

## CHAPTER VII

### THE SIGNIFICANCE OF THE CHANGES IN OWNERSHIP AND CONTROL OF THE TIN DREDGING COMPANIES

Changes in the ownership and control of the tin dredging companies can mean quite a number of things in economic terms. The very obvious importance of such changes is a change in the source of capital for part of the tin mining industry. Keeping in mind that capital for the tin mining industry and especially for the tin dredging companies was initially supplied by foreign countries, we can conclude that such changes are for the better. Now that we are able to raise a lot of the capital for our mining industry, it will mean that our dependence on foreign supply of capital will be reduced. And it also shows that the local population is taking a great interest in the affairs of their economy. Tin is one of the major export items from this country and we still depend quite a lot on the earnings of tin in the international markets. As an independent nation, we cannot depend very much on our 'colonial protectors' any longer. In fact, such a situation cannot be expected to last forever. By depending on foreign investment, the tin dredging companies and the tin mining industry as a whole will be placed in a precarious position. There is always the danger that the foreign investment be withdrawn suddenly and if that is the case it will be hard to convince new investors of the prospects of our mining industry. And, if this gap which might be created in the face of a sudden withdrawal of foreign investment cannot be filled somehow our tin dredging companies might have to stop all operations. This is not in the least desirable especially for a developing country like Malaysia because she depends to a great extent on international trade and foreign earnings for her survival. Therefore, by reducing our reliance on foreign capital and enterprise, we are only ensuring our survival and preventing chaos in the long run.

There are other advantages which could be also be derived from the utilization of domestic capital. Dependence on foreign investment would only mean that these advantages be placed in the hands of the foreigners. The only benefit that might be left for us would be the tax on the tin export and profits tax. But the profits and the product as well which form the more important parts would go to the capital supplying country. This cannot be disputed and our hope is that by raising the capital required for the tin dredging companies among ourselves, we can retain all the benefits which used to accrue to the foreigners.

From the analysis of the changes in the ownership and control of the tin dredging companies from 1951 to 1961, it became clear that at least 60% of the capital for the dredging companies is now raised locally. There is national prestige in being independent. But as far as this paper can show, independence is almost achieved only in terms of capital supply. But what should concern us more at this stage of development is enterprise. From our analysis of ownership and control it was revealed that we lack a lot of enterprise badly needed for the running of the public companies. We are in need of men who can organise and execute matters in large firms and not small businesses. With reference to the tin dredging companies, it was made clear that most of the executives and decision makers are foreigners even though most of the companies are owned by the local people. In fact, we lack such decision makers not only in the tin dredging companies but in almost all fields in our industrial sector. Our problem now, is therefore, that of enterprise. This state of affairs is quite disheartening. (22). The enterprise of the Chinese which is in abundance is below the level required of large organisations. We have still to produce many people who can make decisions, plan, manage, and control our businesses organised along western lines. For the tin dredging companies, there are only a few capable ones. This situation has to be corrected soon. Fortunately, this situation has been recognised by the government and it is hoped that something can be done. The Minister of Commerce and Industry, in an August issue of the Straits Times regretted the lack of enterprise in Malaysia. This we have backed up by our analysis of the tin dredging companies.

Another important which needs elaboration regarding the changes in the ownership and control of the tin dredging companies is that of profits remittance. In the early days when most of the capital for the tin dredging companies was in the form of foreign investment,

---

(22) It is enterprise that was scarce, rather than capital, in Malaya as in other underdeveloped countries; not always enterprise as such, the bearing of risks and the seizing of favourable opportunities - no one can deny that the Chinese had this in abundance. The enterprise that was scarce was the skill in converting opportunities into assets, a skill involving careful records, reasonably objective techniques of measurement and description, and a capacity to play (and ensure others play) a consistent role in relation to an organisation, as to build up its value. (Sillcock, The Economy of Malaya, p.17)

the profits from the tin dredging companies were sent overseas and very little of it was retained for further investment. This was evident from the fact that while profits were made, the investment of the foreigners in the tin dredging companies did not increase. One could always argue that restriction could be placed on the amounts of profits that could be sent out of the country but again we must not forget that a solution to one problem could in turn create further problems, for instance, the sudden withdrawal of capital by the foreigners. In the initial stages in the development of the tin mining industry, this was undesirable because then we had no choice but to depend on the foreign supply of capital. Even today, the government is careful in using exchange controls to prevent money from flowing out of the country. But because we have been able to raise a lot of capital locally, it appears that we have found an alternative solution. The profits from the tin dredging companies could be retained for further investment in the tin dredging companies and other companies as well. We are a step forward as far as capital accumulation is concerned and as such we are a step forward in economic development.

Finally, maybe the greatest significance is an awakening of economic consciousness among the local people. The example of the tin dredging companies merely shows that the people of certain underdeveloped countries can come forward to show their interest in the affairs of their economy if enough encouragement is given to them. And the example of the tin dredging companies really show that our residents are not ignorant of the importance of their economy.