

TWENTIETH CENTURY CAPITALISM IN SOUTHEAST ASIA: THE BALANCE SHEET

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Global issues have to be addressed globally. This essay proposes to evaluate the role of capital from Japan in the historical development of capitalism in twentieth century Southeast Asia. At the off-set a distinction should be made between usury capital, merchant capital and production capital. It is the establishment and expansion of production capital in this century that transformed social relations and created a new social order that differed from those in previous centuries. The global incorporation of Southeast Asia is a recent phenomena and the global history of the region is still in the making. The 'civilizing role' of modern capital is the incorporation of vast territories and the subjugation and reconstitution of ancient civilizations to serve the production and expanded reproduction of capital. The initial subjugation of Southeast Asia was the result of the global expansion of competing industrial capital originating in Europe. In the nineteenth century Britain, France, Holland and towards the end of that century the United States of America colonized the Kingdom of Burma, the Malay Sultanates of the Malay Peninsula; the Kingdoms of Laos, Cambodia and Vietnam that made the Indo-Chinese peninsula; the Malay archipelagic islands with its many kingdoms that stretched in a long arc from west to east across Southeast Asia and on the eastern frontier that set of over 7,000 islands that stood in a north-south axis from Luzon to Mindanao.

The region of Southeast Asia was known to the ancient world. The civilizations of Mesopotamia, Indus and China certainly knew the peoples of this region. The region was better known as a provider of raw materials to the ancients. Camphor, sandalwood and other exotic tropical incense was much sort after. Spice was collected from the islands and carried across seas and oceans for markets in the old world. Bird's nest, sea-slugs and shark's fin were valuable items for the food and medicinal cultures of ancient China. The China market also searched for its decorative arts other jungle produce and marine produce such as pearls.

The ancient markets developed two trade routes which were well known to ancient mariners. The first was the 1,200-mile long spice route that cut across the Indian Ocean, through the narrow Straits of Malacca into the Java Sea before finally reaching its destination in the Spice islands. The second regular route was between the months of March to September when vessels

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plied in a general north-south axis between mainland China and the Sulu and Celebes Seas. Island Southeast Asia was the provider of raw materials for markets outside the region and in exchange obtained virtually all its manufactured products from elsewhere. The region was never isolated from world civilizations. Trade and trade routes integrated the region into a single unit that stood between the sub-continent of India and mainland China. The main racial stock of peoples of Southeast Asia - the Burmans, Thai, Lao, Khmers, Chams, Viets and the Malayo-Polynesians, knew the Arabs, Indian and Chinese traders. In the centuries of trade relations they met more often in the market-place than on the battlefields. Ceremonial gift-bearing and elaborate peace gift signs dominated these transactions.

The actual arrival of western traders backed by their respective sea-borne empires can be traced to the beginning of the sixteenth century. The Portuguese and later the Dutch and British came through the Indian Ocean route, while the Spanish came across the Pacific. In the next four centuries, culminating in the nineteenth century the kingdoms of Southeast Asia were carved amongst European powers to serve the growing industrialization of Europe. Colonial States which understood the production and expanded reproduction of capital replaced the magico-religious ancient kingdoms. The maximization of profits was the bottom-line in the balance-sheets. The arrival of Imperial Japan and Japanese traders into the contest for Southeast Asia in these four centuries hardly counted for anything. It was in the twentieth century that Japan made a dramatic and profound presence in the region.

In the year 1900 the region had radically shifted its production base and trading patterns towards the needs of industrial Europe. The economies of Southeast Asia became increasingly industrial and land based. Tin was extracted from the Malay Peninsula to feed the factories of Britain. Coffee and sugar-cane was planted for European markets. Rice was cultivated on the deltas of the Irrawady, Menam Chao Phrya, Mekong, Red River and on island Java to feed the growing working classes captivated in the nexus of the cash economy. The China market had collapsed since the 1860's. It was the industrial market of Europe that dominated much of the nineteenth century. It was in the early decades of the next century that rubber plantations carpeted much of the west coast of the Malay peninsula and the island of Sumatra. British, Dutch and Chinese capital organized the cultivation, processing, transportation and manufacturing of rubber. On the Indo-Chinese peninsula French and Chinese capital dominated. It was in these early decades that the United States of America obtained a foothold on the former Spanish Philippine islands and opened markets across the Pacific ocean. It was in the early decades of the twentieth century that Japanese capital made inroads into the extraction of raw materials from the region for its own industrial needs.

The historical role of Japanese capital in Southeast Asia can best be examined and understood at the local level against the larger canvas of the

global encapsulation of the region for the advancement of the accumulation of wealth. For convenience this century can be divided into two halves. The first 50 years can be treated as history where some measure of evaluation can be made with some certainty and the next half as a period that is still unfolding and in motion.

In British Malaya Japanese capital confined itself in the rubber plantations and in the mining industry. It was not in the tin mines that Japanese capital invested. Four Japanese owned companies exclusively extracted iron ore, bauxite and manganese from five mines in the Malay Sultanates of Johor, Trengganu and Kelantan. The human accountability of production capital in this century should be assessed by the environmental havoc caused by the felling of tropical jungle for rubber. The turning into wastelands disused mining areas. There is a lot that production capital has to answer to a labour historian in terms of the dignity of labour and basic human rights. The poor infrastructure of welfare services for the young, sick, disabled and aged is something best forgotten by the captains of the industry. In mobilizing wage labour for the plantation and mining sectors human migrations on an unprecedented scale occurred. In a worksite division of labour often followed racial lines generating unfamiliar tensions. The extraction of iron, manganese and bauxite is directly linked to Japan's militarization and yet the British authorities in Malaya did not close down the mines. Finally, the global expansion of production capital carries with it its own cultural baggage train with its own specific civilizing mission. The winning ideologies rationalizes wars, conquests and defeats for and on behalf of its conquered and liberated peoples.

The presence of Japanese owned companies in the rubber plantation sector of Malaya is hardly ever mentioned in the standard textbooks dealing with its growth in the Malay Sultanates of Perak, Selangor, Negeri Sembilan and Pahang. However, Japanese companies had secured an important foothold in the Malay Sultanate of Johor which formed the hinterland for the island port of Singapore. In the 610,000-acre sized District of Batu Pahat, located on the west coast of Johor, the first rubber plantation pioneer was Naoya Akuzawa who, in 1911, owned the Batu Pahat Rubber Estate. It was located in extremely low-lying areas which had to be heavily drained. The elaborate drainage network that was built brought untold flood damage to the coastal areas but in the early decades of the twentieth century the revenue from land rent that swelled the coffers of district administration was a more critical concern. The Japanese-owned estate at Tanjong Sembrong had, by 1914, expanded to cover a total of 29,756 acres. It was the largest estate in the District. In fact Japanese-owned estates were the core of the rubber plantation sector in the District before World War II. Other early Japanese pioneers included Ichizaemon Morimura who owned the 2,000-acre Banang Estate at Simpang Kanan, Kunishige Watanabe who operated a 1,000-acre estate at

Jorak and Chube Narasaki of the Ra-ayat estate. Seigo Nishi owned and managed the 348-acre Bekok Rubber Estate at Sungai Rayah.

The records are extremely scant on the labour force in this early period. The estates recruited Chinese, Javanese and Banjarese coolies to fell the trees, drain the water-logged peat and plant the rubber seedlings. The Chinese were engaged on a contract basis and were usually housed in a *bangsal* by the contractor who paid them on the job assigned. Food and other provisions were provided by the contractor. The Javanese, Banjarese and Malays were recruited from villages. They usually stayed in villages and were employed on a daily or monthly basis by the estates for specific tasks. Their salaries were lower than those paid to Chinese coolies. The estate at Sri Gading and Sembrong Rubber Estate employed between them 1,700 coolies. They were mainly Chinese and Banjarese. Javanese, Banjarese and Chinese labour was employed in Batu Pahat Rubber Estate No.1 and No.2. The working and living conditions in these early estates were extremely tough. The overcrowded Batu Pahat Government Hospital reported that the percentage of deaths in relation to those treated was as high as 13.04 in 1917 and 14.07 in 1918. These figures included those who died within 48 hours of admission. Estates discharged sick coolies who wandered into town, were picked up by the police and brought in hospital, only to die there. The estate hospitals offered by Japanese companies for the able-bodied sick was an outrage. In an otherwise clean ward, the diet conditions for sick coolies were scandalous. The company contracted out food supplies. The Deputy State Secretary, Johor warned that 'The diets given were such that they were insufficient to sustain life - far less to expect that whatever nourishment any patient might receive from them could be sufficient for reasonable expectation of recovery from illness.' He threatened to throw the legal book at them.

The early indications of ethnic tensions arose during the first week of the outbreak of World War I. It was rumoured amongst Chinese coolies on Japanese estates that Japan was at war with China and that the owners were going to make them fight against their homeland. These coolies fled and hid in the jungles. The Japanese estate management promptly increased their weapon's arsenal in anticipation of trouble. When calm finally prevailed these companies took the opportunity to discharge large number of Chinese.

In 1929 there were 36 rubber estates operating in the district covering 34,068 acres. The seven Japanese companies collectively owned 20,677 acres which out-stripped the four European companies (7,604 acres), 21 Chinese (4,855 acres), 3 Indian (386 acres) and one Malay (546 acres). These Japanese companies withstood the impact of the Great Depression while many of the European and Chinese companies faced severe financial crisis. Whilst other companies had to reduce salaries, retrench workers, cut-back output and abandon extension work, the Japanese companies in fact increased in acreage and crop output during these years. They were able to replant the older

sections of their estates with budwood, seeds and selected seedlings (budded stumps) and in fact increased the productivity per acre during the Second Rubber Restriction period (1934-38). It is certain that the powerful Mitsubishi group was in the district through the Sangyo Koshi Company owned by Naoya Akuzawa and Nan Ah Koshi.

It is in the iron ore mines that Japanese companies made their strong presence felt in the local economies of Johor, Trengganu and Kelantan. This feature has been recently studied by a young Japanese researcher for her Masters thesis entitled *Syarikat Perlombongan Jepun di Malaya Sebelum Perang Dunia Kedua* submitted to the Faculty of Arts and Social Sciences, University of Malaya. A contemporary British official observed that the utilization of Malaya's iron ores:

... awaited the emergence of Japan as a major prophet of the age of steel in the East. Mining for iron is entirely a post-war phenomenon in the Malay peninsula and its growth has paralleled expansion of the Japanese steel industry.... Malayan iron mines are financed by Japanese capital, operated by Japanese management and export their output almost exclusively to the furnaces and smelters of the Island Kingdom. (Alvin Barber, 'British Malaya as a leading source of Japanese iron', *Far Eastern Survey*, Vol.8, No.6, March 1939, p.66).

The leading Japanese industrialists were H. Ishihara who began mining operations at Sri Medan, Batu Pahat, Johor in September 1920. Ten years later the Nippon Mining Company opened a mine at Bukit Besi, Dungun, Trengganu. In 1936 the Iizuka Mining company won a concession at Endau, Johor and in the following year the Southern Mining Company began work at Temangan, Kelantan. The humble origins of these companies are well worth noting, especially soon after operations they were to be absorbed into a huge network of interlocking Japanese companies which stood behind banks, shipping companies and blast furnances. H. Ishihara started as a rubber speculator in Johor in 1916. He failed. He shifted his attention to import-export trade and was declared a bankrupt in 1919. The following year he was in the iron ore business backed by the Yawata Iron Works of Japan. By 1934 the joint-stock company, Ishihara Industrial and Marine Transportation Company, had wide ranging interests in Southeast Asia. It had earlier purchased in 1928 the Machang Setahun Iron Mine at Kemaman, Trengganu for 500,000 yen. The Nippon Mining Company of Bukit Besi, Trengganu started up as Kuhara Mining Company and operated in the Philippines before World War I. The President of the company, F. Kuhara had cultivated close links with the Trengganu royal family and with the members of the Japanese Cabinet. The Company was tied with the the Nissan group and supplied the Yawata Iron Works. The Southern Mining Company had three Japanese founder members. N. Suzuki was a former shopkeeper and photographer in Kuala Trengganu, Watanabe was a rubber planter from Sumatra and A. Yokoyama was a member of the Japanese Senate. The Iizuka Mining

Company was founded by S. Iizuka who was a merchant in Singapore with rubber plantation interests in Johor. The company exported iron ore to the Japan Iron Manufacturing Company.

The exploitation of iron ore by the H. Ishihara concern in Batu Pahat rapidly brought Japanese companies in the plantation and mining sectors into a pre-eminent position in the District's local economy. The mine was a self contained enterprise with 1,700 and 2,000 employees in 1930. The division of labour in the mines followed distinct ethnic lines. Punjabis were engaged as watchmen, Chinese labour worked the open quarry, Banjarese did the tramping and loaded the materials onto barges and Tamils towed them 18 miles downstream by water-launches. Malays hooked these iron-laden barges onto Company owned tugs and towed them a mile out into the sea. Japanese managed and overseered the cosmopolitan Asian labour force. The ore was loaded on Japanese ocean-going ships off the mouth of the Batu Pahat river and carried directly to Japan. The trip usually took one and a half months. In the iron ore extraction industry these Japanese companies bypassed the port of Singapore which usually handled all of Malaya's exports and cut-off the usual levels of Chinese middlemen.

The confrontation between Japanese and Chinese companies and Chinese labour came to a head in September 1937 during the Sino-Japanese war. Chinese traders in Batu Pahat organized a boycott against Japanese goods. In December of that year 530 out of the 800 strong Chinese workers stopped work at the mines and received their pay-cheques. Their stated reason was that:

They were not going to dig up iron ore to be dropped on their fellow-countrymen. Some stated that they had lost relatives through bombings.

The company eventually lost about 90% of its labour force and immediately substituted Chinese labour with Malays, Javanese, Banjarese and Indians. There was a loss of production capacity for the year 1938 but otherwise work continued.

In the first six years of production, the Sri Medan mines exported nearly a million long tons of high-grade iron ore directly to the Yawata Iron Works. The iron content was reputed to be as high as 64%, much higher than what was obtained from China. The monthly output of iron ore was only limited by the supply of labour and the availability of ocean-going steamers. In 1930 the Sri Medan iron mines produced 729,250 tons, which was nearly 90% of all the Malay peninsula's iron ore exports to Japanese smelters. During the depression years the production levels fell in sympathy with depressed markets. In the five- year period from 1929-1933 Sri Medan exported 2,864,807 long tons. Production raced to new heights immediately after the depression years.

The rapid expansion of production in the immediate post-slump years correspondingly increased the death rates of labourers on the worksite. The method of extracting iron ore was described as the old 'Glory Hole' system which was notoriously dangerous. There was alarm amongst official circles. In 1934 the death rate by accidents was four per thousand at Sri Medan compared with one per thousand for Johor. The monthly reports of the Japanese manager of the mines routinely recorded these fatal deaths:

20th Oct. A Chinese coolie Wong Soo (35 years old) get serious hurt on his head. The cause of hurt is presumed that while he was refuging in the rock side, unfortunately a piece of blasted ore might had fallen upon his head. He died two hours after accident at the mine hospital.

11th Dec. At a.m. 10 a Chinese cooly, the name Hong Seng, 30 years old belonged R. Fook Kongs, fell down from his work place to about 12 feet bench beneath; and soon he was carried at our hospital. At first he seemed not so serious and was carried back to his kongsi. After 3 hours or so he begun to suffer from difficulty of water discharge and again he was carried to our hospital by his friends. Our doctor said that he must be, a broken of the bladder, then we send the patient to the Batu Pahat Government Hospital. But sorry he died on 23rd instant.

Life of a worker was very cheap. The management was prosecuted and two of its staff members were fined \$50 each. The overall working conditions in the mines was harsh. The living conditions fared no better. Labour was housed in *kongsi* dwellings and attap huts and Japanese employees in staff quarters. A clear distinction was made between the more permanent management and the ever shifting transient worker. In 1937, after 16 years of operations, the Health Officer, Johor Central, Batu Pahat, deplored the housing, water supplies and conservancy aspects of the company. 'The whole place requires demolition.' At the frantic rate of exploitation, it was estimated that the mine had a life span of another three years before all the ore will be depleted. On 12th November 1941 the manager of the Ishihara Sangyo Koshi Ltd. informed the Assistant Adviser that after the end of that month its office at Batu Pahat will be temporarily closed and all transactions will be carried out by its Headquarters in Singapore. He gave no reasons for drawing down the shutters and his letter drew no comments from the Assistant Adviser.

The highest levels of colonial officials realized the significance of Malaya's iron ore and bauxite supplies for the industrial-military complexes of Japan. There was no effort to hinder nor foreclose the operations of the Japanese companies in the mining of iron, manganese and bauxite.

These three industries are welcome sources of revenue to the east coast states mentioned, but otherwise must be regarded with mixed feelings, as they constitute, especially the iron-ore and bauxite, important sources of supply for the armaments of Japan. (Sir Lewis Fermor, *Malaya's Mineral Resources and the War, Asiatic Review*, London, 1941, p.6)

The Japanese companies were the backbone for colonial revenues of the Malay

states of Johor, Trengganu and Kelantan. The main source of direct revenue came from export taxes. The second half of the twentieth century is the Age of the Asia Pacific region. The crushing defeat of the European Atlantic powers - Britain, Holland and France, in Southeast Asia and the eventual surrender of the Japanese Imperial Army ushered in a new era. Recently declassified British documents showed that almost immediately after the San Francisco Peace Treaty in 1951 Japanese companies were geared to return into Southeast Asia. The main concern of post-war Japan was the search for new iron mines to fuel its continued industrial domination and reestablishment of its old markets for its cheap manufactured goods. The return of Japanese capitalist penetration was 'viewed with friendly understanding'. At the Bukit Serene, Johor Conference in November 1951 the Conference considered:

... that in spite of obvious difficulties, provided the process is gradual, the return of Japanese official trade representatives and later business men, technicians, etc., should no raise insuperable difficulties in South East Asia.

2. The Conference recognised that Japanese technical ability, Japanese consumer and capital goods and Japanese influence might well prove to be a most important factor in the development and future stability of South East Asia. The early viability of Japan is a cardinal point in United States policy and although no official declaration has been made it seems fairly clear that it is the intention of the United States Government that Japan shall achieve this viability by economic expansion in South East Asia. Japanese efforts to expand into South East Asia will therefore almost certainly receive United States backing. The United States Government will moreover undoubtedly expect United Kingdom support in her policy towards Japan especially if His Majesty's Government look to the United States Government for support in other parts of the far East. (Great Britain, Public Records office, Colonial Office 1022/218: Future Japanese Relations with South East Asia).

At a July 1952 meeting with high level British officials in Tokyo, the Japanese Foreign Minister, Mr. Okazaki impressed upon them that Japan was in a difficult position as she had lost her trade with China which had accounted for 25-30% of her foreign trade. He went on to elaborate that Japan:

... needs to import raw materials and export manufactured goods to maintain her large population. In the absence of trade with China she must look elsewhere for this business, and one important region for it is South-East Asia. Trade with other territories further afield will develop in time, but is likely to be a slow process, whereas trade with South-East Asia should develop quickly. The relationship between Japan and South-East Asia is a natural one; they can help each other a lot; and he looked forward to the day when their co-operation might consist of something more than friendly trading. He hoped that the countries of South-East Asia and Japan would enter into some kind of mutual aid arrangement to make an effective stand against further advance of Communism beyond China. (Ibid.)

Immediately after the War, the 'Big Three' Japanese Steel Companies - Yawata Steel Co., Fuji Steel Co. and Nippon Kokan Co. returned to Southeast Asia as a supply source of raw materials. In some instances Japanese capital

in the steel industry was ahead of the Japanese government in its initiatives. The Kokan Kogyo Company of Tokyo which was a successor company of the Southern Mining Company in Temangan Mines, Kelantan was one of the first off the mark. The company through its American business associates, Metal Exports Incorporated which was incorporated in Panama, and established in Tokyo to deal in metal products, purchased the mine from the Enemy Property Administrator. The British authorities were pressured by the Japanese Foreign Embassy, the United States Embassy, the Metal Exports Incorporated, and the Japanese interests to re-admit Japanese nationals into Malaya and revive Japanese economic interests in the area. It was recognized that the American concern was nothing more than a 'front' for pre-war Japanese interests. Malayan authorities were anxious to avoid a backlash from Chinese business quarters against any substantial or accelerated immigration of Japanese nationals. However, these fears were weighed against the general backdrop of economic and political considerations of the Asia-Pacific region. The highest authorities came to recognize:

... that if she is to live Japan must expand her economy. It is necessary to point out the political dangers inherent in mass unemployment and a marked reduction in the standard of living. As an Asiatic workshop, Japan must import raw materials and export manufactured products. From a sterling area point of view, there is every reason to encourage Japan in developing and importing raw materials such as iron ore from the Malay Peninsula as, in addition to the local employment which it gives, the sale of iron ore to Japan or the payment of royalties and export taxes, serves to reduce Japan's sterling balances. Moreover we must avoid the accusation that whilst the United Kingdom is not directly interested in developing the resources of South East Asia, we are preventing other nations from doing so. (Public Records Office, Great Britain, Colonial Office 1022/179: Development of Temangan Iron Mine in Kelantan Malaya)

The Japanese Kokan Kogyo Co. Ltd., was a subsidiary of one of the three major Japanese steel-manufacturing companies, Nippon Steel Tubes Co. Ltd. The Kokan Kogyo Co. Ltd. provided capital, loaned by the Japanese Export-Import Bank, and machinery and technicians in return for sales of iron ore. The Kokan Mining company supplied ore to its principals, the Nippon Kokan Co. and the Yawata and Fuji Steel works. In the post-war development of the Japanese iron ore mining in Malaya there was considerable allegations by rival mining companies that the Japanese were operating on a monopoly basis. The Japanese steel mills wanted to control iron ore companies to secure cheaper ore and forcing down iron ore prices in Malaya. The price of iron ore in Europe was higher than those prevailing in Japan. In the Philippines the Japanese steel conglomerates advanced substantial loans to the iron ore companies and collected back their principal by deducting one dollar against every ton exported to Japan.

The closest rival to Japanese companies in Malaya was the Eastern Mining and Metals Co. Ltd. The company was incorporated in the Federation of

Malaya in 1947 with an authorized capital of \$12 million. It purchased from the Custodian of Enemy Property, Malaya, the lease of the Dungun Iron Mines, Trengganu which was previously owned by the Nippon Mining Company and during the war period until 1944 was operated by the Ishihara Mining Company. In the period 1948-1953 it shipped a total of 3,020,934 long tons. The company was the backbone of Trengganu's post war economy. It paid during that period \$6 million in Federal Income Tax and another \$5 million to the Trengganu government in the form of export duties and royalties. Unlike the previous Japanese company the new owners did not employ Chinese workers on the site. They relied almost entirely on locally recruited Malay labour. The company claimed that it has proved despite warnings to the contrary that it is possible to train Malays in mining techniques by providing adequate instructions, training and encouragement. Its annual wages exceeded \$3 million per annum. (Great Britain, Public Records Office, Colonial Office 1022/178: Proposed Development of the Rompin (Pahang) Iron Ore Deposits by EMMCO) By 1956 the company was producing at the rate of one million tons a year and the ore was sold to the Big Three. The Japanese steel millers renewed their purchase orders annually after prices were negotiated.

The biggest iron ore undertaking after the war was the Ulu Rompin Mines, Pahang. The area was initially prospected by Ishihara Sangyo Koshi Ltd in 1937 and only began operations during the war years. The mines were closed after the war. The total deposits of iron ore in the mine exceeded 30 million tons of very high grade iron ore. The Eastern Mining and Metals Company negotiated with the British authorities to develop the iron ore site which was located some 50 miles from the coast. It proposed to build all the infrastructures, including port, rail, road and the mines. The company had secured a firm contract to supply Japan two million tons of ore annually from the Rompin mines and a further one million from the Dungun mines which in 1952 prices amounted to ore to the value of over-22 million pounds sterling.

The dawn of the Asia-Pacific Age after the war is most poignantly revealed by the efforts to raise financial capital for its Ulu Rompin venture. The Chairman and Managing Director of Eastern Metal Mining Company expressed in 1953 that:

For five years, we have endeavoured to interest British capital in iron ore mining - despite the help of the appropriate officials, we have had no success whatsoever - we have had to seek official Government banking aid in the United States. We therefore know that no ordinary commercial risk capital exists for Malaya in Britain even for an expanding and profitable concern such as our own. (Public Records Office, Great Britain, Colonial Office 1022/179: Development of Temangan Iron Mine in Kelantan Malaya).

The British High Commissioner in Malaya recognized that the project was one of great importance for the development of the comparatively backward

areas of the east coast Malay state of Pahang. The Company raised its financial capital in part from the Import-Export Bank America and the bulk from Japanese Import-Export Bank. The decolonializing Britain was in no position to protect exclusively the capital equipment of the company for British firms. The loan was tied to the purchase of railway equipment from Japan. British officials could only threaten to withhold licencing if the company failed to buy capital goods from Britain.

The hegemony of the combined American-Japanese financial capital, production capital and merchant houses in Southeast Asia was evident in the early years after the war. The industrial might of the Pacific basin overshadowed the Atlantic Europe that dominated the colonial era. This feature has to be recognized by Southeast Asia nations as we close the last decade of this century. It is with such long views of history that the balance-sheets on the development of capitalism in Southeast Asia can be accounted for with more accuracy.

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