

## The NUPW in the Nineties: Plantation Workers in Malaysia

Narayana Menon and Chris Leggett

This paper reviews the history of the National Union of Plantation Workers from its origins in the uncertainties of the political outcome of the end of the British colonial administrations in the Malayan peninsular through to the dramatic changes taking place in the Federation of Malaysia as that country fast reaches industrialised status. From its ethnic place in the plural order of things under the aristocratic led Government of Tengku Abdul Rahman, the Indian-dominated NUPW, it is argued, achieved little in terms of real improvements in the lives of plantation workers as a confrontational union and has not been all that successful in cooperative and other business adventures. As industrial relations have been moulded and remoulded to meet the imperatives of a more national scheme of things and competition for investors and markets stepped up, the NUPW is likely to be increasingly marginalised, overtaken by the rapidity of industrialisation and the structural changes which have accompanied it.

A quarter of a century ago the Prime Minister of Malaysia, Tengku Abdul Rahman (1969, 66), wrote:

The National Union of Plantation Workers (NUPW), which is predominantly Indian, is by far the largest union in the country and one of the biggest in Asia. It is aligned to no political party and its leadership is very influential in the Malayan Trades Union Congress, which also stands apart from parties, leaving political activities to individual members' own inclinations.

Since then, both Malaysian industrial relations and the NUPW have undergone substantial changes. Through briefly tracing the history of the transformation of the NUPW, it is intended in this paper to assess critically the extent to which it fulfils its representative function in the interests of its members and to anticipate its role in the future industrial relations of Malaysia.

### Origins of the NUPW

Until the proclamation by the British colonial authorities of the state of "Emergency" in 1948, most of the plantation trade unions and federations of plantation trade unions in Malaya were affiliated to the Pan Malayan General Labour Union (PMGLU) formed in 1946 and soon registered as the Pan Malayan Federation of Trade Unions (PMFTU). Important exceptions were the Negri Sembilan Indian Labour Union led by P. P. Narayanan and other regional unions, including the Perak Indian Workers' Union, the Alor Gajah Labour Union, the Malacca Estate Employees' Union, the Johore State Plantation Workers' Union and the Perak Estate Employees' Union. For his efforts "To assist and encourage the early development of the trade union movement in the Malayan Union on sound and well proven lines", as his directive read, Gamba (1962, 100-125) eulogises the British Colonial Office appointed Trade Union Adviser Malaya (TUAM), J. A. Brazier. Others, notably Dass (1991, 42-44) and Ampalavanar (1981, 63), suggest that the Brazier's integrity was suspect and that his real brief behind his attempts to maintain the labour movement's independence from the Malayan Communist Party (MCP) was to replace militant trade unionism with docile organisations acceptable to plantation employers. Basing his case on the researches of Stenson (1980) and Woodies (undated) Dass describes the TUAM's role as "scurrilous", and even cites the then British Trade Union Adviser to Singapore as accusing Brazier of forcing the militant unions into political "outlets" by denying them official recognition. In the event, Brazier's office was central to the organisation of trade unions that formed the nucleus of the subsequent Malaysian Trades Union Congress (MTUC) in 1950. His good relationship with English-educated Indians in the civil service enabled him to facilitate the organisation of white-collar trade unions and of the NUPW (Ramasamy, 1994, 82).

In Malaya, Brazier functioned in a colonial environment where the practice of divide-and-rule was nowhere so apparent and effective as with the ethnic employment structure of Indian and

Chinese. So discriminatory was it that "even the British High Commissioner doubted if there was any justification for the great difference between the daily rate of 85 cents for Chinese labourers and 55 cents for Indians" (Stenson 1980, 63). Thus, cultural and political differences were compounded by a racial division of labour which inhibited the development of worker solidarity and collective bargaining (Stenson, 1980, 138). On the other hand, intent on undermining the PMGLU, the TUAM fostered independent bargaining by splinter unions in the plantation industry, such as The Negri Sembilan Indian Labour Union mentioned above, with rubber estate employers (Morais, 1975, 18).

The Malayan Planting Industries Employers' Association (MPIEA) was formed in 1949 to formulate wage policies and coordinate members' industrial relations strategies for collective bargaining. In 1952, the MPIEA announced substantial wage cuts for plantation workers in spite of the benefits the plantation industries had gained from the Korean War boom over the previous two years. In response, the leaders of the Negri Sembilan Indian Labour Union, the Perak Estate Employees' Union (PEEU), the Alor Gajah Labour Union, the Malacca Estate Employees' Union and the Johore State Plantation Workers' Union set aside their factional differences to form the Pan Malayan Rubber Workers' Union (PMRWU) to resist the employers (Ramachandran and Arjunan, 1993, 17). However, the PMRWU was not successful and, in 1953, the case was referred to a single Arbitrator whose award (known as the Taylor Award) largely supported the employers (Arasaratnam, 1980, 144) and criticised the negotiating style and effectiveness of the PMRWU (Ramachandran and Arjunan, 1993, 7).

In September 1954, realising that little was to be gained from regional power bases, the PMRWU constituent unions led by Nathan, Narayanan and Choudry of the Plantation Workers Union of Malaya, which the Negri Sembilan union had been renamed, and with the blessings of the Government, the approval of the MPIEA and advice from the TUAM and a representative of the International Confederation of Free Trade Unions (ICFTU), met to form the NUPW. Since its inception under the colonial regime, and since the establishment of an independent Federation of Malaysia in 1963, the NUPW has been the main organiser of plantation workers in the country, and the plantation workers, as with the union's leaders, have been predominantly ethnic Indian but with an increase in ethnic Malay members reflecting the increase in the proportion of Malays in plantation employment (Ramachandran, 1994, 252).

In 1969, when the Federation of Malaysia, which had included Singapore until 1965, had been in existence for six years, Tengku Abdul Rahman (1969, 142) offered the following view of the functional and ethnic plurality of the nation's politics:

For many years now United Malay National Organisation (UMNO) has aligned itself with the MCA (Malaysian Chinese Association) and the MIC (Malaysian Indian Congress) to form the Alliance Party. While UMNO looks after politics as its main platform, the MCA continues to help build up business confidence in the country, and the MIC's influence among the industrial and manual group of workers has helped to bring about industrial peace in the country. All three working hand in hand have not only brought peace and prosperity to the country but have helped provide vast funds for rural development.

However, 1969 was a critical year in Malaysian political development for on 13 May underlying ethnic strife was made manifest in violent rioting. Important as that was, the focus of this paper is on industrial relations in Malaysia and here the Tengku's assessment of the role of the NUPW quoted in the introduction has proved to have been largely correct.

Gamba (1962) observed that the NUPW leadership was content for its members to remain largely Indian in order to retain hegemony and because it was administratively convenient, even though the exclusiveness may have been at the expense of its bargaining power. Likewise, Tengku Abdul Rahman left industrial relations to the Malaysian Indian community. For example, in 1969, the Minister of Labour, Tan Sri Manickavasagam, was an Indian and also the Deputy President of the MIC, a component of the three party alliance led by the Tengku, and the officials of the MTUC, of which the NUPW was the most important affiliate, were

predominantly Indian. The disproportionate—to their numbers in the population (10 per cent) and the workforce, that is—representation of the Indian community in the labour movement proved something of a drawback in mobilising the workforce.

### **The Role of NUPW 1954-1990**

From its origins, the communal organisation of plantation workers and the nurturing of English-educated Indian labour leaders by the colonial authorities inhibited the NUPW as a trade union and trade unionism as an institution in Malaysia. According to one observation:

The evolution of trade unionism in Malaysia has been marked by repressive legislation impairing the functions and activities of the trade unions from 1940 up to the present day. The history of the trade union movement has been characterised not by a lack of able, motivated individuals, but by the systematic weeding out of radical leaders and strong unions. What is left today, then are mainly “yellow”, “company” or “rice and fish” unions, a typical example of which is the National Union of Plantation Workers. (The Institute of Social Analysis, 1989, 60)

This viewpoint is not shared by other observers some of whom contend that the NUPW has been highly successful in representing the interests of its members. According to Arasaratnam (1980: 148), not only has the NUPW dealt effectively with wages and working conditions, but it has “functioned with a great deal of effectiveness as an instrument of social welfare. Its leadership at all levels, from the national executive to the representative in each estate division, has always been moved by a purposeful sense of Indian upliftment.” Arasaratnam (1980, 151) points to the assistance the NUPW has given to the children of estate workers for their school education, extended in 1963 to university education and subsequently included the provision of student hostel accommodation in Kuala Lumpur and provincial capitals. He lists the projects, from the provision of adult education to the eradication of alcoholism in which the NUPW has engaged itself and its fostering of social mobility by its encouragement of rank-and-file participation and succession in the union’s governance. All in all, he opines, the NUPW is the best organised trade union in Malaysia and that its organisation along communal (Indian) lines is responsible for it being so.

Ramachandran (1994), on the other hand, is more circumspect. He subjects the NUPW’s response to estate restructuring, its negotiations for the improvements to working conditions, its wage negotiations and its contributions to generally uplifting the quality of life of its members to critical review. Estate restructuring was associated with the disengagement of British companies as Malaya approached independence. Speculating buyers of estates sold off plantations and, particularly close to towns and cities, subdivided land for further sales; plantation workers were laid off and there was a substantial reduction in the standard of employment conditions for those remaining employed. In 1957, a Government committee (the Aziz Committee) set up at the request of the NUPW did not recommend Government intervention to regulate the subdivision of estates (Arasaratnam, 1980, 155), but after sub-division had continued unabated, in 1963, a commissioned report was made to Parliament which recommended legislative measures to halt sub-division and recommended a rehabilitation program. A minority report from the European and Chinese planters represented on the Aziz Committee disagreed with the majority’s recommendation. The Government rejected the call for new legislation and the MIC, which was part of the Government, was powerless. Instead the MIC set up the National Land Finance Company (NLFC), a cooperative venture, to counter sub-division and the alienation of Indian workers. However, by 1966 the NLFC owned only six estates amounting to 4,860 hectares and employing 2,000 workers. The NUPW had established only one estate cooperative (Stenson, 1980, 206). Ramachandran (1994, 261) regards this as a failure by ‘the largest and most affluent union in the country....’

### *Awards and collective agreements*

The first agreement between the NUPW and the employers, the MPIEA, was signed in 1954. In subsequent agreements, the NUPW’s achievements have, according to Ramachandran (1994), been limited. Ramachandran argues that the increase in annual paid holidays from three to 19 in

1964 was more due to the implementation of the Employment Act 1955 than to the NUPW's persistence, and only brought entitlements into line with the workforce in general. Benefits that look good on paper, he surmises turn out not to be so good in reality. While there may be increases in hospitalisation benefits, for example, the primary health care on the plantations remains woefully inadequate, and the housing allowance does not keep pace with inflation and is payable to only one member of a family. He further claims that communal housing is inadequate and water and electricity supply are so rationed as to not meet national standards. A house ownership scheme to provide for plantation workers' retirement has not materialised on any scale, although a two-tier provident scheme has been operating.

The 1954 collective agreement between the NUPW and the MPEIA fixed the daily wages of rubber tappers and field workers at \$M2.40 and \$M2.05 respectively. However, in 1955, rather than bargain a new agreement, the MPEIA sought a wage cut and passed on an increase in export duty to the employees, urging their union to resist further increases in export duties. Eventually a compromise was reached, but a revised collective agreement brought few benefits to estate workers. (Ramachandran, 1994, 265-266). In 1956, the NPWU put in a claim for a basic wage of \$M4.50 per day for field workers and commensurate increases for rubber tappers which the MPEIA flatly rejected. Department of Labour intervention led to a reduction in the NPWU's demands but not to concessions from the employers. The NUPW organised a "go slow" on consecutive Fridays and a militant climate ensued on the estates which worried the Government and NUPW leaders. In the end the NUPW settled for a rate of \$M2.60 a day, far short of their original demand.

Although technology and new varieties of rubber trees have over the years increased the productivity of rubber plantations—a worker who tapped 250 trees a day in the mid-1950s since the 1990 collective agreement taps around 600 trees a day—the NUPW has not achieved commensurate increases in plantation workers' wages. In the 1960s there were marginal increases—5 cents a day for tappers and 30 cents for field workers—and, in 1962, to cover rained-off days, a guaranteed minimum wage of \$M2.25 was conceded by the employers. The NUPW's renewed demand for a guaranteed daily rate on all plantations was resisted by employers and the resultant calls for militant action by the union were stifled by Government mediation.

Industrial peace was maintained in the mid 1960s during the "Emergency" declared as a result of the young Federation of Malaysia's intimidation by Indonesia, but in 1966 the NUPW renewed its claims on the employers, who had then reformed as the Malaysian Agricultural Producers Association (MAPA). The NUPW was more successful this time, partly because under the Industrial Relations Act 1967 an Industrial Court was established. In 1968, The Industrial Court increased rubber tappers' wages by 55 cents—from \$M2.55 to \$M3.10 a day (Ramachandran, 1994, 272). The field workers did not receive an increase but the award included payments for scrap latex collected, a task bonus, overtime rates, holiday loading and daily rates for tapping, although the last for an increased number of trees per day—from 450 to 465.

The strategy of the employers had been to keep basic rates low in the 1950s and 1960s so that workers' incomes could only be supplemented by productivity increases. With the introduction of new high yielding varieties of rubber trees although the basic rates were increased the threshold for productivity payments was raised. As a result, the NUPW leaders were faced with a rank-and-file revolt and were forced to lodge new claims in 1969. Wage increases were won but labour issues were in any case subordinated by the communal riots of 13 May 1969 and the third "Emergency" since the end of the Second World War.

The 1972 agreement retained the same basic rates but increased incentive payments. Tappers, however, were now required to tap 500 trees a day. In 1976, although tappers gained a 40 per cent wage increase and gender equity was achieved for field workers, the quota of trees was increased to 600 a day, rubber prices had increased 100 per cent and there had been significant money inflation which had diluted real wages. In 1982, the NUPW embarked on a campaign to replace a daily-rated payments system to a monthly-rated one but without success. Its leaders argued that while productivity had doubled over 20 years real wages had only increased by 12

per cent, that monthly accounting was more compatible with the calculation of the national poverty line, and that it would be consistent with requirements in the Employment Act. With their credibility on the line the NUPW leaders pursued their claim vigorously against employer intransigence and through conciliation and arbitration procedures. In spite of the union's resoluteness, in 1986, the Industrial Court rejected the claim for a monthly pay system but increased the basic wage for tappers and field workers to \$M7.90 a day. Ironically—and this did not help its case—the NUPW did not operate a monthly-rated payments system on its own estates. Failing again to elicit concessions over the payments system in 1990 the NUPW called a three-day strike which was ended by the Government referring the dispute to the Industrial Court. The resultant consent award increased daily wages by about 85 cents but failed to grant a full monthly-rated payments system; rather the award guaranteed a minimum of 24 days work per month..

#### *Business ventures*

The NUPW, like trade unions elsewhere, has set up its own businesses. As early as 1967 it founded a public limited company, Great Alloners Trading Corporation (GATCO) financed by members and by bank loans. The following year the National Multi-Purpose Cooperative Society was established and bought two rubber estates, GATCO having bought another. By 1989, GATCO included holdings in eight businesses ranging from textiles to vehicle assembly. However, it has been argued (Ramachandran, 1993, 47-48 and 1994, 288, 291) that the business ventures have not benefited the rank-and-file members of the NUPW. Many of the ventures have failed and others have accumulated substantial losses. The collapse of a Sugarcane Smallholders Settlement Scheme left 200 settlers stranded and Chempaka Negri Lakshimi Textiles company proved to be a means of benefiting relatives of union officials. The children of rank-and-file members who had their scholarships and study loans suspended and their hostel accommodation mortgaged did not fare so well as the sons of their leaders.

#### **An Assessment**

It is claimed that the NUPW has not been able to improve the conditions of its members much above the poverty level. Marginal increases in hourly wage rates and fringe benefits have not raised the standard of living in the way that the adoption of a complete monthly-rated payments system might have done. If it looked like becoming militant in the pursuit of its members' interests, the NUPW found that the Government was quick to use its powers to order mediation. According to Aznam (*Far Eastern Economic Review*, 7 June 1990):

Malaysia's plantations have been worked mainly with the muscle and sweat of generations of Indians since the 19th century, when the first indentured labourers were brought in to help produce cheap rubber for Britain's industrialisation. But poverty begets poverty: Indians still dominate the plantation workforce, living in conditions that range from basic to dismal....Although several large formerly British plantation operations like Guthrie and Sime Darby are now owned and run by Malaysians, there is no need to look to India for cheap labour—sons and daughters of earlier migrant workers maintain the tradition in the rubber plantations, though a new wave of Indonesian immigrants provides much of the labour on the oil palm estates.

Neither independence nor the 'Malayanisation' of capital and labour have significantly changed the working and living conditions of plantation labourers. In contrast revelations in 1989 did nothing to halt a membership decline. As reported by Ramachandran (1993, 56):

The NUPW members' confidence in their union was further eroded in mid-1989 when the daily newspapers, Tamil, English and Malay, exposed the union's income and expenditure pattern. The union members pay a monthly subscription of \$M5. They have recently discovered that 90 per cent of their total contributions went towards salaries, allowances, expenses of the union establishment and other payments which did not benefit members. Thus, some of the members felt that the union leaders were much more interested in their salaries than the workers' welfare which, and this contributed to the decline in membership, is now close to 70,000, following the three-day strike in February

1990 and the implementation of monthly [guaranteed 24 days] wages, However, this does not mean that the union has won the workers' confidence.

The \$M77,000 and \$M60,000 annual salaries of the Executive Secretary and the General Secretary of the NUPW respectively contrast with eight to ten dollars a day earned by its members. In addition, the union's office bearers are ex-officio directors of companies owned or part-owned by the NUPW for, as Ramachandran (1994, 285) notes, 'Inspired by the corporatist and accommodationist unions in Singapore, with which the leadership of the NUPW is increasingly identified, the union leadership sought to form cooperative societies among its members and to venture into business activities.' The pursuit of business objectives, contends Ramachandran, has led to a conflict of roles for the NUPW in that the pursuit of profit is irreconcilable with representation of the interests of labour. For example, when textile workers sought, with the support of the MTUC, to form an industry-wide union, the NUPW lent no support, perhaps because it was an employer of textile workers itself.

With the Government's imperative for Malaysia to become an industrialised country by 2020 and public policy being to favour enterprise trade unionism the future of the NUPW does not look too bright. Observation of the Asian NICs would suggest to policy makers that workforce discipline and compliant trade unions were necessary for their having achieved industrialisation and therefore worth emulation. As economic development proceeds changes in industrial and occupational structures are also likely, if events elsewhere are reliable indicators, to mitigate against independent confrontational trade unions such as the NUPW. In Malaysia, as manufacturing, construction and even mining have increased their contributions to Gross Domestic Product (GDP) agriculture's has declined—from about 60 per cent in the 1950s to 20 per cent in the 1980s (Jomo, 1989, 57). Kuruvilla (1995, 40) succinctly sums this up as follows:

Malaysia is one of the fastest growing economies in the world and in many ways a Third World success story. Twenty years of sustained growth and diversification have reduced the economy's reliance on primary products, such as tin and rubber. Malaysia is still the world's largest exporter of palm oil, and a significant producer of oil, natural gas and timber. More recently, it has become one of the largest manufacturers of semiconductors and a sizeable manufacturer of electronics, electrical products and textiles. Exports account for about 61 percent of gross national product (GNP), which makes the economy very dependent on the external economic climate....

Citing Arudsothy and Littler (1993), Kuruvilla continues:

Foreign investment in Malaysia continues to increase, attracted by the favourable investment policies, the cheap, docile and skilled labour, and the well developed infrastructure....Industrial relations in Malaysia have recently been characterized as becoming highly repressive and trade unions as weak, excluded by the government in decision making at national levels, and having very little influence at the workplace level.

While trade unionism in manufacturing remains weak due to the Government's regulating industrial relations to meet the demands of multinational corporate investors, the NUPW has had to fight against cheap labour policies and the practice of contract labour in a substantially more unionised industry—unsuccessfully according to Sharma (1985, 52). Braverman (1974) saw subcontracting as a transitional form in the stages of management control of the labour process which is eventually jettisoned for direct control. So far this has not been the case with Malaysian plantation workers where labour has been used as a commodity since the days of indentured labour brought from India by the British. Subcontracting in the Malaysian plantation industry has ensured a ready reserve supply of labour in the event of prolonged industrial action by unionised plantation workers (Ramasamy, 1994; Ramachandran, 1994).

In his analysis of post-colonial Malaysian society Tengku Abdul Rahman saw the Indian community, through the MIC, playing an important role in the country's industrial relations.

This was not in spite of but rather because of the fact that the MTUC was dominated by Indian office bearers and the largest affiliate of the MTUC was the NPWU, itself dominated by Indian office bearers and with a predominant Indian membership. Drawing on Bot (1988), post hoc categorisation sees the period from the 1950s to 1977 as essentially one of restricted pluralism 'based on the belief that workers required some degree of fair and humane treatment but also reflecting the view that economic development goals had supremacy over unfettered trade union rights' (Kuruville, 1995, 47). With the shift from an import substitution economic growth strategy to export oriented industrialisation in the 1970s the Malaysian Government's industrial relations policy shifted to one of repression, exclusion and cost containment, this now being modified by the move towards human resource management (HRM) as the means of workforce control (Kuruville, 1995, 48). It has been public policy to prevent the attainment of one national trade union federation by an amalgamation of the MTUC with the Congress of Unions of Employees in the Public and Civil Services (CUEPACS) and more recently the Government has supported a rival federation in the Malaysian Labour Organization (MLO). Thus the ethnic, economic, organisational and political environments in which the NUPW was established and became prominent have undergone some dramatic shifts such that its like is unlikely to be seen again in Malaysia.

## References

- Ampalavanar, R. (1981) The Indian Minority and Political Change in Malaya 1945-1957 Oxford University Press, Kuala Lumpur.
- Arasaratnam, S. (1980) Indians in Malaysia and Singapore Oxford University Press, Kuala Lumpur.
- Arudsothy, P. and C. Littler (1993) 'State Regulation and Fragmentation in Malaysia' in S. Frenkel (ed) Organized Labor in the Asia-Pacific Region: A Comparative Study of Trade Unionism in Nine Countries ILR Press, Ithaca, New York, 107-132.
- Bot, Tengku Omar bin Tengku (1988) 'Voluntary and Compulsory Arbitration of Labour Disputes in Malaysia' in ILO/UHDP/ASEAN Programme of Industrial Relations for Development (eds) Voluntary and Compulsory Arbitration of Labour Disputes: A Survey of Current Situation in ASEAN, ILO, Geneva, 11-32.
- Braverman, H. (1974) Labour and Monopoly Capital Monthly Review Press, New York.
- Dass, A. (1991) Not Beyond Repair: Reflections of a Malayan Trade Unionist Asia Monitor Resource centre, Hong Kong.
- Far Eastern Economic Review*, Review Publications, Hong Kong.
- Gamba, C. (1962) The Origins of Trade Unionism in Malaya Donald Moore for Eastern Universities Press, Singapore.
- Jomo, K. S. (1989) Beyond 1990: Considerations for a New National Development Strategy, Institute of Advanced Studies, University of Malaya, Kuala Lumpur.
- Kuruville, S. (1995) 'Industrialization Strategy and Industrial Relations Policy in Malaysia' in S. Frenkel and J. Harrod (eds) Industrialization and Labor Relations: Contemporary Research in Seven Countries ILR Press, Ithaca, New York, 37-63.
- Morais, V. (1975) P. P. Narayanan—The Asian Trade Union Leader NUPW, Petaling Jaya.
- Rahman, Tengku A. (1969) 'May 13 Before and After' Utusan Melayu Press Kuala Lumpur, October.
- Ramachandran, S. (1994) Indian Plantation Labour in Malaysia S. Abdul Majeed, Kuala Lumpur.
- Ramasamy, P. (1994) Plantation Labour, Unions, Capital and the State in Peninsular Malaysia Oxford University Press, Kuala Lumpur.
- Sharma, B. (1985) Aspects of Industrial Relations in ASEAN Institute of Southeast Asian Studies, Singapore.
- Stenson, M. (1980) Class, Race and Colonialism in West Malaysia University of Queensland Press, St Lucia.
- The Institute of Social Analysis (1989) Sucked Oranges, the Indian Poor in Malaysia Sun U Book Company, Petaling Jaya.
- Woodies, J. (undated) The Mask is Off Thames, unlocated.