

CHAPTER II

A SHORT HISTORY OF TIN

Tin is an important source of revenue to Malaya. Together with rubber, it forms more than 60% of the total revenue to the government. Historically, it had also been sources of revenue to the various states in which it was mined. The early tin lands were leased out to miners by Malay chiefs, and the governments only played the roles of collecting export duties on the tin ore.

The history of tin is but a vague one. Tin has been known for a very long time - as early as the ninth century in the Malay Peninsula. Many authors of history have described the existence of tin trade between the Malays and traders who came from China, India, and even the West. But there is a lot of doubt as to who actually started the tin industry. The very early ownership and control of the industry was therefore little known. Even Silcock expressed uncertainty over the subject. He says, "it appears to have been mined chiefly by the Malays, though it is doubtful whether the Chinese first introduced the practice." (1). Such doubts are to be expected since there are very few or no records at all about the early mining industry. The doubts of Silcock are substantiated by the 1964 volume of the International Council Statistical Year Book. It is not known when the tin-ore deposits of Malaya were first exploited, but Arab writers refer to the Chinese, who placed an important part in the development of the Malayan tin industry, have been working these deposits for the past centuries, is much more certain. (2) At least, we now know that the Chinese played an important role in the development of the tin industry. The conflict is taken up by Joginder Singh Jercey, "Although the Chinese have played so large a part in the development of tin mining, their introduction into the industry is of fairly recent date. Before the Chinese came, mining was a Malay industry, and documentary evidence of the areas in which they worked is available." (3). Both opinions are possible, but it is hard to accept one only. More research will have to be done before a very concrete conclusion can be arrived at.

But whoever started the industry, the fact remains that the tin mining industry was started by the Eastern people, and the European dredge came very much later.

(1) Silcock, "The Economy of Malaya." p. 15

(2) International Tin Council, 1964 Statistical Year Book.

(3) Joginder Singh, "History of Malaya (1400 - 1959)."

By the middle of the nineteenth century, tin mining had expanded rapidly, and the operations were mainly carried out by the Chinese. Chinese tin mining began on the Island of Banka about 1719. But as far as the Malay states were concerned, the Chinese mining began at Larut and Sungei Ujong in about 1824. It was, so history recorded, the discovery of tin by a Malay gentleman, Long Jaffar, in Larut in 1848 that made the Chinese rushed from Penang to Larut. By 1862, there were 19 mines at Kamunting and 8 at Taiping, and the number of Chinese miners in these two areas of Larut totalled from about 20,000 to 25,000. (4) But the development in the Larut area resulted in gang wars which were one of the causes which led to the British intervention in the Malay states. This was about the middle of the nineteenth century. The result of this intervention was that the British and other foreigners also began to see great prospects in the tin mining industry and subsequently they introduced foreign capital into the tin mining industry.

It would be interesting to note the organization of the early Chinese mining companies in order to understand why the European or foreigners who came very much later were able to exert control over the tin mining industry. The capital for the early Chinese mining operations came chiefly from syndicates which included kinsmen, close friends and relatives of the initiators. Profits would be shared on a certain agreed basis. In other words, most of the Chinese companies were private ones were organized in a very special way. The mines could be worked by the few owners themselves or they could be allotted to be worked by someone else. Usually, this would be on some sort of rental basis and it would also usually be to the disadvantage of the one who works it because besides paying the rent, he would also have to split the profits with the owners.

Because of the type of organization that existed among the Chinese mines, we find that the ownership and control of the mines were in the hands of a few wealthy Chinese. No one else other than the original owners could have a say in the running of the business. The amount of capital raised in a company such as that of the Chinese naturally remained small because subscriptions remained limited. Even when there was need to expand the company, this was never done because of the selfish thoughts of the owners.

(4) Joginder Singh, History of Malaya (1400 - 1959)

But the smallness of the Chinese-owned companies was due to another reason. This was the introduction of Western capital into the industry. The growth of Chinese capital could very well have been hampered by the Introduction of Western interest. (5) One reason why the European companies came with large amounts of capital was that they were floated and organized as public companies. Capital could flow in in abundance because the public at large could subscribe for shares in the companies. The floatation of the European companies were done mainly by men associated with the Agency Houses. The organization of the European companies (mainly dredging companies) is one of control over operation and most aspects of policy, either by holding companies or by secretarial companies with various degrees of financial interest in the mines themselves. According to Silcock, the holding companies are either interested exclusively in mining or allied with the two smelting companies, the Straits Trading Company Ltd. of Singapore and the Eastern Smelting Company Ltd. of Penang. Besides, it is also interesting to note that not only are these dredging companies allied to the two smelting companies, but they are also allied to one another in the sense that most of the companies have the same members on their Boards of Directors. (6) They also indulge in other activities such as rubber and general trade. On the whole, we would find that the European or dredging companies are in the control of a few Agency Houses. We shall examine this interlocking relationship in a later chapter.

With the great amount of capital raised for the foreign companies, they were able to afford to buy dredges which was a new innovation. The first dredge to be introduced into Malaya was in 1912. One advantage that the dredge had over the Chinese method of production (mostly gravel pumps (7) in nature) was that it was more efficient and cheaper to operate. But the initial capital for the dredge was tremendously great and as such only the European public companies could afford them. Though the Chinese were aware of the advantages to be derived from dredging, they just could not import the dredges because of the lack of capital. The dredge, being able to compete very efficiently with the Chinese methods of production, enabled the European Companies to capture more than half the industry, at least in terms of the magnitude of production.

(5) James Puthucheary, "The Ownership and Control of Malayan Economy."

(6) Op. Cit.

(7) See Appendix I

Initially, when the dredge was not in operation, the Chinese had control over the industry (as far as production was concerned). This was because the early Chinese methods were cheap and simple to operate. But now the picture appears differently. The dredge could work at low costs per ton of ground, and it could even be used in areas which have been worked before by the Chinese. (8) As such, the history of the tin mining industry, looking from the point of view of ownership and control, is one that started off with Chinese domination and with the introduction of the dredge, this ownership and control passed on to the Europeans. This situation is to continue until about the fifties when we again observe slow changes in the ownership and control of the tin dredging companies - ownership and control reverting back to the Chinese and in particular the local population of Malaya.

(8) See Appendix I