain migration outcome based on specific recruitment areas in south India. This system, known as the *kangani* recruitment system, was primarily a personal or informal recruitment system and it became the preferred recruitment method after 1910. The *kangani* also provided the vital connection between poverty stricken rural south India and the frontier regions of Malaya, and enabled Indian migration to take place. Moreover, planters favoured this method since the prospect of workers absconding became less likely, especially since the *kangani* had a vested interest in ensuring that the labourers did not abscond.

Growing demand for labour and the Colonial Administration's own labour needs for public works projects led to a turning point in Indian labour recruitment in 1907. The Malayan Administration approved the *Tamil Immigration Fund Ordinance 1907*, establishing an Indian Immigration Committee (IIC) to manage a fund, later known as the Tamil Immigration Fund. This legislation was important for three reasons. First the British established a state-controlled structure to handle the mass recruitment of "free" South Indian labour. Second, the Tamil Immigration Fund (renamed the Indian Immigration Fund in 1910) was set up to provide free passage for Indian labourers intending to come to Malaya. The recruiting of workers for plantations continued to be undertaken by licensed *kangani* with the approval of individual planters. Third, all employers of Indian labour were charged a quarterly charge to cover the travel and related costs of Indian labour immigrants to Malaya. The levy was based on each "man-day" worked and amounted to about M$ 29.39 per head in

1912. The IIC was authorised to manage the movement of assisted labour migrants to Malaya by monitoring the number of recruiting licenses given to the *kangani* and also the recruiting allowance or subsidy to migrants. Crucially, this legislation resulted in Indian labour migration evolving into two distinct categories, namely recruited and non-recruited migrants. Henceforth, whether migrants were recruited under the *kangani* system or arrived independently, they were considered “free” migrants.

These transformations represented a major policy change, i.e. a move away from labour circulation to a permanently settled Indian labour force on plantations. Consequently, Indian workers recruited under the auspices of the Fund were subsequently either confined to plantations or government public projects in emerging townships. Furthermore, although workers arrived in Malaya without any debt obligations, they continued to be considered under contract to plantation owners and under the supervision of the *kangani.* The government also upheld penal sanctions for breaches of labour contracts. These penal provisions were only abolished in the Malayan Labour Codes of 1921 and 1923. Plantation production was also organised on military industrial lines and about 1,000 workers were employed on one plantation. In the early 1920s the colonial government implemented reforms that had broad implications for subsequent Indian welfare and the Indian sex ratio in Malaya. These changes were incorporated in the 1923 Labour Code. The Malayan government endorsed two main codes: a standard wage and an improved sex ratio on the plantations, in accordance with earlier Emigration Acts. Wages were sufficient to induce migrants to migrate to Malaya and were not revised upwards when rubber prices rose. Thus the plantation wage structure continued to be a productivity-linked wage scheme. Consequently, an Indian worker’s income, despite incorporating the concept of a standard (maintenance) wage, was based on the number of days worked. Employment was also tied to the price of rubber.

This is Part 1 of a two part series revisiting the history of Indian migrant workers in then Malaya, now citizens of Malaysia and exploring the possible reasons for the continued backwardness of a significant number of them. Amarjit Kaur, is Professor of Economic History at the University of New England. Her research interests include Southeast Asian Labour history, Indian labour migration and the Indian diaspora, and governance of international labour migration in Southeast Asia. Part 2 appears tomorrow.