

## JAPANESE ACTIVITIES IN NORTH BORNEO BEFORE WORLD WAR II: FOCUS ON LABOUR IMMIGRANTS

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The role played by the Japanese in the development of British North Borneo (Sabah) has not been sufficiently analyzed. Why, when and how did they come? How did the British authorities treat them? None of these questions have been raised. Even the fact itself that there were Japanese labourers as well as Japanese plantations in Sabah is forgotten.

K.G.Tregonning did refer briefly about Japanese interests in his book,<sup>1</sup> but it is an inconsistent account of Japanese activities. In other writings, the rubber-cum-abaca estate of the Kuhara Co. (later Nissan Co.; Nissan Co. henceforth) was mentioned at best.<sup>2</sup>

This article is intended to give a general overview of Japanese activities in Sabah before the Second World War.

Japanese penetration into Sabah can be divided into four phases as below;

1. 1884-1910. The British North Borneo Company (Sabah Government) needed cheap, and industrious labourers while the Japanese Government wanted to push out surplus population (poor peasants). More than a few hundred Japanese peasants entered Sabah.

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<sup>1</sup>K.G.Tregonning, *Under Chartered Company Rule North Borneo 1881-1946* (Singapore: University of Malaya Press, 1959), 93,95.

<sup>2</sup>For instance, Lee Yong Leng, *North Borneo (Sabah): A Study in Settlement Geography*. (Singapore: Eastern University Press, 1965), 55.

However, they were provided with no protection and soon after many died, and attempts at Japanese immigration came to a standstill from 1896 to 1910

2. 1911-1920: While many large scale concessions were granted to Japanese plantation companies, various attempts were made both by the Sabah Government and Japanese agencies to resume Japanese labour immigration. The British Government opposed these attempts for security reasons and the Court of Directors of the BNBC was reluctant to approve them
3. 1921-1936: A new type of immigration came under consideration and the Japanese Government began to take a positive part in the immigration schemes. Labour immigrants were now to follow large scale private investment, subsidized by the Japanese Government, and the burden of the hardest manual work was to be borne by the Chinese or by the natives.
4. 1937-1941: A settlement scheme was implemented in Tawau by the Nissan Agricultural and Forestry Manufacturing Co. Ltd. under the secret auspices of the Ministry of Colonization (MC henceforth), Japan.

This article analyzes precisely the character of each phase, and discusses such issues as the promoters of the immigration schemes; the reasons for initiating such schemes; the interests of the relevant parties concerned and the reasons for the failure of these schemes. From this analysis, we may understand that Japanese immigration to Sabah was not a simple capitalist orientated process, for it had different implications for the agricultural forms and the labourers. This may assist in understanding the real feature of the historical relations between Sabah and Japan.

To avoid complexity, I would prefer to use the term "Sabah" instead of North Borneo, because this area was called by that name even in the early days of Company rule.

## I. The Earliest Settlers 1884-19101.

### Labour Immigrants

The first Japanese, an employee of a steam-ship engaged in timber exportation from Sandakan to Hong Kong disembarked at Sandakan in 1884.<sup>3</sup> The following year, the second Japanese, and at the same time the first karayukisan, i.e. young Japanese girls sold abroad to become prostitutes due to poverty, arrived.<sup>4</sup>

Regarding the first Japanese settlers or the first labour immigrants, information is quite uncertain. As far as I know, the following article from the *British North Borneo Herald and Monthly Record* (a newspaper published twice a month in Sandakan, henceforth referred to as *The Herald*) gives the following information:<sup>5</sup>

The China Borneo Co. some years ago (around 1890? ... Hara) got twenty Japanese women for Sg. Koyah who were employed in sorting tobacco & c. The Manager reported that a batch of coolies, who had given notice before the arrival of women, signed on again, willingly, when they saw the women arrive, and in those days the commission for engaging coolies was a very heavy item which was saved, in this instance, to the estate and the estate become a favourite one with the coolies.

The following arrivals were further reported in 1893:<sup>6</sup>

A new departure in immigration occurred during the year (of 1893 ... Hara) with the arrival of several Japanese who were busily engaged in searching for camphor, and other occupations. Another batch of twenty Japanese families were expected early in the year 1894 ...

An estate manager also referred to "considerable number of Japanese immigrants" who arrived in Sandakan in early 1893.

<sup>3</sup>Someya Nariaki (Japanese Consul at Batavia) *Eiryō Kita Borneo-Shu Inmō Jōkyō* (Immigrants' Situation in British North Borneo), Ministry of Foreign Affairs, Japan, 1910, 1-3.

<sup>4</sup>*Ibid.*

<sup>5</sup>*The British North Borneo Herald and Monthly Record*, 1.3.1894. (Henceforth referred to as *The Herald*).

<sup>6</sup>*Ibid.*, 1.1.1894.

According to him, they intended to collect camphor, to take up small lots of land for agricultural purposes, or to be employed as labourers. They went far into the interior which was unhealthy where even natives would not be employed.<sup>7</sup>

K.G.Tregonning also refers to the immigrants of 1893 as follows:<sup>8</sup>

In 1893 ... representatives of the Southern Emigration (sic) Association came down with a small party of fifty settlers for the east coast. Within a year they were all dead, and although others continued to migrate, the great majority were women, and the beneficiaries were the brothels of Sandakan. Japan turned their interests north-westwards, to Korea and China, and the scheme was abandoned.

The Japanese Consul to Hong Kong, who investigated the immigration conditions of Sabah in April 1894, met several Japanese immigrants who had been settled earlier.<sup>9</sup> However, no Japanese document confirms directly that Japanese labour immigrants settled in Sabah in 1893. Towards the end of 1894, the representative of the Western Branch of the Japanese Emigration Association ((WBJEA), Inoue Masakatsu, brought 18 Japanese peasants to Sandakan. There he met Japanese woodcutters.<sup>10</sup>

They were the earliest Japanese labour immigrants mentioned in Japanese sources.

The *Herald* dated 1.1.1895 noted that the representative of the Southern Emigration (sic) Association (SEA), M. Inoue, leading 16 males and 2 females, arrived at Sandakan on 30th November 1894. The SEA could be none other than the WBJEA or known in Japanese as Kaigai Ijuh Kansai Doshikai. Tregonning might be wrong when he wrote that Inoue and his group came in 1893.

As for 1894, the *Herald* reports that;

<sup>7</sup>Letter from Hugh S.J.Hughes to Okuma Shigenobu dated 1.8.1893. Hughes was a manager of an estate and Governor Creagh's friend. Okuma was Foreign Minister of Japan from 1888 to

1889. Hughes asked Okuma (he was thought to be still the Foreign Minister) to encourage Japanese immigration.

<sup>8</sup>K.G. Tregonning, *Under Chartered Company Rule*, 153.

<sup>9</sup>*The Herald*, 1.3.1894.

<sup>10</sup>Inoue Masakatsu, "*Kita Borneo*" (North Borneo), (published by himself, 1895). 8, 35, 36.

The Lahad Datu Estate, through Korezki of Sandakan, arranged for a supply of Japanese labourers, men and women. Eight men have gone to L.D. (1.7.1894) 19 Japanese who have been obtained by Korezki arrived at Sandakan. (1.9.1894).

Tregonning was again mistaken when he wrote that no more Japanese male immigrants came after the SEA publications except for Inoue's book refer to the existence of Japanese labour immigrants of the 1890s. Two unpublished official records kept in the Nihon Gaiko Shiryokan (The Diplomatic Record Office of Japan) show the names of persons who emigrated to Kita Borneo (North Borneo). The Records are called "The List of Names to Whom Passports were Delivered" and "The List of Emigrants Assorted by Prefecture". According to them, two men and a woman went to Sabah for business and employment in 1893, but not prior to this date. This could be largely due to the administrative factor. It was not until April 1894 that the Emigrants Protection Code was implemented in Japan. This Code, among other things, compelled each emigrant to obtain a passport.

Emigrants who appeared in 1894 and 1895 are shown below in Table I. From 1896 to the early 1900s, too, no names were listed.

Now we can understand that neither British nor Japanese authorities were able to grasp the complete nature of Japanese labour immigrants in the 1890s. Judging from their records, it could be ascertained that at least a few hundred Japanese immigrants had settled down in Sabah between 1890 and 1895.

### **Why Did They Come to Sabah?**

From its beginning, the BNBC needed foreign labourers, or coolies, to develop the State. Most of them were imported from China. However, "the opening of an estate is generally attended with the risk of sickness amongst the coolies".<sup>11</sup>

"In 1891 ... the average death-rate was over 20 per cent."<sup>12</sup>  
In these circumstances, sufficient numbers of coolies could not

<sup>11</sup>*Handbook of British North Borneo: Compiled from the Report of the Governor and Officers of the Residential Staff in Borneo*. London, William Clowes & Sons Ltd., 1980, 177.

<sup>12</sup>K.G. Tregonning, *Under Chartered Company Rule*, 136.

**Table 1: Japanese Agricultural Labour Immigrants to Sabah, 1894-95**

Prefecture	Kumato	Hiroshima	Wakayama	Yamaguchi	Hyogo	Total
1894 Ag	2 (1)	26(1)	8	4 (1)	2	42 (3)
Wf	18	5	1	1		25
1895 Ag	15 (2)	3				18 (2)
Wf	43 (3)					43(3)
Total	78 (6)	34 (1)	9	5 (1)	2	128 (8)

Notes : Number in brackets shows inclusive, number of women.

Ag: Agriculture, Wf: Woodfelling.

Source: Ministry of Foreign Affairs, Japan, Kaigai Ryoken Kafuhyo' (List of Persons to Whom Passports were Delivered) for the Year 1894, 1895.

Fuken Imin Meibo (List of Emigrants Assorted by Prefecture), Vol. I, for the Year 1895.

he obtained. When Governor Creagh failed to secure labour from India and Java, he turned his eyes to Japan.<sup>13</sup> Here it is clearly shown that Japanese labourers were considered to be more persevering than Chinese, Indians or Javanese. At that time, the BNBC proclaimed that it would pay the passage as well as advances to the immigrants. But the Japanese emigration agencies rejected these allowances. Hence, immigrants had not only to pay the passage fees by themselves but also to bring money with them for their early expenses. Why were the Japanese so hastily despatched?

In 1891, the Japanese Consul to the United Kingdom, Ohgoe, wrote in his report to the Government that:<sup>14</sup>

If several hundred to several thousand Japanese emigrated to North Borneo for agricultural purposes, Japanese villages will surely be formed there. Once villages are established, merchants would follow one after another to form Japanese towns.

The theory that in order to establish a Japanese colony, agricultural emigrants should firstly be sent, followed by commodities and merchants was shared by the Shokumin Kyokai (Colonization Association). The CA was organized by ex-Foreign Minister Enomoto Takeaki who had held this portfolio from May 1891 to August 1892. He led the Executive Council consisting of influential politicians, bureaucrats, aristocrats, nationalists and expansionists. It reflected the politico-economic desire of emerging Japanese capitalism and, on the other hand, had immense influence on the foreign policy of the Japanese Government in general and on its emigration policy in particular.

As a consequence of this colonization policy, the surplus of the population, i.e. the unemployed, landless peasants or petty farmers, were officially or unofficially persuaded to emigrate to less populated, undeveloped countries, regardless of the ability of these immigrants to adapt themselves to the new environment or the severe working conditions prevailing in these countries.

Officially, the Japanese Government claimed that it neither encouraged emigration to Sabah nor was it involved in it

<sup>13</sup>Ibid., 153.

<sup>14</sup>Ministry of Foreign Affairs, Japan, ed., *Nihon Gaiko Bunsho* (Japan's Diplomatic Documents), Vol. 24, The UN Association of Japan, 1952, 548, 549

directly. However, when the Sabah Government asked for Japanese coolies to be sent in 1893, the Japanese Foreign Ministry introduced emigration agencies to deal with them, although the latter knew the miserable situation of the Japanese labourers settled earlier. Probably, the Japanese Government considered that emigration would proceed without government involvement or assistance in this period. In short, while the BNBC needed labour to develop land, the Japanese Government needed land outside Japan to dispose of the so-called surplus population. Each side, therefore, had interests complementary to the other.

### **Postmortem of the Earliest Immigrants**

Tregonning says that the immigration scheme came to a standstill from 1895 until 1910 because the new Chairman, W.C. Cowie, who was ignorant of the real situation in Sabah, refused to sponsor any immigration plan, and imposed a new heavy tax on rice which could hardly be borne by immigrants.<sup>15</sup> With regard to the Japanese immigrants, there seem to be other reasons as well. Besides Tregonning, other sources hint that many Japanese immigrants died.<sup>16</sup> This was confirmed in the following manner:

To each immigrant shown in the two lists of Table 1, a permanent address in Japan is affixed. These village registers are supposed to be kept in the present local authority offices. I asked the relevant offices whether the immigrants' names were still registered, and if they were, whether the places of their demise were recorded. While some offices refused to reply, the others kindly supplied the information. Out of the 44 immigrants about whom evidences were given, 14 were not listed in the official register book. The fact that they had lived had been wiped out! This tells us that these 14 immigrants died in miserable circumstances in Sabah. The immigration system should therefore have been stopped.

Except for a few sources mentioned above which indirectly referred to a small number of Japanese immigrants, no

<sup>15</sup>Tregonning, *Under Chartered Company Rule*, 53, 137, 138.

<sup>16</sup>December 1896, "The Report of the Colonization Association" translated an article of the *Herald* referring to the employment of Japanese labourers which had ended in failure.



other Japanese publications, whether official or unofficial, mentioned either their failure or even their very existence. Even Consul Someya who visited Sabah in 1910 reported about the Japanese of 1884 and 85 who had ignored the labour immigration code. There should, however, been some clearer vestiges.

I am inclined to assume that those who advocated, or wanted to continue advocating, Japan's southward advance, preferred information on preceding immigrants, many of whom had died on the spot, to be concealed or completely expunged.

Be that as it may, they watched long for an opportunity to resume the scheme. By the beginning of the 1910s, the tragic experience of the 1890s could supposed to have been forgotten in Japan. In addition, due to Chairman Cowie's death in 1910, the BNBC resumed immigration for the plantations.<sup>17</sup> It was in this context that Consul Someya visited Sabah in 1910.

## **Various Attempts at Immigration and Conflict of LL Interests**

### *1. Who Initiated Resumption of Japanese Immigration to Sabah?*

In 1910, Someya visited Sabah and recommended his government to undertake the experiment of settling a group of peasants. Almost coincidentally, two British planters showed eagerness to introduce Japanese peasants. Though conceding that Japanese settlers could be obtained much *easily and cheaply than Chinese settlers*, Chairman Ridgeway merely approved the experimental settlement because Japanese were "most unsatisfactory people to deal with". Instructed by the Chairman, the then Governor designate A.C. Pearson investigated Japanese rubber estates in Johore and visited Nagasaki-ken in Kyushu Island, from which many peasants had gone abroad. In conclusion, he recommended a small trial colony of rice growers.<sup>18</sup>

However, the British Government objected to the proposal from an international or political point of view.<sup>19</sup> Due to this

<sup>17</sup>Tregonning, *Under Chartered Company Rule*, 142-144

<sup>18</sup>A.C. Pearson's despatches to the Secretary of the British North Borneo Company (BNBC) dated 8.12.1913 and 19.5.1914. Colonial Office Record (CO) 874/704

<sup>19</sup>Dispatch from the Under Secretary of the State, Colonial Office, H.I. Read, to the Secretary of the BNBC, dated 17.6.1914. CO 874/704.

objection, the Court of Directors decided in May, 1914 that the question should not be pursued for the time being.<sup>29</sup>

Protracted triangular friction among the British Government (i.e. Foreign Office and Colonial Office), the Court of Directors and the Sabah Government thus began. Generally speaking, the first was most cautious against Japanese penetration; the second, placed in-between, wished "to utilize the Japanese spirit of enterprise" (Ridgeway, 7.3.1917) in a restricted field; and the last considered both Japanese enterprises and immigrants necessary to develop Sabah. Only small scale schemes were to be approved prudently.

In short, the Japanese Government, the planters and the Government of Sabah almost simultaneously showed interest in resuming immigration in the early 1910s.

## 2. Immigration Plans Resumed

Inspired and encouraged by the policies of the Sabah Government, the Japanese Government and emigration agencies sent several personnel to Sabah to investigate various places.

Judging from the fact that suggestions by the two Consuls, Miho and Fujii, propelled the advance of a few Japanese firms to Sabah, it appears certain that the Japanese Government virtually endeavoured to promote immigration schemes, though officially denying its involvement. The Toyo Imin Goshi Kaisha (Oriental Emigration Co., henceforth referred to as Toyo) and the Kuhara Kogyo (Kuhara Mining Co., founded by Kuhara Fusanosuke, later named Nissan Co., and henceforth referred to as Nissan Co.) applied for immigration schemes.

### (i) *Toyo's Scheme*

The Toyo had its own London Agent, Chas T. Sisley, who usually negotiated with the BNBC on behalf of Toyo. This indicates that there were some elements in Britain which had common interests with Japanese companies.

In the early stages, the terms of the immigration contract proposed both the Governor Pearson and Toyo individually were

<sup>29</sup>BNBC Secretary's despatch to the Under Secretary, Colonial Office, dated 20.5.1914 CO 874/704.

almost the same as for Northern Chinese immigrants, that is, the Sabah Government was to pay the passage, maintenance allowances and the like. Pearson, however, seemed to be persuaded by the Court or had become aware of the financial difficulty of the BNBC; instead he turned to a more thrifty stance. Then Toyo suggested that the necessary funds be provided by the Japanese company.<sup>21</sup> The Court was interested in this new proposal. However, since the Colonial Office considered it undesirable to entertain such a proposal during World War I, the Court was compelled to decide not to go further into the matter of immigration schemes.<sup>22</sup>

### (ii) Nissan's Scheme

Shortly after the suspension of Toyo's scheme, Hayashi and Sakai of Nissan Co. submitted their scheme which included, among other things, the following proposals:<sup>23</sup>

1. Purchase of the Tawau Rubber Estate (562 acres) and concession of 5,000 acres nearby.
2. Concession of 5,000 acres each in Marotai and Apas with the aims of bringing several thousand Japanese peasant families for padi cultivation.
3. All expenses of the settlers for the first few years would be advanced by their company.
4. Passage fees would be borne by the immigrants.

The Sabah Government appreciated this plan because it was released "from practically all expenditure in bringing over and establishing the settlers."<sup>24</sup>

<sup>21</sup>Toyo Imin Goshu Kaisha (Oriental Immigration Co.)'s despatch to its London Agent, C.T. Sisley, dated 21.9.1915. CO 874/704.

<sup>22</sup>Governor Pearson's despatch to H. Forbes, Secretary of the BNBC, dated 23.4.1915. CO 874/704.

<sup>23</sup>'The Plan of Enterprise in the British North Borneo'. Enclosed in a letter from Hayashi Kenkichi to the Deputy Governor, F.W. Fraser, dated 8.11.1915. CO 874/704.

<sup>24</sup>Deputy Governor Fraser's despatch seemingly sent to the Chairman of the BNBC, dated 29.11.1916 (sic), year should be 1915. CO 874/704.

The Court sanctioned the first clause above, pointing out that there were many Japanese owners of Rubber Estates in the Federated Malay States. At the same time, the Chairman warned that as the introduction of Japanese farmers was more serious, they should obtain the consent of the Colonial Office and probably also the Foreign Office.<sup>25</sup>

In January 1916, the Court pointed out to the Colonial Office that Hayashi's scheme commended itself strongly to them. Firstly, population was the great want there, and secondly, the scheme might encourage the Chinese Government to adopt a more favourable attitude as regards the introduction of Chinese (that is, they could introduce Chinese labour more cheaply).

The Secretary of State for the Colonial Office, however, told the Chairman in February 1916 that the British Government wished the BNBC to discourage any such enterprise.<sup>26</sup>

Subsequently, it was ruled that "a scheme of strictly moderate dimensions .... might be left to the discretion of the Court ..."<sup>27</sup> As a result, Toyo introduced ten free immigrants in 1916. Employment conditions were as follows;

9 working hours a day, 2 holidays a month, 3 public holidays a year. Passage fees to be borne by the emigrants.<sup>28</sup>

These ten migrants were employed by the Nissan Estate in Tawau. Japanese records hinted that they were Japanese peasants who had been settled in Taiwan previously. They disappeared from the Nissan Estate, most of whom apparently having died there, within several years.<sup>29</sup>

The reason why the British Government did not allow Japanese settlement schemes here from "an international or political point of view" might be because they considered Sabah to be more vulnerable to Japanese military as well as economic penetration than Malaya which, they believed, could be thoroughly protected by their strong military presence. The Governor of the

<sup>25</sup>Chairman Ridgeway's private letter to Fraser, dated 20.1.1916. CO 874/704.

<sup>26</sup>Ridgeway's confidential despatch to Fiddes, 13.6.1916. CO 874/704.

<sup>27</sup>Ridgeway's confidential despatch to Fiddes, dated 27.6.1919. CO 874/703.

<sup>28</sup>Ministry of Foreign Affairs, Japan, 'Toyo Inun Goshi Kaisha ni oite Eiryō Borneo Yuki Inun Toriatukai Ikken' (File of Emigrants to British North Borneo Handled by the Oriental Emigration Co.) in possession of the Diplomatic Record Office, Japan.

<sup>29</sup>Tazawa Shungo, *Nangoku Mitamamino Ki* (Actual Feature of Southern Countries). Tokyo, 1922, 64.

Straits Settlement and the General Officer Commanding the Troops opposed any concessions even if they had nothing to do with Japanese settlers. It seems, however, that the Sabah Government could set aside the warning from, as it were, the appositive colonial authorities nearby. Large scale concessions were granted during the war, even after their warnings.

Just after the end of the War (1919), with the Colonial Office's approval, the Sabah Government proposed the colonization of an area not exceeding 2,500 acres (10 acres each for 250 families) to Nissan. Nissan, however, showed no interest in this proposal. Instead, Sisley, the London Agent of the Kaigai Kogyo Kabushiki Kaisha (International Development Co., Kaiko Kaiko henceforth) which had been inaugurated in December 1917 by merging Toyo and a few other emigration companies, responded to the proposal. Kaiko, however, also finally rejected the proposal, because, according to Sisley, conditions in Japan were at that time too prosperous to induce the working classes to consider emigration.<sup>30</sup>

To identify the real, or at least the more important reason, we must look at the situation in Malaya. The number of Japanese labour immigrants in rubber estates in Malaya reached its peak (1177 persons) in 1918, then began to decline drastically. In 1920, only about 250 labourers remained. They could not withstand the tropical climate and the severe working conditions there. Probably, emigration agencies and plantation companies in Japan were brought to recognize that once labourers had to retreat from Malaya they could probably not be induced to emigrate to Sabah (where conditions were by no means more tolerable for them). Otherwise, several other big companies which were granted large concessions of thousands of acres shortly after Nissan (see Table 2) would have applied for the immigration schemes.

Instead, they employed other nationalities (mainly Chinese and Taiwanese). Forty two "Liu Chiu Islanders" who were regarded by the BNBC as "of Chinese ancestry" were also employed by the Kubota estate.<sup>31</sup>

<sup>30</sup>Sisley's letter to the BNBC, dated 29.12.1919. CO 874/703.  
<sup>31</sup>Confidential Report by the Secretary of the North Borneo Government, G.C. Irving, dated 26.9.1918. CO 874/873.

Table 2: Estate Workers in Sabah, 1934-40

Race Period ending	CHINESE		JAVANESE		NATIVES		OTHERS		TOTAL
	M	F	M	F	M	F	M	F	
1934	4251		2574		5340		n.a.	n.a.	21165
1935	3445		2208		3890		n.a.	n.a.	9543
1936	4950		2169		6188		n.a.	n.a.	13307
1937	7302		2490		8688		n.a.	n.a.	18480
1938	6222		2314		6326		581	149	15592
1939	5998	1174	1875	284	6303	1198	611	240	17383
1940	6162	1555	2030	303	7702	1822	674	255	20503

Source: *GBPRO British North Borneo, Administration Report 1934-40*

In possession of the Library, University of Malaya.

Note: n.a. denotes not available.

Interestingly, Liu Chiu is the Mandarin pronunciation of Ryukyu or Okinawa of Japan. Japanese companies were time and again criticized by the British planters for not knowing how to control coolies and for not being liked or respected by them. Thus, Japanese estates wanted to bring in Japanese peasants who, they considered, were easily controlled and inclined to work without complaint. In order to bring them in, a new method had to be devised.

### **III. Groping Towards a New Method of Immigration 1921-36**

The advocates of southward advance in Japan, including planters and diplomats, began to grope towards a new method of emigration. One of the reasons as to why they had to devise a new method was clearly shown by Inoue Masaji, the Managing Director of the South Sea Association from 1920 to 1938. He wrote;

The emigration policy of Japan changed just after the Kanto Earthquake (1 September 1923). Before then, the situation should perhaps be termed *laissez faire*, for which neither specific policy nor facilities had been devised. However, it was now considered that the government should positively protect and encourage emigration by subsidizing passage fees and the like to relieve the suffering jobless people, the number of whom had suddenly increased due to the Earthquake. In 1926, the government announced the fundamental principles of emigration for which settlement projects by big (government subsidized) enterprises were to be encouraged.<sup>32</sup>

<sup>32</sup> *Nanyo Kyokai Zasshi* (Magazine of the South Sea Association), Nanyo Kyokai, September 1927, 59, 60.

Inoue Masaji, "Kensho Roku", Tokyo, 1944, 469, 470.

In 1926, the Japanese Consul General at Singapore, Nakajima Seichiro, also requested the Foreign Minister Shidehara to establish a fund founded on government subsidy and private contributions to finance the immigration projects. See, Ministry of Foreign Affairs, 'Honpoh Inun Hogo Shorei narabini Kyusai Kankei Zakken, Eiryō Kankei' (Miscellaneous File on Protection, Encouragement and Relief of Japanese Emigrants; British Protected Areas) in possession of the Diplomatic Record Office, Japan.

The monthly magazine of the SSA, too, suggested that the project should be financed by the State and managed by a corporation jointly organized by the government and private companies.

However, from the point of view of international relations, they could not insist on direct involvement of the government.<sup>33</sup>

It is clear that Miho, Sakai and Orita studies the situation in Sabah in September 1924 in order to propose the new method of immigration. However, no fund or corporation to finance the project had yet been founded at that time. They had to resign themselves for the time being until the government accepted their recommendation.

Another reason to devise a new method was the fact that the Japanese labourers could hardly stand the tropical climate. It was admitted by more than one source that labourers of other nationalities could work much harder than Japanese.<sup>34</sup>

There are numbers of Malays, Chinese or Indians whose wages are low .... who can endure labour under the burning sun .... Japanese can not compete with them. Another source mentions:<sup>35</sup>

Japanese immigrants' failure in competition with Chinese and Indian labourers in the South Seas is as plain as A.B.C.

On reading the second article, Acting Governor Fraser responded by commenting:<sup>36</sup>

... the Japanese labourers are unlikely to compete successfully with the Chinese, Javanese, Tamil or our own Natives as agricultural labourers.

This kind of assertion was conspicuous in this period, and only in this period, among the southward advance advocates in Japan. Except for this period, local peoples, especially Malays and other natives were described as idle or lazy by the Japanese. It shows that to accomplish the same work under the same conditions here, the Japanese could be no match to the Malays and other peoples, such as the Chinese or Indians. In order to

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<sup>33</sup> *Nanyo Keizai Johoh* (South Sea Economic Times), Monthly Magazine of the Japanese Commodity Museum, Singapore, February 1923, 1-4, March 1923, 1-5. The Commodity Museum was established by the SSA in 1918.

<sup>34</sup> *Nanyo Kyokai Jho* March 1923, 1-4.

<sup>35</sup> *Nanyo Nichinichi Shimbun* (South Seas Daily, Japanese language newspaper published in Singapore), 27.5.1926.

<sup>36</sup> Acting Governor Fraser's despatch to the Managing Director of the BNBC, M.W. Elphinstone, dated 12.6.1926. CO 874/703.



determine a new type of immigration, a comprehensive investigation was necessary. In 1932, the Ministry of Colonization, Japan, ordered the Kainan Sangyo Kabushiki Kaisha (Kainan Industries Co. Ltd., ) to make a study of Tawau District. Kainan was, on the one hand, a subsidiary company of a statutory company, Toyo Takushoku Kabushiki Kaisha (the Oriental Development Co. Ltd.) and, on the other, the parent company of the biggest abaca (Manila hemp) company in Davao, South Mindanao. As the United States had begun to restrict Japanese hemp cultivation in Mindanao a few years earlier, this study was intended, at the same time, to seek an alternative area for hemp cultivation for Japanese. The Foreign Ministry of Japan ordered all parties concerned to keep strictly secret the fact that the government was involved in the study. The study team, consisting of four persons, one from Kainan and three from the MC, was disguised as purely a private one. After two months of investigation, they submitted the final report to the MC which published it in 1934. It seems strange that while the government wanted to keep its involvement secret, it actually published the report. Nothing was recorded about this investigation in the BNBC Papers. The report recommended that;<sup>37</sup>

1. A few areas, comprising 43,000 acres, were suitable for cultivation.
2. Labour and capital should come simultaneously.
3. 500 families of Japanese owner farmers (1,500 labourers including Taiwanese should be employed.
4. Japanese labourers should finally become self-supporting farmers.
5. The Japanese government should subsidize this emigration scheme.
6. Japan should ultimately rule all the inhabitants of Sabah.

These recommendations were the final and concrete design of the new type of immigration which had been sought for more than a decade by advocates of the southward advance and by the agricultural firms, and they were to be implemented from 1937 by the Nissan Estate under the secret auspices of the MC.

<sup>37</sup>Ministry of Colonization, Japan, "Eiryō Kita Borneo, Tawau Chūhō Jijō" (The State of Affairs in Tawau, British North Borneo), 1934, 94, 95, 112, 113, 114.

## V. Settlement Scheme Was Implemented Under C- CIncreasing Tension, 1937-1941

Triangular friction among the British Government, the Court of Directors of the BNBC and the Sabah Government prevailed in this period. The British Government was most cautious about the Japanese activities because it perceived the possibility of Japan's military invasion most seriously. Meanwhile, the Sabah Government still needed foreign capital and labourers to develop the State. It tried to deny the danger of Japanese penetration as much as possible. Depending on the Sabah Government's liberal policy, the first large scale immigration scheme of Japan, which was the materialization of the recommendations submitted to the MC, was implemented. However, as the tension of international relations increased steadily, the British Government ordered the Sabah Government more decisively to restrict Japanese activities, and in the end the Sabah Government had no other recourse but to obey these orders. From January 1941 onwards, no immigrants were allowed to enter Sabah. All Japanese assets were frozen in July 1941 and Japan started the Pacific War only half a year later.

### *1. British Government's Intention to Restrict Japanese Activities and the Sabah Government's Reluctance to Obey It.*

Despite the hostility of the British Government to Japan, the BNBC did not always want to take the same stand. When the Straits Settlement Governor T. Shenton warned of the presence of too many Japanese adult males in Sabah in May 1938, the President of the BNBC, N. Malcolm, replied that there was nothing to worry about their concentration in a remote corner like Cowie Harbour.<sup>39</sup> When the Colonial Office requested Malcolm not to relax the restriction over Japanese in July 1938, Malcolm replied if it meant prohibition, he could not promise anything.

Facing the Colonial Office, the President defended the stand of the Sabah Government, which considered it necessary to induce

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<sup>39</sup>Governor of the Straits Settlement, T. Shenton's secret despatch to the President of the BNBC, Major General N. Malcolm, dated 19.5.1938. Malcolm's secret reply to Shenton, dated 30.5.1938. CO 874/703.

Table 3. Japanese Estates in Sabah, 1916-38

Larger Land Grant	Name of the Representative	Commencement	July 1918			Jul. 1921	Oct. 1938
			Granted Area	Under Cultivation	No. of Coolies		
Kuhara Co. (Nissan Co.)	Kuhara Fusanasuke	1916	29,325 r.c.s.l.	709 (895 felled)	1,467 500 expected from Keelong	26,614 (1800 im- plemented) 12,300 (40000 rejected) c.l.a.	32,717 r.c.a. 17,504 c.a.r.
Kubota's Estate (Tawau Estates)	Kubato Uneme	1916	7,000 c.r.l.	200	181		
Borneo Shokusan Takauchi's Estate Yoshioka's Estate Nanyo Shokusan Iwasawa	Ando Yasutaro Takeuchi Kichiji Yoshioka Miho Goro	1916 1971 1918 1918 1918	10,216 1,200 1,100 15,000 1,000	r.t.cn. c. 200 c. c. c.	182 154 65	10,216 1,200 c. 1,000 c. 15,000 2,496 1,500 c.cf. 4,650	r. 10,215
North Borneo Rubber Kumada Estate Borneo Pearl	Yokoyama Akira Kumada Yoshiro	1918 1918					P. 1,000
Small Land Grants			11 holdings 878 acres				18 holdings 1,924 acres

Source: July 1918 : Summary of Land Grants to Japanese CO 874/873  
 July 1921 : CO 874/874, October 1938, Japanese Memorandum, CO 874/874  
 r.c.s.l. = rubber, c.f. = coconut, cf = coffee, l = logging, r = rubber, s = sugar cane

Japanese capital and immigrants. On some occasions, however, he dared not defend and had to direct the Sabah Government to take precautions against Japan.

When the Colonial Office wrote to Malcolm that the Admiralty was particularly concerned about Japanese activities on Banguay Island, Malcolm warned Governor Smith. Smith replied that they perceived no suspicious activities by the Japanese.<sup>39</sup>

With the intention of restricting Japanese immigration, Malcolm proposed an immigration quota at the Inter-Departmental Meeting on 17 June 1938, but this was not accepted by Smith.

The main reasons why the Sabah Government, or sometimes the Court, were reluctant to restrict Japanese activities were as follows;

1. Open discrimination against the Japanese would cause deterioration in the relations between Sabah and Japan, and so hamper the development of the State in general and the abaca cultivation in particular which was being carried out solely by Japanese.<sup>40</sup>
2. There would be possible retaliation on cutch and timber export to Japan.<sup>41</sup>
3. Under the Land Laws of Sabah, purchase of lands already alienated to other aliens could not be prevented.<sup>42</sup>
4. In order to complement labour shortage, or to avoid wage increase, planters needed Japanese labourers. Table 3 below shows that the number of estate workers was stagnant in the latter half of the 1930s. Note that "Others" in the table meant Japanese.

The Japanese Government was aware of the friction between the British Government and the Sabah Government. Just after his resignation as Consul, Kohri stated in Tokyo in July

<sup>39</sup>Secret despatch from H.R.Cowell of the Colonial Office to President Malcolm, dated 6.9.1938. Governor C.R.Smith's secret despatch to the President, dated 10.10 and 17.10.1938. CO 874/874.

<sup>40</sup>Memorandum by the Secretary of the BNBC, W.O. Pidgeon written on 14.10.1938. CO 874/874.

<sup>41</sup>Letter from J.M. Hood of the Bakau and Kenya Extract Co. Ltd., to Pidgeon, dated 24.1.1939. Smith's secret despatch to the President, dated 20.12.1938. CO.874/874.

<sup>42</sup>Smith's secret despatch to the President, dated 8.4.1940. CO 874/875.

1939 that, despite conflict between Britain and Japan, the British authorities in Sabah seemingly wanted to give as many facilities to the Japanese as possible.<sup>43</sup>

His successor, Taniguchi Taku, reported to the Foreign Minister, Matsuoka Yosuke in February 1941 that though the Sabah Government did not intend to prohibit Japanese immigrants as they were profitable to Sabah, the British authorities forced them to do so.<sup>44</sup>

Regardless of the awareness of the friction between the British Government and the Sabah Government, the Japanese Government could not do anything to prevent the Sabah Government from prohibiting Japanese penetration in the increasing aggravation of tension between Britain and Japan.

## 2. Settlement Scheme of Nissan

Nissan's settlement scheme started in 1937 in Tawau and in 1941 in Mostyn. The fundamental difference from former Japanese immigration schemes was that it was secretly initiated and subsidized by the MC. In other words, it was a secret state project under the disguise of a private project by Nissan. This was because the Japanese authorities thought that if the government's involvement was known to the British or the Sabah Government, the project would not have been approved in the first place. The MC's secret subsidy was used for the construction of a hospital and a school for settler families and for the passage fees. The MC also provided low interest-rate loans for construction.

In fact, the Sabah Government did have some inkling of the Japanese Government's involvement, but despite the warning from the Colonial Office, it did not take any steps to prevent or restrict the project until early 1941.

At the peak, about 1,000 Japanese labourers, who were called Japanese coolies by local people, were working on this

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<sup>43</sup>The South Sea Association *Nanyo* (South Sea, Formerly "Nanyo Kyokai Zasshi"). August 1938, 6-10.

<sup>44</sup>Consul Taniguchi's telegram to the Foreign Minister, Matsuoka Yosuke, dated 18.2.1941. 'Hompohi Iunn Kankei Zakken'.

project. The outbreak of war crippled the project and not only local people but also many Japanese settlers died under Japanese rule. Just after the war, the remnants were repatriated to Japan.<sup>45</sup> (For more detailed discussion of this Nissan project, see Saito Yasuji 'Recollections of Labour Conflict in Japanese Estate, Tawau'. and Hara 'Japanese Settlement Project in Tawau and the Labour Conflict').

## V. Conclusion

In the first half of the 1890s, a few hundred Japanese labour immigrants worked deep in the forests of Sabah. They were considered necessary by the Sabah numbers of coolies from China, India, Java or Africa to develop Sabah. The Japanese were regarded as cheaper labourers than other immigrants because the former required neither passage fees nor the advance which was usually paid by the Sabah Government. Emigration agencies of Japan forced each immigrant to bear these expenses by himself. In Japan, there were many poor peasants who were considered as surplus population. Although the Japanese Government officially refused to cooperate in the emigration schemes, unofficially it promoted them. Many of these immigrants fell ill and died. No emigration was attempted for about a decade from 1896.

In the early 1910s, both the Japanese Government and the Sabah Government wanted to resume immigration. Proposals submitted by the Japanese emigration agencies were welcomed by the Sabah Government because they did not demand subsidies which the government usually paid for Chinese immigrants. However, the First World War made the British Government suspicious about Japanese penetration. As a result the Sabah Government was directed to deter Japanese immigration schemes for security reasons, though investments in plantations were allowed. After the end of the war, the British Government relaxed its caution and approved Japanese settlement schemes. Ironically, Japanese companies declined this time mainly because, from a few years before, more than one thousand Japanese labour im-

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<sup>45</sup>For more detailed discussion of this Nissan project, see Saito Yasuji 'Recollections of Labour Conflict in Japanese Estate, Tawau' and Hara 'Japanese Settlement Project in Tawau and the Labour Conflict').

migrants in the rubber estates of Malaya had to withdraw due to inadaptability and incapability. A new type of immigration had to be sought for. In the early 1920s, the Nanyo Kyokai (South Sea Association) which comprised planters, miners and merchants invested in South East Asia and the southward advance advocates played the main role. A remarkable difference from the former schemes was the government's involvement. The Japanese Government was to secretly subsidize the emigration schemes which were to be implemented by big companies or agencies.

After an investigation secretly sponsored by the Ministry of Colonization, details of this new attempt were worked into a more concrete design. The hardest work, such as felling trees or land reclamation, was to be done by other races, especially by the natives or Chinese. Wages for the Japanese labourers were slightly, only slightly, higher than those for other races. Japanese labourers were to become independent farmers after a certain number of years' employment on the Japanese estate. Each Japanese labourer was to be convinced that as he was participating in a special scheme secretly carried out by the government, he should always be obedient to the employer and should not reveal anything to a third party including the Sabah Government.

Under this new design, Nissan Co. commenced the Manila hemp (abaca) scheme in 1937. More than thousand peasants, who were called Japanese coolies by the local people, were brought into Tawau and Mostyn.

In the 1930s, the British Government became increasingly cautious towards Japan. They regarded Japanese settlers as forerunners of military penetration. The Sabah Government who needed Japanese immigrants as well as capital, tried to persuade the British Government not to worry about the Japanese. But as the tension between the two countries increased steadily, the Sabah Government had no other alternative but to restrict Japanese activities. In October 1938, Japanese were prohibited from settling on the North West Coast of Sabah, and from the beginning of 1941, no new immigrants were allowed to come.

The war marked the end of Japanese labour immigrants or coolies, and no Japanese labourers were brought in after the end of World War II.

In short, from its very beginning, Japanese labour immigration was devised, planned and implemented in compliance with the demands of the emerging big enterprises and indirectly of the government. Immigrants were sent abroad to solve internal socioeconomic problems and to help the capital accumulation of these big enterprises. The fate of immigrants themselves, however, was not considered and many of them died in the jungle. Even those who managed to survive until the end of the war found that they had lost everything when they were repatriated. In this way, the ambivalent history of Japanese economic activities in Sabah came to an end before World War II.