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# Chinese Economic Dominance in Southeast Asia: A *Longue Duree* Perspective

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All the Chinese who come to Java every year in such vast numbers … are very active, industrious, inventive, and frugal. At Batavia they exercise almost every useful art, trade and handicraft, they cultivate and produce the best vegetables, they work the sugar-mills, and appear therefore to be uncommonly useful and perhaps indispensable. The trade in the interior, wholesale and retail; the trade to sea, to the opposite shores, and elsewhere in the Straits, is entirely in their hands, and is almost wholly carried on by them … they are complete masters of all trade, internal and foreign; and are enabled to make monopolies in every thing, which they do in the most extensive manner.

———Dirk van Hogendorp, 1790s, quoted in Raffles 1817, vol. 1, 226

I now pass on to the Chinese population.… They are by far the most industrious, and consequently, the most valuable people we have in these possessions—the development of the internal resources of which is almost entirely due to them. In Singapore all the gambier and pepper produced is of their growth, and the sago is of their manufacture; in Penang and Province Wellesley also, the chief plantations are in their hands or worked by them; and in Malacca all the tin, all the sago, and all the tapioca is of their production.

———Cameron 1865: 138–39

The [European] firms here [in the Philippines], with very few exceptions, only sell in Manila and to the Chinese, who are the intermediaries for the provinces.… For importers and exporters it would not have been possible to do any work at all; in fact, the trade of the islands, small as it is compared to what it might be, has depended entirely upon the Chinese, because on one side they sell to the men in the interior, and barter with the natives for produce in exchange for imports—they go into the interior; they have opened up communications; you will see the Chinese hawker everywhere; he will go to the last nook and corner, and he will offer his goods.… A European cannot work outside here for any length of time.

———Testimony of A. Kuensle, *Report of the Philippine Commission*, 1900–1901: 227–29, quoted in Wickberg 1965: 68

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The Chinese would almost certainly have taken a more important part in rubber cultivation in Indochina, just as they did in Malaya and the Netherlands Indies, if government regulations had not practically excluded them from the red land grants."[1]

———Robequain 1944: 36

These quotations from contemporary observers give a clear indication of the ubiquity of the Chinese in the commercial world of Southeast Asia from the late eighteenth to the early twentieth centuries. These migrants and sojourners were dominant in both wholesale and retail, in both intra-regional and hinterland transactions.[2] Though Europeans had by the late nineteenth century ascended to commanding heights of the regional political economy, they relied heavily on the existing Chinese networks to distribute imported manufactures and purchase local commodities for export. The Chinese also dominated in tin mining and cash crop agriculture wherever supplies of indigenous labor were insufficient. Many also did market gardening, milled sugar and rice, and were carpenters, smiths of iron and gold, and shoemakers, and did other artisan work in major port-cities such as Batavia, Bangkok, Saigon-Cholon, and Singapore. By the 1930s, except where special restrictions were imposed to exclude their participation as in the case of land grants in French Indochina, the Chinese were omnipresent, penetrating particularly the intermediate sector of the economy (Allen and Donnithorne 1957; Willmott 1967; Ingram 1971).

In the 1950s and 1960s, the region's newly independent regimes tried to curtail Chinese commercial influence by fostering indigenous entrepreneurship. Typical regulations included banning Chinese from trading in the smaller towns and rural areas and restricting business licenses and credit allocation to autochthonous applicants (Golay 1969; Wu and Wu 1980). For the most part, however, these discriminatory measures failed to bring about their intended effects, and many Chinese migrants and their locally born offspring —who were by this time residents or citizens in the Southeast Asian countries—succeeded in maintaining their businesses (Lim and Gosling 1997). Some scholars have argued that the Chinese economic hold was further strengthened as they took over from Europeans and other foreigners in the banking, manufacturing, and other sectors during the nationalization drive in the post-colonial era (McVey 1992). The rise of the Asian Four Tigers and China and the enduring economic dominance of ethnic Chinese in Southeast Asia propelled discussions of an "East Asian miracle" during the 1980s and 1990s. Various popular writings and government discourses attribute Chinese and East Asian successes to inherent characteristics and practices,

[1] The "red lands" refer to a region in southern Indochina where the soils had a reddish color due to the high basalt contents.

[2] The exception was in the case of Burma, where they lost out to the Indian traders.

including familism, *guanxi* (networking), and *xinyong* (trustworthiness), often said to have derived from Confucian philosophy and teachings.[3]

A corpus of literature by experts on the Southeast Asian economy has since emerged to counter these narratives. Its authors have repudiated them as cultural-essentialist explanations, and have argued instead that the present-day phenomenon of Chinese economic supremacy has roots in the nineteenth and early twentieth centuries, when the colonial authorities brought in migrants from South China to do wage labor in mines and on plantations and to conduct lower-level trade. These migrants served as economic middlemen, wedged between the European firms and the indigenous populace. The Chinese accumulated commercial experience and developed mechanisms for the provision of credit facilities and sharing of knowledge among themselves, and this left them in a better position than indigenous peoples to invest in trade and other economic sectors in the post-colonial era (McVey 1992; Gomez and Hsiao 2001; Jomo and Folk 2003; Yeung 2004).

Historical momentum certainly helps explain the sustained economic dominance of the Chinese migrants and their locally born descendants—creole or otherwise—in the second half of the twentieth century. But it is far from accurate to credit Chinese immigration into Southeast Asia to European authorities. As seen from this essay's epigraphs, even prior to the establishment of formal colonial rule from the mid-nineteenth century, Chinese migrants and sojourners had appeared in the region as traders, artisans, and commodity producers. Certainly, the rate of their immigration increased exponentially when the demand in such sectors greatly expanded during the late nineteenth and early twentieth centuries as European firms sought to market manufactured goods and procure agricultural and other raw materials. However, it was not only on account of deliberate policies by the European regimes that the Chinese sighted economic opportunities and swarmed to the region. In fact, the inflow of Chinese was so spontaneous and massive—doubling between the 1880s and 1900s—that by the turn of the twentieth century the French Indochinese, Dutch East Indies, and other authorities felt compelled to impose entry restrictions (Purcell 1965). It is clear that there were pre-nineteenth-century dynamics that were channeled into the colonial period, and subsequently into the post-colonial era.

This paper examines Southeast Asia's political economy from the fifteenth to the early twentieth centuries. I will argue that during the nineteenth and early twentieth centuries migrants and sojourners from South China were in the best position to exploit the burgeoning economic opportunities in the region because of a confluence of developments from the early modern period (ca. 1450–1800). Firstly, as the Europeans widened their political influence

[3] Dirlik (1997) gives a succinct analysis of these popular and governmental discourses.

in the region during the sixteenth and seventeenth centuries, they sidelined several trading communities, including the South Asians and West Asians who had been active in the commercial world of Southeast Asia, in favor of the Chinese. Secondly, during the late seventeenth and eighteenth centuries the Chinese extended their trade from the port-cities into the hinterlands and also involved themselves in mining and cash cropping to service both their commercial enterprises and European needs. The broadened scope of their trade and production activities and their accumulated operational experience placed them at the forefront to serve as intermediaries during Southeast Asia's economic expansion from the late nineteenth century to the 1930s.

In addition to historical factors, I will show that cultural factors were at work here. By "culture" here I refer not so much to Confucianism, networking, familism, and other such characteristics, but rather to how the Chinese formed particular types of associations for mutual aid that were based on home traditions.[4] More specifically, the migrants and sojourners from South China pooled capital and labor by forming organizations centered on deity and ancestral cults. Market information, credit facilities, and other forms of assistance were also channeled through these groups. The associations simultaneously acted as administrative and policing mechanisms among the Chinese. Such cultural resources enabled *xinkes* (newcomers) from Fujian and Guangdong—whether rich or poor—to conduct economic activities in Southeast Asia despite their unfamiliarity with the host societies and their languages, and cultures. They also allowed Chinese migrants to swiftly increase their trading and production activities independent of the European capitalists and authorities, although it was Europeans and their metropolitan needs that set in motion the region's commercial boom from the 1870s to the 1930s.

Scholars of Southeast Asia have hitherto divided the development of its political economy into the early modern period, the nineteenth and early twentieth centuries, and the post-colonial era, but they have given little attention to integrating these three periods. In what follows I synthesize recent research and literature to provide a *longue duree* perspective, highlighting those elements that determined the crucial turning points, and also longer-term trends, in how Chinese migrants and sojourners came to dominate the intermediate sector of the economy.

## RESTRICTION OF ARAB AND INDIAN TRADING IN THE SIXTEENTH AND SEVENTEENTH CENTURIES

By the turn of the second millennium, trading communities from Gujarat, Malabar, Bengal, and the Coromandel coast, as well as Arab, Persian, Turkish, and other West Asian merchants, had ventured to Southeast Asia primarily to

[4] These traditions should not be understood in a timeless and essentialist way. I have discussed the historical emergence of these traditions in an earlier article (Kwee 2007).

sell Indian textiles and opium in exchange for mace, nutmeg, cloves, and goods such as elephants and gold. Traders from South China were also actively buying pepper, resins, aromatic and dye-woods, and other exotics such as birds' nests, sea cucumbers, and tortoiseshell. To trade for these, the Chinese brought things such as textiles, ceramics, and ironware (Meilink-Roelofsz 1962; Reid 1993; Christie 1998).

With the advent of the "Age of Commerce" in Southeast Asia during the fifteenth and sixteenth centuries (Reid 1993), these long-distance traders became significant at the highest levels of the regional economy. The better capitalized among them took on positions as *syahbandars* or *krom tha* (portmasters), in charge of collecting customs at the harbors in Melaka, Banten, Ayutthaya, Pasai, and other polities in north Java (*pasisir*), the Gulf of Siam, and Cochinchina, and along Sumatra's east coast (Kathirithamby-Wells 1993; Pombejra 1993; Li 1998). Such positions were desirable because *syahbandars* had access to the commodities that passed through their tax-collection posts on the way to the regional markets, and this allowed them to collect goods more efficiently.

Moreover, rather than engaging in commercial activities themselves, in the early modern period the rulers and aristocracy recruited these foreign merchants as agents or invested in their shipping trade through *commenda* (entrusting) arrangements. Not only did these merchants possess connections to a wider world, but they also had bookkeeping and other documentation skills prized by the ruling elite to help them organize their finances. Thus the kings and sultans in Palembang, Melaka, Ayutthaya, and other port-towns would bind the Chinese, Indians, and West Asians to their courts by bestowing on them high titles, privileged offices, and women, and encouraging them to reside in their polities. In return, these merchants would help the rulers manage their commercial affairs, with the Chinese specializing in the dealings with East Asia and the Indians and Middle Easterners in charge of those with South and West Asia. As royal factors, these elite merchants enjoyed special privileges in the Southeast Asian ports such as tax reductions and exemptions, and first access to desired commodities (Meilink-Roelofsz 1962; Reid 1993; Pombejra 1993).[5]

While these foreigners had been trading mainly at regional entrepôts such as Melaka, by the late fifteenth and early sixteenth centuries they had started to extend their mercantile activities into the production areas. Previously, the Malays, Javanese, Bandanese, and other Southeast Asians had serviced the ferry trade between the producing regions and entrepôts, importing to the former places foreign goods, foodstuffs, and other provisions, and exporting fine spices, pepper, and other commodities. From the late fifteenth century,

[5] Note that the Japanese were active traders alongside the Chinese in Siam, Cambodia, Cochinchina, the Philippines, and the East Asian waters from the 1580s until the Tokugawa authorities imposed the *sakoku* policy in the 1630s, which banned Japanese travels abroad.

and especially after the Ming lifted the maritime ban in 1567, the Chinese were buying pepper in smaller coastal polities such as Jambi, Palembang, Patani, and Banten. In 1615, Dutch Governor-General Jan Pieterszoon Coen (1587–1629) estimated that Chinese junks bought about 350,000 kilograms of pepper annually in Jambi alone (Andaya 1993: 53). Likewise, the Indians were trading with the *pasisir* ports and also directly with Banda, Ternate, and other spice-growing islands in the eastern Indonesian archipelago, and this further accelerated after the Portuguese conquest of Melaka in 1511 (Meilink-Roelofsz 1962; Villiers 1981). Coromandel and Gujarati spice traders also held positions as local lords and *syahbandars* in Banten and Jepara in Java and Hitu in Ambon during the sixteenth and seventeenth centuries (Reid 1993). In effect, these foreign Asians were bypassing the regional intermediaries at the entrepôts.

The arrival of the Europeans in Southeast Asia from the early sixteenth century changed this state of affairs. Asian merchants, particularly those from India and the Middle East, began to encounter obstructions to their mercantile activities. Europeans, since their home manufactures were not in demand in Southeast Asia, had initially used gold and silver to purchase fine spices and other merchandise. To reduce the outflow of bullion, these merchants—especially the Dutch and the English—gradually began to imitate the Indian and West Asian trade patterns by buying piece goods in South Asia and bringing them to Southeast Asia to exchange for its produce.

However, the Indian merchants were often able to sell textiles at cheaper prices than could the Europeans. They enjoyed greater experience in this particular branch of commerce and were more attuned to the needs of the Southeast Asian consumers, and so they could bring textiles better suited to local tastes (Laarhoven 1994). To stem the Asian competition, the Dutch and English East India Companies retained the sole rights to sell Indian textiles and opium in those ports that came under their rule. They also signed treaties with indigenous rulers that compelled them to impose similar regulations in return for military aid.

The Dutch East India Company (VOC) was the first to limit South Asian competition by monopolizing the sale of Indian textiles in the Southeast Asian port-cities under their control. As the Dutch conquered the Spice Islands in the 1620s, Melaka in 1641, Makassar in 1667, and Banten in 1682, the whole of the archipelago save its western flank—the western coast of Sumatra from Aceh to Bengkulu—came within their sphere of influence (Schrieke 1955). To ensure that traders only called at the Dutch-sanctioned harbors, the VOC implemented a pass system—traders had to display passes they purchased in these ports when they were approached by the Dutch patrollers in the Indonesian archipelago (Knaap 1996). The English—the other emerging European economic force in Asia—followed the VOC's lead. Although in the seventeenth century the country traders had happily leased out freight spaces to Indian traders, these Englishmen started to circumscribe the South Asian commercial activities when they developed their trade with Southeast Asia, in the following century (Arasaratnam 1986; Bassett 1989).

By the late seventeenth and early eighteenth centuries, Indian traders found that they could sell textiles and opium mainly in ports that remained under indigenous authority and whose rulers had not signed monopoly treaties with the Dutch and English. These included Aceh, Trengganu, Selangor, Kedah, Riau, and Ayutthaya. While in the 1620s more than twenty Coromandel ships called in Aceh, Pegu, and Melaka annually, that number fell to about five during the 1650s, and only one or two during the century's final years (Reid 1993: 28–31). Their counterparts from the Middle East fared no better in this regard (Andaya 1979; Arasaratnam 1986; Pombejra 1993). Thus, as the European companies gradually extended their control in Southeast Asia, the trade activities of the Indians and West Asians faced increasing restrictions.

Meanwhile, the Europeans continued to work with the Chinese, for two main reasons. The first was that it was difficult for the Europeans to gain a permanent foothold in their trade with China. Only the Portuguese managed to set up a base in Macao with the consent of the provincial authorities in South China. To get their supplies of Chinese porcelain, tea, and silks, other Europeans could either agree to conduct commercial activities through the Canton system, as stipulated by the Qing regime, or trade with the Chinese junks visiting the different Southeast Asian ports (Ishii 1998; Dyke 2005). This situation persisted until the outbreak of the Opium War (1839–1842) and the consequent opening of treaty ports along China's southeastern coast. In the early modern period, the Spanish, Dutch, and English obtained most Chinese manufactures from Fujian traders who brought them to Manila, Batavia, and other ports. Like the region's indigenous rulers, the Europeans tried to attract Chinese shipping to ports under their control (Blusse 1996). This was a far cry from how they treated the Indians and West Asians.

A second reason Europeans kept working with the Chinese was that the Dutch East India Company, which had built the largest trading empire in early modern Southeast Asia, found it most expedient to work with the Chinese traders. Of the European companies, the VOC had the most ships in Asian waters in the seventeenth and eighteenth centuries, but it was too expensive to ship food and supplies to its outposts in the Melaka Straits, the Indonesian archipelago, and mainland Southeast Asia. Various regional shippers (*nakhodas*) such as the Javanese, Malays, and Bandanese had been the key food conveyors in the region during the fifteenth and sixteenth centuries, but the company was reluctant to work with them for fear they would smuggle in fine spices, whose monopoly yielded the most profit (Jacobs 2006). The Chinese were seen as the lesser evil because they were the least interested in the commerce among Asian traders in mace, nutmeg, and cloves (Villiers 1981; Knaap 2004), and by the late seventeenth century they were servicing much of the inter-island transportation of food and other supplies for the VOC (Knaap 1996; Knaap and Sutherland 2004).

More importantly, Dutch administrators came to rely greatly on the Chinese to both distribute and sell their imports and gather commodities for export to Europe. The VOC directors rejected several proposals to allow Dutchmen to enter private trade and help sell company goods because they feared smuggling and that competition might inflate the prices of desired products (Gaastra 2003). Instead, they sent goods from Europe and South Asia to the company headquarters in Batavia, from whence they were dispatched to the lodges in coastal towns in Melaka, Semarang, Surabaya, Makassar, Ambon, and elsewhere. The administrators stationed in these settlements would then put out these commodities on credit to Chinese merchants who would retail them in hinterland and upstream areas. The goods required for export to Amsterdam were largely purchased through these intermediaries as well (Andaya 1993; Knaap 2004; Kwee 2006). Other European powers, including the Spanish and English, also sought the services of Chinese wholesalers to buy and sell commodities, albeit on a smaller scale, in the Philippines and other Southeast Asian ports (Bassett 1989; Laarhoven 1987).

Areas under indigenous rule were also keen to work with the Chinese and other traders. Treaties stipulated that "company's kings" such as the sultans of Jambi and Banten were obliged to sell all their tin and pepper to the VOC. But they seldom complied with these agreements because the Dutch usually paid for the commodities at depressed prices. Instead, they sold them to the Chinese, Bugis, English, and other shippers plying the waters of the Melaka Straits, the Gulf of Siam, and the South China Sea. Many of these traders resented paying the higher taxes at the VOC-controlled ports. By the late seventeenth and early eighteenth centuries, they coalesced in Johor-Riau, Pahang, Patani, Trengganu, Hatien, Siantan, Banjarmasin, Magindanao, and other coastal towns at the rim of the Dutch sphere of influence. There, they not only exchanged goods with one another but also actively pursued trade with rulers eager to subvert the VOC regulations (Laarhoven 1987; Andaya 1993; Knapen 2001; Cooke and Li 2004).

Among the trading communities, it was the Chinese who achieved the biggest mercantile expansion in the early modern era since they could navigate the Southeast Asian seas most freely, including those within the Dutch, English, Portuguese, and Spanish spheres of control. They were at liberty to extend their trading networks so long as they stayed away from goods declared as European monopolies. The indigenous and foreign Asian traders certainly violated these restrictive regulations, as evidenced by the unceasing complaints of smuggling activities found in VOC correspondence. Even in these types of "illicit" trade, the Chinese had comparatively more successes, feigning ignorance of the monopolies when they were caught (Andaya 1993:120–24).

### CHINESE TRADE EXPANSION IN THE LATE SEVENTEENTH AND EIGHTEENTH CENTURIES

By the late seventeenth and early eighteenth centuries, the Chinese began to pervade Southeast Asia's commercial world. There were three main aspects to their mercantile expansion. The first was that the Chinese came to dominate the inter-island provisioning trade. As discussed earlier, beginning in the seventeenth century the VOC used Chinese *nakhodas* to help transport victuals to those parts of the Indonesian archipelago under its control. By the eighteenth century, there was a growing need for foodstuffs not only in the pepper- and spice-producing regions under VOC influence, but also in areas beyond its control such as southern Borneo, Brunei, and the Gulf of Siam. Also during this period, the mining of tin and gold increased in Bangka, western Borneo, southern Thailand, and parts of the Malay Peninsula. As a result, more food had to be imported into these regions to feed cash crop producers and miners.

Also in the early eighteenth century, South China increased its demand for rice from the Nanyang (South Seas, referring roughly to Southeast Asia). Since the sixteenth century, large parts of Fujian and Guangdong had undergone intensive cultivation of fruits, tea, cotton, and mulberry trees and increasingly required rice imports from other provinces (Vermeer 1999). Some of these provisions also trickled in from Southeast Asia, especially Luzon and Siam. Coastal evacuation policies during the Ming-Qing transition brought a temporary suspension of these developments, but once the economy recovered by the century's turn, South China's chronic need for food imports resumed and those from the Nanyang became crucial. In the 1720s, the rice shortage in the region was so severe that the Kangxi and Yongzheng emperors had to lift the maritime ban in order to accommodate imports from Southeast Asia (Viraphol 1977; Ng 1983; Cushman 1993).

With greater commercialized production in Southeast Asia and South China, Chinese merchants and traders further broadened their inter-island provisioning activities. Up to the late eighteenth century, regional traders—including the Chams, Luzons (from Manila and Brunei), Javanese, Bandanese, Balinese, Makassarese, Khmers, and Siamese—played an important role in the shipping activities of the Indonesian archipelago and the South China Sea (Reid 1993: 125–29). However, Chinese merchants came to dominate bulk transport activities (Knaap 1996; Knaap and Sutherland 2004).

The Chinese had been the chief carriers in the trade between Southeast Asia and China and other parts of East Asia, and pepper was one of their key trade items. By the seventeenth century, the list of Southeast Asian goods in demand in the East Asian markets had grown to include not just pepper, tin, and exotics such as birds' nests and sea cucumbers, but also timber, cotton, sappanwood, and deerskin (Ishii 1998; Li 1998). Furthermore, as Chinese merchants became key players in the inter-island supply of victuals, they also traded in commodities of interest to Southeast Asian consumers, including *terasi* (fermented fish paste), tamarind, cinnamon, cardamom, gambier, areca nut, indigo, cotton, beeswax, arak (rice wine), and regionally produced textiles (Knaap 1996).

At the turn of the eighteenth century they began to invest in food production to better secure supplies, particularly in the rice-bowl region of central and east Java. Chinese merchants leased entire villages and even districts from the Javanese authorities to produce rice, sugar, and other cash crops, and they bid for the tax farms on the production and sale of salt (Nagtegaal 1996). In the Gulf of Siam, Chinese migrants similarly engaged in the trade and cultivation of rice and pepper for export to China and other parts of Southeast Asia (Cooke and Li 2004).

A second aspect of the Chinese economic expansion in Southeast Asia during this period was that Chinese merchants began to outbid others for most of the tax farms in both European- and indigenous-ruled regions. In the early modern world, mercantile capital, whether in Southeast Asia, South Asia, or the Middle East, wanted to control tax farms in order to secure commodities before they reached the regional markets (Inalchik and Quataert 1997; Alam and Subrahmanyam 2012). Linked to their trade in a broader range of commodities, beginning in the late seventeenth century the Chinese offered larger bids for more tax farms in Southeast Asia. These included the collection of customs dues at the harbors and tolls along the trunk transportation routes and rivers, sole rights to the production of salt, sugar, and tin, and monopsony rights to products such as pepper, birds' nests, sea cucumbers, sappanwood, sandalwood, deerskins, and regionally produced tobacco and textiles (Knaap 1996).

In Ayutthaya, Indian and other foreign merchants had been dominant as port-masters and foreign ministers (*phrakhlang*), but by the early eighteenth century they had lost these positions to the Chinese, who were then able to capture a large part of the Siamese overseas trade. By the 1720s, Chinese also served as revenue farmers and controlled the tin trade in Ligor (today's Nakhon Sithammarat) (Pombejra 1993). In the north Javanese *pasisir*, the VOC had tried to curb Chinese economic influence in the mid-eighteenth century by awarding tax farms to the Javanese *bupatis* (lords) at lower prices. However, these *bupatis* still found the prices to be too high, and they were either reluctant to assume these roles or sublet them to the Chinese. Consequently, the Dutch authorities were forced to publicly auction these revenue farms and they fell into Chinese hands (Kwee 2006). Thus by the eighteenth century, the Chinese had prevailed over other merchants in the field of revenue farming throughout large parts of Southeast Asia.

The third aspect to Chinese mercantile expansion was that they expanded their commercial links across Southeast Asia's interior regions in order to purchase and sell commodities more efficiently. Prior to the seventeenth century, many of these products were acquired as follows: The rulers based in various polities, usually in the coastal regions (*ilir*), would foster relationships with upland (*ulu*) producers and forest- and sea-dwelling peoples by granting them gifts and official titles and by establishing kinship ties with them through marriage and adoption. The producers and gatherers were then committed or obliged to present a percentage of their yields to the *ilir* authorities. Such means of procuring commodities were sometimes unreliable, since wars between the interior tribes could disrupt the cultivation and gathering of commodities and their transportation to the port-polities. A new inland headman might also repudiate such semi-corvee, semi-kinship relations with the coastal rulers (Andaya 1993).

By the late seventeenth century, however, as the Chinese grew interested in an ever-increasing range of regional commodities, it became more cost-effective for them to go into the hinterland regions themselves. During the sixteenth century these traders had already ventured from the entrepôt of Melaka to regional ports such as Banten and Palembang to acquire pepper. A century later, their networks proliferated beyond these coastal polities and put them in direct contact with the pepper cultivators in Kuamang, Tembesi, Pauh, and other *ulu* settlements in southern Sumatra and western Java (Andaya 1993; Ota 2006). In the first half of the seventeenth century Chinese traders had mainly bought sea cucumbers in the entrepôts of Melaka and Makassar, but in the 1700s they began to deal directly with the Bajau gatherers on the islands of Sumbawa, Timor, Bonerate, Solor, and Aru (Sutherland 2000). By the early eighteenth century, Chinese trading networks also became entrenched in central and east Java, where they bought rice, salt, indigo, wax, batik, and condiments such as cardamom from producers in the smaller towns and villages in the *pasisir* and in the interior districts of Magelang, Kediri, and Bagelen (Nagtegaal 1996).

Thus, by the eighteenth century the Chinese had not only come to dominate the highest level of the commercial world in the sector of tax farming, but had also expanded their trading links to encompass many intermediate and local markets in Southeast Asia. They widened their commercial dealings from the coastal cities into inland towns, rural areas, the interiors of forest regions, and other less accessible places.

## CHINESE TRADE NETWORKS IN EIGHTEENTH-CENTURY SOUTHEAST ASIA

To extend their trade into the interior, the Chinese merchants liaised with a string of micro-operators. Stationed in the port-polities, they would advance goods and money to traders and shopkeepers in nearby towns, who were expected to pay up after a stipulated period, usually from three to six months. These traders and shopkeepers then retailed the goods and also distributed them to still smaller markets in the vicinity using similar methods of advanced credit. At the lowest rung were peddlers who dealt directly with the agricultural producers in the rural regions, to whom they gave monetary loans and stocks of manufactured goods and supplies such as seeds, tools, and fertilizers. In return, the cultivators pledged to deliver rice, pepper, cotton, indigo, or other produce to these financiers in the harvest periods at pre-set prices that were often below their market values. By the late seventeenth and early eighteenth centuries, this modus operandi was commonly observed in Sumatra and Java (Blusse 1986; Andaya 1993; Nagtegaal 1996).

By connecting with traders in the towns and villages, a merchant stationed in a coastal city could thus reach into the hinterland. The operations of these different levels of traders were intertwined, but each essentially handled his own accounts and functioned as a separate business. In short, although the Chinese extended trading activities into all levels of marketing in Southeast Asia, they did not utilize salaried workers in a company set-up, as did the VOC and other European firms. Rather, they employed a kind of franchised, subcontracting system that linked the operations of merchants in the cities and bigger towns with the lower-level traders in the suburbs and those peddling in the more isolated regions.

Hence Chinese domination of the eighteenth-century commercial world was not limited to wealthy merchants, since smaller players participated as well. The very workings of the system of advanced goods and funds meant that an individual trader did not need much cash at hand. A peripatetic trader at the lowest rung of the marketing ladder probably required no start-up capital, but only the will to work and some pocket money to survive till the harvest period. Even merchants in the port-polities usually obtained goods from the European companies and other importers on credit. What was most important for an aspiring trader was to find a patron-financier willing to give him a chance to get into the game, and then to demonstrate his creditworthiness over as long a period of time as possible.

The system of advanced credit and spiral-down marketing was not unique to the Chinese, and Malay, Minangkabau, Javanese, and other traders engaged in similar techniques (Andaya 1993; Nagtegaal 1996). But its multiplier effect was especially significant among the Chinese because their particular socio-economic organizations provided micro-entrepreneurs further assistance. The Chinese in early modern Southeast Asia, especially the petty traders and shopkeepers, commonly formed business partnerships with people of the same surname or from the same home region—they would treat such a new arrival from South China as a kinsman and provide him lodgings and employment (Liem 1933). In this way, complete strangers would forge fictive kinship relations.

From the Batavia Gongguan (Chinese Council) archives, it can be seen that such bonds were also institutionalized. The "Hu Clan Association" (Huxing shanqingji) was established by people of the Hu surname in Batavia during the early nineteenth century to worship their ancestors, as was the "Ancestral Hall of the Liu" (Liushi zongci) founded by Chinese of the surname Liu (Franke 1997: 96). The "Kai-Zhang Shengwang Miao (temple)," also known as "Chen Shengwang Miao" and "Ancestral Temple of the Chen Surname" (Chenshi zumiao), was dedicated to the worship of Kai-Zhang Shengwang, or the deified form of the Tang dynasty general Chen Yuanguang. People of the Chen surname built it in the port-town during the early nineteenth century (*Gong'an Bu* 2002–2010 [2005]: 279–80). People of the Lin surname in Batavia in 1784 established the "Tianhou Gong" temple dedicated to the worship of the Goddess of the Sea (Mazu, Tianhou), whose maiden name was Lin Moniang (Franke 1997: 43–53). Those who formed these temple-cum-clan associations usually shared no real biological kinship connections.

Batavian Chinese who hailed from the same native place in South China also formed deity organizations to forge closer ties. The "Fengshan Miao," dedicated to the worship of Qingyuan Zhenjun (or Dashigong), was founded in 1755 by a group of Chinese merchants from Changtai in the prefecture of Zhangzhou, Fujian. Meanwhile, in 1824 people from the Nanjing region in Zhangzhou formed the "Nanjing Miao," to the worship of the God of War (Franke 1997: 1–4, 58–64). Chinese in the same professions also formed temple societies that doubled as guilds during the eighteenth and nineteenth centuries. Carpenters in Batavia, who mostly came from the Cantonese-speaking regions of Guangdong, established an association based on their worship of Lubangong, a deified historical figure renowned for his carpentry skills (*Gong'an bu* 2002–2010, vol. 1 [2002]: 82). In the 1780s, Chinese ship-makers and repairers in the port-towns also had a collective for the worship of the deity Bentougong (Land God), and members were obliged to contribute the first payments from their clients to a fund for temple construction (ibid: 187–88). Chinese barbers in the same period built the "Lü Dongbin Miao," also known as the "Barbers' Guild (Titou gongfuhui)" (ibid., vol. 5 [2005]: 264–68).

Based on the physical remains of buildings still-standing in present-day Jakarta, there were about twenty such organizations in eighteenth- and nineteenth-century Batavia (Franke 1997). The actual number was several times larger since those unable to secure premises for their societies would conduct urn worship until they could afford a building for their activities. Each year an urn symbolizing the deities or ancestors, or both, was circulated among the members.

These organizations had several features. One was that members were obliged to participate in various annual activities. In the case of surname groups and clan associations, these included the spring sacrifice (*chunji*), also known as "Festival of the Clear and Bright" (Qingming jie), and the autumn sacrifice (*qiuji*) or Hungry Ghost Festival (Zhongyuan jie, Yulan jie), in which elaborate rituals and offerings would be presented to their common forefathers and other deceased members. For temple organizations, the most important days of celebration were the birthday of the main deity and the day of his or her ascension and death anniversary, when opera performances and other elaborate rituals were staged for the deity. In other words, the clan associations and temple societies were essentially cults centered on the worship of common ancestors or a deity. Members of both types of cults also commonly observed twice-monthly rituals (*zuoya*) held either on the first and fifteenth or second and sixteenth day of the lunar month, during which food, joss sticks, and candles would be offered the deities and ancestors, and members were obliged to pray at the temples or clan associations. These shared rituals and celebrations fostered closer affinity among members and participants (Kwee 2011).

Another feature of these organizations was that each had its own coffer that was built up primarily through public donations. Occasionally, money was also gathered through tithing the members, similar to the Bentougong cult of the Chinese ship makers. These funds were set up to meet expenses incurred in the ancestral and deity worship, but in Batavia and other parts of Southeast Asia these societies would occasionally use the money to make low-interest loans to members (Kwee 2009).

A final, important feature of the organizations was that each had a body of elders (*gongqin*, *zuqin*) who adjudicated disputes among members. These disputes could involve business dealings, partnership quarrels, or domestic problems. Parties would usually bring their cases to the *kapitan* (headman) of the Chinese community, or the indigenous or European authorities, only as a last resort.

More informative documents from the late nineteenth and early twentieth centuries reveal that these communal associations also provided members with pecuniary assistance if they were unable to earn a livelihood because of decrepitude, destitution, or sickness, and such people would also be helped to repatriate to China if they so desired. For someone who died with no close kin to take care of their affairs, a proper burial would be provided in Southeast Asia. The more established organizations set up premises in the cities where members arriving from nearby towns or villages for business trips could lodge (Wu 1975; Yen 1981).

In these ways, these Chinese institutions in Nanyang largely worked like the native-place organizations, clan associations, and guilds in the urbanized regions of China, Taiwan, and Hong Kong during the late imperial period (He 1966; Sinn 1997; Lin 2007). A Chinese might arrive with no actual kinsmen, little capital, and no knowledge of Southeast Asian languages and cultures, but he could be confident of getting help in finding a temporary place to stay and a job. These forms of mutual aid enabled by social-cultural institutions thus helped migrants sojourn to

Southeast Asia in search of a livelihood, especially migrants with little money and few connections.

### CHINESE PRODUCTION VENTURES BEFORE THE 1850S

Besides mercantile activities, beginning in the seventeenth century Southeast Asia also witnessed an influx of Chinese laborers. The first significant batches went to the European enclave cities of Manila and Batavia to produce sugar for the regional and Chinese markets. In Batavia alone, the Chinese population grew from three or four hundred in 1619 to thirty-five hundred in 1627 (Blusse 1986: 80–87). During the Ming-Qing transition, several thousand Guangdong and Fujian people—many of them supporters of the Ming regime—fled the provinces and negotiated with rulers in Cochinchina, Cambodia, and the Gulf of Siam for areas to settle. These migrant communities grew rice, pepper, and other cash crops, mainly to cater to demands of the South China market (Cooke and Li 2004). In the last two decades of the century, the Middle Kingdom also encountered problems with the supplies of Japanese copper due to restrictions imposed by the Tokugawa regime. This period thus saw the advent of Chinese mining supported by the imperial government in the southwestern provinces of Yunnan and Sichuan. Private entrepreneurs from Guangdong also went to Thang-Long (today's Hanoi) where they leased mining lands from the Vietnamese rulers (Woodside 1997).

Then, during the eighteenth century, Chinese migrants expanded their mining ventures and market agriculture into other parts of Southeast Asia. In the Indonesian archipelago, this development was initiated by Sultan Mahmud (1724–1757) of Palembang. Married to a part-Chinese woman from Siantan—an island between Borneo and the Malay Peninsula—the ruler in the 1720s brought more than a thousand of her relatives to mine tin in his realm in Bangka. The endeavor succeeded because these miners had more efficient and sophisticated techniques in digging, sluicing, and smelting than did the local people (Andaya 1993:187–91). News about this initiative of Chinese production apparently spread throughout the Malay world. Formerly, the rajas and chiefs would initiate cash crop cultivation in new areas with imported slaves and captives taken during raiding expeditions. In the course of the eighteenth century, however, they began to recruit Chinese for both mining and cultivation. By the 1740s, Chinese migrants were growing pepper and gambier in the Riau Islands, Trengganu, and Siam, and mining gold in western Borneo and Kelantan. By the end of the century they were also producing pepper in Brunei and parts of western Sumatra and the Malay Peninsula, and mining tin in Perak, Selangor, and southern Thailand (Reid 1997; Blusse 1999).

The rajas and chiefs arranged for the Chinese miners and agriculturalists to pay a yearly lease or a percentage of their yields, or both. During the eighteenth century, many authorities also earned money from a kind of truck system: the

Chinese were obliged to buy their supplies of food, arak, opium, and tools at inflated prices from the Malay chiefs who invited them. By the later years of the century, these producers started procuring their provisions from Chinese traders and shopkeepers, who in turn paid import duties to the rulers. During this same period other Chinese migrants established agricultural settlements to cater to the needs of the mining communities (Jackson 1970; Trocki 1979).

### CHINESE MINING OPERATIONS

Barbara Andaya (1993), James Jackson (1970), Yuan Bingling (2000), and Mary Heidhues (1992; 2003) have shown that in Bangka and west Borneo during the eighteenth and nineteenth centuries the labor-capital nexus of the Chinese miners developed certain distinctive features. The earliest gold and tin miners apparently operated in groups of shareholding partnerships to which each worker would contribute his labor and a sum of money. The pooled capital was used for construction materials for lodgings and drainage facilities, and foodstuffs and other provisions throughout the mining period. When the minerals were sold—usually after six or eight months—each worker took a share of the profits after expenses had been deducted, or bore losses equally. These corporations, which ranged from ten to a few hundred workers, were called *parit*, *shansha, jiawei,* or *jinhu*, though the more generic terms were *gongsi* (literally "company") and *hui* ("society"). The more sophisticated ones appointed clerks, overseers, and accountants from among their members. Some shareholders hired workers (*kuli fen*) to labor on their behalf (Heidhues 1992).

As the system developed, some Chinese miners in these partnerships made up for their lack of adequate finances by accepting loans from a *towkay* (Chinese merchant), usually a trader from whom the miners had been buying food and other supplies and to whom they sold their yields. In such cases, the miner had to share his profits with his *towkay*. Moreover, they were often obliged to both buy their food and other supplies from him at inflated rates and sell him their minerals at depressed prices.[6]

By the nineteenth century, a wage system had evolved in which workers drew monthly or yearly incomes from a trader who financed the whole enterprise. Profits and losses accrued to the *towkays* and workers had no share in them. Although the emergence of the wage system did not spell the end of at least partial shareholding partnerships, those with substantial start-up capital had a clear preference for the wage system. One calculation of the income of workers from the two schemes in the nineteenth-century Malay Peninsula concluded that the remuneration of a laborer working in a shareholding partnership was about 25–30 percent higher than that of a wageworker (Wong 1965). Thus,

[6] In the Malay Peninsula in the nineteenth-century, trader-financiers sometimes also set up small smelting outfits near the tin-mining areas (Wong 1965).

although the *towkays* had to expend a larger initial capital outlay, they could also enjoy greater profits.

The miners tended to recruit workers from their own home villages and districts. Those unable to pay their ship passage would become indebted to the corporation that paid for their ticket, and had to work until they paid off the debt and accumulated interest. Once these newcomers had done so, and had proved to be good workers, they could become shareholders in the mining corporations. Enterprising miners who worked for some years might also launch their own ventures with their friends and kinsmen (see also Raffles 1817: 236–38).

Each *gongsi* also managed the affairs of its miners. A board of administrators elected by the miners themselves would police and discipline them and adjudicate their disputes, meting out corporal and even capital punishment as necessary. This board was headed by a *jiatai* (headman) or *dage* ("big brother"), who was in turn endorsed by the Malay authorities. The miners also organized tight surveillance and security measures to prevent thieves and raiders from taking their yields.

The power these organizations wielded over individual miners essentially came from a common adherence to a deity or set of deities, including the Dabogong (Earth God) and Sanshan guowang (Kings of the Three Mountains). New shareholders were admitted into the corporation on the birthday of the deity. Punishments were also meted out to offenders before the altar and statue of the idol. Occasional fighting with rival mining groups to avenge wrongdoings or compete for mining resources was also announced in the name of the deity (Yuan 2000). In short, members of these mining corporations were effectively bound by their faith in a common deity and they operated as cult groups.

By the 1780s there were about twenty separate *gongsis* in Bangka, each comprised of between two hundred and one thousand Chinese miners (Andaya 1993: 318). About forty of these companies were also formed in west Borneo, where at the turn of the century they forged alliances to create big confederations such as the Heshun gongsi zongting and Lanfang gongsi zongting. Consisting of up to fourteen branch corporations each, these confederations fought rival organizations for mining land and also brought Chinese agricultural settlements under their control to secure cheaper and more reliable sources of food. The Heshun and Lanfang zongting even stopped paying taxes to the Malay rulers who had invited them to do mining in west Borneo and by the 1820s they had effectively became independent of these authorities. Petty mining corporations did not completely disappear from the scene, however; they continued to operate in the less richly endowed mineral areas that could still be profitable for a small outfit, and paid taxes to local chiefs (Yuan 2000; Jackson 1970).

## CHINESE CASH CROP OPERATIONS

Studies of Chinese pepper and gambier production in nineteenth-century Riau, Johor, and Singapore by James Jackson (1968) and Carl A. Trocki (1979; 1993) have established that these ventures began with the lease of land from the indigenous rulers. These lands were usually located along navigable rivers for easy transport of provisions and products. Groups of nine or ten men would cultivate along the side-streams of the trunk river, where each group would set up a *bangsal*, a clearing of ten to fifty acres on which they built their lodgings and set up a cauldron for boiling gambier leaves (Jackson 1968: 9–22; Trocki 1979: 98–127).

A center of administration was established to govern the affairs of these Chinese planters, usually near the confluence of the side-streams. The camp serving as the headquarters of these river settlements was called a *gangjiao*—literally "foot of the river"—and was under a Chinese headman or *gangzhu*. As was the case with the miners' chief, the Malay rulers commonly endorsed the *gangzhu* as the Chinese *kapitan*, who had the right to adjudicate disputes among the planters in the area. The *gangjiao* also housed traders and shopkeepers from whom the agriculturalists got their supplies and to whom they sold their products. In other words, this camp was the administrative, provisioning, and marketing center for the Chinese planters (Trocki 1979: 98–127).

The methods the Chinese used to finance these agricultural ventures were similar to those of the miners. Some employed a system of shareholding and profit sharing, others used a wage system, and still others procured partial funding from a trader and implemented a part-shareholding, part-wage system. Besides the Chinese shopkeepers in the *gangjiao*, the *towkays* in the nearby town of Singapore also helped finance or set up these settlements, in order to secure pepper for sale in China and Europe (Jackson 1968: 9–22).

As with the mining enterprises, those in agriculture recruited workers from their home regions and offered advanced credit of a passage ticket for those who could not afford one. According to European and Malay writings on nineteenth-century Singapore and Johor, the agriculturalists formed sworn brotherhoods and secret societies—called *gongsi* and *hui* like their mining counterparts—to police and discipline their members and to protect their economic interests against rival planters (Pickering 1876). Fraternal allegiance was also bound by members' faith in a common deity. Recruits were required to perform a series of rites and rituals before the God of War, which they believed would punish disloyalty to the society. One of the most influential organizations in nineteenth-century Singapore and Johor was the Yixing *hui*, which established a mother temple in Singapore in 1872. It was reported that the society's nine branches gathered there for twice-yearly rituals and it remained the center for members (Freedman 1960). Thus, such brotherhoods essentially functioned as cult groups, similar to those of the gold miners in west Borneo and the temple organizations in Batavia during the eighteenth and nineteenth centuries (Freedman 1960; Trocki 1993; Lim 1999).

In view of the workings of these early mining and agricultural ventures, it is clear that the Chinese did not work as a homogeneous group or in a centralized manner. Rivalries and fighting were rife among the many agricultural and mining corporations, and the relationship between the producers and *towkays* was characterized by hard economic negotiations rather than harmonious cooperation. What is striking is that these ventures developed independently of the indigenous authorities. Although local rulers initiated some of them, the production process remained entirely in Chinese hands: from the recruitment, management, and discipline of the workers, to the financing and running of the mines and plantations. So autonomous were the forms of governance within these *gongsis* and *huis* that nineteenth-century European observers would come to condemn them as *imperium in imperio* (Trocki 1993).

Even the marketing of the products was wholly controlled by Chinese migrant capitalists. The Chinese production enterprises in Southeast Asia yielded commodities in demand in China such as tin and pepper, or gold and other high-value items. Gambier, which was sold mainly to the Javanese and Malays as an ingredient for betel-chewing and also for tanning, was only planted as an intercrop while the agriculturalists waited for the pepper plants to mature, and also because its debris served as a fertilizer for the pepper plants (Jackson 1968: 9–22). It seems Chinese traders bought up the minerals and cash crops from the producers from the beginning of such ventures. Over the years, to better facilitate these purchases, they set up shops near the production areas to sell food and other provisions, and they also gave financial loans and investments to those miners and agriculturalists that asked for them. These shopkeepers and traders sold the minerals and crops to merchants in bigger towns and port-polities, as was the case with the spiral transaction links, and ultimately the commodities reached the final markets in China, Europe, and elsewhere (Jackson 1968; Trocki 1993; Yuan 2000). The independent and self-contained ways in which the Chinese organized their labor and capital in these early ventures would leave their imprints on similar enterprises in the centuries that followed, as the European demand for Southeast Asian products grew.

## CHINESE ECONOMIC OPERATIONS, 1850s–1930s

The nineteenth century saw a sea change in the economies of Asia and Africa as a result of the industrialization of Europe. Metropolitan mercantile interests began to regard them as potential sources of agricultural and other raw materials as well as markets for their machine-made cottons, woolens, and linens, and other manufactured goods. Their view of Southeast Asia was no different. While their predecessors were mainly interested in the fine spices and commodities useful for trade exchange with China, nineteenth-century European merchants demanded more of the region's agricultural produce such as sugar, coffee, indigo, and cotton, as well as *gutta percha* (wild rubber) and other forest products. As for metallic minerals, the rich tin reserves in Bangka, Belitung, southern Siam, and the western coast of the Malay Peninsula also began to attract attention from the European market, especially as tin supplies diminished with the depletion of the British Cornwall mines during the second half of the nineteenth century (Robequain 1944; Allen and Donnithorne 1957; Wong 1965).

Understandably, post-colonial, nationalist historiography from Southeast Asia has often portrayed the global turn of affairs in the late nineteenth and early twentieth centuries as an onslaught of Western imperialism and colonialism. However, the turn did open up economic opportunities, and Chinese migrants and sojourners were quick to exploit them. During this period, European interests not only handled the traffic between Southeast Asia and the West that, by the 1880s, constituted the biggest share of the region's foreign trade in terms of value, but they also began to encroach on the Chinese preeminence in the shipping trade between Southeast and East Asia. Nevertheless, like their predecessors in the early modern period, European merchant houses such as Guthrie and Company Limited, Sime Darby, Internatio, and De Clerville found it most expedient to distribute imported manufactures and purchase Southeast Asian products for export through the Chinese compradors and their established networks of retailers, shopkeepers, and peddling traders (Wong 1978; Davenport-Hines and Jones 1989; Brocheux and Hemery 2009).

From the 1850s to the 1930s, the Chinese further extended their commercial ventures into the hinterland on the basis of systems established in the seventeenth and eighteenth centuries. In the early 1800s, Malay, Iban, and South Celebes traders were still buying copra, *gutta percha*, resins, rattan, and additional commodities from the Selayar islanders, Dayaks, Kenyahs, Jakuns, and other producers and gatherers in Malaya, Borneo, and the eastern Indonesian archipelago. By the end of the century, however, the Chinese networks had effectively displaced them (Chew 1990; Heersink 1999; Andaya and Andaya 2001). In the Philippines, the Chinese mestizos, too, found themselves pushed out by newcomers—usually impoverished peasants from South China—who were prepared to endure longer hours and tougher working conditions. Their franchise operations from Manila, Iloilo, Cebu, and other coastal cities into the interior of Luzon, Kabikolan, the Bisayas, and Mindanao dealt a blow to the wholesaling trade of the mestizos of Cebu and Molo-Jaro, who consequently shifted their interests from commerce to market agriculture (Wickberg 1965: 76–77). In 1930, an estimated forty Chinese trading houses and eleven French concerns controlled more than 80 percent of Cochinchina's exports of rice, the region's most important commodity (Brocheux and Hemery 2009: 122). By the early twentieth century, Chinese shopkeepers and itinerant dealers practically dominated the retail trade in large parts of Siam, the Philippines, French Indochina, British Malaya, and the Indonesian archipelago. As auxiliaries to their commercial activities, Chinese merchants also established rice mills, sugar mills, sawmills, tin-smelting works, coconut stills, pineapple canneries, and other workshops and manufacturing enterprises in the region (Cator 1936; Ingram 1971).

Undeniably, the abolition of tax farming by the colonial authorities during the late nineteenth and early twentieth centuries deprived Chinese *towkays* of a large part of their proceeds (Butcher and Dick 1993), but they more than recouped their losses through trade expansion.

In terms of production, the regions with ample indigenous labor supplies such as Dutch Java and French Indochina saw a relatively smooth entry of metropolitan investments. However, in places where population was sparse and it was difficult to hire native labor, the Europeans found themselves losing out to Chinese enterprises. In the tin mineral belt of southern Siam and the west coast of Malaya, Chinese dominated the mining industry. European and American firms were only able to increase their share of tin output when they introduced dredging and other capital-intensive technologies starting in the 1890s. When the demand for coffee, sugar, gambier, and tapioca rose in the European markets during the 1830s, the Chinese swiftly expanded the cultivation of these commodities in Siam, Cochinchina, Cambodia, Singapore, and the Malay Peninsula, and as rubber grew important at the turn of the twentieth century they were among the first in Southeast Asia to experiment with the crop (Skinner 1957, Drabble 1973; Cooke and Li 2004).

Following patterns established in the preceding period, with the burgeoning economic opportunities in the nineteenth century Chinese ventures readily recruited workers from South China, partly through migration assisted by kinsmen and friends and partly through credit-ticket migration. The aggregate Chinese population in Siam, Malaya, Singapore, and the Netherlands East Indies, most of them men, increased from about seven hundred thousand in 1860 to 3.8 million in 1930. British Malaya saw the most spectacular growth of Chinese numbers, from less than fifteen thousand, or under 5 percent of the population, in the early 1800s, to about 1.7 million in 1930, by which point they formed a slight majority over the Malays (Purcell 1965). Operators of European mines and plantations tried to hire Chinese coolies but encountered strong competition from Chinese mercantile capital, and they often had to pay more commission fees to coolie-recruiters and higher wages to the workers (Reid 1970). They only rectified their labor problems by hiring migrant workers such as Tamils and, starting in the last decade of the nineteenth century, by introducing mechanized production (Sandhu 1969).

Against the competitive edge of the Chinese production ventures, European tobacco planters along Sumatra's east coast openly acknowledged that they would have lost out to Chinese entrepreneurs if the latter had been allowed to participate in the industry on an equal footing (Pelzer 1978). In both French Indochina and the Netherlands East Indies, Chinese capital was curbed to protect Western economic interests (Furnivall 1939; Robequain 1944). The Chinese mining and agricultural enterprises concentrated in Siam and British Malaya, where they faced no restrictions. Malaya had the most immigrants from South China, and was where those migrants could pursue their economic activities most freely; a perennial joke in European circles was that the British colonization there was practically servicing the Chinese merchants and laborers (Breman 1987).

Certainly few Chinese undertakings enjoyed the advantage of large amounts of capital. Europeans, by contrast, could raise money through the stock markets of London, Amsterdam, Paris, and Antwerp, or borrow from the Western banks and colonial governments. However, the Chinese were put in good stead by the ways in which they had run their trade and production enterprises since the early modern period. In the nineteenth and early twentieth centuries, as before, Chinese wholesalers usually became the main buyers and distributors for European companies. They would give their agents in the provinces and more remote regions—usually Chinese petty vendors, grocers, and shopkeepers trading on their own account—advances of cash and goods with which to buy rice, copra, tobacco, resins, abaca, and other commodities. These agents, known as *makelaar, ramasseur*, and *personero* in the Dutch East Indies, French Indochina, and the Spanish Philippines, respectively, would in turn collect produce for the wholesalers (Purcell 1965: 195–97; Wickberg 1965: 70–74).

Because trade was mainly conducted through advanced credit, Chinese merchants and traders generally required little capital at hand. So long as they paid their debts within the stipulated time and maintained a good credit reputation, they could secure further advances. The European merchant houses, competing with one another to retail imports and buy regional products, were more often than not willing to play by these trading norms (Wickberg 1965; Claver 2009).

In terms of production, elite Chinese merchants who had more capital or could borrow money from the European merchants and banks would run their mining and planting ventures using a wage system or give advances to smaller Chinese entrepreneurs. They also actively adopted Western mechanized technologies for their tin mines, sugar and rice mills, rubber-processing works, and other industries. These major Chinese capitalists included the "rubber king" Tan Kah Kee, "sugar king" Oei Tiong Ham, "rice milling *towkay*" Chang Ding, and tin and agricultural magnate Loke Yew (Skinner 1957: 137; Yong 1989; Butcher and Dick 1993: 249–80).

Even entrepreneurs with less start-up capital could launch partnerships with their friends and kinsmen, sharing both risks and profits. In the late nineteenth and early twentieth centuries these sorts of enterprises were more ubiquitous than their larger counterparts. While a European planting enterprise in British Malaya or the Netherlands East Indies might easily reach twenty thousand acres, a Chinese "plantation" usually averaged between twenty and seventy acres. Even then, ten or so persons in a shareholding *gongsi* were usually listed as its owners (Cator 1936; Jackson 1968: 41–43). In Johor during the 1860s, twelve hundred gambier and pepper plantations employed some fifteen thousand Chinese workers (Andaya and Andaya 2001: 144).

During the 1890s, in the tin district of Kinta, Perak, a very large proportion of the mining lands was held by small Chinese capitalists, who only needed to pay $100 for survey fees and rent to work a twenty-five acre block (Wong 1965: 92–101). Rather than a wage system, a "tribute system" was often at work, which functioned much like the shareholding and profit sharing system of the Chinese gold mines of eighteenth-century west Borneo. A mix of these systems was also common. A *towkay* would finance part of the initial outlay, and arrange for the workers to get their provisions solely from him (at marked-up prices) and sell all of their produce through him (Jackson 1968).

As during the eighteenth century, micro-entrepreneurs could receive further social and economic support from organizations they set up. Mutual aid institutions based on deity cults or ancestral cults proliferated wherever the Chinese went during the late nineteenth and early twentieth centuries. However, riots and fighting involving hundreds of men broke out among the Chinese as they fought for rapidly diminishing mining and agricultural lands and other resources in nineteenth-century west Borneo, Bangka, Singapore, Java and along the west coast of the Malay Peninsula, which brought the local economy to a standstill. The British and Dutch regimes concluded that these were instigated by the Chinese sworn brotherhoods and secret societies, and banned them beginning in the 1880s, and similar prohibitions were later implemented in Siam and French Indochina (Freedman 1960).

Although these societies were outlawed, other Chinese organizations survived in Southeast Asia. Those which had existed informally probably came to the fore during the early twentieth century, largely because the European colonial rulers were combating secret societies and implemented regulations requiring all Chinese societies to register with the authorities (Blythe 1969). In Singapore, the number of clan associations, temple-cum-occupational guilds, and native place societies increased from less than ten before 1850 to more than 330 a century later (Wu 1975). As many as 115 voluntary organizations, mainly clan and native-place societies, were formed among the population of 135,000 Chinese in Phnom-Penh (Willmott 1967: 84–93). During the first half of the twentieth century, the Chinese in Manila established forty-seven clan associations with about thirty thousand members, not counting other societies created alongside them (Amyot 1973: 82–106). These organizations, variously called *huiguan*, *gongsuo*, *gonghui*, *tongxianghui*, *zongqinhui*, and *jiazuhui*, shared beliefs in and performed rituals for common ancestors and deities. They also served similar functions as their eighteenth-century predecessors had in providing new migrants with employment and lodgings, and in settling disputes and offering repatriation, burial, and other welfare services for their members.

## CONCLUDING REMARKS

With the rapid expansion of commercial and production needs in Southeast Asia from the late nineteenth century, Chinese migrants flowed steadily into the region to fill these economic sectors. More than nineteen million people from Fujian and Guangdong arrived in Southeast Asia between 1846 to 1940, with their numbers increasing after the 1860s (McKeown 2004). Overall migration only began to decline during the Great Depression and the Second World War. Although return movements were also large, many migrants and sojourners settled with their families. An estimated eleven million Chinese had domiciled in the region by 1960 (Purcell 1965).

Of course other groups of people took part in Southeast Asia's economic boom. While they did become further integrated into the folds of global capitalism, many Burmese, Thais, and Vietnamese reaped profits by producing rice for exports from the 1860s to the 1920s. So did the Dayaks, Malays, Bikolanos, and other indigenous groups who in the early twentieth century actively established rubber, coconut, and abaca smallholdings in Malaya, the Philippines, and the Indonesian archipelago (Drabble 1973; Owen 1984). Up to the postcolonial era, the hinterland commerce of northern and central Vietnam, the Sumatran uplands, and the Palawan region in the southeastern Philippines remained in the hands of the Vietnamese, Minangkabau, and Tagbunua people, respectively (Robequain 1944; Dobbin 1983; Eder and Fernandez 1996). The *nakhodas* of South Sulawesi have continued to dominate the maritime trade in the eastern Indonesian archipelago, through the steam-shipping era until today (Ellen 2003).

Various groups of Indians and West Asians were also significant economic players during this period, and European authorities were more accommodating towards these trading communities since they were no longer preoccupied with the textile-spice exchange. The Gujaratis could sell Indian piece goods beyond the Malay world to other parts of the archipelago and the region. The Chettiars from the Coromandel coast became the primary source of loans for smallholders and petty traders in British Burma and Malaya, the Dutch East Indies, and French Indochina (Rudner 1994). Rich Arabs, primarily Hadrami sayyids, were important landowners and batik manufacturers in Singapore and Java (Ho 2006). New groups of South Asians with mercantile interests also appeared at this time, such as the Sindworkies, who sold Oriental curios in the tourist industry that was emerging in Southeast Asia and elsewhere (Markovits 2000).

The migrants and sojourners from South China certainly dominated the intermediate sector of wholesale and marketing trade, urban artisanry, and the production of tin and cash crops. They enjoyed a head start due to their accumulated experience in hinterland trade and in facilitating European import and export needs during the early modern period. The development of franchising techniques and spiral-down marketing allowed many Chinese migrants, both rich and poor, to participate. Their deity and ancestral cult organizations enabled them to rapidly draw and harness labor from South China for both commercial and production activities.

A Chinese migrant keen to make some money—even if he started out as a poor coolie—could thus participate in trade and production ventures in Southeast Asia, and many did so. Unlike the Tamil and Javanese laborers who were hired on contract to work for European mines and plantations, most Chinese arrived in the Nanyang to join their relatives and friends or as credit-ticket coolies. These *xinkes* worked mainly for Chinese-owned enterprises and were schooled to strive to become their own *towkay* rather than be satisfied with monthly wages like their Tamil and Javanese counterparts. After working for a few years, those who could marshal sufficient capital could start their own partnerships and shareholdings, however small these might be, and try to work their way up the socio-economic ladder.

This is not to say that every Chinese migrant succeeded; many small-scale planters and miners never cleared their original debt and remained beholden to patron-financiers based in Singapore, Penang, Manila, Bangkok, Saigon-Cholon, and other commercial hubs. An estimated two-thirds of the Chinese planting enterprises in the nineteenth-century Malay Peninsula were subject to liabilities of this sort. According to the Chinese themselves, "The best of the plantations, when clear of all encumbrances [could] yield the proprietor an annual profit of about $400, while the lowest barely pay their way" (Jackson 1968: 11–12).

A unique combination of historical circumstances and social-cultural institutions placed the Chinese at the forefront of the economic developments in the nineteenth and early twentieth centuries. Although these migrants and their descendants have adopted many local customs and formed hybrid cultures, elements of how they once organized capital and labor are still in practice. Various scholars have found that the Chinese in contemporary Southeast Asia exhibit a particular business culture reminiscent of the patterns of trust and reciprocity of the earlier centuries, particularly within small and medium enterprises. They tend not to rely on legal and official channels to enforce contracts and instead conduct economic activities in a "closed shop" manner: they establish trust relationships, share market information, and provided credit among people in their networks, especially those of common surnames and home regions (McVey 1992; Jomo and Folk 2003).

Organizational strategies based on deity cults and ancestral cults have waned in post-colonial Southeast Asia. They were mobilized mainly to draw in newcomers and orient them to an alien environment, and so the halt to Chinese immigration from the 1960s to the 1980s rendered the key functions of the clan associations, temples, and other societies irrelevant. Moreover, beginning in the 1950s, most sojourners opted to assume citizenship in Southeast Asian countries and established families there or brought them with them, and this reduced the need to maintain ties with clansmen and home villagers. By the 1970s, the Chinese societies and their premises became largely spaces for unmarried elderly men to socialize. Today, these institutions are maintained mostly as tradition, although attempts have been made to keep them relevant by offering bursaries and scholarships for members' children, to help them achieve upward social mobility in the contemporary world (Wu 1975). A new development appeared in the 1990s, as the People's Republic of China and provincial authorities started to use these organizations to appeal to overseas Chinese investors (Liu 1998). How these organizations might refurbish themselves or modify their functions in the new political-economic climate remains to be seen.

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Abstract: As the industrialization process in Western European countries took off in the late nineteenth and early twentieth centuries, they largely turned to Asia and Africa for raw materials and other resources, as well as for markets of their manufactures. Various entrepreneurial diasporas, including the Indians, Lebanese and Chinese, were at the forefront to exploit these burgeoning economic possibilities, particularly in gathering local mineral and agricultural commodities and marketing European goods in the Afro-Asian regions. The Chinese activities in Southeast Asia stood out: they not only presided over the commercial realm but also organized mining production and cash crop agriculture in ways largely autonomous of the colonial regimes and Western entrepreneurs. How can we explain the dominance of the Chinese migrants and sojourners in the Southeast Asian economy from the 1850s to the 1930s? This paper repudiates the existing literature, which largely credits their economic presence to conscious immigration policies of the colonial authorities, and instead highlights the effects of a confluence of developments in the early modern period (ca. 1450–1800), including the sidelining of South Asians, West Asians, and regional trading communities in favor of the Chinese. A particular focus is the roles played by symbolic capital and mechanisms of advanced credit and spiral marketing, and how these gave the Chinese a comparative advantage over other trading groups.