

THE ESTABLISHMENT OF A RESIDENCY IN BRUNEI 1895-1905

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The British government had no territorial ambitions in Borneo in the early nineteenth century but it did consider that northern Borneo, lying on the flank of the trade route to China, was of some strategic importance. Consequently the basic aim of British policy in Borneo at this time was to ensure that the northern coast did not fall under the control of a foreign power, while at the same time, keeping direct British involvement to the minimum. Partly to this end, the rule in Sarawak of a British subject, James Brooke, was given some support, a treaty was made in 1847 with the sultan of Brunei whereby he agreed not to cede any territory to foreign powers without British consent; and the island of Labuan was acquired to serve as a naval base, coaling station and entrepot.¹ For some years this seemed sufficient as the only two European countries with any pretensions in this area, Holland and Spain, were too weak to be able to make any serious attempt to assert their claims. However the steady decline of the once powerful sultanate into anarchy and poverty and the consequent willingness of the sultan to make cessions of territory to foreigners, despite the 1847 treaty, led the British government to strengthen its position by granting a royal charter to the British North Borneo Company in 1881.² It was not long before the growing interest in colonies on the part of Germany and France necessitated a further step, and in 1887 the British authorities decided to establish protectorates in the three territories of Sarawak, North Borneo, and Brunei. There was no intention that Britain should assume responsibility for the internal administration of the protectorates, nor did the grant of protectorate status mean that the British officials envisaged that the sultanate would survive for long. On the contrary, in order to remove a possible source of international embarrassment, it was considered desirable that Brunei should ultimately be divided between its two neighbours.³

¹ See G. Irwin, *Nineteenth Century Borneo* (Singapore, 1955); and Leigh Wright, *The Origins of British Borneo* (Hong Kong, 1970), for an account of early British policy in Northern Borneo.

² In 1877 the sultan of Brunei had granted to Alfred Dent, a British merchant, and Baron von Overbeck, Austrian consul in Hong Kong, territory from Gaya Bay to the Seboekoe river totalling some 28,000 square miles. Dent later bought out von Overbeck's interests.

³ Memo by Salisbury, undated, Herbert to Holland, January 31, 1888, FO 12/78.

By establishing the three protectorates in northern Borneo, the British government made it unlikely that any foreign power would directly challenge the British position there, short of war. Moreover the diplomatic scene in the late 1880's was dominated by the possibility of a Franco-Russian rapprochement; and earlier, Germany, the most likely trouble-maker in northern Borneo, was concerned to avoid unnecessary disputes with Britain. For a time, colonial affairs ceased to be a major international problem, and improved Anglo-German relations culminated in the Zanzibar agreement of 1890. This diplomatic friendship began to fade in 1892 when Gladstone, who had always distrusted the Triple Alliance, was returned to power. The following year, the dispute between France and Britain over Siam flared up and encouraged Germany to think that Britain might be forced into an alliance by a policy of colonial blackmail. At the same time, Germany, herself, began to display a revived interest in colonialism after the accession to the chancellorship of Hohenlohe. Contrary to the expectations of the British authorities, Brunei still survived as a weak link in the British position in northern Borneo.

When the decision that it was desirable that Brunei should be absorbed by its neighbours had been made, it had not been thought that Brunei would make any serious effort to resist. However Sultan Hasim, who succeeded the senile Sultan Mumin in 1885, was a proud man of some ability who did not want to see the extinction of the ancient sultanate. His opposition to the absorption of his remaining territory became more determined, almost obsessive, when Britain in 1890 accepted Rajah Charles Brooke's annexation of the Limbang, the last major river remaining to him. His efforts to retain what remained of the sultanate were viewed with some sympathy by the governors of the Straits settlements who, after 1888, were also high commissioners for Borneo. Another factor which seemed to render the policy of absorption less feasible was the failure of the North Borneo Company to establish itself on a sound footing. From the start the Company's finances had been shaky and by the mid 1890's it did not seem probable that it would survive for long.

Nonetheless the Foreign Office still hoped to avoid any direct British involvement, and now it envisaged the possibility of the ultimate absorption of both North Borneo and Brunei by Sarawak. This possibility revived doubts in the Colonial Office regarding the future of the Brooke regime after the death of Rajah Charles.⁴ Moreover, in general, support for the Brooke type of paternal government, with its emphasis on the preservation of the traditional way of life, was waning in the Colonial Office. A new consciousness of obligation to native peoples had begun

⁴ Rajah Charles, born in 1829, was no longer a young man and his eldest surviving son, Charles Vyner, who was only twenty two in 1895, was unknown.

to appear. No longer was it sufficient to preserve them from over exposure to Western civilization and protect them from exploitation. Britain had a duty to promote the economic progress of her colonial peoples, not only for the resulting material benefits, but also to enable political progress to take place. This did not bode well for the Rajah's aspirations in northern Borneo especially as Joseph Chamberlain was a leading figure in Salisbury's third ministry, formed in June 1895. With Chamberlain as colonial secretary the opinion of the Colonial Office became more influential and Chamberlain used his powerful position to give shape and drive to this new concept of colonialism. He believed that the future basis of colonial policy should be the assistance of the empire's "undeveloped estates" with the aid of the Treasury and of British capital.⁵ The commonly held opinion in Singapore and London was that Rajah Brooke discouraged the commercial development of Sarawak.⁶ In these circumstances it was not likely that Chamberlain would favour allowing Sarawak to absorb the remainder of northern Borneo. However northern Borneo seemed to suffer not so much from neglect as from lack of resources, and Chamberlain showed little enthusiasm for the idea of establishing a residency in Brunei. This proposal originated from Charles Lucas, who became assistant under secretary in 1897, the same year that Under Secretary Sir Robert Meade, hitherto Sarawak's principal supporter in the Colonial Office, retired. Lucas was a wholehearted imperialist and envisaged that in the future Sarawak, Brunei, and North Borneo would be administered by British residents with a resident general in Labuan. The first step would be to establish a resident in Brunei.⁷ His opinion did not immediately prevail with Chamberlain or with the Foreign Office, for it was difficult to draw up a convincing case for the assumption by Britain of the direct responsibility for northern Borneo on either strategic or economic grounds. Nonetheless his advice to the Foreign Office, that Rajah Brooke's request in 1895 for permission to make an offer to the sultan for the remainder of Brunei "should not in any way be entertained," in view of the sultan's hostility to Sarawak, was accepted.⁸

It still seemed more than a possibility that, despite the unwillingness on the part of the British officials to force the sultan to cede his

⁵ See J.L. Garvin, *The Life of Joseph Chamberlain* (London, 1934), III; A.F. Madden, "Changing Attitudes and Widening Responsibilities 1895-1914," *Cambridge History of the British Empire* (Cambridge, 1959), III; and A.P. Thornton, *The Imperial Idea and its Enemies* (London, 1959).

⁶ For example see *Straits Times*, July 16, 1888; *Financial Times*, December 18, 1893; J. Swettenham to FO, January 17, 1900, FO 12/108; Keyser to FO, December 14, 1899, FO 12/104.

⁷ Lucas to Fairfield, May 18 and 11, 1896, July 1896, CO 144/70; Lucas to Wingfield, July 9, 1897, CO 144/71; Lucas to Selborne, September 29, 1899, CO 144/73.

⁸ Lucas to Fairfield, November 12, 1895, CO 144/70, CO to FO November 18, 1895, FO 572/30.

territory against his will, the sultanate would vanish long before Lucas could win approval for his scheme. The loss of the Limbang even without the compensation of cession money, which the sultan had refused, had dealt a near fatal blow to the already tottering economy. Desperate for money, the sultan fell increasingly under the influence of unscrupulous speculators; and while he was insistent that he would not cede any of his sovereign rights, it seemed likely that all that remained of commercial value within his territories would be leased. The sultan himself was deteriorating mentally and physically and the weakening of his feeble control threatened complete anarchy.⁹ It was in this situation that the growing tendency on the part of the high commissioners to exercise closer surveillance over the affairs of northern Borneo proved vital to the continued existence of Brunei. As governor of the Straits at a time when the residential system in the Malay states was being hailed as a great success, Sir Charles Mitchell had no desire to see the sultan deprived of his throne with undue haste or against his will. He was determined to uphold what he interpreted as being the policy of the British government regarding Brunei, namely, "to recognize and support as far as possible the rule of the present Sultan and to make no change in the government of the state during his lifetime."¹⁰ He and his successor, Sir J. A. Swettenham, adhered to this policy rigidly and so enabled the sultanate to survive until a time when opinion was more strongly in favour of a residency.¹¹

Pressure on Brunei from North Borneo had revived after a lull following the economic crisis of the early 1890's. After the rejection in 1894 by the shareholders of Rajah Brooke's offer to take over the Company, an ambitious Scot, W. C. Cowie, had become managing director. He hoped to assure the future prosperity of the Company by the construction of a railway, and so he was anxious to acquire the remaining enclaves of Brunei territory which lay across the proposed route.¹² This matter assumed greater urgency when the development of serious trouble with the rebel, Mat Salleh, in 1897 made it imperative to gain control of places of potential refuge and supply. After the crisis of 1894 and the accession to the board of directors of Cowie, well known and not highly regarded in Singapore, opinion in the Straits Settlement had become increasingly critical of the Company.¹³ This opinion

⁹ Keyser to FO, December 25, 1898, FO 12/99.

¹⁰ Mitchell to Keyser, July 23, 1899, FO 12/102.

¹¹ Mitchell was governor of the Straits from 1894 until his death in 1899. Sir J.A. Swettenham was acting governor in the later part of 1898 and became governor after Mitchell's death. His brother, Sir Frank Swettenham, took over from him in March 1901.

¹² Martin to Beaufort, June 14 and December 6, 1895, CO 874/307.

¹³ For example see *Straits Times*, March 10, 17 and 19, 1896, March 25, 1899, January 30, 1902.

was shared by Mitchell and J. A. Swettenham.¹⁴ Both viewed the Company's policy towards Mat Salleh with distinct disfavour and their opposition to it drew them deeper into Bornean affairs. Moreover their hostility to the Company was another reason to support the existence of the sultanate for as long as possible. The situation in North Borneo became so serious that Cowie decided to deal with it personally, and after his arrival late in 1897, he succeeded in leasing from the sultan all the remaining river enclaves with the exception of the Membakut. Mitchell disapproved and persuaded the Foreign Office to rule that in the future no negotiations with the sultan were to take place without the sanction of the high commissioner. When Governor Beaufort visited Brunei at the end of 1898, ostensibly to pay his compliments but in reality to seek the cession of the Membakut, Mitchell's claim that the ruling meant that no visits at all were to be made to the sultan without permission was upheld by the Foreign Office.¹⁵ When the continuation of difficulties with Mat Salleh made the Company resolve to acquire the area between Si Pitong and the Trusan, Swettenham was equally obstructive. As the hostility of Abu Bakar, the principal holder of the *tulin* rights,¹⁶ made it unlikely that he would cede these to the Company, it had been decided instead to treat with another *pangeran* who disputed Abu Bakar's claim to Merapok, the principal settlement in the Lawas area. Swettenham complained that such talks could only take place through the sultan and with the high commissioner's consent. The Foreign Office told the Company to break off the talks.¹⁷ Meanwhile Abu Bakar had approached Rajah Brooke with a view to the assumption of Sarawak control over the area. The Rajah professed himself not to be very interested but declared that he was willing to accede to the request for the good of the inhabitants. Swettenham opposed the proposal on the grounds that it was contrary to the policy of preserving Brunei. In fact the Foreign Office had by now decided to press on with the idea of partitioning Brunei and hoped that this could be arranged during the course of a visit by Swettenham to the sultanate. As Lawas was assumed to be in the Company's sphere of interest the matter was deferred until then.¹⁸

Despite the efforts of the high commissioners to preserve the sultan's authority, the disturbed international scene and the continued deteriora-

¹⁴ Mitchell to FO, November 30, 1899, FO 12/102; J.A. Swettenham to Cowie, October 4, 1900, CO 874/266.

¹⁵ Mitchell to FO, April 6, 1899, FO 12/101; Beaufort to Mitchell, December 25, 1898, Mitchell to FO, January 19, 1899, FO to B.N.B. Co., January 30, 1900, FO 12/106.

¹⁶ These were vaguely defined local fiscal and administrative rights.

¹⁷ J.A. Swettenham to FO, December 14, 1899, FO 12/106; FO to B.N.B. Co., January 15, 1900, FO 12/113.

¹⁸ Brooke to Keyser, April 11, 1900, J.A. Swettenham to FO, May 3, 1900, FO 12/108, FO to CO, May 2, 1900, FO 12/112.

tion of affairs in Brunei had led the British authorities to reconsider the question of the fate of the sultanate. Germany had sent a fleet to the vicinity of the Philippines at the outset of the war between Spain and the United States, probably in the hope of acquiring a base there if the United States decided not to retain them. Keyser, the British consul at Labuan, reported that the Germans were especially interested in the Sulu archipelago; and this aroused Foreign Office concern over Brunei, for the sultan of Brunei asserted that part of the Sulu sultanate was under his sovereignty.¹⁹ After a delay of some months the United States did take possession of the Sulu sultanate in October 1899, but German interest in acquiring bases was confirmed when Germany subsequently purchased the Spanish possessions in the Pacific which the United States had overlooked. Moreover Germany's exploitation of British difficulties in Samoa and her attitude to the Portuguese colonies had led the British cabinet to regard her as "the professional black-mailer." It did not seem impossible that Germany might try to take advantage of the anarchical situation in Brunei.²⁰ In fact as revolts had broken out on the last two major rivers remaining to the sultanate, the Tutong and the Belait, the final collapse of the sultanate seemed imminent.²¹

The revival of the question of Brunei's fate gave Lucas an opportunity to air his scheme. He observed that although he preferred Sarawak's claims on Brunei to those of North Borneo, "Sarawak is disappointing and unprogressive and . . . the Imperial Government had better take Brunei itself."²² Lord Selborne, the Under Secretary, and Chamberlain agreed that the annexation of Brunei after the death of the sultan should be proposed to the Foreign Office. However Assistant Under Secretary Sir Robert Herbert noted that the continuing pressure on Brunei from her neighbours might prejudice the fate of the sultanate. Accordingly he thought it would be best to discover from the sultan whether he would agree to the annexation of his territory by Britain and then decide what to do with the country. This was accepted by the Foreign Office and Mitchell was asked to instruct Keyser to seek the sultan's opinion, whether or not the sultan would agree to annexation by Britain. Mitchell replied that he himself did not think that Brunei could support a resident. A few days later before anything else could be done, he died. His successor, Swettenham, wrote that he agreed

¹⁹ Minute by Lucas, February 9, 1899, CO 144/73; Keyser to FO, April 29, May 5 and 11, 1899, FO 12/104.

²⁰ The British government had accepted, in the African Order in Council 1892, that the protecting power had an obligation to establish proper government in any protectorate where there was no effective government in the European sense. See Sir H. Lauterpacht, "International Law and Colonial Questions 1870-1914," *Cambridge History of the British Empire*, III, pp. 679-681.

²¹ Keyser to Mitchell, May 16, 1899, FO 12/101.

²² Lucas to Selborne, September 29, 1899, CO 144/73.

with Mitchell, and in any case he would take no further action since he did not believe that the sultan would favour the idea.²³

The opposition of the high commissioners to a residency caused Selborne and a number of other Colonial Office officials to revert to the idea of partitioning Brunei on the death of the sultan. Lucas accepted that the consensus of opinion was against his scheme. Accordingly the Colonial Office now proposed to the Foreign Office that Swettenham should be sent to ascertain whether or not the sultan would accept the partitioning of his territory. The bulk would be given to Sarawak with Lawas and possibly Trusan going to the Company. The sultan would be allowed to retain Brunei town if he wished. If he agreed, negotiations could begin immediately; if he did not, then the partitioning would be delayed until his death. Francis Villiers, Assistant Under Secretary at the Foreign Office, was of the opinion that the situation in Brunei required immediate action and he agreed to the Colonial Office's proposal.²⁴

Swettenham's instructions were "to ascertain whether His Highness would be willing to agree to a partition of his territories."²⁵ However after his arrival in Brunei he decided that "it would be unwise... to make any hint or mention of partition." Instead he asked the sultan how he thought the state of affairs could be improved. Hasim made no definite reply but intimated that, according to the agreement of 1888, he could rule as he wished. Swettenham did not press the matter and returned to Singapore.²⁶ In his report Swettenham explained his course of action by maintaining that by the agreement of 1888 Britain was pledged to support the independence of Brunei unless the sultan sought a modification of the terms. Despite his previous rejection of the idea, he now proposed the installation of a resident. The problem of finance could be overcome by persuading Rajah Brooke to return the Limbang to Brunei. Although Britain had recognized the Rajah's possession of the Limbang this did not alter the fact that the Rajah had unlawfully usurped the territory and could accordingly be charged in a Brunei court for this offence.²⁷ An enforceable judgment would be the seizure of his coal rights in Brunei and rather than lose these

²³ Minute by Selborne, September 29, 1899; minute by Herbert, October 19, 1899, CO 144/73; FO to Mitchell, November 8, 1899, FO 12/100; Mitchell to FO, November 30, 1899, FO 12/102; Swettenham to FO, January 17, 1900, FO 12/108.

²⁴ MacNaghton to Lucas and minutes on this by Lucas and Selborne, January 8, 1900; MacNaghton to Lucas, April 4, 1900. Lucas to Herbert, April 7, 1900, CO 144/74; minutes by Villiers and Salisbury on Swettenham to FO, February 24, 1900, FO 12/108; CO to FO, April 12, 1900; and minute on this by Villiers FO 12/112.

²⁵ FO to CO, May 2, 1900, FO 12/112.

²⁶ J.A. Swettenham to FO, June 27, 1900, FO 12/109. The *Straits Times*, May 29, 1900, observed that Swettenham had "a reputation for reaching conclusions with over zealous speed."

²⁷ In fact there were no courts in Brunei and by the agreement of 1856 the sultan did not have the right to try British subjects.

he would agree to surrender the Limbang.²⁸ Reaction in the Foreign Office was strong. Salisbury remarked that such a procedure would be "a shameless piece of sharp practice" and advised that Swettenham be informed that his proposal could not be considered under any circumstances.²⁹ Nonetheless, although the situation in Brunei made the continuation of the status quo unlikely, Swettenham's reluctance to implement the policy of partition decided upon in London caused the fate of the sultanate to remain in abeyance for the time being.

Lucas had by no means abandoned his plan to make Britain directly responsible for the administration of the three protectorates, and growing disquiet over the affairs of the Company soon enabled him to raise the matter again. The issue which brought this about was the resignation of Hugh Clifford, governor of North Borneo. Relations between Cowie and Clifford had deteriorated rapidly. Cowie evidently expected that a governor of North Borneo should carry out the policy of the directors unquestioningly. Clifford had been seconded from Colonial Office service and was an outstanding official who already had a distinguished career in the Malay states. He was a man with his own ideas on the administration of native states and was not afraid to express them. In particular he did not think that the railway project would bring the benefits expected by the directors. When Cowie wrote him a strong letter and requested him to adopt "a tone of laudation" in his references to the railway, Clifford resigned.³⁰ The Colonial Office regarded this incident with concern. Not only had a distinguished administrator nominated by the Colonial Office resigned after six months but he had also criticized virtually every aspect of the Company's administration.³¹ Lucas proposed to Chamberlain that the Company should be threatened with the loss of Labuan, for whose administration it had become responsible in 1890, if matters did not improve. Chamberlain did not agree. He told Lucas that he thought the matter could be better dealt with in a friendly talk with the directors and inquired whether, in any case, North Borneo was not the concern of the Foreign Office. Lucas agreed that North Borneo was technically the responsibility of the Foreign Office, but did not conceal his belief that eventually the Colonial Office would have to take responsibility for the whole of northern Borneo. Chamberlain had no great admiration for the Company but, as the Colonial Office subsequently agreed to nominate a

²⁸ J.A. Swettenham to FO, June 30, 1900, FO 12/109; J.A. Swettenham to CO, July 11, 1900, FO 12/112.

²⁹ Minute by Salisbury on CO to FO, August 28, 1900, FO 12/112.

³⁰ Comment by Cowie on Clifford to Martin, April 9, 1900, CO 874/265; Clifford to Martin, July 5, 1900, CO 874/266. Clifford stated that he could no longer remain associated with "an administration, many of whose methods I am unable to approve, none of which I have the power to alter or reform, and for all of which I am nominally responsible."

³¹ Clifford to Lucas, July 7, 1900, CO 144/74.

successor to Clifford, it is evident that he did not think that the time was ripe for the adoption of Lucas' proposal.³²

The Foreign Office officials were pressing for a final settlement in northern Borneo. Villiers told Lord Lansdowne, the foreign secretary, that the Colonial Office had been unwilling to commit itself because "there is an idea, not submitted so far as I know to Mr. Chamberlain, of a large Colony in North Borneo" but that in the meantime the situation had become critical.³³ Accordingly it was agreed to seek the opinion of the new high commissioner, Sir Frank Swettenham. Sir Frank was one of the creators of the residential system in the Malay states and not surprisingly his personal opinion was in favour of the appointment of a resident in Brunei. However since his brother's proposal that this should be done had been dismissed out of hand, it would obviously have been pointless for him to have pressed his own views immediately. He had an admiration for Rajah Brooke³⁴ and, faced with the Foreign Office's continued support for the absorption of Brunei by Sarawak, he agreed that this was an acceptable solution if the consent of the sultan could be obtained.³⁵ Rajah Brooke was therefore authorized to offer the sultan \$3000-\$4000 p.a. for the rebellious rivers and Brooke-ton. However the immediate urgency of the situation on the Tutong and the Belait had passed, for by the end of 1901 the sultan had succeeded in regaining control of them. Moreover, apart from the sultan's own reluctance to cede, the Brunei nobles were opposed to the acceptance of the offer since no provision had been made for them under the settlement. Thus the offer was refused.³⁶

The Rajah was not the only one to be disappointed, for the Company had encountered serious difficulties in its effort to acquire the Lawas area. The Foreign Office had lifted its objection to this, in accord with the intention of finally partitioning Brunei, subject to the approval of the high commissioner being given to the terms. The sultan agreed to sell his sovereign rights but Abu Bakar remained intransigent in his refusal to cede his *tulin* rights. Cowie hoped that the acquisition of the sovereign rights would be accepted by the high commissioner as sufficient to enable the Company to exercise control over the area in anticipation of the acquisition of the *tulin* rights.³⁷ The Company tried to circumvent the problem by coming to an agreement

³² Lucas to Chamberlain, August 16 and 25, 1900; minutes by Chamberlain, August 17 and October 21, 1900, CO 144/74.

³³ Villiers to Lansdowne, March 30, 1901, FO 12/116.

³⁴ See the preface by Swettenham to Raneé Brooke's *My Life in Sarawak* (London, 1913).

³⁵ F. Swettenham to FO, August 14, 1901, FO 12/114.

³⁶ Hewett to FO, March 7, 1902, FO 12/117; March 30, May 10 and July 10, 1902, FO 12/118.

³⁷ Martin to Birch, July 8, 1901, CO 874/316; F. Swettenham to Birch, October 22 and December 26, 1901, CO 874/269.

with *Pangeran* Bakar, the rival claimant to the rights at Merapok. However Abu Bakar fled to Sarawak where he produced documents which Sir Frank accepted as establishing the validity of his claims.³⁸ Cowie still hoped that it might be possible to use the sovereign rights to control the area despite the Foreign Office ruling. This hope rested on the fact that H. C. Brooke-Johnson, a nephew of the Rajah formerly in the Sarawak service, had been given permission by Abu Bakar to administer the *tulin* rights for ten years in return for 10% of the revenue. Brooke-Johnson asked the Company, as the holder of the sovereign rights, for permission to exercise Abu Bakar's rights and Cowie agreed provided that Brooke-Johnson entered the Company's service, becoming resident of Province Clarke, within which Lawas was situated. He saw this as a temporary expedient which would pave the way to the ultimate cession of all the rights to the Company. This end seemed nearer realization when, in March 1904, Abu Bakar died, his rights passing to several heirs. Cowie hoped that with Brooke-Johnson's assistance the matter would soon be settled. However Brooke-Johnson's aim was not to acquire the rights for the Company at the cheapest price but quite the reverse, for he intended by this means to increase the compensation due to himself for the loss of his share of the revenue. The negotiations reached stalemate and Cowie suddenly abandoned the struggle. On October 8th 1904 he transferred the sovereign rights to Sarawak in return for £5000 and the Rajah's coal rights in North Borneo.³⁹

Doubts in the Colonial Office regarding the Company's administration in Labuan and North Borneo had continued to grow. Early in 1902 a petition had been received from the inhabitants of Labuan requesting that the British government resume direct responsibility for the island. Articles in the Singapore press reported the rundown state of the island and it was commonly assumed that Cowie's railway policy would lead to ruin.⁴⁰ Accordingly a request to the Colonial Office from the Company in 1902 for a loan of £500,000 was refused. Some of the officials hoped that this refusal might hasten the day when the directors would be forced to surrender their territory.⁴¹ These doubts were further enhanced by the dismissal of Governor Birch at the end of 1903. Hostility had grown up rapidly between Cowie and Birch,

³⁸ Birch to Martin, January 15, 1902, CO 874/269; F. Swettenham to FO, April 13, 1902, FO 12/120; March 20, 1903, FO 12/125, CO memo May 27, 1903, FO 12/125.

³⁹ Memo on the position of Brooke-Johnson in the Lawas 2nd Rajah's Letters; Brooke-Johnson to Birch, October 28 and 29, 1903, CO 874/272; Cowie to Gueritz, February 19 and March 4, 1904, CO 874/320; Brooke-Johnson to Gueritz, March 12 and May 12, 1904, CO 874/273; Brooke to Cowie, October 8, 1904, 2nd Rajah's Letters.

⁴⁰ For example see *Straits Times*, January 26, February 23, 24 and 27, March 7 and 8, April 6, 1904.

⁴¹ Stubbs to Lucas, December 16, 1902; minutes by Lucas and Onslow, December 25, 1902, CO 144/76.

who, like Clifford, had been seconded from Colonial Office service in the Malay states. Their disagreement centered around the railway project but was exacerbated by a personality clash between the idealistic and impulsive governor and the self-made man of business. When Cowie discovered that Birch had written privately to Lucas, suggesting that the Colonial Office should take over North Borneo, he did not hesitate to dismiss him.⁴² Although the Colonial Office officials felt that Birch had been indiscreet, the course of events following Clifford's hasty resignation had only served to confirm distrust of Cowie and dislike for his methods. Consequently Cowie was advised that the Colonial Office considered that Birch should be allowed to resign and be granted the six months leave to which he was entitled. Driven to anger by Birch's attitude to him and aggrieved that his request for a loan had been refused, Cowie replied, in a letter verging on rudeness, that Birch would not be granted any leave although he would be permitted to resign. The tone of this letter caused considerable offence and such defiance of the wishes of the Colonial Office was unprecedented. In addition Lucas may have wanted to make the most of this opportunity to discredit the Company further. In a reply drafted by Lucas, the Colonial Office objected to "both the substance and the tone of the Company's letters" and threatened to remove the administration of Labuan from the Company if the wishes of the Colonial Office were not complied with. Cowie could not withstand the threat that the Colonial Office would make public its lack of confidence in the Company's administration and reluctantly gave way.⁴³ The permanent officials in the Colonial Office now accepted Lucas' view that it was undesirable that the Company should be encouraged in any way and unlikely that it would survive much longer.

Despite the difficulties encountered in the attempts to partition Brunei, Villiers continued to oppose the idea of establishing a residency in the sultanate. Whereas the Foreign Office continued to regard the problem of Brunei from the point of view of expediency, the Colonial Office officials thought that the fate of Brunei should be considered as part of the broader issue of the fate of all northern Borneo. The consensus of Colonial Office opinion supported Lucas but Chamberlain was still lukewarm. Lucas suggested, as a compromise, that a new consul should be appointed with instructions to support and advise the sultan. Villiers was not enthusiastic but he did agree that any final decision should be deferred until he had discussed the matter with Sir Frank, who was

⁴² Cowie to Colonial Office, November 10, 1902; memo by Villiers, January 24, 1904, FO 12/125.

⁴³ B.N.B. Co. to CO, November 21, 1903, CO 144/77, November 25 and December 2, 1903, FO 12/125; CO to B.N.B. Co., December 1, 1903, CO 144/77.

due to return to England towards the end of 1903.⁴⁴ Sir Frank was adamant that the sultan should not be forced to do anything against his will and gave his personal opinion in favour of a residency. However in face of Villiers' attitude he suggested that Rajah Brooke should be invited to offer better terms. The Rajah refused to do this on the grounds that Sarawak could not afford to pay more. Villiers now concluded that the cession of Brunei to Sarawak was no longer a feasible solution. He was still determined to settle the matter since the sultan was reported to be very feeble after a fall. Accordingly he agreed with Sir Frank and Lucas that M. S. MacArthur, an officer in the Malay service, should take over the post of acting consul and prepare a report on the future of Brunei. In so doing he had virtually agreed to install a resident noting "that the Protectorate should be made effective and the administration placed under the Colonial Office."⁴⁵

In December 1904, MacArthur submitted his conclusions.⁴⁶ He found the sultan senile but dignified and courteous. He had shown no wish to check abuses but was not tyrannical nor cruel. MacArthur found him hostile to Sarawak but thought that he might be willing to accept a greater degree of British control. The sultanate would undoubtedly decay away if left to itself but the opposition of the sultan and the nobles was a serious obstacle to peaceful absorption by Sarawak. The Rajah himself was old and his task would be a difficult one in view of the strength of Malay feeling against him. The acting consul concluded that the desideratum was the maximum relief of oppression with the minimum of interference in the rights of those in power and that a residency would best fulfill this. The problem of finance could be alleviated by the joint administration of Labuan and Brunei and, in the likely event of the rule of the Company ending, the three administrations could be amalgamated. In any event it would not be unreasonable to suppose that Brunei would eventually become self-supporting since the deposits of coal, oil and antimony were potential sources of revenue.

Chamberlain's resignation in September 1903 had removed the principal obstacle to the residency scheme within the Colonial Office, since his successor Alfred Lyttleton had no strong objections. Accordingly MacArthur's report was unanimously praised in the Colonial Office. Sir Frank and the new high commissioner, Sir John Anderson, urged its immediate implementation. It was agreed that the vision long held

⁴⁴ Villiers to Lucas, February 21, 1903 and memo by Villiers, March 12, 1903, FO 12/124; Lucas to Ommanney, March 4 and 12, 1903; minutes by Ommanney, March 5 and 12, 1903, CO 144/77.

⁴⁵ Memos by F. Swettenham and Villiers, December 21, 1903, FO 12/124; Brooke to FO, January 4, 1904; FO to CO, March 4, 1904; memo by Villiers, February 21, 1904, FO 12/127.

⁴⁶ Report by MacArthur, December 5, 1904, FO 572/39.

by Lucas of a British colony embracing North Borneo, Sarawak, Brunei, and Labuan seemed a strong possibility within measurable time. Meanwhile it would be advantageous to establish the nucleus of the future administration by resuming responsibility for Labuan and installing a resident in Brunei.⁴⁷ Villiers conceded that the solution he preferred had been ruled out by the sultan's persistent refusal to cede his territory to the Rajah and by the likelihood that the Company would come to ruin before long. In these circumstances he agreed that it was essential "to re-establish good order in Labuan and introduce some proper form of government into Brunei."⁴⁸ Once this decision had been taken, the new attitude to colonial development and the prosperity of the Malay states, who could lend the initial funds needed, ensured that the financial difficulties were easily overcome. An agreement was drawn up for presentation to the sultan by which, as in the Malay states, he was to act upon the resident's advice in all matters except those pertaining to Malay custom and religion. MacArthur was to conduct the negotiations with the sultan and any reluctance on his part was to be overcome by the threat that if he refused to accept a resident then the British government would not prevent his neighbours from taking action to end the disorder in Brunei. In December 1905, the sultan signed the agreement.⁴⁹

⁴⁷ F. Swettenham to CO, January 17, 1905; Anderson to FO, February 18, 1905, FO 12/128; minute by Lucas, April 25, 1905; minute by Ommanney, April 27, 1905, CO 144/79; Lucas to Churchill, December 6, 1906, CO 144/81.

⁴⁸ Memo by Villiers, June 3, 1905; FO memo, November 27, 1905, FO 12/128.

⁴⁹ FO to Anderson, July 24, 1905; Anderson to MacArthur, November 9, 1905, FO 12/128; CO to FO, December 6, 1905, FO 572/39.