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Indigenous Trade and European Economic Intervention in North-West Borneo c.1860–1930

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The soil and productions of this country are of the richest description, and it is not too much to say, that within the same given space, there are not to be found the same mineral and vegetable riches in any land in the world (James Brooke, 1838).

It was in these words that the adventurer and first White Rajah of Sarawak extolled the potential wealth and investment promise of Borneo. Such images of riches and wealth, apparently so easily available to the foreign investor, formed a central motif in popular, contemporary images of Borneo. Indeed, as Savage (1984) has noted, the superficial luxuriance of the flora and fauna in this region seemed to point, by extension, to untold mineral and plant wealth. Furthermore, as the trade of the new port-cities of Singapore and Hong Kong developed from mid-century, the strategic significance of the north-west Borneo coast, and of its potential coal bunkering-stations, was reinforced.

The shifts in trading patterns that followed the emergence of new political units in the region are the main focus of this paper. By the late nineteenth century, the dismemberment of Brunei had resulted in the creation of Sarawak, ruled by the White Rajahs since 1841, North Borneo, under the control of the British North Borneo Chartered Company from 1881, and the small, bifurcated Sultanate of Brunei. All three territories became British Protectorates in 1888; Brunei accepted a British Resident in 1906. Whilst none of these territories were British colonies (Sarawak and North Borneo were eventually colonies from 1946 to 1963), their administrative systems, and, more particularly, the nature of economic management, shared strong affinities with colonial governments. Under these regimes, 'government, and therefore economic management, were in alien

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hands' (Fieldhouse, 1983, 53). The imposition of alien rule, and the orientation of the economy towards the 'new' products of the colonial economy (rubber, tobacco, minerals, oil) brought about a significant shift in the trading patterns of the region and pose a number of questions about the changing economy and geography of the region. What was the importance of traditional 'jungle products' under the new economic conditions? How rapidly did colonial products supplant traditional goods in the trading and export profiles of the region?

By the late nineteenth century the economies of Borneo had begun to shift from what Wallerstein (1989) termed an 'external economy', focused by and large on selling its luxury products within a mercantilist framework, to a 'peripheral economy', whose production patterns were increasingly structured by the demands of the world commodity market, mediated through the local state and its agencies. This posited shift from external to peripheral economies may have been reflected in a variety of ways. Thus, increasing control over production systems (for example in the development of plantation farming) or increased production for the commodity market (rubber, timber and oil were key products) rather than subsistence needs provide some evidence of the process of incorporation (Cleary, 1992a; Lindblad, 1988). Changes in the pattern of exports (the products; their volumes and value; their destinations) may also reveal the operation of this process. Thus, as peripheralization developed, the trade in the hitherto dominant 'luxury' products, began to yield to the newly emergent colonial products such as rubber, tea, coffee and tobacco, often produced through the plantation system. But, it is argued, this shift was gradual: the articulation from one mode of production to another was spatially and temporally uneven. Export patterns provide one way of examining this shift. It is argued that the export data can shed light on a number of important questions. To what extent was the shift from one staple ('exotic' luxury products) to another (high volume minerals, for example) speedy and clear-cut? How far can a line be drawn between pre-colonial and colonial trading and production systems and is it accurate to characterize them as pre-capitalist and capitalist? Were they sharply distinct or did they intermesh?

To seek answers to some of these questions, the present paper focuses on trading patterns between the late 19th century, when concerted European intervention began, and 1930, when trading patterns were disrupted by global economic depression. The geographical

focus is indicated in Figure 1. The analysis of trading and export returns is confined to the trade passing through the ports of Labuan and Singapore; trade between Borneo and the Sulu Islands, in part covered by Warren's work (1981), is not considered. In seeking to elucidate the character and importance of trading structures in the pre-colonial period, the paper demonstrates the continued significance of traditional trading patterns and examines the extent to which they were modified through the new systems of economic control established in this period.

I

Prior to the concerted economic intervention of Europeans, whether as individuals (the Brookes in Sarawak from 1841), companies (the Chartered Company in North Borneo from 1882) or administrations (the British Residency in Brunei from 1906), the trading economy of north-west Borneo was dominated largely by indigenous, unprocessed and luxury products. Subsistence production of rice, vegetables and fruit was significant but such products rarely entered into regional commercial circuits. Luxury products—whether decorative (bezoar stones or hornbill beaks), aromatic (camphor), gastronomic (birds' nests) or aphrodisiacal (tongkat ali)—were the staple of the long-distance trade in jungle products which were much sought after in the entrepôt markets of Hong Kong and Singapore. In addition, rather humbler goods—rattans and other woods, sago, jelutong—also found their way onto regional market places, particularly Singapore. Thus, as Wong Lin Ken (1960, 90-1; 220-1) shows, some 26% of all the trade between Borneo and Singapore in 1852-53 was made up of just two products, sago and gutta-percha. By 1865-66 the figure for these two products was higher still at 56%.

These trading patterns, dominated as they were by luxury products with specialized production zones and markets, or by unprocessed jungle goods, were, argues Wallerstein (1989), typical of pre-colonial patterns, of an economy which was *external* to the world market. Traditional networks of collection and marketing, with distinctive spatial and ethnic characteristics, channelled these jungle products to coastal ports where, in the Borneo context, Chinese or Malay traders sold them on to the regional market. The intervention of capitalists was at the level of trading, through mercantile companies, rather than production networks. Overseas consumers provided

TABLE I
Jungle Products in North West Borneo

Product	Use	Trading range
nibong palm	building	local
nipah palm	roofing	local
rattans	baskets, drugs, mats	local/regional
bamboos	building	local/regional
gahru wood	perfumes	regional/international
betel nuts	chewing	local
illipe nuts	oils	local/regional
camphor	oil, perfumes	regional/international
sago	food	regional/international
jelutong	'jungle rubber'	regional/international
damar	glue	regional/international
gutta percha	cable cover, glue	regional/international
cutch	dyestuff	regional/international
birds' nests	medicine, food	regional/international
hornbill/ivory	decorative	regional/international
beeswax	various	local/regional

product demand and changing demand influenced the market price. Foreign capital, whether Chinese or European, did not seek to control directly the collection or production of such commodities; its preferred means of intervention was through the trading company. Controlling the production of such varied, complex and geographically isolated products would, in any case, have been a hazardous task. What, then, were these traditional 'jungle products' that had helped make the reputation of the region?

In Table 1 some of the most important jungle products are listed, together with an indication of the geographical range within which they traded. The latter is, of course, primarily a reflection of value, with higher value goods able to sustain transport costs better than low value ones. Thus nipah palms and betel-nuts had a limited, localized trading range—perhaps trading between Sarawak, North Borneo and Brunei but no further. Others such as sago (traded both as raw and processed sago) were sold on the Singapore market, whilst others—gutta percha, damar, diamonds, birds' nests—had a truly international market. The Table does not seek to be comprehensive but rather highlights those products most commonly appearing in the trade returns for the region.

Historically, the trade in jungle products had long been a major component of the economy of Borneo. As Warren (1981) has shown for the Sulu region, trade in such products with the north-east Borneo

coast made a significant contribution to the wealth of the Sulu Sultanate. The importance of Brunei in the 16th century was linked in large part to the ability of state officers to control the marketing of the region's precious jungle products. Camphor from Brunei, for example, was in demand from at least the 9th century as both Nicholl (1979) and Wheatley (1959) have shown, and Chinese junks were not uncommon in the waters of the Brunei river (Brown, 1970). Other forest products such as ivories, resins, valuable woods, rattans and birds' nests featured as significant export staples. Such products then, part of what Lian (1988), has called the 'folk ecology' of the region, were highly significant in the regional economy. Dunn's study of such products in Peninsular Malaysia underlines their value as traded products that had long been exploited by indigenous groups; they were, he argues, 'economically significant, collected resources destined for extra-community exchange' (1975, 85).

Nineteenth and early twentieth-century travellers and adventurers, in their descriptive and ethnographic writings on this part of Borneo, made much of the variety and richness of such goods. If their Eurocentricity perhaps inclined them towards an emphasis on seemingly more tangible benefits of colonization, such as mineral wealth, their writings nevertheless highlighted the potential financial rewards of controlling the jungle trade. Their foci were, however, diverse. In some accounts the products themselves are meticulously annotated. Thus Spenser St John (1862, 95–6) pointed to the important trade in ivory in north-west Borneo, whilst Hose (1929, 164–84) provides a useful inventory of the better-known products. In the accounts of Evans (1922, 41–2), Roth (1896) and Rutter (1929, 102–5) similar material can be found.

Equally interesting is the attention given to the structures of indigenous trading systems, both ethnic and spatial. Many of the jungle products were initially collected by the varied ethnic groups of the interior. Spenser St John (1862, 45) notes of the Punan that 'they are the great collectors of wax, edible birds' nests, camphor and rattans'. Rutter (1929, 102) notes that 'the collection of edible birds' nests is in the hands of the Mohammedan tribes' whilst the bulk of the remaining products were collected by various Dayak groups (Dayak being the collective name used to describe a wide range of indigenous, non-muslim groups) and sold on to Chinese or itinerant Malay traders. The collection of camphor in North Borneo, a skill requiring careful ecological judgement and expertise, was largely controlled by the Rungus and Tambunan tribes.

Recent work by historians and anthropologists (see *inter alia* Boenisch Burroughs, 1975/6; Chew, 1990; Hoffman, 1988; Rousseau, 1990) has underlined the distinctive ethnic and spatial characteristics of indigenous trading systems. Whilst the trading model developed by Dunn (1975) for Peninsular Malaysia has yet to be replicated for Borneo, much within that model is apposite to the island. He identifies four groups in the trading network *viz*:

1. The collectors—usually the interior ethnic groups.
2. Primary traders—usually the interior ethnic groups who collect the product and, in some cases, sell or barter the goods to other ethnic groups in touch with secondary traders.
3. Secondary traders—Chinese/Malay usually located along the rivers or coast at the junction of ecological, and hence trading, zones.
4. Tertiary traders—usually Chinese located at port sites and engaged directly in the international trading of jungle products.

In Borneo, the role of collectors was filled by indigenous groups with, as has been seen, distinct ethnic specialization by product. Thus, the specific ecological environment within which a product was found was reflected in the ethnic group harvesting it. In the deep interior, according to Hoffman (1988, 111), the semi-nomadic Punan were better-equipped than sedentary swidden farmers to collect produce: ‘the historic demand for these forest products is the reason why the Punan—or more precisely the distinctive Punan way of life—came into existence’. It should be noted that the Hoffman thesis on the origins of the Punan remains controversial: both Rousseau (1990) and Sellato (1989) have been critical of Hoffman’s views. Other examples would include the Sea Bajau specialization in marine products such as pearls or *trepang* (sea slugs). The collection of jungle products, then, was a vital element in the indigenous economy.

The role of primary and secondary traders in the network was crucial. They had the responsibility for assessing what produce was required, organizing its collection (a task requiring careful co-ordination over time and space) and marketing, either directly or through tertiary traders. Who, then, were these traders? Contemporary accounts provide some clues. In the early and mid-nineteenth-century, Malay traders predominated in the up-river regions; many were Dayaks recently converted to Islam. Relying on local knowledge, experience and generally good relations with indigenous groups, these traders plied the river valleys of Sarawak and Brunei collecting produce in exchange for goods such as cloth, iron and salt, and passing

the produce on to the markets of Labuan, Brunei or, later, Kuching (Christie, 1985; Lian, 1988). In North Borneo, highland–lowland trading systems were boosted with the arrival of Bajau and Bugis groups from the seventeenth century onwards. By the early nineteenth century, notes Boenisch Burroughs (1975/6, 26), ‘Bajaus and Suluks were acting as agents for the Sultan of Sulu and obtaining ivory, delectable birds’ nests, camphor, wax, tortoise shell and pearls from the east coast’. As Warren shows (1981, 3), the Sulu Sultanate was, by 1800, ‘a pre-eminent market centre and regional power’ with considerable influence on the north-eastern coast of Borneo. The contact zone between the lowland Dusun and upland Murut ethnic groups was another especially favourable trading zone within which the distinctive periodic marketing systems of the region developed.

This pattern of trading was altered in a number of ways in the course of the nineteenth century. As the next section will demonstrate, the significance of jungle products in regional trading profiles was to be irrevocably altered as the colonial economy began to develop. Equally significant were changes in the structures of trading systems. These changes were both ethnic and geographical. The arrival of considerable numbers of Chinese immigrants into Sarawak from the 1860s (Lockard, 1967) and North Borneo rather later (Lee Yong Leng, 1961; Tregonning, 1958) led to changes in marketing systems. The collectors remained largely unchanged, for only indigenous groups had the necessary ecological skills and social organization to be able to locate and collect jungle products. Their ‘folk ecology’ remained of paramount importance and constituted a sophisticated and carefully-balanced social and economic system (Lian, 1988). But the Malay dominance of up-river trading networks, especially in Sarawak, was increasingly challenged by the Chinese. The reasons for this were three-fold.

First, the establishment of European rule in Sarawak and North Borneo, with its attendant ‘pacification’ of the countryside, led to the creation of numerous forts which were to provide safe trading locations for Chinese traders (Black, 1983). Ultimately, such forts often became the nuclei for small trading posts and towns. As Chew (1990) has demonstrated for Sarawak, as the political frontiers of the state expanded, so too did the involvement of Chinese traders in jungle products, gradually but inexorably usurping the Malays. A second reason lay in the ability of Chinese up-river traders to tap sources of credit from their merchant colleagues and family groups in Kuching and Singapore. Such credit often allowed Chinese traders to outbid

their Malay rivals; credit, and the creation of indebtedness were an integral part of the transformation of trading patterns in Sarawak (Chew, 1990, 114-15). A third factor, especially marked in the Baram region bordering Brunei and Sarawak, was that Malay traders, who operated largely through Brunei, were often faced with lower profit margins because of having to pay dues and taxes to the Bruneian traders whose networks they fed. As a result, their prices were often less attractive than those offered by the Chinese, trading through towns such as Marudi and Miri (Goldman, 1968).

In North Borneo a similar process took place, albeit rather later and less marked. Coincident with the expansion of the colonial frontier, especially as strong local opposition to the Chartered Company (exemplified by the Mat Salleh Uprising of the 1900s) was defeated, came the establishment of forts and settlements and the encouragement given to the developing periodic marketing system. Evans (1915, 24) argued that the trade in jungle products was, from the early years of the twentieth century, largely in the hands of Chinese traders. Trade followed the flag; as Rutter (1929, 128) noted, 'District Officers pushed up the rivers, penetrated to the hill fastnesses where no white man had been before. In their wake followed the Chinese trader. He was a pioneer no less than the white explorer'.

In this first phase of European colonialism then, it is evident that the administration met a sophisticated, widespread and carefully-structured indigenous trading system. Ethnically, economically and geographically it was productive, ecologically-balanced and diverse, far removed from the image of primitiveness that coloured so many colonial perceptions of the region. Peluso's (1983) study of jungle trade in East Kalimantan has emphasized how access to the secrets of interior trade was one of the most sought after prizes of this period well before the arrival of Europeans. As her analysis of the trade in jungle products shows, it was a complex and lucrative pursuit whose changing ethnic and geographical profile reflected the varying political fortunes of the trading groups. Given the clear contemporary evidence for this thriving jungle trade in the region, to what extent is it possible to quantify its importance?

II

One of the most valuable sources for reconstructing the composition and geography of trading patterns in this part of Borneo are the

Consular Reports on the Manufactures and Commerce of Consular Districts. These reports, together with the annual Trade Returns of, for example, Sarawak and Labuan, were used by Wong Lin Ken (1960) in his analysis of the changing patterns of Singaporean trade between 1819 and 1869. His monograph provides a valuable secondary source for the earlier decades of the century in that it deals, in part at least, with Borneo trade. Other sources that are apposite include the trading reports published in the *Sarawak Gazette* and *British North Borneo Herald and Gazette* at annual or monthly intervals and the Annual Reports of the State of Brunei, North Borneo and Sarawak. These sources have been employed here in order to examine changing patterns of trade in the region.

The use of these sources is not straightforward. First, they are concerned primarily with products which entered into the export market. Whilst the data on Sarawak and North Borneo do allow an estimate of intra-state trade, the so-called coasting trade, comparative figures throughout the region are available only for the major exported products. Such figures, then, are likely to underestimate the true size of the trade and no attempt has been made here to examine variations and patterns within particular countries. In the case of Labuan, which was a vital entrepôt port in the middle of the nineteenth-century, the data do not always permit a clear distinction between products from Labuan and products passing through on their way to the Singapore or Hong Kong markets (Tarling, 1970).

A second source of difficulty is that the sources do not always clearly distinguish between different categories of produce. Thus, in attempting to measure the place of indigenous products, it is not always clear whether a particular product should be regarded as a jungle product or not. The example of sago illustrates these difficulties. The trunk of the wild sago palm, widespread along the banks of many rivers in Borneo, was and remains widely exploited. For some groups, the Melanau of Sarawak for example, sago was planted and nurtured as an agricultural crop rather than harvested as an occasional 'wild' product (Morris, 1953). Sago was usually exported from Sarawak in one of three forms—as raw, unprocessed sago, as sago flour or as sago pearls. The first of these was usually classified as jungle produce in the trade returns whilst the latter two were regarded as manufactured or processed products and classified accordingly. It may be argued, however, that sago was largely a jungle product—indigenous to the area, collected and processed by indigenous ethnic groups, and far removed from the radically different production struc-

tures which underlay such products as tobacco and rubber. For the purposes of the present paper, however, the categories in the original data have been retained; sago, then, may be classed as a jungle product (if wild) or as a manufactured product if exported in processed form which thereby enters the circuit of embryonic capitalist production.

What, then, was the extent of the jungle trade? Wong Lin Ken's monograph suggests that in the early part of the nineteenth-century the total trade of Singapore with Borneo was Straits \$175,800 in 1840-41 and \$827,962 by 1865-66. As he notes (1960, 87), 'probably around one-half of that trade, especially in the earlier period, came from Dutch Borneo', but the rise in the later period does suggest an order of magnitude for the growing trade—largely in sago and gutta-percha—with north-west Borneo. By 1863, he argued, 'it was evident that Kuching was the entrepôt port of the adjacent districts and was a feeder port of Singapore' (89). Later in the decade, shipments of sago and antimony were being made directly to Great Britain, by-passing Singapore altogether.

The trade passing through Labuan provides a more valuable means of estimating both the volume and composition of the trade in the region. Labuan, was, at least until the 1870s, a major feeder-port for the region (Maxwell Hall, 1958; Tarling, 1970). Jungle produce, especially from Brunei (whose territories included the valuable sago-producing regions of Oya and Mukah until 1861) and from the west and east coast of northern Borneo together with the Sulu islands, was largely transhipped through Labuan, a British colony since 1848. Table 2 provides an indication of the volume and composition of exports from Borneo. Three categories are identified: 'jungle products' (including sea products such as dried fish, pearls and *trepang*), 'cultivated produce' including raw and processed sago, padi rice, and spices, and thirdly, 'manufactured' goods from Labuan itself, of which the major items were coal and sago processed on the island.

The Table highlights a steady rise in both the entrepôt trade of the island and in the products of Labuan itself which was seeking to establish itself as a colonial manufacturing centre (Tarling, 1970). Jungle and sea products were consistently the most important items, rarely falling below 40% by value of total trade. These products originated in a range of locations according to a report compiled by Hugh Low in 1874 (Papers relating to Her Majesty's Colonial Possessions, Part II, 1874). Camphor, generally the most valuable jungle product was collected from 'two or three species of magnificent

TABLE 2
Borneo Trade through Labuan 1855-1880

Period	1855-9	1860-4	1865-9	1870-4	1876-80
Total trade	46,647	110,602	313,845	283,596	436,083
Jungle trade	12,777	46,849	124,623	106,912	149,729
%	27%	42%	39%	38%	34%
Sea products	1,368	6,235	42,773	27,027	45,985
%	3%	5%	14%	9%	10%
Cultured crops	18,743	16,974	12,349	35,338	81,510
%	40%	15%	4%	12%	19%
Manufactured products	7,912	36,610	128,889	105,974	144,544
%	17%	33%	41%	37%	33%

Notes: 1. Table does not include items such as specie and treasure

2. No data available for 1875

Source: Papers relating to Her Majesty's Colonial Possessions. Reports for 1880, 1881 and 1882 (C.-3642), London: HMSO

timber trees, of the genus "Dry obalanops" [*sic*] in all the countries of the Borneo coast north of Tanjong Barram [the Baram river]'. Birds' nests exported through the port came largely from Sandakan Bay and the Kinabatangan River in north-east Borneo. Cinnamon, from the Kimanis River area, coffee in small quantities from the Sulu islands, and pearls, also from the Sulu islands, were consistently listed in the trading returns. Sago, which, as we have noted, might legitimately be regarded as a jungle product was imported into Labuan either processed or raw from Papar, Membakut and Tutong. Three factories on Labuan washed and processed the sago before re-exporting it to Singapore.

If Labuan played a significant role as an entrepôt port in the first thirty or forty years of its life as a British colony, eliciting, it would appear, some concern on the part of Singaporean merchants that it might become a viable competitor (Wong Lin Ken, 1960, 92-4), by the late 1870s its trade was beginning to decline. Increasingly, Kuching began to usurp its role. At least two reasons suggest themselves. First, the decline in the trading significance of Brunei is apparent. Political uncertainty and the general bankruptcy of government had made trading conditions there increasingly uncertain. Since the bulk of Brunei's exports were channelled through Labuan, the effects of this decline were felt there. Secondly, much of the northern part of Borneo, once an important feeder area for Labuan trade, was, from 1882, under the control of the British North Borneo Chartered Com-

TABLE 3
Exports from Brunei, Labuan, North Borneo and Sarawak 1881-1882 (\$ Straits)

	Brunei	Labuan	North Borneo	Sarawak
Total	96,438	506,784	167,254	1,076,828
Jungle/sea	31,949	396,028	152,507	449,840
%	32%	78%	91%	41%
Minerals	6,000	7,552	0	163,010
%	6%	2%	0	15%
Cultivated products	59,389	103,204	14,747	463,978
%	62%	20%	9%	44%

Notes: 1. The figures for Labuan have been converted from pounds sterling at the rate of one pound = \$4.8.

Source: Reports from Her Majesty's Consuls on the Manufactures, Commerce etc of their Consular Districts, Part XI, 42, 1883 (C 3798), London: HMSO

pany. Anxious to control the trade and its attendant revenue, and systematically to organize production and extraction along colonial-capitalist lines, it was soon able to organize its exports independently of Labuan through the ports of Sandakan on the east coast, Kudat and, later Jesselton, on the west coast (Figure 1) and then onto the world market.

The development of Sarawak and North Borneo, independently of Labuan, was a slow process, especially for the latter state. But, as Table 3 shows, by the early 1880s, Sarawak was clearly outstripping its Borneo neighbours in the volume of its trade. Jungle products continued to constitute a major proportion of the trade profile of all four countries. This is especially marked if the trade in sago (listed as a 'cultivated product') is placed in the jungle product category. The proportions increase dramatically, especially for Sarawak. There, as Table 3 emphasizes, jungle products consistently accounted for over one-third of all exports from the state by value. The importance of gutta percha and timber also stands out.

By the late 1880s, then the trading returns permit an evaluation of the development of trade in the region and, albeit indirectly, an indication of the impact of the new colonial economies. In general, the new economic regimes in Sarawak and especially North Borneo continued to rely very heavily on those traditional products which had long characterized the indigenous economy. Products such as sago, birds' nests, camphor, rattans and precious timber provided upwards of one-third of all exports and, as a result, major government revenues. In some ways, it might be argued that the strength of the indigenous economy provided a lifeline for the governments of

Sarawak and North Borneo. Without that lifeline they might have foundered on financial, let alone political grounds.

This view is reinforced when returns from minerals and cultivated crops, usually regarded as central to the colonial economy, are considered. If the case of sago is left aside, it is clear that, at least until the late 1880s, governments were markedly unsuccessful in stimulating agricultural production of those products—pepper, gambier, coffee, tea—which had proved the mainstay of colonial economies in, for example, the Federated Malay States or Dutch Java. Equally striking was the dismal performance of the mineral sector. The image of Borneo as a bountiful source of coal, metals and precious minerals is shown to be little more than a chimera. Even in Sarawak, where the goldfields of Bau were long-established, mineral production never made much of a contribution to state exports and revenues until at least the turn of the century.

III

By the end of the nineteenth century the trading returns for the region had begun to show signs of change. Whilst jungle products remained important, the significance of what can be classed as processed or manufactured goods—the deliberate products of the colonial economy—began to grow. As world demand for goods such as petroleum, timber, rubber and tobacco increased from the end of the century, much of Borneo represented what Wood (1985, 3) has termed a resource frontier, ‘a relatively unpopulated peripheral region that has natural resources sold on the world market.’ In these terms, then, the economy of the region began to be incorporated into world commodity markets. The commoditization of land, labour and capital were central to this shift. The development of the plantation economy (facilitated by new land holding regulations), the involvement of foreign capital in mineral exploitation, and the importation of Javanese and Chinese workers into the region were reflections of this structural shift in the regional economy. The role of the state in ‘freeing’ labour, capital and resources was crucial for the process of capitalist development (Corbridge, 1986, 35).

One should beware, however, of making too sharp a distinction between a pre-capitalist/indigenous and capitalist/colonial sector. Thus, production of colonial products such as tobacco, rubber and timber occurred both within highly centralized and heavily capital-

ized plantation estates (as in North Borneo) and in the smallholding sector (as in Sarawak). Equally, whilst much labour for the plantations was drawn from overseas, especially Java and southern China, indigenous farmers also engaged on a temporary or part-time basis in estate work (Cleary, 1992b). The basic distinction suggested by the export returns, a distinction which rather easily elides into a dualist conception of the economy, is by no means justified by a closer examination of production systems.

In both North Borneo and Sarawak, such commoditization was essential for attracting foreign investment, notably in the plantation economy. In North Borneo the Chartered Company encouraged the growth of the tobacco plantation sector from the late 1880s and took a major part in the somewhat belated expansion of plantation rubber from the first decade of the twentieth century (Cleary, 1992b; John and Jackson, 1973). In Sarawak, as Reece (1988) has shown, the impression that the Brookes were largely opposed to economic development was misleading. Much of that impression stemmed from views fostered by apologists of the regime, anxious to emphasize the paternalist credentials of White Rajah rule. In fact, through companies such as the Borneo Company (Longhurst, 1956), with its investments in mining and agriculture, the search for profit, if less immediately apparent than in North Borneo, was hardly less avid. In Brunei, where the export trade was virtually moribund by the end of the century, the British residential administration was keen to attract outside capital, not always with conspicuous success. 'Investors', noted the Resident somewhat wearily in 1909, 'appeared to have turned a cold shoulder upon Brunei'. Later, British investment in a fledgling rubber plantation sector made itself felt in trading returns and government revenues (Cleary, 1992a).

For each of the three political units of the region—North Borneo, Sarawak and Brunei—the trading returns reveal the increasing significance of colonial products. These may be classed into two main groups, although the returns themselves do not always allow for their easy classification. First were those products which were either processed and manufactured local products such as sago and cutch (a dyestuff made from mangrove bark) or introduced crops such as tobacco, rubber and pepper. In the case of tobacco and rubber much of the early production was through the plantation system (although, in time, smallholder production also grew in importance). Pepper was largely a smallholder crop. Such products were introduced as part of the colonial economy and increasingly tied the peripheral

TABLE 4a
Exports by Value (\$ Straits) from British North Borneo, 1890-1929

	Total	% Jungle	% Processed	% Minerals
1890	902,290	33%	50%	0
1898	2,881,851	27%	65%	0
1908	4,572,001	25%	65%	0
1916	9,223,487	15%	73%	4%
1925	17,861,147	13%	81%	3%
1929	11,680,614	32%	61%	4%

Sources: 1890-98: Diplomatic and Consular reports
 1908-29: CO 648 British North Borneo Administration Reports

region into the metropolitan core through the market mechanism. The second category of products was minerals. Some had long been exploited in the region—witness the case of gold production in the Bau region of Sarawak and West Kalimantan (Jackson, 1970). Others, most notably oil and coal, were developed from the early twentieth century in Sarawak and from the 1930s in Brunei. The production of such export commodities came to represent an increasingly significant share of the export profiles of the region.

Tables 4a, 4b and 4c summarise the export patterns of British North Borneo, Brunei and Sarawak between 1900 and 1929. The data have been compiled from a range of sources and requires some qualification. First, the division made between jungle products, processed products and minerals is not always clearly made in the original sources. Thus, whilst the Sarawak returns do use this basic distinction, for Brunei and North Borneo, it has been necessary to

TABLE 4b
Exports by Value (\$ Straits) from Brunei 1908-1929

	Total	% Jungle	% Processed	% Minerals
1908	193,290	12%	49%	0
1915	537,000	10%	61%	28%
1920	1,173,252	17%	57%	25%
1925	1,859,736	12%	86%	0
1929	1,251,335	19%	76%	0

Notes: 1. Figures for 1908 are taken from the Labuan returns

2. Percentages do not total to 100 because items such as treasure and specie are not included.

Source: Annual Reports of the State of Brunei

TABLE 4C
Exports by Value (\$ Straits) from Sarawak 1900-1929

	Total	% Jungle	% Processed	% Minerals
1900	5,217,036	31%	43%	19%
1910	7,909,071	31%	58%	12%
1915	8,357,663	21%	48%	22%
1920	18,067,121	13%	41%	40%
1925	56,011,036	3%	48%	45%
1929	63,311,501	6%	18%	72%

Source: CO 802: Annual Reports of Sarawak

place export commodities in these groups *a posteriori*. Secondly, as was noted in relation to earlier trading returns, the distinction between jungle and processed products is not always clear-cut. Some essentially jungle products (such as sago and cutch) were classified as processed in the returns.

Given the caveats in the data, what conclusions may be drawn from an analysis of these export patterns? First, it is evident that even in the period when the colonial economy, centred on the production of export commodities such as tobacco, rubber, timber and oil, was expanding, traditional jungle products remained significant. In *absolute* terms products such as birds' nests, rattans, camphor and jelutong remained significant in all three states through to 1929. In Sarawak, for example, whilst the *relative* contribution of such jungle products to export earnings fell from 31% in 1900 to 3% in 1929, its importance in absolute terms remained largely unchanged. In both North Borneo and Brunei the absolute importance of jungle products increased substantially over the period from around \$23,000 to \$237,000 in Brunei (1908-1929) and \$777,000 to \$3.733 million in North Borneo (1898-1929). Figure 2 serves to reinforce the general significance of these products.

The continued significance of such products was not simply a reflection of the structural importance of the indigenous economy but also indicated changing patterns of demand. Thus, much of the earnings for jungle products in North Borneo reflected burgeoning demand for timber. The exploitation of timber for the Hong Kong and Japanese markets was an important facet of Chartered Company policy. Exports were more tightly organized after the creation of the British North Borneo Timber Company in 1921, which was granted a virtual monopoly of timber concessions and exploitation licenses

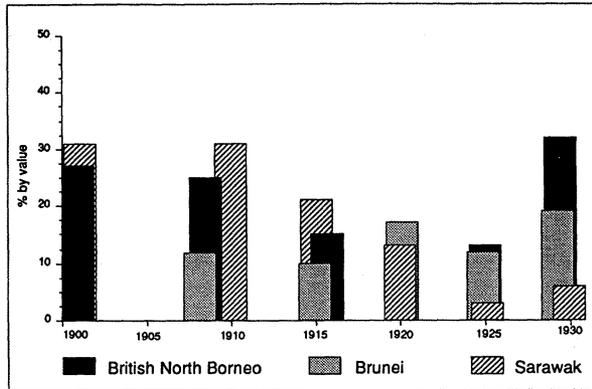


Fig. 2. Proportional importance of jungle products in exports from north-west Borneo, 1900–1930.

(John, 1974). Likewise the growing significance of jelutong or jungle rubber in Sarawak reflected market demand as well as the absence in Sarawak of a large plantation sector for rubber production. Illipe nuts were also significant in export profiles with the growing world demand for edible oils.

The second category of products—processed goods, most notably tobacco and rubber—was of increasing significance in all three states during this period in both absolute and relative terms. Tobacco was of major importance in British North Borneo between the late 1880s and the early 1920s. The development of tobacco production represented the first concerted attempt by the Chartered Company to persuade European capitalists to invest in production in the territory. A Land Code was formulated to facilitate alienation of native lands, regulations governing the importing of Javanese and Chinese coolies were relaxed, and favourable tax terms offered to investors (Cleary, 1992b; John and Jackson, 1973; Tregonning, 1958). Such efforts, initially provided for tobacco were, from 1905, applied to rubber. Large rubber estates were created along the eastern coast of North Borneo, facilitated by the development of the Jesselton–Beaufort–Tenom railway along which estates were spread like beads on a necklace. In Brunei too, stringent efforts were made to attract rubber investors. In the end only four plantation estates were established: two in Temburong and the others in Gadong and Berakas (Horton, 1985).

Throughout the region, smallholder production of rubber and to a lesser extent tobacco, was of major importance in this period.

Brooke's Sarawak, whilst somewhat reluctant to allow a large plantation sector to develop, nonetheless encouraged smallholders to cultivate the crop. The Chinese and Iban were especially skilled in the collection of rubber for export. In both Brunei and North Borneo too, large quantities were produced and exported by smallholders, thereby exposing the peasant sector to the vicissitudes of commodity price fluctuations, with especially severe falls in 1918-1920 and 1928-1930. Cutch was a significant contributor to Brunei's exports before the discovery of oil. Pepper, a mainstay of Chinese farmers in Sarawak and Brunei in both the pre-colonial and colonial period, was also a significant agricultural commodity for export (Stewart Blacklock, 1954). Interestingly, all the Borneo states remained net importers of rice, the staple food of the area, throughout this period.

Minerals, perhaps the original *raison d'être* of capitalist investors in the region, were slow to figure in export profiles. Much to the disappointment of shareholders, the Chartered Company had little success in finding economically viable sources of minerals such as oil and coal in this period and their contribution to exports remained minimal. In Brunei, coal exports from the mines at Brooketon near Muara were an important source of revenue, providing 28% of export earnings in 1915. It should be noted, however, that the coal belonged to Sarawak through a leasing agreement signed between Charles Brooke and the Sultan of Brunei. The mines were financed and managed by Brooke and it was the royalty payments on coal exports that figured in export tables (Matassim Hj Jibah, 1980).

It was oil that provided the real success story for Sarawak and, somewhat later, Brunei. From 1911 onwards the exploitation of the Miri oilfields by the Sarawak Oilfields Ltd, a subsidiary of Shell, contributed handsomely to the export earnings of the state. Total exports by value in Sarawak rose almost seven-fold between 1915 and 1925 with oil exports accounting for much of that growth. Oil exports were worth around \$0.4 million in 1915 and \$24.0 million in 1925. By 1929 their value exceeded \$45.0 million. In Brunei too, oil was beginning to come on stream at the end of this period with the first commercial shipments of oil from the Seria field in 1931 (Harper, 1975).

IV

The analysis of trading returns made in this paper can reveal only one aspect of the economic and social changes associated with the

beginnings of the colonial enterprise in the region. But, for the administration, increased exports were the key to prosperity. For the governments of Brunei, North Borneo and Sarawak, export duties constituted a large portion of government revenues. Together with import duties (and the volume of imports and exports were, in any case, linked as economic development stimulated the import of capital goods such as machinery and other equipment), they provided the core of any funds used for broader developments such as education or infrastructure. Other revenue sources—on land registration or poll-taxes—were of only minor significance.

What then, can be concluded from the foregoing analysis of export patterns? Three particular features are important. The returns reveal, firstly, the continued, structural significance of indigenous trading systems and products. It is argued here that historians and economists have paid only lip-service to the importance of the trade in jungle products for the new regimes of the region. The trade was well-established long before concerted European intervention in the region began in the mid-nineteenth century. Such products were collected and marketed in a complex and sophisticated manner which, it is argued, deserves wider attention. The ethnic and geographical structures of that trade can hardly be regarded as primitive in form and function. It was carefully organized, ecologically-balanced and financially rewarding. The range of products was wide and the system of primary and secondary traders ensured that changing market demand was relayed from the market to the production centres speedily and efficiently.

The second feature to note is that, well into the twentieth-century, these jungle products continued to contribute handsomely to the overall value of exports. It was the real value of these traditional products rather than the potential value of minerals or plantation goods that provided a stable revenue, especially in the early stages of the new administrations. Furthermore, such exports can hardly be characterized as entirely pre-capitalist or pre-colonial. Their production was carefully structured and tied to fluctuations in the market, and control of their trading network was a major source of capital accumulation. It may well be that one of the reasons for the lack of indigenous involvement in the growth of the plantation and mineral sectors was that more than adequate revenues and returns on investment could be obtained through the jungle trade. If the relative value of these products in the overall export profile began to fall in Sarawak from the early 1920s and Brunei from 1931 this was only because of the

distorting effect of one, high-value, product, oil. In British North Borneo, by contrast, it provided the stable backbone of revenue during periods when prices for more 'fashionable' products (tobacco, rubber) plummeted on the world market. The extent to which traditional jungle products contributed to overall export profiles deserves greater emphasis in accounts of the emergent colonial economies of the region.

Thirdly, the export data provide empirical evidence of the increased importance of what may be termed colonial products from the turn of the century. This was reflected firstly in the rising significance of 'processed' goods, the products of an emergent colonial capitalist economy, emanating largely, but not entirely, from the plantation system. Their value grew from 50% to 81% by value in British North Borneo between 1890 and 1925 and from 49% to 86% in Brunei during the same period. In Sarawak, the increased oil revenues from 1915 onwards meant that the relative importance of processed products stabilized at around 50%. The absolute value of such products did, however, grow considerably from around \$2.2 million in 1900 to \$26.8 million in 1925. Such growth, it is argued, reflected the increasing commoditization of the economy. As the colonial economy developed, land, labour and capital became increasingly commoditized. The formalization of Land Codes enabled land grants to be made to plantation developers whilst the immigration of Javanese and Chinese workers to man the plantations, especially in North Borneo, helped to overcome the high cost of labour. Such developments increasingly facilitated the employment of European capital in the region. Such growth, then, increasingly drew Brunei, North Borneo and Sarawak into the global commodity market as their economies became incorporated into the world economy.

Analysis of the trading returns for the early period of European intervention can also help in the reconstruction of the nature, pace and geography of a period of significant economic and social change in the region. Whilst their empirical value should not be exaggerated, for they reveal but one fragment of a complex economic and social mosaic, they do help to provide valuable evidence of a number of features of the economies of the region. Undoubtedly they point to the significance of traditionally traded products and networks in the region, networks which were crucial in ensuring the economic viability of the three states in the early part of their development. Furthermore, the data underline the fallacy of associating capitalist development and commodity production for the market solely with external

capital. Both prior to, and during the period of large-scale European investment, pre-existing trade and production networks continued and, as has been seen, even increased in importance. Such findings suggest that the Wallerstein model requires some refinement to take account of the significance of what is often conveniently and conventionally termed pre-capitalist production. Such production was, in this region at least, complex, sophisticated and attuned to the market. Far from being usurped by the growth of externally-capitalized projects—plantations, the mineral sector—as capitalist incorporation proceeded, it remained a significant element in the new colonial economy. Finally, the paper may serve to highlight areas where further research is needed: on the structures of indigenous trade in Borneo, on the impact of fluctuating exports on government revenues and on the balance between indigenous and foreign capital in the different sectors of the export business.

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