Chinese family business networks in the making of a Malay state: Kedah and the region c. 1882-1941
Wu, XA

Link to publication

Citation for published version (APA):
Introduction

At first glance, the title of this book suggests four essential elements comprising a separate whole: a people (Chinese), a place (Kedah and region), a theme (family business networks), and a time (1882-1941). Turning to their interactions, interlocking analytical levels of social actors and relationships emerge between family, community, ethnicity, state, and region. All these elements, actors, and relationships are encompassed by examining a theme of Chinese business networks in the process of Southeast Asian transformation.

The purpose of this book is to attempt to link Chinese business networks and family studies to a larger framework, considering issues of the state, region, ethnicity, migration, and Southeast Asian "modernization". Through a detailed analysis of the core activities of the Chinese community, such as revenue farming (including opium), the rice trade, economic competition, multi-ethnic legal conflict, and the pawnbroking business, this study addresses two interlocking themes: firstly, business network formation in the region; and secondly, the functional interaction between the networks and the state. By focusing on a cluster of prominent Chinese families, which constituted the cohesive Penang-Kedah Chinese business community, the dynamic historical process of Chinese business network formation will be examined by tracing the interplay of state, region, and ethnicity chronologically.

In the introduction I believe my purpose and task is: firstly, to justify my project by setting it in a wider academic scene; and secondly, to guide my readers by clarifying how I shall proceed in undertaking such an ambitious exercise. This should provide a concise and clear-cut travel guide to assist readers to obtain a better understanding. Briefly, I shall formulate this introduction in four parts: (1) perspective: region and ethnicity; (2) theme: business networks; (3) point of entry: family; and (4) structure: the thesis.

1 Perspective: Region and Ethnicity

It has been mainly in the decades after the Second World War that a new generation of scholars has been trying to find an effective solution to a great dilemma: to construct the identity and integrity of Southeast Asia as a region and as a field of studies on the one hand, and to grapple with a series of problems arising from the underdevelopment of the study, lack of sources, the heterogeneity of the region, and the danger of lapsing into the niches of stereotyped Eurocentrism, Sinology and Indology on the other. This is actually a problem of perspective and approach, both in generating the regional shape as a whole and in the many detailed empirical constituent studies. It is an intellectual dilemma rooted in an ideological and methodological issue between the decolonization of Southeast Asia from outside and the unavailability of a substitute paradigm, the construction of which is just beginning and is by no means easy, from within.

Against this background, borrowing from the post-war academic debate, let me begin by categorizing three important overlapping and complementary alternatives as: i) the "autonomous" perspective by John Smail; ii) the "structured" approach by Harry Benda; and iii) "local and sub-regional" detailed studies by O. W. Wolters. To a great extent, these prescriptions have influenced my own choice of research perspective.
In 1961, inspired by the Dutch sociologist Jacob van Leur's challenging work (Van Leur 1955), John Smail published his seminal article calling for an "autonomous" modern Southeast Asian history. According to Smail, "autonomous" history is neither "Eurocentric" nor "Asia-centric", but a more balanced domestic history, taking into account both the colonial impact and local changes. In writing "autonomous" history, he stated that our attention should shift from overemphasizing colonial relationships to domestic developments, in recognition of the internal changes in Southeast Asian societies, emphasizing the socio-economic aspects.

If Smail focused his discussion mainly on the matter of theoretical perspective, then, Harry Benda chose to concentrate on methodology. In 1962, Benda proposed a "structured" approach to Southeast Asian history. He argued the structured approach had at least the following implications: i) that the structure of Southeast Asian history should be approached from the structure of Southeast Asian societies; ii) that comparative and sociological studies of a cluster of many local societies would provide an expedient, structurally generic understanding and framework for the whole Southeast Asia, not only as an alternative to the lack of detailed historical evidence, but also as a way of avoiding a Eurocentric stance; iii) the study of structural changes should depart from an examination of a set of social, economic, and political relationships affected by these structural changes.

In the third approach, O. W. Wolters perceived Southeast Asia as "a zone of sub-region", laying more stress on the importance of local and sub-regional histories that was also touched upon by Benda. In 1970, Wolters noted that "studies of Southeast Asian history must always take into account how the world was seen from specific place." Later he complemented his local and regional history approach by adding a cultural dimension, i.e. distinguishing regional history in the shape of cultural communities and intra-regional relationships. He urged that Southeast Asian scholars - while being process-oriented - "have to keep as close as possible to the subregional sources, treated as cultural texts, and forego efforts for the time being to delineate a shape to regional history."

---


5 O.W. Wolters, History, Culture, and Region in Southeast Asian Perspective, Singapore: ISEAS, 1982, p.100; see also his recent article, "Southeast Asia as a Southeast Asian Field of Study", Indonesia, 1994, No. 58 (October), pp.1-17.
All of the above intellectual proposals could be regarded as reconstructing Southeast Asian historiography, leading towards a theme of relationships viewed in one common Southeast Asian perspective: between continuity and change, between conflict and accommodation, between centre and periphery, and between generalization and heterogeneity. Following these perspectives, approaches and themes, for decades many Southeast Asian historical studies have been largely content to fill the blanks by providing detailed local studies, but there has been no attempt to test the framework, or to initiate theoretical innovations. A constellation of such studies, ranging from Johor, Perak, Kedah, Sumatra, Java, and Sulawesi, can be identified. This tendency has generally corresponded to the approaches urged by Benda and Wolters, but deviates from Smail's theoretical perspective, which requires much painstaking, fact-seeking research, a study of more complex and multi-facetted actors, relationships, involvements and processes. Hence, it is not surprising that, as McVey notes, "though much praised, his [Smail's] urgings have seldom been implemented by Southeast Asianists, nor have efforts to broaden the version of other fields."  

At this point in the quest for a regional history, we might add Heather Sutherland's frequent appeals for "reassessment" and "new histories" of Southeast Asia. In response to the heated debates on "Orientalism" and India's "Subaltern Studies", in her own works she conducts an exercise of rethinking the writing of Indonesian history in general and of exploring trade and power in a peripheral Malay town, Makassar, in particular. Her main intellectual departure is that undermining the old Eurocentrism in Southeast Asian Studies is not set in motion just to highlight the significant roles played by Southeast Asians (both indigenous and immigrants), but - more importantly - to deconstruct the inherent, prejudicial, and misguided European ideology, categories and mentality in identifying and delineating Southeast Asian societies. Western scholars' assumption of their own superiority and their ignorance of the strengths and continuities in Asian economy and society are an inevitable result of a fundamental misunderstanding of the real Asian world and past.

What on earth then was the real Asian world and past? In order to support her argument, Sutherland proceeds to reconstruct this missing historical reality through a three-level structural presentation: firstly, at the regional level of Southeast Asia, alongside Western colonialism there were dynamic Chinese and Japanese commercial constellations and interactions in the East and the active diaspora communities involved in the Indian Ocean trade. Japanese ascendance, China's emergence, and Southeast Asian resurgence in the 1980s are all strong reminders and clear assertions of the continuities in the Asian past. Secondly, at the national level of Indonesia, the conclusion drawn from reassessing Indonesian modern history, as she hypothesizes, is that the "supra-local economy was Chinese and Japanese, with only marginal enclaves dominated by Europeans, and that largely because of political protection". Thirdly, at the local level of a port, Makassar, in Celebes (Sulawesi), over a number centuries (c.1700-1940), where the Dutch colonial state saw only deterioration, Asian initiative and prosperity were really at work. Pertinently, it was Chinese-Indonesian business co-operation that marginalized the Dutch economic performance. Therefore, in Sutherland's eyes, the conventional colonial images, such as the rigid "plural society" model, the hierarchic "middle-men" division, and the progressive colonial omnipresence all collapse and

---

are replaced by a more complex and flexible relationships and interactions shaped by a joint
and interweaving forces of ethnic categories, economic activities, and political power.7

Reiterating briefly, in rewriting modern Southeast Asian history I have so far introduced the
most typical alternatives of "autonomous" perspective, of "structural" history, of the "local or
sub-regional" approach, and of deconstructing the "Orientalist" ideology. There is no
fundamental disagreement on the strategy of the mission to oppose colonial history. Rather,
it is the consensus of its opponents. The difference, if there is one, is their emphasis on
varying and important aspects, i.e. deconstruction and reconstruction, or the issue of
implementation. However, it is not my intention here to delve any further into complicated
theoretical discussions.

As a practitioner, I am only too eager to acknowledge these critiques. Given these theoretical
preconditions, I shall clarify three points that might be very relevant to the debate: region,
ethnicity, and Southeast Asian transformation. Corresponding to these three elements are
place, people, and time respectively. Behind them are also parameters, such as institutions
and interactions, or politics, economy, and culture. Each element is not a separate entity, but
a set of interactions and relationships. Region implies a locality and its surrounding worlds;
ethnicity suggests a community and its counterparts; while Southeast Asian transformation
reveals a historical background and process of change and continuity. In the following, I shall
show how these three interwoven and interactive elements coalesce to address and to shape
the most important features of Southeast Asian histories and societies.

As we have already noted, "region" suggests a strategy and a technique, both towards
synthesizing effort towards Southeast Asian history in general and towards many detailed
empirical studies in particular. Considering the heterogeneity and fragmentation of Southeast
Asia, it is believed that only after enough local case and regional studies have been made can
these synthesizing efforts really become effective. Regarding empirical investigation, region
encompasses a manageable laboratory and an analytical unit - local state and society -, in
examining the dynamics of intra-regional relationships and of external impact and internal
adjustment to this. More importantly, region reflects a much neglected historical reality,
representing an arena or sphere transcending political and administrative boundaries, crossed
by transnational linkages and mobilities. Owing to historical circumstances, at least in
maritime Southeast Asia, there was no one central administration or unitary national economic
centre during the colonial period. In fact, many Malay states functioned autonomously in their
respective supra-national, geo-economic, and geo-political regions, rather than under a single
central administration and economic system, although all were influenced by common wider
global forces. They consisted of a constellation of socio-economic regions. For example, Riau-
Singapore-Johor was one geo-economic region, while Penang-Kedah-and surrounding states,
Java and neighbouring areas, the Sulu zone, Celebes (Makassar) and its neighbouring areas
were all other similar zones. At present, such groupings are re-emerging as ASEAN "Growth

---

7 H.A. Sutherland, "Eastern Emporium and Company Town: Trade and Society in Eighteenth Century
Makassar", in Brides of the Sea: Port Cities of Asia from the 16th-20th Centuries, ed. F. Broeze, Kensington:
New South Wales University Press, 1989, pp.97-128; H. A. Sutherland, "Writing Indonesian History in the
Netherlands: Rethinking the Past", BKI, 150-IV (1994), pp.785-804; "Writing History of Southeast Sumatra: A
Review Article", Indonesia, 1994, No.58 (October), pp.103-108; "Believing Is Seeing: Perspectives on Political
Triangles" and becoming main bases for ASEAN regional economic co-operation. Reassessments of Southeast Asian history require a recognition of the roles and identities of these wider zones and of sub-state localities.8

Interesting as this may be it is far from enough. Regions must also be identified and located in relation to people and time. This exercise should include reference to the elements of ethnicity and Southeast Asian transformation. The period and place under study were experiencing a great transformation, a process of the building up a NEW society, economy, and political system, in which all ethnicities, the Europeans, indigenous, and immigrants alike, were always present and played an important role. They were all players in the process, whose roles should be properly recognized. In the rapid transformation, a syncretic society was created based on the interaction of all elements, rather than being a one-faceted creation of a "colonial", or an "immigrant", or a "Malay" economy or society.

This is one of the most striking features of multi-ethnic polities and economies in Southeast Asia: incarnated in the "strange company" assembled in VOC Batavia, combining mixed interactions of Chinese settlers, Mestizo women, and the Dutch,9 in "conjoint communities" with an essence of commercial collaboration between immigrants and colonialists,10 in an "Ali-baba" strategic alliance between immigrant Chinese and indigenous power-holders,11 and in the much discussed conflict and accommodation in the colonial-indigenous encounters.

If the flexible interaction of ethnicities and regions was perhaps the most striking feature of the Southeast Asian colonial transformation, how did this work at the specific level of the Malay state, Kedah - our central empirical investigation in this book. This was no exception. For geo-political and geo-economic reasons, Kedah was politically weakened by the regional circumstances i.e. its triangular relationship with the British and Siam. In name, Kedah tried to maintain its traditional relationship with Siam. But economically, Kedah was in fact closely incorporated into the networks of the British settlement of Penang. Hence, both state and region were characterized by a division into political and economic spheres dominated by different ethnicities: political power was divided in the British settlement of Penang and the Malay sultanate of Kedah, which stood in between a vested Chinese economic power and a Siamese suzerainty over Kedah. This "ethnicized" character shaped the historical reality of Chinese regional business networks, moving between the British settlement of Penang and

---


the Malay sultanate of Kedah. The interactions of these multi-ethnicities and multi-states in the region therefore revealed new dimensions of economic integration and conflict, ethnic accommodation and political hegemony, as well as the immigrant localization and business networks.

Ethnic communities provided their own particular and familiar resources, but these were by definition limited. An ability to access a variety of sources of wealth, influence, and power within the fluid and expanding economic and political environment was essential to real success. This study of Kedah demonstrates how the main players pursued their various aims through many-stranded and opportunistic strategic alliances. The British claimed they were the guardians of the immigrant Chinese in Kedah, but their purpose was to promote their own political and commercial aims. Malay rulers needed all of them - British, Siamese, and Chinese - to maintain their political position and economic development, playing the British and the Siamese off against each other and manipulating Chinese rivalries. While Chinese business legitimacy and power were recognized by the British and acquiesced in by Malays, their politico-legal identity was still undefined, not only because of their immigrant position, but also because of their displaced political frontiers, a vague political identity between China and Southeast Asia intensified by their frequent regional mobility.

So far, in order to locate perspective choice and stance, I believe, I have presented an adequate intellectual setting and supplied enough empirical evidence. Now, I come to my central concern, namely perspective. Given the crucial importance of a research perspective encompassing the local state and the wider geo-economic and geo-political region, and simultaneously taking account of a more sophisticated and balanced approach to multi-ethnic and multi-polity Southeast Asia, is it not possible to combine both to form a sharp focus on the immigrant Chinese, in order to reconstruct and reflect that complicated process and its elements?

This would suggest that "rewriting" Southeast Asian history should take into account two central questions. Firstly, if the immigrant Chinese did play a very important role in Southeast Asia’s socio-economic transformation, what was the interaction and mutual influence between the process of making the state and region and the formation of the immigrant Chinese communities? Secondly, as Chinese economic activities crossed boundaries, dealing with different states rather than just a single one, how did different state politics and economies influence, and be influenced, by Chinese business?

This essentially involves a double rethinking: Southeast Asian history, even Southeast Asian studies as whole, should recognize the deep-rooted role of the Southeast Asian Chinese, and conversely, studies of Southeast Asian Chinese should also be embedded in a larger context, looking at multi-faceted and multi-ethnic interactions, rather than compartmentalizing Chinese within their own narrow community.

More recently, Southeast Asian literature has rightly recognized the important historical role of the immigrant Chinese. Among the notable studies are C. Trocki’s work on the opium
trade, J. Cushman's on Sino-Thai linkage, J. Butcher and H. Dick's book on revenue farming in Southeast Asia in general, and J. Rush's on Indonesia in particular, R. Brown's on capital and entrepreneurship, and the recently translated excellent work by the Japanese scholar Fukuda Shozo. By focusing on specific aspects of Chinese economic activities, each author has presented a new approach to modern Southeast Asian history. With the exception of Brown and Shozo, their subjects overlap in their examination of the institutional relations between the Chinese business elite and state formation: Trocki focuses on opium and the state; Cushman focuses on family and the state; Butcher and Dick et al focus on revenue farming and the state. However, as Anthony Reid's notes, "China's relations with Southeast Asia, and the historical role of the Southeast Asian Chinese, have been among the most understudied aspects of a generally understudied sub-discipline."

Linking up with such current theoretical interests, this study focuses on Chinese business networks and power relationships in the making of the Malay state of Kedah, and its wider region in the sixty years between 1882 and 1941. People and their economic activities are fundamental to our project, rather than the colonial or international relations maintained by the political centres. In other words, instead of examining grand structures from above and outside, here I have adopted a perspective from below and inside that of the people and locality. So, the Chinese are studied in Kedah, and Kedah in the Penang-centred region of the northern Straits of Malacca. With the central focus on the mobile Chinese and their business, I shall broaden my investigation to the wider geo-economic and geo-political arenas of North Sumatra, southern Siam, and the British settlement of Penang.

2 Theme: Business Networks


the "bamboo network", the "Chinese diaspora", "ungrounded empire", and the prominent Asian "trading minorities", including the networks of Indian Chettiar moneylenders, Arabs, petty traders in Java and along the Thai-Malaysian border, and the small-scale, long-distance trade in Eastern Indonesia and on the Nepalese-Tibetan frontier. This new post-cold war literature rightly recognizes the need to reassess the long-neglected but important role of Chinese capitalism, after the protracted eclipse imposed by politico-ideological controversy. These works are predominantly social science studies, focusing on the contemporary period, and as yet there have been few historical studies. We need to ask what is the historical process of such business network formation from which it is possible to abstract continuity?

The current debate on Chinese entrepreneurs is clouded by too many stereotyped theoretical interpretations and prescriptions. The grand theoretical discourses, long literature reviews and speculative generalizations contrast starkly with the too loosely structured, narrow micro-level case studies, and superficial empirical descriptions. Hence, many are now calling for more historical and empirical depth, a comparative perspective, and a large and solid framework. The combined structural, institutional, and historical factors associated with business development need to be treated more seriously and even-handedly. The scope of the investigation should go beyond any separate Chinese community and limited geographical perspective. The extensive literature on race and ethnic relations in general and on ethnic and immigrant entrepreneurship in particular should also be integrated into the framework of the Chinese Studies.

Departing from the above discussions, in my project Chinese business networks are not treated as an undefined, abstract, and overly flexible concept. They are defined, framed, and traced

---

in relation to the state, region, and ethnicity. They are used not to highlight stereotyped culture and kinship paradigms, nor is it assumed we know how ethnicity worked. Instead, Chinese business networks will be examined through a detailed analysis of their core activities and institutions, such as revenue farming, the opium and rice trades, economic and legal struggles and the like. And the dynamic historical process of Chinese business networks formation will be examined chronologically in the context of the interplay of the state, region, and ethnicity.

In a nutshell what I emphasize is, first of all, the historical process of Chinese business network formation, in which the shaping interaction of state, region, and ethnicity can be examined. Going beyond this I now come to the subsequent issue of "business networks" as such. I am aware of the flexibility and multiplicity of its definition. To set myself in a wider intellectual context, I would like to present several classic images of business networks, a pattern of structural configuration, in which business networks are usually delineated by specific labels, such as "trading hierarchy", "trading zones", "trading ethnicity", or "trading minority", or "diaspora", a recent popular term.

When dealing with early Asian "trading hierarchies", Van Leur described a three-tiered hierarchy. At the first and top level were "the mighty of the earth, the rulers, the princes and the high officials, the nobles and the military officers". At the middle level were "great merchant gentlemen", whose activities combined "merchandise trade with money investment and money trade, 'bankers' and 'capitalist'". The third and basic layer consisted of "pedlars". The function of the trading hierarchy was to ally the great merchant gentlemen to the mighty top group who exercised social and political power, while concomitantly providing pedlars with financial capital. The pedlars were the basic carriers of trade. "Neither merchant gentlemen, lords, nor princes played a continuous, dominant role in trade. ... It was the pedlar who carried the wares trading on adventure".

Unlike Van Leur, who treated the trading hierarchy in wider social-political context, Fernand Braudel treated it as a united separate trade world first, and analyzed its structure from inside. He believed that "at the top of the pyramid were the proud ranks of those who 'understood finance'". At the lower level of the hierarchy were "the trading proletariat", to use his term, consisting of "a multitude of pedlars, street-criers, 'travelling market folks ...', hawkers, 'higlers' (Defoe), shopkeepers, blattiers and regrattier (corn-chandlers and 'regratters', cheap victuallers)." And to these can be added all the professions created by the trading community and very largely dependent on it: cashiers, book-keepers, factors, commissioners, brokers of all kinds, carters, sailors, errand-boys, packers, porters, heavy-goods men etc. Looking beyond this inside structure, Braudel still acknowledges that the trading community was encompassed within the larger community of society, or "a society within a society". In this sense, there is no difference between him and Van Leur.

---

28 Van Leur, 1955, pp. 204, 220.
By going more deeply into the inner functional and micro world of the trading community, Braudel tried to extrapolate the dynamics of trading networks. He treated "merchants" as a central base point of trading networks and emphasized the inherent nature of business "communications", "cooperation" and "connections" underlying the "interested parties". To illustrate this, Braudel took the merchant Jean Pellet (1694-1764, born in the Rouergue) as an example. He pointed out three kind of connections: the business interest connection, the regional connection, and the hierarchical connection. He described, "the range of his business connections and the number of his business interests is quite staggering: he was shipowner, wholesaler, occasional financier, landed proprietor, wine producer and merchant, and investor; he had connections in Martinique, Saint Domingue, Caracas, Cadiz, Bascay, Bayonne, Toulouse, Marseilles, Nantes, Rouen, Dieppe, London, Amsterdam, Middelburg, Hamburg, Ireland (for purchase of salt beef), Brittany (for purchase of linen cloth) and more places besides. And of course he was in touch with bankers in Paris, Geneva and Rouen". But, when Braudel tried to place trading networks in history, they were also conceptualized in relation to ethnicity and region. Thus, business "connections and cooperation" seemed to be converted into "solidarity" transcending business. "Solidarity between merchants was in some ways solidarity" both within a class and within a race.

Skinner chooses the market, an arena of the traders, as a focal point for departure. He has made excellent use of mapping "marketing networks" in approaching rural Chinese social structure. As opposed to the traditional approach from the administrative unit - the village in the final analysis -, Skinner focuses upon economic function - the market as a strategic and generic central place. He distinguishes two dimensions in Chinese marketing systems. The first is the marketing structure as a spatial and economic system, in which three hierarchical levels of marketing systems - the standard marketing system, the intermediate marketing system, and central marketing system - form an integral and interlocking network, which "articulates and unites the little local economies centred on each market town into, first, regional economic structures and eventually into a single society-wide economy". The second dimension is marketing structures as social systems, which link the Chinese peasantry into a larger and open marketing community of social interactions, rather than consigning them to live in a self-contained world. Furthermore, beyond the peasantry, interclass relationships, between the peasantry and petty traders, between petty traders and the local elite, and between the peasantry and the gentry, were also hierarchical and structural: the gentry as a buffer and a broker between the peasantry and the bureaucratic elite, the petty traders between the peasantry and the merchants in higher-level central places. Marketing systems, therefore, provide a strategic nexus in studying the dynamics of Chinese social structure and social transformation.

In Germany, there have been efforts made to study the sociology of minority business networks in Southeast Asia. According to Evers "trading networks are social processes of

---

30 Braudel, 1985, pp.149-50.


exchange in the sense that social interaction takes place between persons with the primary purpose of exchanging goods over more or less greater geographical distances. He names six criteria that define a trading network: 1) an ethnic or religious homogeneity of traders, but diversity of partners; 2) a regular interaction between trading partners along definite trade routes; 3) an evolution of the trading network over time; 4) a typical inventory of trading goods; 5) the development of distinctive trading practices, customs, and types of exchange, including typical ways of travelling and typical means of transport; and 6) the utilization of a market place system.

Evers' concept has been advanced by his student Menkhoff, who bases his data collecting on Evers's model while attempting to elaborate on it. Menkhoff argues that the term "trading network" refers to "the merchants' commercial and social connections or ties to trading partners abroad, the evolution and cultivation of trading arrangements and other social relations (local or international) which may facilitate commercial connections". In this context, "network" contains at least three elements: 1) geographical: including trade routes, geographical distribution, and the like; 2) the economic dimension implies similar interests in relevant exchange goods, similar aims of maximizing profits and minimizing risks, and relatively different access to economic resource, and so forth; 3) the social element includes two aspects: the first is the "social cement" i.e. the structures that hold the trading network together (such as kinship, locality, surname, co-worker ties, classmates, sworn brotherhood, friendship, shared outsider status). The second aspect of the social element comprises the normative value system: the written or unwritten principles or rules of trading practice, how and where "resources are exchanged, information is transmitted, influence and authority are exercised, coalitions are formed, support is mobilized, activities are coordinated, trust is built up, ... mutual identification, mutual interests and long-term communicative interactions may foster cooperation".

All these structural patterns suggest the multi-faceted aspects of business networks centred on a particular locus of businessmen and business. They highlight a functional pattern of business characterization in terms of micro-level trading networks, of trading hierarchy, of trading minority, and of diaspora. Based on these sociological configurations of business networks, would historians be able to examine the historical development of such business networks, not only in terms of structural characterization, but also in terms of their opportunistic and strategic activities and interactions of businessmen, in the context of other important forces, such as history and politics? More importantly, could Chinese business network formation be related to interacting processes of colonialism, ethnicity, politics, and Southeast Asian transformation? Specifically, could a case study of Chinese business network formation be treated as a miniature reproduction of such process of Southeast Asian society and history as a whole? By asking these questions, I am reverting to my argument that the important historical roles of Southeast Asian Chinese should be reassessed as an indispensable and inseparable element in shaping Southeast Asian history and society, like that of the other

---

33 H.-D., Evers, 1988.
34 T. Menkhoff, 1993, pp.35-43, 89-130.
communities comprised of Europeans or the indigenous people. Our reflection on these basic
overlapping and interconnected factors and concepts is as follows:

(1) **Region**: as an organizing concept, the region is treated here in terms of the activities of
social actors and the coherence/interconnectedness of these activities. A reading of the
literature concerned, leads to recognition of the feasibility and integrity of the "wider geo-
economic and geo-political region". It is not my intention to study the region as such, but to
demonstrate the significance of Chinese regional networks. As described above, in the period
both Kedah state and the Kedah Chinese had close linkages with the Straits Settlements
(particularly with Penang), Thailand and other Malay states. Chinese activities were framed
mainly in this geo-economic and geo-political region, so I shall focus on these social actors
and their interactions; the identification of arenas will help delineate the region.

(2) **Chinese business networks**: here these are related to the region, on the assumption that
the formation of a business network helps to define a particular integral geo-economic and
geo-political region, and vice versa. The second consideration is that the ethnic approach to
business networks falls short in explaining Chinese economic success. It must relate to other
socio-historical and political factors and treat them as a whole.

While emphasizing the overall environment in which the business networks functioned, I shall
not neglect business behaviour, strategy, and structure. Methodologically, "merchants",
"markets", and "commodities" are three aspects which could be used for the analysis of
Chinese business networks, three aspects of one system. As far as the research project is
concerned, "merchant" refers to the Chinese traders both in Kedah and Penang; "market" will
be treated mainly in relation to the region comprising Kedah, Penang, Perak, Perlis, and the
southern Siamese states; while the rice and opium trades will be chosen as case studies for
the analysis of the "commodity" aspect of the trading network. So, Chinese business network,
regional network, and rice or opium networks are overlapping basic dimensions of the
research.

(3) **The State**: the nature of the state is quite complicated. Was it colonial, local, or mixed?
Moreover, beyond the state boundary, lay several different but interacting states. The dual-
level interaction of the state is relevant: one is within the Malay sultanate of Kedah, the other
is its regional interaction with other states such as the British colonial and the Siamese states.
The Malay sultanate of Kedah experienced a historical power shift from the sultan to the state
council in the period under study, so, in my project, the sultan and the state council of Kedah
are recognized as the respective tangible manifestation of the state in the different periods.
Before 1909, the exercise of the state authority by the sultan coincided with the tripartite state
interaction: Thai suzerainty, Malay rule, British influence. After 1909, the state council of
Kedah was embedded in a colonial state, but was also a relatively independent political entity,
with strong Malay characteristics, staffed mainly by Malays. With respect to external affairs,
itself was absolutely colonial, subject to British strategic interests in Southeast Asia in
general and those in British Malaya in particular. But in exercising internal affairs, even for
relations with other Malay states, it could be autonomous. As far as the Chinese are
concerned, the nature of the state is reflected in the difference between Penang Chinese as
British subjects and the position of the Kedah Chinese. Influenced by divergent nature of the
states (British and Malay), the legal and political status of the Chinese was different,
generating issues which even escalated into a regional power conflict ( Chapters 4 and 7 ).
(4) Ethnicity: the various states - British, Siamese, and Malay - were characterized by multi-ethnic fluidity and openness to international influence. Ethnicity comprises several levels and several dimensions, depending on its relations with "race", culture, society, state, context, and strategy. The debate is usually between the primordialist and situationalist approaches, or those who choose to emphasize the "plural society" mode or interest groups. It depends on how ethnicity is located and which aspect is highlighted. In recent years, some scholars treated ethnicity as a composite term. Brown sees it as ideology. He locates the individual within a defined ethnic community and then locates that community within the nation-state system. So, he treats ethnicity as both a "psychological ideology" (primordialist nature) and a "political ideology" (instrumental nature). In order not to be misled, as mentioned in what I have already said, ethnic relations here will be studied from the point of view of socio-economic practice, rather than from an assumption of knowledge of how ethnicity worked. In doing so, it is hoped that, on the basis of these case studies, a historical dimension of ethnicity can contribute to the debate on current ethnic relations. I am aware of the complexity of this issue, and do not subscribe to a simple primordial view. One of my aims is to clarify the creation, maintenance, and use of ethnicity in Kedah.

3 Point of Entry: Family

In my quest to contextualize Chinese business networks, to highlight their intensive interaction with the state and region, and to gain a better understanding of the mechanism of the multi-ethnic political and economic competition under the complicated historical circumstances, I have found that the family provides an excellent point of entry. As argued above, if the aim is to approach a local and regional history through Chinese business networks, then, here through the family, the purpose is to try to identify and delineate the Chinese business networks.

Two main considerations inexorably shape the choice. Firstly, to transcend the political and administrative boundaries of the state, an alternative social or economic institution which has the capacity to act regionally, while also being an influential player in the mainstream of socio-economic affairs, is essential. Secondly, in the case of Southeast Asia, this characterization is typically applied to Chinese. Chinese coolies were highly mobile, but their details are almost invisible in the sources, although their roles and contributions are assumed

---


37 See, for example, Papers presented at Nordic Conference for South Asian Studies: Ethnicity, Identity and Development in South Asia, Denmark, Oct.11-13, 1990.

to be significant. This large number of coolies was ineluctably linked to Chinese towkays, who organized their economic activities and participated the mainstream of socio-economic competition essentially along the lines of a family estate. It was common in Southeast Asia that most of these Chinese towkays, sooner or later, either had or re-established a new family, or even several families. This is in contrast to most of the poor coolies who left their families behind in China, and who were excluded from the possibility of having families in the host society because of the lack of a sufficient number of female Chinese immigrants. Therefore, elite families take centre stage, providing a better framework by which to transcend administrative boundaries as required by our regional perspective, and reconstructing their business networks gives an insight into the dominant socio-economic reality in Southeast Asian history.

In Latin American Studies, for several decades the elite family approach has been crucial for better understanding modern Latin American national and political history. Between the mid-eighteenth and early twentieth centuries, notable families played an important part in the history of Latin America. Because of the relative vacuum of socio-political structures in the nineteenth century and of the replacement adaptation of creating a network as a social organization, these notable families formed the pivot around which Latin American history moved from the late colonial period through the early years of the twentieth century.

In an excellent work on a Chinese pioneer family in Taiwan, the American historian Meskill follows Wu-feng Lins' family development from 1729 to 1895 as a unique lens through which to see a broader local history and consider the wider question of the Chinese gentry. As she argues, writing about local society from the vantage point of a local family "Gives the historian some of the advantages of the insider: a sense of place, a growing familiarity with a changing community over the generations and with the memories of its people, a steady concern for one small corner of the world in times both turbulent and seemingly uneventful", while avoiding missing nine-tenths of what went on in a local community from the vantage point of a magistrate's yamen (his official residence).

More recently, a few new Southeast Asian-oriented family studies, notably Cushman's on the Khaw family in the Sino-Thai linkage and McCoy's on Philippine political elites, have emerged. At this juncture I might need to repeat that what I am emphasizing here is a family approach to local and regional history, or national history, rather than the history of separate families as such. So, in my discussion, I have not included a few other good family history

---


41 Cushman, 1991.

studies, such as those on the Oei family in Semarang and the Han family in East Java. Nor have I included many anthropological and sociological studies carried out in Southeast Asia using a conventional family approach.

Cushman chooses the family-focus as her entry point into the region. The significance of the Khaw family in her study lies in the fact that it provides the illuminating point of entry for studying Chinese regional, political and commercial activities across state boundaries. She examined events in the family’s history to highlight two themes. The first centres on how the Khaws used their political positions to advance the family’s commercial interests, and on how the Siamese state promoted members of a provincial family with powerful economic connections to political positions to help consolidate the authority of the state in an outlying region. Her second theme relates to the strength the family derived from its power bases in two quite distinct domains: the Thai political community of peninsular Siam, and the Chinese commercial world of Penang. In other words, the double identity of their political and economic roles was mirrored in the twin loci of power: southern Siam and Penang in northern Malaya. Here, Cushman opened a fresh perspective on the Southeast Asian Chinese Studies: how did the Chinese function regionally? How did the double identity of the Khaw family in different regions relate to both state formation and the family’s political and commercial development?

In applying the Latin American literature to the Philippines, McCoy et al attempted to approach Philippine national history from the vantage point of the leaders of specific "families", who have played a dominant role in national or provincial politics. By subsuming the larger events within the microhistorical perspective of individual families, they study the twin themes of corruption in the capital and violence in the provinces. They emphasize the relevance of the family in Philippine politics and society, recognize the central characteristic of the linkage between strong elite families and a weak state, and seek thereby to create a novel perspective on the study of Philippine history.

So too does the family approach in our project. I am not interested in writing a family history as such, or in emphasizing the prime importance of kinship. Instead, family is used as an entry point, as an organizational unit, or as a "zoomlens", in order to trace the dynamic Chinese economic activities in terms of time, space, and arena, to contextualize the functional interplay between community, society, state, and region, and to delineate the wider local and regional history and several large issues. As a "zoomlens", the family approach could provide an excellent means to achieve what Freedman called for over thirty years ago. To borrow a brilliant methodological statement: "Trying to study the Overseas Chinese a man must find his anthropological prejudices corroded away. He must be mobile. He must learn to contain his impatience when he cannot see all his subjects acting out their many roles. He must be content with fragmentary direct observation. He must adjust his vision so that he may see behaviour and ideas within the framework not only of the immediate locality but also of the society from which the migrants have come, of the largest territorial settlement within which

---

they find themselves, and of the non-Chinese society in which they are embedded". So here, unlike the situation in the anthropological or sociological discourse, not much attention will be paid to kinship, internal family relationship, and structure, but I shall contextualize the family: firstly, in the different hierarchical levels of community, cross community, local state, and wider region; secondly, in relation to the different community of the British, Malays, and Indians; and thirdly, in the historical process of the colonial socio-economic and political transformation.

Turning to Lang's classic study, by definition the term "family" generally refers to the economic family, i.e. a unit consisting of members related to each other by blood, marriage, or adoption and having a common budget and common property. Specifically, in this project it refers to "the immigrant Chinese business family". The immigrant Chinese business family has at least four historical dimensions: (1) as immigrant Chinese related to their society of origin, the Chinese were imprinted by traditional peasant society and Confucian culture, and can be called "cultural Chinese"; (2) as immigrant Chinese related to their counterpart community in the host society, the Chinese were redefined by the outside community of Malays, Indians and British, as "ethnic Chinese"; (3) as immigrant Chinese related to the different economic activities and relationship, the Chinese were thrown into the colonial capitalist market, a world away from the subsistence agricultural economy in their homeland and they came to Southeast Asia as wage labourers. They can here be called "business Chinese"; (4) as immigrant Chinese with a relative lack of social institutional integration into the host society by the state, they were regarded as "strangers" by the host community, or as "sojourners" by themselves. The overlapping historical dimensions suggests that, for the immigrant Chinese, the family as a basic socio-economic unit, was pregnant with significance.

In terms of time, space, and arena, the so-called "immigrant Chinese business family" in the project is identified according to three principles: firstly, laying the emphasis on the locality, the Chinese family must have had strong business connections with or in Kedah; secondly, laying the emphasis on the wider region, the Chinese family business in Kedah must have had a wider regional context and function; and thirdly, laying the emphasis on business, these Chinese must have been important in at least one of Kedah's economic spheres, e.g. opium farming, rice milling, or pawnbroking. Therefore, here "the immigrant Chinese business family" could be a Kedah-based, prominent Chinese businessman who could be from Kedah or from Penang. If he was from Kedah itself, his Kedah-based business should have a regional connection with Penang or other places. If he was from Penang, the Kedah-based business should at least be one of the most important parts or hinterlands in his business empire.

Having adopted these principles, I focus upon a cluster of Chinese families, forming an integral Chinese business community scattered across Penang and Kedah. They were the families of Lim Leng Cheak, Choong Cheng Kean, Phuah (Lim) Hin Leong, Tan Ah Yu, Chong Sin Yew, Lim Boon Haw and Lim Lean Teng. All could be identified in the three main worlds of China, Kedah, and Penang (and beyond ), allowing the researcher to visit their

---


home villages, to trace family tombs, and to check other records. Although their common identity is a combination of the business concern and kinship and clan association that bound them together in communal socio-economic and political life, either in co-operation or in competition, that linkage does not necessarily coincide with one particular village or neighbourhood in their home country. Also they were widely distributed in the Penang and Kedah Chinese business communities, Straits and Singkeh Chinese, and first generation and second generation. This coverage allows us to present a long-term process which saw continuity and change in terms of leadership and business at the communal level on the one hand, and of the wider colonial Southeast Asian political and economic development on the other.

These mobile Chinese business families played a leading role in the formation of the regional business networks, represented a wider business community around them, and reflected and reshaped the configuration of the multi-ethnic power politics either between Kedah and Penang, or between the British, Siamese and Malays. Therefore, they provide not only the feasibility of empirical depth, but also the possibility of obtaining a better understanding of the multi-ethnic polity and economic competition. These points are discussed in detail in the following chapters.

4 Structure: The Thesis

I have justified my regional and ethnic perspective in writing Southeast Asian history, my business networks theme in contextualizing their dynamic process, and my family approach in achieving both these. In order for the reader to understand the structure of the thesis, I might need to discuss the research process briefly, involving the path chosen and the way in which reconstructions were organized.

The dissertation research was conducted in the Netherlands, Great Britain (5 months), South China (3 months), Malaysia (1 year), Singapore (3 months) and the USA (2 months). Besides library research, I have systemically consulted Colonial Office Files (CO 273 1882-1919) and Foreign Office Files (FO 422 1882-1939) concerning Kedah at the imperial level, the High Commissioner’s Office Files (HCO 1896-1941) at the regional level, and the Sultan of Kedah’s Correspondence (1882-1924), Kedah Secretariat Files (1905-1941) at the local level. I have looked through the complete newspaper collection of the Pinang Gazette and Straits Chronicle (1882-1941), the Straits Echo (1903-1941), the Penang Sin Bao (1896-1941), the Straits Independence and Penang Chronicle (1889-96), and others. I have also checked the relevant family records and conducted interviews. I have looked through the complete collection of the Straits/Malayan Directory (1880s-1941), the Proceedings of Legislative Council, and Malayan Agricultural Journal (1910s-1941), Annual Report of Kedah (1906-1939), and other such publications. Such a long detour is required by the nature of the research, involving many different elements and hence different levels in the fact-seeking.

I divide the period 1882-1941 into two phases, drawing a line at the year 1909, which signals the following transitions: economically, from the revenue farming system dominated by the Chinese to a colonial capitalist economy controlled by the state; politically, from Siamese rule to British rule; and the transfer of power relations from the sultan to the state council; in
addition, that time was marked by the large influx and subsequent dominance of Western capital, and the emergence of Kedah Chinese community independent of Penang community.

The thesis is accordingly divided into three parts, consisting in total of eight chapters:

Part One comprises Chapter 1. It provides wider setting for people and place: Chinese migration from South China to Southeast Asia and Chinese social organization and economic function juxtaposed with historical development in Kedah state.

Part Two includes Chapters 2-5. It focuses on the first period 1882-1909 that coincides with: politically, Siamese suzerainty; economically, prosperity of revenue farms; and the first generation of family business. We select four loci as entries of investigation: the British consulate, the opium farm, Penang Lim and Kedah Choong families, and the Kulim disturbances. All these state-transcending institutions coalesce to present one cohesive picture of multi-ethnic and multi-state politics and economy in general, and Chinese business networks in the region in particular.

Part Three comprises Chapters 6-8. It focuses on the second period 1909-1941. It deals with the process of transformation, a process of continuity and change, affected by the fluctuating circumstances of British colonial rule and the large influx of Western capital. It traces how the British-Malay-Siamese political power struggle was shifted from the British consulate institution to the British-Malay legal order conflict, how the process of the demise of revenue farms shaped by the Chinese resistance and their alliance with the old Malay elites, how the old-established revenue farming families expanded into the new prosperous sector of the rice milling business, how their family business functioned under the second generation in terms of decline and florescence. Beyond these core families and their controlling arenas (opium farms and the rice milling sector), to elaborate on the typification of Chinese business networks in the region, I cover the new business sector of pawnbroking. Ideally I should delve into the rubber sector, but I have refrained from trying to explore the process of family business expanding into that sector. After an initial attempt it was decided that, as the sources and facts are so fragmented, it would be better to relinquish the attempt in order to maintain the cohesion of the entire presentation.

Using the detailed empirical studies as a basis, in the conclusion, I return to the larger issues discussed in the introduction, such as ethnicity and region, family and state, businesses networks and immigrant economy and Southeast Asian transformation.