Labour, Land, and Capital in Pre-Modern and Early-Modern Southeast Asia

by

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Many economists and economic historians assume that there is a positive relationship between economic growth on the one hand and well functioning markets for labour, land and capital on the other. They also assume that these factor markets need the backing of an institutional framework vested in the state. Evidently, Western Europe is an area for which these links have been and are being demonstrated, going back as far as the Pre-Modern Period, but there is mounting evidence that these relationships can also be demonstrated for Japan, for (parts of) China prior to 1800 and possibly for (parts of) India before 1750.

The ‘discovery’ of such links for Asian countries appears to coincide with their high rates of economic growth during recent (China) or fairly recent (Japan) decades. This might one lead to expect that Southeast Asia, with very satisfactory growth rates during the decade or so preceding the 1997 financial crisis, is now on the brink of being discovered as another example of the above-mentioned links in more remote periods. Those who started reading this paper with that expectation in mind will have to be disappointed however, although I have to admit that there are recent studies that suggest that economic developments in Southeast Asia came much closer to the Western European pattern than is usually believed (Reid 1988; 1993, Lieberman 2003).

This is quite a departure from the traditional point of view that Southeast Asia, prior to the colonial experience, was mired in some kind of eternal Middle-Ages.¹ In much of the literature published before the 1980s, the countries of Southeast Asia were regarded as ‘hermit states’, as they were supposed to have done their utmost to keep outside influences at bay. New research shows convincingly that population growth and international trade led to many changes in the region between, say, 500 and 1850. This is a correction that was long overdue.

Nevertheless, we should not go overboard on this. Although statistics for many areas of Southeast Asia are absent or dubious for everything prior to c. 1950, I have collected a number of data that may be assumed to reflect the area’s level of development and that can be used in a comparison with other Eurasian countries. The data presented in table 1 clearly suggest that in the most developed Southeast Asian areas the level of productivity per unit of

¹ I cannot find the quote, but Schrieke says somewhere that there was not much difference between Java around 700 and Java around 1700.
land, a measure often used as an indicator of the level of economic development, lagged behind that of the leading Asian country, Japan.

Table 1. Rice production (in the husk) per hectare, for various regions and periods.²

<table>
<thead>
<tr>
<th>Region</th>
<th>Kgs per ha</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Java</td>
<td>1,650</td>
<td>1815</td>
</tr>
<tr>
<td>Java</td>
<td>2,000</td>
<td>1900</td>
</tr>
<tr>
<td>Burma</td>
<td>1,430</td>
<td>1930</td>
</tr>
<tr>
<td>Indo-China</td>
<td>1,560</td>
<td>1910</td>
</tr>
<tr>
<td>Thailand</td>
<td>1,630</td>
<td>1930</td>
</tr>
<tr>
<td>Japan</td>
<td>3,000</td>
<td>1910</td>
</tr>
</tbody>
</table>

These data clearly suggest that Java was far ahead of most Southeast Asian countries, but that Japan was doing much better than Java in terms of yields per unit of land.

I have also compared labour productivity (largely based on the production of rice per agricultural labourer, and other products converted to rice-equivalents) in Javanese agriculture around 1815 with labour productivity in Europe around 1800. The results are presented in table 2.

Table 2. Productivity of labour expressed in millions of (net direct) calories per adult male agricultural labourer around 1800, Java and selected European countries.³

<table>
<thead>
<tr>
<th>Area</th>
<th>Calories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Java</td>
<td>3.2</td>
</tr>
<tr>
<td>Portugal</td>
<td>3.2</td>
</tr>
<tr>
<td>Finland</td>
<td>4.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>13.2</td>
</tr>
</tbody>
</table>

Java, therefore, was doing as well as Portugal in terms of labour productivity, and came fairly close to Finland. These were the most economically backward European countries for which

² The data were taken from Boomgaard & Van Zanden 1990, 41 (Java) and Cheng 1968, 28 (all other areas).
³ Taken from Bairoch 1999, 136 and Boomgaard 2002, where the details of the calculations for Java are given.
such data can be produced. In comparison to the United Kingdom, the most advanced European country at the time, Java’s labour productivity was evidently very low.

Therefore, assuming that the labour productivity of Java was not lower than that of most other Southeast Asian areas, Southeast Asia cannot claim to have been at par with the more developed European areas.

Looking at both indicators – productivity of land and labour – the conclusion appears to be inescapable that during the nineteenth and early twentieth century Southeast Asia was not at the same level of economic development as were the most advanced areas in Eurasia. This is in keeping with the more anecdotal evidence we have on features such as the level of technology, the scale of enterprise, and the fact that the non-agrarian sectors of the Southeast Asian economy were relatively small and unsophisticated. Moreover, compared to Western Europe, Northern India, Southeastern China and Japan, Southeast Asia was relatively sparsely populated, and it seems to be an almost universal rule that in Pre-Modern societies the highest rates of economic growth were to be found in densely populated regions. All this implies that we cannot expect high rates of economic growth in Pre-Modern and Early-Modern Southeast Asia.

If the assumption is to be confirmed that there is a link between levels of economic development and the functioning of factor markets, we should find labour, land and capital markets in Southeast Asia that were not functioning as well as they did in the more highly developed parts of Eurasia. This assumption will now be tested.

Labour

As many people associate slavery with Africa and America, it may come as a surprise to many that slavery, or rather bonded labour, used to be quite important in parts of Asia as well.4 It may also come as a surprise that slavery – in contrast to America, but not to Africa, where slavery was, and sometimes still is, indigenous – was not introduced there by Europeans. My impression (as a layman in the field of South and East Asian history) is that it was much more important, say, around 1500 in Southeast Asia than it was in either South or East Asia.

Bonded labour, which includes serfdom, debt peonage, and people with heavy corvée (statute labour) obligations, was widespread in Southeast Asia during the Pre-Modern Period

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4 There are three more or less recent collections on slavery that are partly or entirely dedicated to Southeast Asia: Reid 1983; Condominas 1998; and Campbell 2004.
(and therefore prior to European influence), probably particularly in the core areas of the early states. Although it is usually assumed that there is a negative link between population density and slavery, with bonded labour to be found particularly in societies where people were scarce and land abundant, within such societies bonded labour appears to be connected to those core areas where a monarch rules over a sedentary peasant population, with a moderate population density. The sparsely populated marginal upland areas, where the state’s authority is absent or weak, home to ‘acephalous’, ‘tribal’ groups of foragers and swidden agriculturalists, do not appear to be important slaveholding regions, though our information on these areas is not as good as it should be. At any rate, although it should not be assumed that there were no slaves among tribal groups (there were, at least in the nineteenth and twentieth centuries), their territories do not appear to be the main slaveholding regions in Pre-Modern and Early-Modern times.

However, the tribal areas were important as sources of bonded labour for the core states, perhaps increasingly so as time went by. Wars with or raids into the marginal areas produced prisoners of war who were often settled as bonded labour in a core states. Such states became stronger after 1500 through trade with China, India, and European powers, which not only enriched the core areas – and particularly the monarchs who monopolised most of the trade – but also provided the rulers with modern European firearms, sometimes including European mercenaries as instructors.

This is not the time and the place for a debate about the many gradations of servility in these societies, but the question is valid whether every person with labour obligations towards the ruler should be regarded as bonded. If, as was often the case, these obligations amounted to six month per year, the answer clearly should be positive. But what about those with a corvée obligation of only one month per year? After all, most of us pay taxes of more than 12% per year, and nevertheless we do not regard ourselves as bonded. On the other hand, the government tells us, taxpayers, only how much we have to pay, and not how to earn the money we owe them. As long as such obligations were not commuted to monetary payments, one could arguably regard it as bonded labour.

However, if that is bonded labour, there were many Southeast Asian regions were not much labour was not-bonded. If, for instance, we would regard everyone with corvée obligations in eighteenth-century Thailand as bonded, there would be hardly any free people left. Be that as it may, there were sufficient people left with a genuinely bonded status to enable us to say that bonded labour was quite important in Pre and Early-Modern Southeast Asia.
Looking into the causes of bonded labour, mention should be made in the first place of a basic ordering of society in countries such as Burma and Thailand during the Pre-Modern and Early-Modern Periods. Here we encounter a basic division of commoners (usually peasants) into those groups (often entire villages) who owe corvée labour to the monarch, and those who don’t. Most other villagers were either paying taxes or owed labour obligations to the nobility or the clergy. Labour obligations to the crown were often quite heavy, but they could also be regarded as an honour, such as having a high rank in the military or serving in some other non-menial capacity at court.

As we have seen, being a war-captive or a victim of a raid was one way of becoming a true slave or serf. As their status was usually hereditary, their offspring were slaves as well. Bondage could be punishment meted out by the ruler or a magistrate, or it could be the result of a fine that had been commuted owing to an inability to pay.

An important category of true slaves and serfs, particularly during the Pre-Modern Period, were bondsmen and women of religious institutions, often called glebe slaves in the literature. Laymen, including the king, donated large amount of land to Hindu and Buddhist temples, stupas, monasteries, etcetera, often together with the people to till the soil. Glebe slaves had a hereditary status as well.

Another road to serfdom was debt, or perhaps one should say poverty. There is a thin line between those who after one or two very bad harvests (owing to natural disasters such as droughts, floods and epidemics, and/or manmade disasters such as wars), voluntarily became slaves of a more well-to-do patron, and those who after a bad period had to borrow money or produce which they could not repay, either immediately or ever.

There are several points to be made regarding the link between debt and bondage. Although it has been assumed that in the past a Southeast Asian peasant, once in debt, would hardly ever get out of it, it is important to remember that debt peonage, in principle, was a temporary affair. In some Southeast Asian societies – which were often more literate than we historians have been aware of – contracts were drawn up, stipulating the amount borrowed and the conditions of the loan. Redemption was in principle possible, and it is far from certain that it was as rare as we may have assumed.

Such debts could also be transferred, and we have contracts and registers testifying that this actually happened fairly frequently. Such data suggests that debt peonage might have been a regular means of hiring oneself out as a labourer, switching to another employer by having him take over one’s debt.

It is even possible that those becoming debt bondsmen or women were not destitute but just needed money for an investment, for which they had to conclude a debt peonage contract as they had no other security than their own labour power, for instance because
they had no land or only usufruct right on land (see below). Hypothetically, therefore, part of
what appears to have been a labour market really may have been a capital market.

Finally it should be pointed out that being perpetually in debt, and therefore having to
work at least part of the time for a creditor, although seemingly the epitome of abject poverty,
had its upside too. Debt bondage also meant that some well-to-do patron had a stake in
keeping the debt bondsman or woman alive, tying them over during lean periods. In a world
in which weather anomalies were all too frequent occurrences, and where the state
institutions were lacking that could have cushioned the blows of nature, such an arrangement
must have meant the survival of a great many people.

Of course we would like to know what proportion of the population was actually entirely ‘free’,
here defined as tax paying but not subject to servile obligations. I have the impression that in
some societies this number might have been very small. One group of people, though,
appears to have been free everywhere in Southeast Asia. I am referring to foreigners, and in
particular to Chinese migrants. It is well known by specialists and non-specialists of the
region alike that Chinese migrants played an important role as merchants, petty traders and
moneylenders, but it should not be forgotten that most Chinese migrants arrived in Southeast
Asia as coolies, owning nothing but their labour power (and often in debt to boot). In Java,
perhaps most but certainly many of the workers hired by the Dutch East India Company
(VOC) in Batavia (now Jakarta) in the early seventeenth century were Chinese. The Chinese
in Thailand constituted a reliable source of wage labour from c. 1800 onwards. Later in the
nineteenth century the state increasingly switched from statute labour carried out by Thais to
wage labour performed by Chinese for infrastructural works such as the digging of canals. By
1900, many labour obligations due to the crown had been commuted to taxes in money.5

It is also likely that those – often tribal – groups that lived too far away from the core
areas, or that could not be easily reached for other reasons (e.g. because they lived in
forests or swamps) paid only token homage to a ruler. They were probably expected to send
small amounts of produce or gold as tribute, but it is unlikely that they were called upon for
corvée labour. In principle, therefore, they were free to do with their labour as they saw fit.
However, for the same reasons that the state left them alone, one can hardly expect them to
have been available on a routine basis for the labour market. Although even hunter-gatherers
often spent some of their time collecting commodities for the (international) market, their
economy was almost entirely geared towards subsistence, and the economic necessity to
present themselves for wage labour would have been restricted, at best, to difficult times and

5 On this topic see Boomgaard 1990, 41; Elson 1997, 41; and Feeny 2002, particularly pp.
189-193.
to those occasions that income had to be generated for ceremonies.\textsuperscript{6} So although the majority of these people in principle would have been available for wage labour, they were usually just not interested.

Therefore, in the nineteenth century, when under colonial rule Western enterprise was opening up ‘waste’ lands in tribal areas, local wage labour was often hard to get, and entrepreneurs had to import (indentured) labour from elsewhere.

In some countries there were also groups of commoners living in the core areas (not tribals or foreigners) that were not supposed to perform compulsory services, and were therefore ‘free’ as defined earlier. The artisans and traders (\textit{athi}) of Early-Modern Burma appear to have constituted such a group (Aung Thwin 1983, 74-6). It is likely that these – usually urban – groups would have been exempt from corvée labour elsewhere as well, although they would have been called upon to practise their trade for free for the monarch on special occasions. However, many such people would not be expected to be available on a routine basis for wage labour – they should be regarded as independent entrepreneurs and their apprentices.

Finally, data for Java suggests that at least from 1650 onward there were always some unskilled wage labourers – usually called coolies – available in and around the areas where the VIOC had established itself.\textsuperscript{7} We are probably talking about small numbers of people who, for various reasons, had left their village societies. They were an unruly lot who appear to have spent most of their income on gambling, whoring, drinking and opium. They figure prominently in reports about criminal activities. Here, apparently, we find a genuine proletariat in the making. Data on wages between 1650 and 1800, although not abundantly available, suggest that there was a downward tendency, which implies that the supply of coolies was increasing.

However, around 1750 there are signs in Java that this development towards a full-fledged proletariat was rivalled by another tendency. This was the appearance of what in Java was called a \textit{bujang}, a young, unmarried male (occasionally a female), who was temporarily looking for work outside his village. Of course such people had always existed, but their presence in larger numbers in the ‘Western’ sector of the economy appears to have been a rather novel phenomenon. We are talking here about temporary migrants, who came looking for work during one or two seasons, perhaps more, but who eventually intended to go back to their villages and get married, for which they should have been saving part of their income, in order to be able to pay the brideprice.

\textsuperscript{6} Even in the late 1940s this was still the case in remote upland areas, as is described by Georges Condominas (1994, 97) for highland Vietnam.

\textsuperscript{7} On this and the next section see Boomgaard 1990.
It is no longer assumed by most historians that Southeast Asia prior to European influence was a moneyleft region. On the contrary, most core areas were familiar with coinage of one kind or another (minted gold and silver coins or unminted but standardised lumps of these metals) by 1400 (Wicks 1992). Chinese copper coins circulated in the area as well, and also baser coinage of a much smaller denomination (caixas, picis). Nevertheless, this was not a fully monetised society when the Europeans arrived on the scene. After 1500, the region received large amounts of (American) silver from Europa, while Japanese silver may have played a much larger role than many of us have been aware of.

It has been suggested that increased monetisation initially may have led to more rather than less debt peonage (e.g. Lieberman 2003, 181-182), which comes perhaps as a surprise to those who would have expected ‘more market’ to have led to more free labour.

Nevertheless, market influence in the end appears to have been the undoing of corvée labour. Between 1700 and 1900, service obligations in many Southeast Asian countries (Birma, Thailand, Vietnam, Java) were being gradually commuted to monetary payments, or they were reduced and finally abolished, while work for the state was increasingly being paid for. This happened more or less at the same time as the substitution of monetary taxation for taxes in kind, and no doubt for the same reasons – more money had become available, more people were willing to work for wages.8

The development of slavery and serfdom is a somewhat more complicated story. Full-fledged slavery – as a proportion of the total labouring population – may never have been very important during the period we are discussing, as so much statute labour was available to the state and to the nobility. However, many elements of the population could not dispose of corvée labour, and as wage labour was difficult to get, slavery was often the only solution for non-noble entrepreneurs, perhaps mainly merchants, and in the less populous areas even for the nobility. There is also evidence that rulers and nobility of ports-of-trade availed themselves of slaves, perhaps partly because they could not mobilise sufficient corvée labour, but perhaps also in order not to be outdone in conspicuous consumption – an important feature of slavery – by (foreign) merchants (Boomgaard 1990, 37-40). Slavery was often also the only solution for resident foreigners looking for workers.

Slavery then, far from being (only) a ‘backward’ mode of production, was almost certainly stimulated by the growth of international trade and the increasing importance of production for export. This applied perhaps in the first place to ports-of-trade, but this mechanism made itself felt in the rural hinterlands as well. Indigenous pepper production in Sumatra prior to 1860, for instance, depended largely on slave labour, and so did the

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8 For some details see e.g. Feeny 2002, 191; Lieberman 2003, 186, 298/9, 417.
production of spices in the Moluccas. It seems likely, therefore, that slavery was increasing between the more or less continuous growth of commercial transactions, between c. 1400 and c. 1800.

However, in the densely settled core areas of Java and Northern Vietnam for instance, slavery was rare in the indigenous countryside, and largely restricted to the ports-of-trade.

When the influence of European powers increased during the nineteenth century, and solidified into formal colonialism, slavery was slowly but surely phased out. Thailand, although not under colonial rule, but certainly apprehensive that slavery could constitute a pretext for the colonial powers to intervene, followed suite. Slavery in Southeast Asia was not abolished for economic reasons by the colonial powers, but for humanitarian ones. The motives for the ending of the slave trade and slavery did not have much to do with the situation in Asia. They were largely connected to the discussions then going on in Europe about plantation slavery in the Americas.

However, it coincided conveniently with the increasing availability of free wage labour in the region. Nevertheless, slavery persisted in many Southeast Asian fringe areas into the twentieth century, and in the late 1940s Condominas encountered a few slaves when he was doing fieldwork in a tribal upland area in Vietnam.

The upshot of all this appears to be that free (wage) labour had always been available in small numbers, but that during the Pre and Early-Modern Periods various forms of bonded labour were predominant. For a time the supply of various kinds of free and unfree labour was increasing due to the influence of the international market, possibly from 1400 onwards. However, from the late eighteenth century locally, and during much of the nineteenth century across the region, corvée obligations and full-fledged slavery were being increasingly abolished, while free wage labour took their place. This development was linked to three factors – population growth, the continuing growth of international trade, and measures taken by the colonial rulers.

Land

Rights to land in Southeast Asia are undoubtedly a hot topic, and this has been the case for much of the twentieth century. It is also a topic that has generated many studies, in which assumptions were often made about the development over time of such rights. Nevertheless, there do not appear to be many reliable historical studies concerning this issue, based on empirical data. It is still possible, as Glenn May (2004) did for the Philippines last year, to write an article based on actual research of the primary sources, in which the received
wisdom about the historical development of land rights is stood on its head. Therefore, much of what I am going to say here is very preliminary and impatiently awaits further research. Moreover, as I will have to generalise over a number of countries, each of which has a long history of dealing with landed tenure arrangements, thus creating its own particular brand of tradition, with which my familiarity is almost by necessity rather limited, I will almost certainly be adding erroneous statements of my own.

Nowadays, many students of land tenure arrangements distinguish four types of land rights – unowned or open access land, state land, common property, and individually owned private property (see e.g. Richards 2002, 2).

During the nineteenth century most colonial regimes assumed that the indigenous rulers of Southeast Asia were the owners of all the lands in their countries, a notion that certainly existed among the ruling elites of these states. The colonial states regarded themselves as the successors to such rights.9 This explains for instance why Thomas Stamford Raffles, the British Lieutenant-Governor of Java during the so-called British Interregnum (1811-1816), could regard all Javanese cultivators as ‘renters’ from the state, and why he called his taxation system the Land Rent System.

However, since the early twentieth century, the view has been gaining ground that it was not the ruler or the state, but the village or the clan in which land rights ultimately vested.10 In this view, land was the common property of the villagers, for which terms such as communal rights or customary rights are often used. Such rights were often no longer in evidence, so the argument went, because the indigenous or the colonial state had usurped them. However, in stateless societies, village rights to land could still be encountered.

Both opinions – the king as the original owner of all the land or all rights to land originally vested in the local community – can still be encountered in the recent literature. Usually, those who cite the former version are interested in the densely settled core areas of the Southeast Asian states, while supporters of the latter hypothesis are interested in the sparsely populated tribal margins. In fact, therefore, these views are not mutually exclusive.

It is also generally assumed that these rights have changed drastically since the colonial state took matters in hand and introduced individual private rights to land. The general trend, therefore, suggested implicitly or explicitly by many scholars writing about

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9 At a much earlier date (16th century), the king of Spain had declared himself owner of all the lands in the Philippines by right of conquest (Corpuz 1997, 27). Based on the same right the VOC regarded themselves as the owners of Batavia and its Environs (Java) after 1619.

10 This view was pioneered by the Dutch scholar Cornelis van Vollenhoven, founder of what is often called the Adat Law School. The term he used for such village rights was beschikkingsrecht (Van Vollenhoven 1919, 8). This has been translated variously as rights of avail and rights of disposal, but nowadays the term residual rights appears to be used by most scholars.
Southeast Asia, is that land rights were transformed from state or common property to private property as a result of colonial intervention.\textsuperscript{11}

This is not the place for a long and detailed discussion about land rights in Southeast Asia in Pre and Early-Modern times, and a few comments on the views mentioned above will have to suffice.\textsuperscript{12}

The main point to be made is that individual ownership of land certainly predates the colonial experience in Southeast Asia. Perhaps the best documented area in this respect is tenth-century Java, where epigraphic evidence strongly suggests that land could be bought and sold on a freehold basis, pawned and leased. Irrigated rice land in particular appears to have been held at this early date in hereditary individual private tenure. Individual hereditary private property in land prior to 1500 or 1600 is also to be found in Burma, Vietnam and the Philippines. Thailand appears to have been the country where the claim that the king was the sole owner of the land appears to have been taken more seriously than elsewhere. Here, private individual rights to land were weakest prior to the late eighteenth century, and those who cultivated the land could not claim more than usufruct rights. Even around 1800, when land could be sold and bequeathed by the cultivator, it was not in general used as collateral.\textsuperscript{13}

My impression is that the areas where hereditary private tenure of land predominated were to be found mostly in the densely populated core areas of the indigenous states, in and around capital cities and/or ports-of-trade. Here, land had become scare and therefore valuable at an early stage, and had therefore become ‘commodified’ even if its legal status may have been that of regal domain land.

It is also clear that many other forms of landed tenure could be found in Southeast Asia prior to colonial rule. It is not an either or question.

Not much discussed in the literature it the size of privately owned lands, with the exception of the situation in the Philippines, where large ecclesiastical and private estates came into being after the arrival of the Spaniards. When the literature mentions private tenure as introduced by Europeans, should it not be specified what the size of these holdings was? One assumes that a society largely based on large landholdings is quite different from one where smallholders predominate everywhere.

\textsuperscript{11} See e.g. Richards 2002, 14; and Eaton 2004, 9.
\textsuperscript{12} I have dealt in more detail with historical land rights in Indonesia in Boomgaard 2005.
A few words, then, should be said about size, before and after the arrival of the Europeans. One of the most conspicuous features of Pre-Modern (but much less of Early-Modern) Southeast Asian landholding was the presence of many large ecclesiastical estates. Unless one regards such holdings as a category all by itself, in addition to the four mentioned earlier (and there is much to be said for that), this would be an example of privately owned large landholdings. In principle, however, they could not be alienated, and in that sense they do not meet the criteria of private ownership.

Large estates of the nobility are mentioned in Pre-Modern Vietnam, but around 1500 rulers actively sought to discourage such latifundia, which were seen as competition for the monarch. Large landholdings came into existence after the clearing of large new areas for agriculture, as happened in the Mekong delta in Vietnam in the 18th century and the Irrawaddy and Chao Phraya deltas in Burma and Thailand respectively during the nineteenth century. In such areas absentee landlordism and tenancy became the rule. There does not appear to have been much difference in this respect between indigenous and colonial rule. The new lands had in common that it was impossible for individual smallholders to clear these swampy deltas. This could only be undertaken as a large-scale enterprise by people who could dispose of large fortunes. It seems therefore that environmental circumstances dictated the land tenure arrangements.

In the early twentieth century medium sized properties were found in the Red River delta in northern Vietnam. Locally, they were called large landholdings, but in comparison with for instance the large holdings in the Philippines such a term appears to be inappropriate. In Vietnam, the properties under discussion measured a few tens of hectares. They were often the end result of many small transactions, perhaps mainly lands that had been given as collateral for a loan and that had to be forfeited when repayment proved impossible. Such properties were also to be found in some areas of Java, but here the proportion of the land in the hands of owners of medium sized holdings was much smaller.14 Does this imply that the land market in northern Vietnam was working better than it did in Java around the same time?

In my view, this discussion leads to two main conclusions. Individual tenure often predated the arrival of the Europeans, and statements about private property should specify the size of the lands concerned.

Common property or communal tenure, also termed customary tenure, is now often regarded as the form of tenure historically to be found in stateless societies. Many anthropologists writing about tenure and environment seem to feel that it is private property, introduced by

alien forces (the colonial state, Capitalism), that is to blame for many of the environmental problems of today. In their view, customary rights to land would be better suited to sustainable exploitation of the natural environment.\textsuperscript{15}

There are a number of problems with these terms. In the first place, they suggest that all ‘primitive’ or ‘tribal’ communities owned land in common. This appears not to be the case. This, at least, is what could be concluded from research by well-known Borneo scholars such as Derek Freeman (1955) and Bill Geddes (1954) among the Iban and the Land Dayak respectively around 1950. The claims created here by the individual by clearing the land are admittedly not identical with our ‘individual tenure’ in the usual sense of the word, but neither is it communal tenure – the village or the longhouse do not appear to have had residual claims. However, there are many instances in Borneo of stronger communal claims on the land.

The second point is that there is another phenomenon called communal tenure, which has nothing to do with the ‘pristine’ arrangements mentioned here. It refers to the fact that in villages of sedentary peasant-agriculturalists, often located in long-settled, densely populated wet-rice growing areas, part or all of the arable lands did not have permanent individual owners. These lands were distributed by the village head among all families (Java), or among a section of the villagers, often, but not always, the landless and/or the ‘dwarfholders’ (Vietnam). Redistribution could be annually or after more years. This phenomenon was to be found in Java and northern Vietnam around 1800 and later. As a rule, such communal holdings could not be alienated.\textsuperscript{16}

Another point that is not often discussed is whether the colonial masters were indeed as interested in introducing private property as many scholars seem to think. I see a number of points to be made in this respect.

In the first place some colonial powers appear to have preferred concessions to outright property, at least for large-scale Western enterprise. Ever since the Agrarian Law of 1870, plantations in the Indonesian Archipelago had to depend entirely on the acquisition of leases, usually for a period of 75 years. Such a period was sufficiently long for banks to accept leasehold land as collateral.

In Java, the situation had been more complicated between 1820 and 1870. Between those years no non-Javanese had been permitted to buy land. The planting of crops for the world market by Western enterprise could only be undertaken on arable lands hired from villages. These arrangements were part of the so-called Cultivation System.

\textsuperscript{15} Examples of this line of reasoning in Van Meijl and Von Benda-Beckmann 1999.
\textsuperscript{16} On this type of communal tenure in Vietnam see Gourou 1965; Kleinen 2005; on Java see Boomgaard 1989.
In the Philippines, Spanish legislation during the nineteenth century worked in favour of the creation and expansion of haciendas, but this was done at the expense of small private holdings. Even as late as 1914, under US rule, the legislation stimulated the acquisition of large landholdings by the high and mighty, which went to the detriment of smallholders, who became tenants on the properties they once owned. The state, therefore, encouraged the growth of the number of large private holdings, but they also encouraged the disappearance of smallholdings.

There are also indications that colonial powers during certain stages of their presence in Southeast Asia were in favour of communal holdings. The Spanish crown, for instance, gave land grants to Philippine villages in the late sixteen and early seventeenth centuries, thus creating communal holdings out of the royal domain. But even during part of the nineteenth century the Dutch colonial state actively encouraged the growth of communal holdings in Java, as it was convenient for the sugar industry and for other aspects of the Cultivation System.17

Whatever the connection between the arrival of the colonial state and the origins of private rights to land may have been, we can be certain about one thing – between c. 1800 and 1940 almost all forests in Southeast Asia were declared property of the state. Before 1800, most forests in the more remote areas had been open access resources, while in the more densely settled areas they had been regarded as part of the village commons. Forests as private property, well known from Europe, must have been rare or even non-existent in Southeast Asia, both before and after 1800.

Furthermore, in my opinion the literature – that on the Philippines excepted – on rights to land might be too much concerned with the formal arrangements of landed property (private or not), while it could be argued that it is of equal importance whether such lands are owner-operated or being worked by tenants. It is generally accepted that tenancy – probably mainly share tenancy – has increased considerably during the last 100 or 150 years or so. It has been estimated that by the 1950s around 50% of all farms was tenant operated. This means that a large proportion of all cultivators will not be able to put up the land they are cultivating as collateral. This makes them dependent on ‘improving landlords’ (while most landlords are better known for their rentier mentality) or moneylenders who charge usurious rents in order to compensate for the risk they are running, unless the state is willing to shoulder this burden.18

18 On tenancy see e.g. McLennan 1980, 98-102; Elson 1997, 140-148; Molle 2002.
Finally, after all the exceptions and counter currents mentioned here, it is undoubtedly true that most colonial states attempted from the late 19th century onwards to improve the registration and therefore creation and recognition of private property in land. Most countries – but not the Netherlands Indies – introduced the so-called Torrens system, where the registration of title deeds was coupled to cadastral surveys and an exact positioning of the relevant plots of land. However, this attempt was fraught with many difficulties, of which the main ones were the lack of trained personnel and the endless disputes over conflicting claims. The pace of registration was therefore excruciatingly slow, and the process was far from finished at the end of colonial rule. 

Summarising all this, we must conclude that the notion of unidirectional development from communal property to individual property under the influence of the colonial state does not seem to reflect very well what happened, while it is, furthermore, not sufficiently specific to tell us much about the social and economic effects of changing land tenure arrangements.

First and foremost it should be pointed out that individual private tenure has existed for ages in many areas of Southeast Asia. The occurrence of this form of tenure appears to be related to population density and the working of the international market.

As the areas where private property of land was the rule, appear to coincide with those areas where slavery and serfdom were absent or rare, it is tempting to posit a connection between the two. Is it plausible to assume that investment in land became more attractive when investment in people was no longer possible?

Not all land tenure arrangements among marginal (tribal) groups should be regarded as ‘communal’, while the term ‘communal rights to land’ has been used for village communities in the populous core areas as well.

Many European regulations between 1570 and 1870 were not aimed at the creation of private property in land, and in various cases they led to distortions of private property already in existence.

Even after 1870, there are many instances of colonial states preferring long leases for Western enterprise instead of private holdings. In the case of forests the option of private property was never contemplated, the forests being declared sovereign domain instead.

However, various colonial regulations have, indeed, facilitated the creation of private landed property since the late 19th century. In many instances, however, this was not conversion from communal land into privately owned land, but from open access and state land. The production of title deeds has also harmed many smallholders who could produce

\[19\] See e.g. Elson 1997, 125-130; Wolters 1999, 116-127.
no proof of their claim, and thus favoured large holdings over small ones, both subcategories of private property.

These regulations have also facilitated the creation and growth of a class of tenants, whose titles to land may be insufficient for the acquisition of cheap credit.

Finally, the point should be made that up until today the existence of so many property regimes that have succeeded but not replaced each other – indigenous, colonial, post-colonial - is a source of incredible confusion and uncertainty as regards titles to land. Many peasant-cultivators are now working on plots that used to be parts of a concession, or a plantation no longer in existence, but as the status of the land is unclear, they are regarded as squatters and cannot get title to the land they are cultivating. Thus, they are easily swindled out of their land by those in authority.20

A similar point could be made about lands being expropriated for large-scale projects undertaken by the state, but that has more to do with the lack of appropriate legal institutions than with tenure arrangements. We will talk about institutions presently.

Capital

I can be much briefer about capital than I was regarding labour and land.21 Asia has always had the reputation of being a money-poor, cash-hungry and debt-ridden part of the world with very high interest rates, a sink of imported specie and bullion. This is easily illustrated – at least for South and Southeast Asia – for the period between 1600 and 1900, when we have quantitative data on interest rate levels.

The lowest interest rates in the indigenous sphere to be found in Southeast Asia during this period, both in legal texts and in actual practice, appear to have fluctuated between 25 and 35% per year. In a number of cases it is clear that such rates were only applicable if some sort of collateral was present (e.g. livestock). In Java, Europeans who lent money to Chinese sometimes charged somewhat lower rates during the 17th and 18th century – 16 to 18%.

However, much higher rates were to be found in many cases. Occasionally, the laws set limits to the amount of interest to be charged, but we do not know whether people actually paid any heed to such injunctions. Given the structure of authority – which will be discussed in the next section – it is unlikely that the state actually upheld such rules, although occasionally a ‘just’ ruler may have attempted to do so.

20 A similar point, regarding urban land rights, is made by De Soto 2000.
21 This section is largely based on Boomgaard 1986; 1996 and 2004. See also Elson 1997, 185-212.
Be that as it may, in indigenous legal texts maximum rates of between 80 and 150 are to be found. In some texts the principle is formulated that the repayment of a debt cannot be more than double the original sum that was borrowed, which, therefore, after one year would have been an interest rate of 100%. So even if such maximum legal rates had been adhered to, repayment must have been an enormous burden on Southeast Asia’s commoners, often people living on the edge of survival.

There are indications that the highest rates were paid on the smaller sums, both according to the law and in actual practice. This was still the case in colonial times. Pierre Gourou, writing about northern Vietnam in the 1930s, presents the example of people borrowing 1 Piaster, for which they had to pay an interest of 1 sou a day, or an interest rate of 100% for a hundred-day period (and therefore 365% after 1 year).22 Such amounts of money are in our eyes very small beer indeed, but seen from a Southeast Asian peasant’s perspective this was serious money (often because any cash was serious money). Therefore, particularly those with the smallest margins were paying the highest rates, and could easily get into trouble, by losing their land or having to enter into debt peonage.

Interest rates were lower in 17th-century India, at least if loans made available by local merchants to the VOC can be used as an indication. The rates were also decreasing during the century, no doubt as a result of large silver imports from Europe. The lowest rates were to be found in Surat, where they dropped from 12 to 7½%, those in Bengal were somewhat higher, dropping from 15 to 10, while the highest rates occurred in Coromandel, decreasing from 24 to 12%. All these rates were charged for very large amounts, so rates for smaller amounts would have been higher.

Finally there are data for the European-dominated centres in the 17th-century Indonesian Archipelago, Batavia and Ambon. Here, interest rates paid by the VOC to private persons, probably mainly Europeans and European institutions (such as the orphanage) varied between 6 and 9% per year. This was getting very close to rates charged in the Netherlands during the same period, at that moment the most advanced financial centre in the world, where interest rates varied from 3½ and 5% for large loans to the state or the VOC.

The most plausible explanation for these differences in interest rates appears to be a combination of the different degrees of penetration of European capital and the different levels of economic development. India’s economy – or at least the economy of areas such as Gujarat, Coromandel and Bengal – was of a more complex nature than the indigenous economies of Southeast Asia, and larger amounts of European capital were imported in India than in Southeast Asia. Only places such as Batavia and Ambon, where the European

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22 Gourou 1965, 379; see also Van Zanden 2004 on pawnshop rates in the Netherlands Indies around 1900.
element was numerically and economically dominant, were doing marginally better in terms of interest rates than Surat, the Indian city with the lowest rates.

Why were interest rates so much higher in Southeast Asia than they were in Europe? I will mention a number of factors, or rather complexes of factors.23

Pre-Modern and Early-Modern Southeast Asian societies were characterised by status based on ostentation (conspicuous consumption) and reciprocity. Status could be acquired by organising large ceremonies, which had to be reciprocated by competing status seekers (competitive feasting). For a Southeast Asian of a certain standing, wealth had no meaning unless it could be shown. Those organising a ceremony for a funeral, a wedding, a circumcision, a shamanic performance to get rid of an illness, or a purification ceremony to atone for sins or crimes, often had to go into debt as they had to present their numerous guests with liberal quantities of meat and alcoholic beverages. Such ceremonies occurred at all levels of society. Being indebted owing to conspicuous consumption was not regarded as morally wrong. This cultural feature may have played a role regarding the alleged proclivity of Southeast Asians for gaming and gambling, in particular for cockfights, where huge sums of money could be wagered.

A second factor is the scarcity of money. Although, as was mentioned earlier, many Southeast Asian countries did have various types of coinage since the Pre-Modern Period, minting coins came much later than it did in Europe. This phenomenon might be related to the fact that the proportion of the economy that was market oriented was small in comparison with more advanced countries, which, in turn, appears to be related to the relatively simple and unsophisticated nature of Southeast Asia’s Pre-Modern economy and society. Low levels of population density appear to have played a role here, which might ultimately be linked to environmental factors. Within Southeast Asia there were huge differences, and one could find barter economies not too far from the monetarised core areas.

The scarcity of money may have been stimulated by the often reported proclivity of Southeast Asians to ‘hoarding’. Beside the well known fact that gold and silver coins were taken out of circulation and turned into jewellery, there are many instances to be found in the sources of treasures being buried (e.g. Reid 1993, 109).

A third factor is that of natural and manmade hazards. Of course, natural risks are present in every society, and most Pre and Early-Modern societies did have few buffers against such disasters. It seems likely that Southeast Asian societies were even more at risk than others because of the hazards connected to the ENSO (El Niño-Southern Oscillation) phenomenon,

23 This analysis is partly inspired by Henley 2004.
which hits the region harder than other areas, causing droughts and floods with sad regularity in addition to the weather anomalies that are to be found in other regions as well. It has also been argued that tropical areas are more subjected to all kinds of diseases, which would make Southeast Asia, a region entirely located in the intertropical convergence zone, more risky in this respect too. Finally, Reid (1988) has been argued that Southeast Asia was characterised by a more than average level of conflicts. Even if all these factors would only make a marginal difference in comparison with other parts of the world, taken together they are likely to have made a big difference, which would imply more risk and therefore higher interest rates, all other things being equal.

Finally, high rates also may have been caused by high transaction costs. Gourou argued that in Tonkin (northern Vietnam) moneylenders would never get their money back if they were not supported by a local Mandarin, and Mandarins did not come cheaply. In many areas of Southeast Asia moneylenders were aliens (Arabs, Indians, Chinese), and it is well known that particularly in times of economic crisis, recouping their loans would be very difficult, to put it mildly. They needed bodyguards-cum-enforcers to stay in business, or, occasionally, to stay alive. Particularly in Indonesia authors have complained about the lack of trust that would contribute to an adverse business climate, and thus to high levels of interest. Finally the lack of contract enforcement should be mentioned, a factors that belongs to the institutional factors to be dealt with presently.

One question that should be researched further is whether the possibility to make someone who defaulted on a loan a debt bondsman should not have brought interest rates down. It should equally be investigated whether the possibility to foreclose on landed property in the case of a defaulting debtor would not lead to lower interest rates.

As we have seen in the cases of Batavia and Ambon, the presence of Europeans with lots of cash led to lower interest rates in the seventeenth century. We should study the development of interest rates in Southeast Asia from, say, the 1870s onward in order to find out whether such developments took place across the region.

However, lower interest rates would not automatically make for less indebtedness. One could even argue that, on the contrary, cheaper credit would make for more people willing to take out loans. One should also consider the arrival of more shops with credit facilities in the Southeast Asian countryside during the same period. But that would go far beyond the scope of this paper.
Institutional framework

The low interest rates in Batavia were not only the result of the presence of more cash, but also, one assumes, with the will and the means to enforce contracts. Thus, we arrive finally at the institutional factors, which will be dealt with briefly.

Although it is no longer fashionable to speak of ‘Oriental Despotism’, one is hard put to find another equally evocative term to describe the behaviour of Southeast Asian powerholders. They were certainly Absolute rulers by the fifteenth century, and income and firearms acquired through trade with Europeans strengthened their position. Evidently, Southeast Asian society prior to 1850 was not a civil society. The king could do as he damn well pleased, and he was certainly above the law (as the laws themselves show us convincingly). The states we have been dealing with in this paper had subjects, not citizens.

There was a generally high level of insecurity among commoners and nobility alike. One of the reasons people were hoarding is that they would not show too much of their wealth, lest they made the monarch jealous. Rulers were known to make unexpected and unreasonable financial demands. These factors have generally been held responsible for the lack of an indigenous stratum of well-to-do (non-royal and non-noble) large-scale merchants. Rulers preferred to deal with Chinese, Arab, Indian or European merchants, as these, in their eyes, could never pose a threat to their position.

The fact that much of Southeast Asia’s commercial transactions was thus in the hands of strangers might be an additional explanation for the eternal shortage of cash in the region, as these merchants repatriated a (large?) proportion of their earnings.

Next to the role of the monarch, the quality of the legal framework within which a society operates is of great importance for the issues we are dealing with. Written laws were present in most Southeast Asian countries from an early age onward. These laws contain clauses about property, financial transactions, written contracts, bondage, and punishment for crimes. We do not know how much of this was ever put into practice (some of it surely was – we know of instances that debts were registered for instance), but the general impression is that might was stronger than right, and that it was fairly easy for someone with money to pervert the course of justice.

There were doubtlessly many just kings and good judges, but there were also many examples to the contrary, and there were no institutional constraints to keep a bad king from doing things he shouldn’t. The rule of law did not apply where the monarch was concerned.

Finally, it should perhaps be pointed out that there are no traces of self-governing bodies, such as the cities in Europe, or of representative bodies in which commoners held seats, such as the parliaments in many European countries.
Conclusion

With free labour not abundantly available, landownership often burdened with residual rights, capital scarce and expensive, and an institutional framework that is not conducive to economic growth, one is hardly surprised to find lower levels of economic development in Southeast Asia than one does in Japan and Western Europe during the Pre and Early Modern Periods.

For further research, it would be interesting to concentrate on the more advanced areas, where free labour, individual rights to land, and relative large amounts of money were available (and, one assumes, lower interest rates). These were the ports-of-trade, sometimes also the capitals of the various core areas. It is in these areas that slavery and debt peonage were also reportedly of great importance, an anomaly worthy of further investigation.
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