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in Malaysia : Indonesian Workers in  
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# **Economic Development and Foreign Labour in Malaysia**

— Indonesian Workers in Estates —

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## **Introduction**

Since the 1970's, the Malaysian economy has developed remarkably, in the course of industrialization under the New Economic Policy (NEP) 1971-90 and the National Development Policy (NDP) 1991-2000. In the process of industrialization, the economy has faced of labour shortages. The problem is very serious in the agricultural sector, construction sector and manufacturing sector. In particular, in the estate sectors severe labour shortage has led to dependence on foreign labour, mainly from Indonesia. In these two decades, the issue of foreign workers has been discussed as a social problem because the majority of foreign labour is composed of illegal workers who enter illegally from Indonesia. So the Malaysian government set up the Regularization Program of the Illegal Indonesians (Program Pemutihan Pendatang Tanpa Izin Indonesia) for Indonesian estate workers in 1989.

This paper examines the labour structure and foreign labour in the estate sector in the Malaysian economy in the light of a case study of an estate in Johor, with interviews with 124 Indonesian workers.

## **1. Estate Sector and Foreign Labour Policy**

### **1.1. Economic Development and Labour Shortage in Estate Sector**

The estate sector, dominated the economy during the period of British rule in Malaya together with the tin industry, since independence in 1957, the government tried to develop the economy by industrialization and the diversification of agricultural sector, in order to adjust the mono-culture structure of the colonial economy which depended on export of rubber and tin. Moreover, under the NEP whose aims are the eradication of poverty and the restructuring of society<sup>1)</sup>, the target of the eradication of poverty is the rural areas, which represent the under-developed areas, and the low income Malay households.

The manufacturing sector leads the economic growth. The proportion of exports accounted for by manufactured goods' climbed from 11% in 1970 to 80% in 1995,

whereas raw materials fell from 79% to 20%. The proportion of GDP attributable to the manufacturing sector increased from 13% in 1970 to 33% in 1995, whereas the agricultural sector's proportion declined from 31% to 14%. As well as the decrease of importance of agriculture in the economy, the government policy of encouraging the replantation from rubber to oil palms and rubber's weakening in the international market made rubber's proportion of exports shrink from 33% in 1970 to 2% in 1995.

The largest sector of the labour force is the service sector. The share of service sector in the working population rose from 33% in 1970 to 56% in 1995, and the main section is the public sector (11%). During the same period, the agricultural sector's proportion of the labour force declined from 56% in 1970 to 18% in 1995, whilst the manufacturing sector's ratio rose from 11% to 26% (Malaysia, 1996, Table 2-7, p.59; Tale 2-5, p.52; Table 4-2, p.110).

The economy now faces acute labour shortages in many sectors, especially in agriculture, construction, domestic service and manufacturing. In the agricultural sector, this situation is crucial for the estate sector. The reasons are 1) planting, harvesting and products cannot wait, 2) upkeep and harvesting must be continued, and 3) automation and mechanization is limited and estates cannot be managed without labourers.

The shortage of labour in the agricultural sector occurred for several reasons. First, the Indian estate workers went back to India following the "May 13 Riot" and as a result of the government policy requiring work-permits for non-citizens, introduced in 1969<sup>2)</sup>. Second, the shift from rubber to oil palms changed the nature of labour requirements. Third, other job opportunities have increased especially for Malays in the urban areas. Fourth, demand for labour increased in the rural areas because of government development programs such as the FELDA<sup>3)</sup> land schemes.

Furthermore, because of industrialization and improved living standards, young people began to avoid work on estates. First, the wage levels are generally low compared to the manufacturing sector and service sector. Second, work in estates is tough work for hours under the strong sunshine. Third, skilled or semi-skilled jobs and professional or technical positions are preferred to unskilled work in estates because of rising levels of education. Fourth, many other job opportunities are offered in other sectors because of the general labour shortage in the country. Fifth, there are negative images of estate workers such as "poor," "dirty," etc. Sixth, the urban life-style is favored.

Thus, the youths avoid estates because they consider jobs as estate workers as low-paid and low-status, with low career perspectives. They prefer working in offices or factories, with better working conditions, in urban areas. Also, they even "wait" for better jobs (Ministry of Labour Malaysia, 1987/88 undated, p.2)<sup>4)</sup>. In these circumstances, the estate companies consider that it would be difficult to bring youths back to estates because of the negative images even if the wages and working conditions were improved. Provision of free housing and other amenities in the estates still do not attract the youths to work in the estates.

## **1.2. Regularization Program for Illegal Estate Workers**

There had been historically foreign workers in Malaya/Malaysia. Chinese and Indians, who moved in the British Malaya as tin mine coolies, estate labourers, etc.

from outside of the Malay world, are now Malaysians. On the other hand, however, labour movements naturally existed within the region, including Indonesia, the Philippines and Thailand, because those areas were considered as a Malay world, although those countries' nationals are now foreigners who come to Malaysia as illegal workers.

Information on international immigration flows into Malaysia suffers from lack of a proper statistical base. Prof. Azizah Kassim estimates there are one and a half million illegal immigrant workers in Malaysia (Azizah Kassim, 1992) while some articles estimate 900,000. The main flows of current labour immigration are as follows: (a) from Sumatra and other nearby Indonesian Islands to Peninsular Malaysia, (b) from Kalimantan, Indonesia to Sabah and Sarawak (East Malaysia), (c) from the Philippines to Sabah and Sarawak, (d) from South Thailand to the Northern States of Peninsular Malaysia, and (e) from Bangladesh to Peninsular Malaysia.

The majority of foreign labour in the Peninsular Malaysia is made up of Indonesians. Although the Malaysian government signed the Medan Agreement in 1984 to control the labour supply from Indonesia, it did not restrain illegal immigration. Still, as the foreign workers who had worked in jungles and fields gradually came to work in urban areas, the issues of foreign labour have occurred as social problems in the country in the 1980's.

In 1988, the Malaysian government amended the Immigration Act for the first time since it was passed in 1963, in order to penalize agents. And the government introduced the Regularization Program of Illegal Indonesian Workers (Program Pemutihan Pendatang Tanpa Izin Indonesia) in 1989. Under this program, estates should register their illegal Indonesian workers. In the process of regularization, the workers were to be repatriated via Melaka and from there to Dumai, Indonesia where they would stay for one day and one night to obtain their travel papers. Then they would be taken back to Melaka where they would apply for and be given work permits.

Seven years have now passed since the Regularization Program of Illegal Indonesian Workers was introduced into the estate sector. At first, the estates complained that there were a lot of problems with paperwork and that there were long delays. Also, there were no proper guidelines for the situation. Estates also were afraid of the future labour force situation: foreign workers' work permits were initially issued with a three-year period of validity, and the government at first announced that employers would not be able apply for renewals of work permits. However, the government later stated that renewal of work permits may be allowed if necessary, and the estates managers welcome this since it enables them to keep a stable labour supply.

The economy demands the foreign labour force. The government permitted the employment of foreign labour in the manufacturing sector in 1991 as well as in other sectors such as construction, estate, and domestic service. So the Malaysian economy depends on foreign labour in most sectors. The ministries, employers' associations and workers' groups continue to discuss aspects of the foreign labour situation. The government also studies the current situation and means of controlling the foreign labour.

## 2. Labour Structure and Foreign Labour in Estates: A Case Study in Johor

### 2.1. Labour Structure of the Estate

The H.J.S. Estate (T.N. Estate and G.N. Division) and A. Estate, which I researched, are located in Kota Tinggi, Johor.

Johor is the southern most state of Peninsular Malaysia and is currently one of the busiest parts of the country, where investments and economic development are active because of its location on the border with Singapore. Whereas Singaporeans come to Johor to enjoy cheaper food, goods and entertainment, the Malaysians in Johor commute to Singapore for the higher wages. Because of these transactions between Johor and Singapore, the capital town of Johor state, Johor Bahru has been called "the most expensive town in Malaysia" (*Business Times*, July 5, 1991).

Young people in Johor want to work in offices, factories, etc. in Singapore for the higher wages, and the number of Malaysians who commute to Singapore is estimated to be approximately 50,000. Also, Johor Bahru and industrial estates such as Pasir Gudang offer job opportunities. The labour shortage is serious and the dependence on foreign labour is heavy in Johor: the ratio of registered foreign workers by state is 14% in Johor which is second only to the capital city where half of registered foreign labour is employed in 1996 (data from Immigration Department). Johor is "an estate kingdom" with 253 estates of 1,376 estates in West Malaysia. So the labour shortage is more severe for estates in Johor than other states in the Peninsular Malaysia.

H.J.S. Estate originally owned by Japanese before the Second World War, was bought by a Chinese named H.J.S. in the 1950's and was taken over by the Boustead group in 1977. The neighbouring A. Estate has a similar history but is now owned by other companies and individuals. Both estates are managed by the Boustead Estate Agency Sdn. Bhd.

H.J.S. Estate has 3,754 hectares, and is one of the biggest estates which Boustead manages. It had a history as a rubber estate but now the main plantation is the oil palm section. A. Estate has 1,468 ha., also mainly used for oil palms (see Table 1).

**Table 1 Planted Area of H.J.S. Estate and A. Estate**  
— Dec. 31, 1991 — (ha.)

Estate	rubber	oil palm	cocoa	other	total
H.J.S. Estate	141	3,228	157	228	3,754
A. Estate	—	1,415	40	13	1,468

Source: Boustead Estates Agency Sdn. Bhd.

The Malaysian government encourages replantation from rubber to oil palms. It is rational for an estate to replant oil palms because of the decline of rubber prices in the international market and the expectation for palm oil demands in the market. In addition, because of the climate and soil, the productivity of rubber is not so good in Johor compared with other states in the peninsula.

Rubber cultivation requires tapping, collecting, weeding, spraying, etc. The main part is tapping. While other work does not require any skills, tapping is skilled

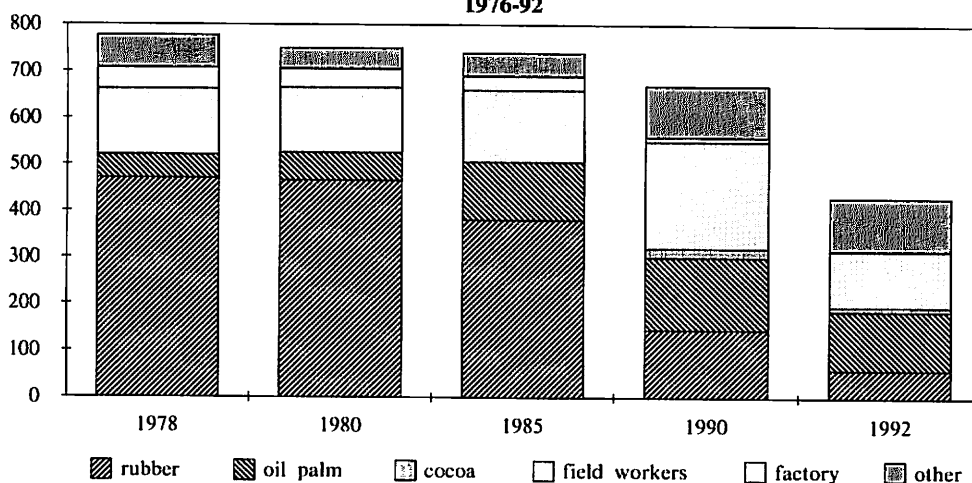
work. So the estate cannot replace tappers with foreign workers. Tappers are all Malaysians. Tappers include more women than other sections. Out of 51 tappers in 1991, 26 were female. The family members can help the tappers by cleaning tapping cups, collecting rubber liquid, etc. They have to start working early in the morning and young people do not work in estates, so the estate cannot keep enough tappers.

The estate cut down all the rubber trees to replant oil palms in 1993 because the productivity and profitability were not good. Moreover, even if they had wanted to keep the rubber section, the estate could not keep enough good tappers in Johor and cannot replace them with foreign workers either.

The oil palm section requires harvesting, picking and collecting the bunches, cutting branches, weeding, spraying, etc. The fruit bunches are heavy and the main labour in the section is by male workers except spraying which does not necessarily require male workers. The workers are mostly Indonesians, especially for harvesting and collecting.

The cocoa section needs harvesting, weeding, spraying, etc. and has only ten workers. Work in the section does not require any special skills and needs only some

**Figure 1 Labour Formation by Work in H.J.S. Estate  
1976-92**



**Table 2 Labour Forces of H.J.S. Estate  
by Employment and Ethnic Group  
—July 1992—**

Employment/ Ethnicity	Male	Female	Total
Estate Labour	103	129	232
Malay	78	97	175
Chinese	8	8	16
Indian	17	24	41
Contract Labour	179	—	179
Resident	93	—	93
Non-Resident	86	—	86
<b>Total</b>	<b>282</b>	<b>129</b>	<b>411</b>

Source: H.J.S. Estate Annual Report (unpublished).

**Table 3 Labour Forces of H.J.S. Estate  
by Employment and Ethnic Group  
—July 1993—**

Employment/ Ethnicity	Male	Female	Total
Estate Labour	69	83	152
Malay	54	66	120
Chinese	2	5	7
Indian	13	12	25
Contract Labour	237	—	237
Resident	132	—	132
Non-Resident	105	—	105
<b>Total</b>	<b>306</b>	<b>133</b>	<b>389</b>

Source: H.J.S. Estate Annual Report (unpublished).

experience. Consequently, all the workers are at present Indonesians, although workers were local people before the area was developed.

The transportation section has 17 drivers (10 Malays, 2 Chinese and 5 Indians) who are all Malaysians. The drivers cannot be replaced by foreigners.

Figure 1 shows the decrease in the size of the labour forces of the whole estate since 1985, especially in the rubber section. The field workers work in all the sections of the estate. The tappers who dominated the labour force have been less than half since 1985 and had become only a small proportion by 1992. On the other hand, the number of harvesters and collectors in the oil palm section is increasing.

The labour structure of H.J.S. Estate by employment and ethnicity is shown in Table 2 and Table 3. "Estate Labour" is the labour the estate directly employs. Ethnic breakdown of Estate Labour shows the change of labour structure in the estate sector in Malaysia. This estate labour force consisted of Malays (75%), Indians (18%) and Chinese (7%) in 1992, and consisted of Malays (79%), Indians (16%) and Chinese (5%) in 1993. While the labour force generally in estates during the colonial period consisted of Indians (70%), Chinese (20%) and Malays (10%), estate labour forces in Malaysia today consist of Malays (50%), Indians (30-40%) and Chinese (10%). This change does not result from the Bumiputera Policy (Pro-Malay Policy) but from the breakdown of the ethnic division of labour which was established in the colonial days.

Today, the foreign labour accounts for a significant part of the structure. Most "Contract Labour" is Indonesian and it represents 44% of estate labour forces in 1992. However, after the close-down of rubber section which employed many Malaysian workers, foreign labour accounts for more than 60% in the estate. Additionally, half of the labour force of A. Estate is Indonesian workers, of whom 66% are contract labour, while the rest are Malaysians (Malays 88%, Indians 11% and Chinese 2%) (see Table 4 and Table 5). In fact, though H.J.S. Estate and A. Estate are managed by a big agent company (Boustead) and they can attract Malaysians by better conditions than other local estates, it is generally said that more than 90% of oil palm harvesters in Johor are Indonesian.

**Table 4 Labour Forces of A. Estate by Ethnic Group**  
— July 1992 —

Ethnic Group	Male	Female	Total
Malay	34	22	56
Chinese	1	—	1
Indian	5	2	7
Indonesian	56	—	56
Total	96	24	120

Source: A. Estate Annual Report (unpublished).

**Table 5 Labour Forces of A. Estate by Employment**  
— July 1992 —

Employment	
Estate Labour	35
Workers	30
General Workers	5
Contract Labour	85
Harvesters	52
Upkeeping	26
General Workers	7
Total	120

Source: A. Estate Annual Report (unpublished).

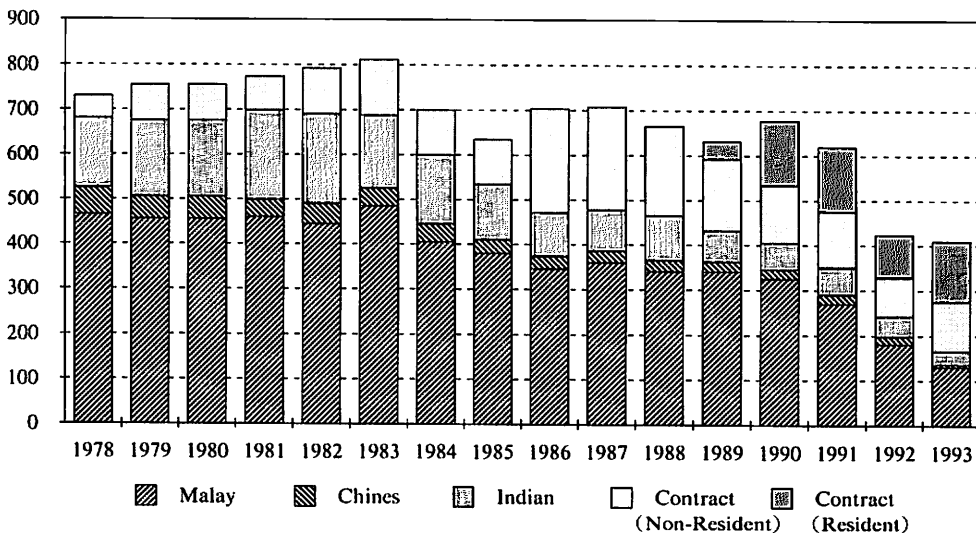
## 2.2. Introduction of Foreign Labour

The shortage of labour has been brought about in Johor in these 20 years as the area has been developed and as Singapore has begun to meet its own labour demand with Malaysians. In the circumstances, foreign labour is essential for this estate.

In accordance with the government's program of regularization of illegal foreign workers, the H.J.S. Estate applied for the work permits of 92 Indonesian workers in 1989. There were, however, foreign workers on the estate in the 1980's before the program. Before the program, the Indonesian workers in the estate were supposed to be undocumented. The foreign workers worked under contract with contractors. The estate did not ask for the workers' documents and they did not know the exact number. Hence, there is no exact data about foreign labour in the 1980's. But the proportion of foreign labour can be estimated by the number of contract workers because the current contract labour provided by contractors is composed of foreigners.

Figure 2 shows changes in labour force structure by employment. The workers directly employed by the estate are Malaysians and the ethnic proportion is provided as well. The contract workers include foreign workers. The resident contract workers appear since 1988 when the estate started to register foreign workers and are supposed to be Indonesians though there were Indonesian workers before the registration. After the registration, they could show up in the figure as residents of the estate workers' quarters and account for half of resident contract workers in the 1990's.

Figure 2 Labour Structure by Ethnicity and by Employment, H.J.S. Estate 1978-93



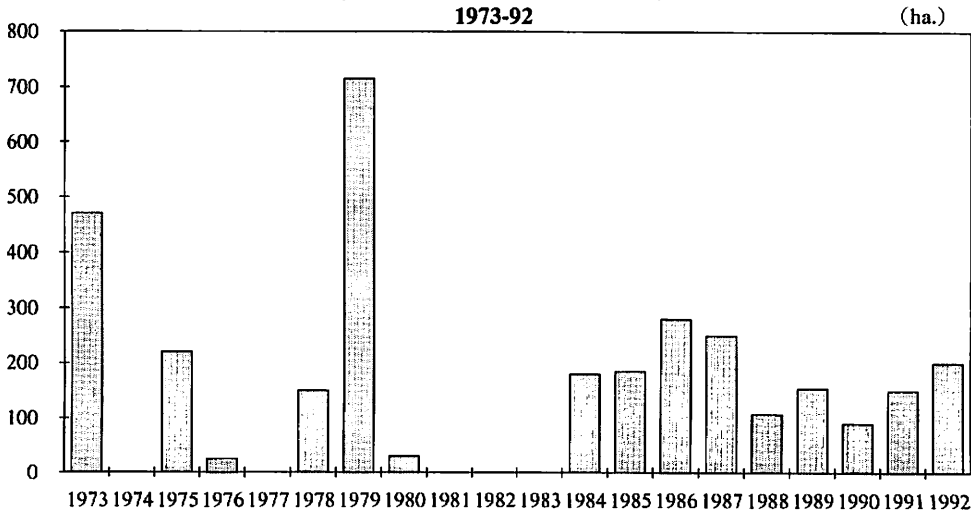
In 1978, it appears that the majority of contract workers were Malaysians, since the annual report of the estate reported that the contractors gained the labour from FELDA, where residents are Malays, and that there was adequate labour supply in the estate in 1978. By 1982 and 1983, however, the labour shortage was getting very acute for the estate and they were short of male harvesters. The Malay workers left the estate for the FELDA scheme and the replacement was difficult. Since then, the



annual report mentioned the labour shortage and workers' leaving. The annual report in 1985/86 mentions that the 240 contract workers include 109 additional tappers recruited to do recovery and to tap the replanting areas on contract. As tappers are supposed to be Malaysians, it follows that approximately 50% of the non-resident contract labour was still Malaysian labour. 94 out of 227 contract workers were tappers in 1986/87 and 64 out of 235 were tappers in 1987/88. So roughly 30-40% of non-resident contract labour was accounted for Malaysians in 1986-88. Thus it was in the late 1980's when most of contract labour was taken over by Indonesians.

The increase in foreign labour is associated with the replantation from rubber to oil palms. The shift from rubber to oil palms brings changes in the nature of demand for labour on the estate. Also, the new labour requirements for the oil palm section could not be met by local labour. This estate planted oil palms on a large scale in 1979 and harvesting began in 1982 when the annual report noted the shortage of harvesters (see Figure 3).

**Figure 3 Newly Planted Area of Oil Palm, H.J.S. Estate  
1973-92**



Source: Compiled from data of H.J.S. Estate.

The oil palm harvesters are supplied by contract labour. In the check-roll list of the estate workers in 1980, only 60 out of 748 workers are contract workers and the 60 workers are harvesters. In the check-roll list in 1992/93, 226 contract workers consist of 60%+ harvesters, 10% pickers and 20% - field workers. Estate-direct-employed labour does not include harvesters and pickers. From the beginning of oil palm section, the tough labour is carried on by contract workers, who are Indonesians.

The Indonesian workers are employed under contract through contractors. The contractors brought Indonesians into the estate and the estate registered them in the estate's name<sup>9)</sup>. The estate does not have to touch the recruitment process of illegals, and also can control the labour force and pay for the amount of work. Thus, the introduction of foreign labour goes with the externalization of labour.

### 2.3. Indonesian Workers on the Estate

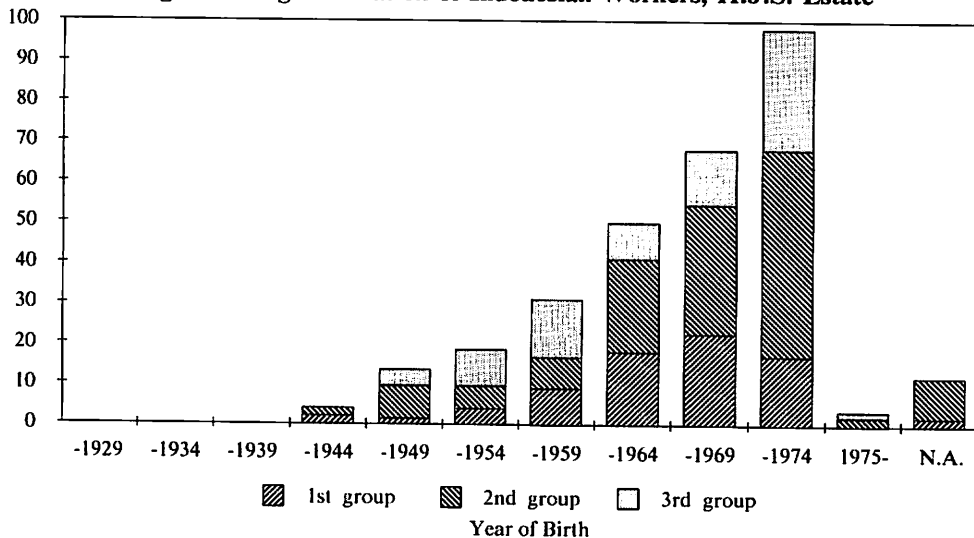
The H.J.S. Estate employed 256 Indonesian workers in 1993. They were all male

Indonesians and they left their families in the kampongs (villages) in Indonesia.

Figure 4 shows the distribution of age of 256 Indonesian workers. The major group is of birth year of 1970-74 (18-22 years old in 1992), which accounts for one third. The mean group is of 1965-69 (23-27 years old in 1992) and the average age of Indonesians is the middle 20's. As a whole, the group of 1970-74 (33%) and 1965-69 (23%) forms 50%+.

Indonesian workers in Peninsular Malaysia come from various areas in Indonesia. Yet the Indonesians of this estate are mainly from Lombok Timur, Indonesia. According to the check-roll list of Indonesian workers, about 70% of workers were from Lombok Timur and 80% are from Lombok, which includes Lombok Timur. Among 124 Indonesians I interviewed, 84% or 102 came from Lombok and 70% are from Lombok Timur. The estate staff cannot suggest the reason why most of the estate workers are from Lombok Timur. Probably, Indonesians from Lombok introduced their friends and acquaintances to the same contractors who brought them to the estate.

Figure 4 Age Formation of Indonesian Workers, H.J.S. Estate



Source: Compiled from Check-Roll Sheets of Workers, H.J.S. Estate.

The Indonesian workers worked as paddy peasants, fishers, etc. in their kampongs. The parents of 89% or 110 out of 124 Indonesians are paddy peasants and 6% or 7 are fishers. The brothers and sisters are also working as paddy peasants, fishers, etc.

The average educational background of the workers is 5.6 years schooling including 13 persons who have never been to school. The parents' schooling is lower and the average schooling length is 2.5 years. Since the 49 fathers and 48 mothers had no schooling, the situation of schooling has been improved in the area. Yet, workers with three-year-schooling cannot sign their names. In fact, 121 out of 152 Indonesians prefer thumb-marks to signatures for the Indonesian government travel documents.

Indonesian workers came to Malaysia for "money (*duit*)" (64%). They said that they could not make a living by farming, fishing, etc. in the kampongs, or they

could not gain enough for children's education. They came to Malaysia because they can gain more in Malaysia and they work for "survival," "better life," "future for children (i.e. education)," "a new house," "additional rice field," "a buffalo," etc.

Their wages are paid through contractors by the estate according to the MAPA (Malayan Agricultural Producers' Association) Agreement, which also applies to Malaysian workers. The 124 workers' monthly income varies from 100 to 900 ringgit and the average income is 299 ringgit. The average of their saving is 141 ringgit per month and it means they save almost the half of earnings. The saving rates in earnings vary from 25 to 80% except two who cannot save money to send to the families in Indonesia.

They generally send money to their families by banks. Some ask the contractors to send money through banks. 96 out of 124 Indonesians have already sent money to the families. The average frequency is 1.2 times per year and the average amount is 1,655 ringgit per year.

They got information about jobs in Malaysia through friends, neighbours, or family members who have already been to Malaysia. They asked teckongs (boat masters) to bring them to Malaysia. The Indonesians from Lombok usually pay 200,000-300,000 rupiah (240-360 ringgit) per person for ferries to Malaysia. Although the expenses for ferries are costly for them in Indonesia and they use savings, sell the buffalo or property, they can pay back the debts for ferry fees in several months. But each of two persons from West Java paid 2,700 thousands rupiah (3,240 ringgit) for an air ticket and 80 thousands rupiah (96 ringgit) for ferry. One of them cannot send any money to Indonesia because 150 ringgit out of 200 ringgit is deducted for the debt.

They decided to come to Malaysia by themselves and they consider going to Malaysia to work as a normal thing anybody might do in the kampongs. The families also understood that many Indonesians came to Malaysia to work as well. But some of them did not tell their families about their plan to come to Malaysia, and some parents worried and asked them to come back to villages.

Besides four persons who got passports in Indonesia, none of them came to Malaysia with any travel documents. While three fifths worried about it, one fifth did not worry when they entered the country because many Indonesians did/do the same thing. In any cases, they consider the Regularization Program is good for them and they understand the meaning.

In the estate, the Indonesian workers found some difficulties with work at first as the work is different from theirs in their kampong, but eventually got used to it (67%). They take the view that the estate work is similar in any place and that it is just a job though it is tough work under the strong sunshine. 10% of the workers, however, see the work difficult. Some insist that they would never do the same work in Indonesia.

The Indonesians hope to go back home as soon as possible (80%). In three years when the contract is over, they want to go back to the kampong life as paddy peasants, fishers, etc. just like before (81%). They prefer the quiet life in villages and do not hope to live in Malaysia (90%).

The estate staff consider that Indonesian workers are "hard-working," "humble," "modest," "serious," and so on. Indonesian workers work in a group with an Indonesian mandor. Although they said there is no conflict between Indonesians and

Malaysians, the staff do not mix Indonesians with Malaysians in a group in the field because Indonesians would follow the Malaysian system of work. Also, the staff do not mix Indonesians from different districts because there is some communication gap because of the different dialects.

The estate wants the Indonesians to bring their families so that it is better for workers to be stable and to concentrate to work than that the Indonesian workers always miss the families. Also, the wives can work in estates and children can go to school. While the estate encourages Indonesians to bring the families, the Indonesians say that it is tough for the wives to work in the estate.

## Conclusion

The H.J.S. Estate I researched faced the labour shortage in the 1980's and gradually introduced the foreign labour. The shift from rubber to oil palms requires the change of labour nature in estates and it demands male labour. Also, it is critical for estates that the young Malaysians do not want to be estate workers with the associated negative images (poor, dirty, tough, less-educated, etc.). Malaysian staff understand that they cannot manage the estate without foreign labour and they consider Indonesian workers as good labour.

The Indonesians usually came to Malaysia by boats/ferries without any documents (i.e. passport, ID, work permit, etc.). They came to the estate through contractors with introduction by teckongs, friends, and/or acquaintances. In the H.J.S. Estate, Indonesian workers work under contract but they stay in workers quarters with water and electricity the estate offers. They work hard to send money to their families in villages in Indonesia.

Malaysia has a history of immigrant workers in the estate sector. The first generation of estate workers were Indian immigrants who came during the rubber boom in 1909-11. Their children, the second generation, were born in Malaya as estate workers like the parents. They experienced independence with their children, the third generation, who developed an identity as Malaysians. At the same time, other ethnic groups gradually joined the second generation as estate workers. However, the younger people, the fourth generation, do not want to work as estate workers but work in factories, offices, etc. The Malays who join the estate sector by the second generation would stay in estate sectors as managers and staff in the economic development under the New Economic Policy whereas the Indonesians and Bangladeshi people come to Malaysian estates as the fourth generation. Yet they wish to return home when their home economies develop and the estates would expect labour from other countries.

The estates cannot manage without foreign labour and consider the regularization program as an appropriate procedure for a stable labour supply and for the workers' protection. On the other hand, it is also said that the estate industry is a dying industry in the developing economy and the issues of survival of the industry will be discussed as well as the labour supply.

Thus, the estate sector illustrates various perspectives for the labour force, foreign labour, the changing society, ethnicity, the agricultural sector, etc. in the Malaysian economy.

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## Notes

- 1) The New Economic Policy was designed to reduce the socio-economic imbalances among ethnic groups and across regions, and was characterized as *Bumiputera* ("child of soil" in Malay) policy, or pro-Malay policy.
- 2) During 1960-1977, the estate industry transplanted from rubber to oil palms which need less labour, so the evacuation of Indian workers did not directly cause a labour shortage, at the time (Nayagam, 1990).
- 3) Federal Land Development Authority (FELDA) (set up in 1956).
- 4) This phenomenon was early seen in the 1970's (Dispak Mazumdar, 1981).
- 5) Now, the Malaysian government bans the recruitment of undocumented foreigners in Malaysia and the estate companies send staff abroad to recruit.

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