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AS EMPIRES FELL

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AS
EMPIRES
FELL

*The Life and Times of Lee Hau-Shik,
the First Finance Minister of Malaya*

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CONTENTS

Preface	vii
Acknowledgement	ix
Introduction	xi
Part One: 1901–42	1
Chapter 1 Colonial Life Between the Wars	3
Chapter 2 Times of Opportunity	31
Part Two: 1942–45	57
Chapter 3 Political Awakening Amid Global Wars	59
Chapter 4 Finding Refuge in India	80
Part Three: 1945–59	115
Chapter 5 Politics in a Messy New World	117
Chapter 6 Moving Towards Merdeka	141
Epilogue: After 1959	200
Appendix	207
Bibliography	209
Index	221
About the Author	235

PREFACE

This book is first of all written for Malaysians so that they may know themselves and their past more profoundly. It is a story about one of the country's founding fathers. Not only did Lee Hau-Shik help found many important institutions, foremost of which was the Malayan Chinese Association, his is the only non-Malay signature on the Declaration of Independence signed in February 1956 in London. If one further considers the fact that he was not even born in Malaya, a supremely race-conscious country, then one has to be curious about who this remarkable person was, and what the times he lived in actually were like.

This Chinese community leader who ignited Malaya's hugely successful independence movement that we remember as the Alliance; this owner of tin mines on whose head the invading Japanese army put a high price; this civilian who became a colonel in both the British army and the Chinese army; this stern person of extremely short physique who, when he withdrew from politics at the age of 58, carried the title of "Sir" and of "Tun", the latter the highest honorific one can attain in Malaya; this migrant who became Minister of Finance and to whom much credit for the founding of the Central Bank of Malaya is given—how is one not to be curious about this man, about his life and times and how this capitalist came to play such a central role in the anti-colonial movement?

Colonel Henry Lee Hau-Shik and Dr Ismail Abdul Rahman were the two people Tunku Abdul Rahman chose to sit on the colonial Executive Council in 1953 to project the interests of the emerging nation of Malaya. It is my hope that this biography of Hau-Shik, read together with my earlier book on Ismail, *The Reluctant Politician* (2006), will provide future generations of Malaysians with an easy yet steady grasp of how their country came into being, and encourage a deeper understanding about the expediencies of the age.

ACKNOWLEDGEMENT

Due to changes in employment and in country of residence while I was working on this book, the final product took much longer than had been planned. For this I am truly sorry to all those who had waited eagerly for it to see the light of day. In truth, this was a project that was in some ways bounced my way while I was Deputy Director at the Institute of Southeast Asian Studies (ISEAS, now ISEAS—Yusof Ishak Institute). I thought it too important a subject to be ignored any further, but other book projects came in the way which for various reasons I had to prioritize. But be that as it may, the book being completed after 9 May 2018, when a new government took power in Malaysia, has meant that a new significance is now given to the life and times of Lee Hau-Shik. Lessons that can be learned from reading about him are definitely relevant to the search for new and less divisive narratives being embarked upon by Malaysianists and Malaysians. The H.S. Lee Papers now kept so competently at ISEAS Library are a rich source of information about the man, and equally importantly, also about the chaotic times in which he lived. Nothing beats browsing through original texts for providing an author with inspiration and insight about a time that is not his own. And so, working on this project has been a humbling experience.

Most importantly, the book is full of reminders about how difficult a peaceful and progressive governance of a multicultural democracy can be, and how easily things can go off the rails in terms of economic progress, fair distribution of wealth and opportunities, and harmony between disparate communities. The historical context is always decisive in a scholar's search for deeper relevance and broader meanings, be it in the study of a man or of his times.

I must first of all thank the family of Lee Hau-Shik, especially Thomas Lee, whose patience I tested to the limit through my delays, and ISEAS – Yusof Ishak Institute, especially the directors under whom I served, Mr K. Kesavapany and Mr Tan Chin Tiong, and the librarians whose help was easily available and warmly given, especially Mr Pitt Kuan Wah and Ms Liang Shuang.

Many others were helpful along the way, and I remember warmly their assistance in the completion of this book, even if I have to leave their names unmentioned here because they are so many, and I do not wish to leave any one person out.

Needless to say, all mistakes and factual errors found herein—and they are bound to be numerous given the volume of material I had to plough through—are my responsibility, and mine alone.

INTRODUCTION

Seldom does one get a chance to write a biography of a historically important personality based on that person's own private papers. Exactly such an opportunity was given to me in 2005 when the Tun Dr Ismail Abdul Rahman papers were offered for safekeeping at ISEAS Library. Over the following few years, three books came out of that heap of papers.¹

Another such chance was offered to me again a few years later when the family of Lee Hau-Shik—the first finance minister of the Federation of Malaya, one of the founders of the Malayan Chinese Association, and also one of the persons responsible for the highly successful innovation of fielding a coalition of race-based parties back in 1952 in Kuala Lumpur—decided after years of hesitation to also place the man's private papers at ISEAS Library.

While the Ismail papers came in five or six plastic bags, the Lee Hau-Shik papers arrived in over 50 full boxes. Having too few sources hampers a researcher, no doubt, but having too much can be an even greater problem. The documents and pictures reflected the many periods of Hau-Shik's life, but often, they merely provided bits of information stretched over time, multilayered the ways life is played out for each of us, in essence.

However, since the main threads of Hau-Shik's life are known, conjuring a narrative out of the material was in itself not all that difficult. But in order to inject the right historical significance into

his story, and to tell a tale that holds lessons for the present time and retains the attention of the modern reader, I decided that it was necessary to contextualize his life into objective periods. After all, the history of Southeast Asia in the first half of the twentieth century was such a tumultuous one, and if important dynamics were not highlighted, then the details of his life would lose potency and appear interesting only to those personally involved in some fashion.

What we end up with here, then, is a unique kind of biography. In effect, I must admit that I am opportunistically using the life of Lee Hau-Shik as a telescopic lens through which larger stories can be told within which his private one is played out in—here passively or as a supporting actor perhaps, but there definitely as the lead making up his own lines as he went along.

The book comes in three parts, and ends with an epilogue in which loose ends are collected and his story brought to a close.

Part One is concerned with the first four decades of the twentieth century. Chapter 1 describes the complex socio-political and socio-economic situation of the population of Malaya, where the tongue of land separating the seas fringing the Pacific Ocean meets those flowing in from the Indian Ocean; to which huge numbers of migrants from East Asia and South Asia, and from within Southeast Asia itself came, many to make a living, and some to seek fortunes. Long concerned with controlling key ports, the British had by the late nineteenth century felt it necessary to extend its influence into the peninsula itself. Maintaining the reliability of the supply lines for tin, and then for rubber and other crops and primary goods demanded that. India being a British colony, the transferring of Indian labour to work the mines, the plantations, the civil service and the transport system was a straight forward matter in itself. However, the influx of Chinese migrants to Southeast Asia, most fleeing the chaos plaguing the

slow fall of the Qing Dynasty, brought a more complicated set of dynamics to British Malaya.

However, Hau-Shik was not typical of those Chinese. Coming from a wealthy and influential family, his migration to Kuala Lumpur was as an investor interested in tin and several other businesses, an early Chinese capitalist competing with a few others of his kind and with the British capitalist class.

Chapter 2 is about his early life, stretching till the time the Japanese Imperial Army arrived in 1942 to secure supply routes for goods and primary material for themselves. His days are played out not only against the backdrop of Malayan demographics but also on the larger stage of convulsive time and space—between his Chinese homeland and the British world into which he was drawn by education, by interest, and even by marriage. The social movements and the economic possibilities of the times drew him on—out of China, though never fully, into regions where civilizations combined and competed, and cultures conflated and conflicted. There was much a young man of means and imagination could do to make a bigger name for himself and a larger fortune for his family.

It was indeed a time when civilizations were playing their endgame, and falling like bowling pins to leave space for ... well, what would be left and what would come were what Hau-Shik's struggles in politics were about.

Part Two also contains two chapters, the first of which, Chapter 3, focuses on the struggle between Japan, China and the European powers culminating in the creation of the "Greater East Asian Co-Prosperity Sphere" by the Japanese and their push into Southeast Asia as far to the south as Australia and to the east as India. The attacks on Southeast Asia began at the same time as the bombing of Pearl Harbour, and the advance made by the Japanese Imperial Army was indeed a blitzkrieg, occupying

as they did all the lands that today make up the ASEAN member states. Malaya fell faster than anticipated, with Penang falling without a fight and the fortress that was Singapore surrendering surprisingly easily.

On hindsight, we see that great risks were being taken by the Japanese armed forces. There was a great probability that their navy would be defeated in the Pacific, which would leave their home islands undefended, which did happen; but at the same time, there was a chance that the Axis forces pushing through Egypt and the Middle East would cut the British empire into two to leave the whole of East and South Asia ripe for occupation by the Japanese forces, which did not happen.

Having the economic means and the political connections, and being on the wanted list of the advancing Japanese, Hau-Shik and his family managed to evacuate out of Kuala Lumpur and then out of Singapore, to head for Chungking, the capital of Kuomintang-held parts of China. Forced to head for Calcutta when news that Rangoon, from whence they were to travel into China, had fallen, they began life as somewhat privileged war refugees in India. There they stayed for four years, most of the time fearful that an invasion was coming. This is the story told in Chapter 4.

The elbowing for imperial space that had gone on in East Asia since the late nineteenth century culminated in what is often called the Pacific War. To be sure, this war between Japan and America and Europe came as accompaniment to the one between a rising Japan and a transforming China that had been going on for much longer. But all these came to a sudden end with a bang—two big bangs in fact, Hiroshima and Nagasaki. The fear that Japanese forces throughout the region would not choose to surrender but would instead fight to the bitter end thus proved unfounded. The atomic bombs changed all that.

But warfare in the region—and in the world—did not really end. An uneasy period of war by proxy and localized fighting would begin. This Cold War would end only in 1991. In the direct aftermath of the Japanese emperor's surrender, however, the colonialists went into a period of damage control and defensive colonialism. The age of nationalism had arrived, and many more Asian nations would soon appear to become members in the United Nations Organization. But to get there, wars of stubborn colonial retreat had to be fought, most notably in Vietnam, where the anti-colonial war fought against the French quickly became an anti-communist war fought by the Americans.

Seen in that context, Malaya was in fact a happy country. Though bloody, the guerilla warfare fought on the peninsula was much more contained in casualty and damage than in all the other major countries in the region. The British were practically the only colonialists who could come back to reclaim their lost territories without having to fight for it. This also allowed them the luxury of planning their retreat over the coming 25 years. While Chapter 5 narrates the general conditions of recolonization after 1945, Chapter 6 describes Malaya's struggle to become an independent country. And it is here in time and space that the experiences, the connections and the stature of Lee Hau-Shik placed him in a historically crucial position. His role was a central one—in Malaya's gaining of independence, and in the form in which it did that.

Not only was it born a strange federation of sultanates, it was governed by a coalition made up of race-based parties each championing its own constituency. How this unfolded holds lessons for those who wish to reform and rectify the system today, and who wish for Malaysia "to live up to its promise"—a common aspiration heard among Malaysians settled the world over.

The Epilogue is added to provide some final remarks about the man and his role in history. The details of Hau-Shik's life as a banker and a financier shall be left for a researcher of a more appropriate academic persuasion than I hold to do. In that endeavour, there is much in the Lee Hau-Shik papers for him to discover and uncover.

NOTE

1. Tun Dr Ismail was a key player in the independence process of Malaya, and held many important positions in the government including Minister of Home Affairs and occasionally took on the role of Acting Prime Minister. In fact, when he passed away of a massive heart attack in 1973, he was holding that position. The three books published by ISEAS Publishing, based on his private papers are: *The Reluctant Politician: Tun Dr Ismail and His Time* (2006); *Malaya's First Year at the United Nations as Reflected in Dr Ismail's Reports Home to Tunku Abdul Rahman* (2009); and *Drifting into Politics: The Unfinished Biography of Tun Dr Ismail* (2015).