Chinese family business networks in the making of a Malay state: Kedah and the region c. 1882-1941
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To reconstruct the political system by gradually building up the modern state bureaucratic machinery, and then following this achievement with the consolidation of the economic system by eliminating the intermediary roles of the Chinese revenue farmers, the ruling British-Malay partnership set up the framework of the multi-ethnic political, legal and economic order in the decade 1919-1928. The British-Malay legal institution was refined even more in the "Kedah's Court Enactment 1339". The British made concessions to Malay autonomy in negotiations over the issue of Kedah’s constitutional status and these were formally ratified in the Anglo-Kedah Treaty of 1923. One of the changes to the economy was the state’s cancellation of the entire revenue farm system. In a thorough spring clean, the economic system was deregulated by the lifting of the monopolies of the ethnic Chinese, and liberalized through the introduction of a market-oriented policy allowing for economic power to be shared between Western and Chinese capital. These changes led to the rise within the ranks of the Penang-Kedah Chinese business community of the second generation of the old established Chinese families such as Lim Leng Cheak, Choong Cheng Kean, and Phuah (Lim) Hin Leong. The Singkeh Chinese, Lim Boon Haw, also emerged on the stage to play a leading role. To suit these changes, the Chinese rice milling ring changed tack and developed a new form, the Central Milling Agency, leading to a change in the profile of the leadership.

This chapter will be a continuation of tracing the process of the transformation of the legal order, of the Chinese business elite, and of the rice milling community. It includes four parts: (1) the British-Malay legal showdown; (2) the legal dilemma of the multi-ethnic encounter; (3) the rise and decline of the Chinese business elite; and (4) the rice milling business 1919-1928.

1 The British-Malay Legal Showdown: The Kedah Courts Enactment 1339 (1920-21)

It is necessary to momentarily return to the legal showdown described in the previous chapter (Part 1). It is important to note that a big development was initiated by the British during this stage. In November 1918, the most important British business interest group and lobby, the Kedah Planters Association, passed a resolution and submitted copies of it to the High Commissioner, the regent of Kedah, and the British advisor. The resolution was to the effect "that the present system of appeal in Kedah is out of date and no longer suited to the requirements of the State, and does not have the confidence of the public; that there is therefore urgent need for the constitution of the Court of Appeal, that is, an appeal from the High Court to Johor Court of Appeal, that is, an appeal from the High Court to a Court of Appeal composed of three judges from the Colony and the FMS". The Johor court of appeal had been instituted a few years earlier. It was composed of judges of the SS and judicial commissioners of the FMS, who sat in Johor as a court of appeal. Solicitors and advocates from the SS and the FMS could appear before it. The language used at the court of appeal was, of course, English. The other new arrangement in Johor was that the legal advisor ceased

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1 HCO 764/1921, Kedah Court Enactment.
to perform any judicial functions. The Kedah Malay authorities, anxious to improve as much of its independence as it could, found themselves in a cleft stick for, if they were to follow Johor’s step, it would mean that they would have to surrender even more of their independence. As they feared that this would inevitably be followed by changes to the constitution of Kedah, which would facilitate the displacement of Malay officers by Europeans, the state council did not agree with this proposal and preferred to make no alteration in the procedure with regard to appeals. Reviewing the situation critically, considering the fact that the duties of the legal advisor and those of a judge were hardly compatible, the state council was further of the opinion that if separate officers were to be appointed as legal advisor and as European judge, the state council would then be able to obtain the advice of the legal advisor on any appeal. The regent then wrote to the High Commissioner and proposed that a second officer be sent to Kedah to fill one of these posts. In his reply, High Commissioner Young laid stress on the fact that the state council itself was the executive body and the legislature, as well as the final court of appeal. He undertook to send a second officer when the exigencies of the service permitted. It seemed to him that there was a serious defect in the judicial system of Kedah, and he suggested that steps should be taken to remedy it. Standing his ground, the regent replied that he did not wish this question to be raised.

With some tact, the British bided their time and were waiting for a good opportunity to implement their reform scheme. This opportunity came in the form of the retirement of the state treasurer, which meant a post would be left vacant and the Malay chief justice could be transferred to it without any infringement on his dignity. At the suggestion of the legal advisor, Gibson, the incumbent adviser Hall wrote to the High Commissioner calling attention to this opportunity for a reform of the Kedah judicial system. On 17 June 1919, High Commissioner A. Young then wrote to the regent, putting down three main points considered necessary adjustment to the legal system: (a) reconstruction of the high court constitution, i.e. the European judge should sit alone; he should be free to hear the case in English or Malay as he thought fit; (b) the establishment of a court of appeal composed of puisne judges of the colony itself or judicial commissioners of the FMS; and (c) the opening of the Kedah courts to counsel and adoption of some form of civil law. Wary of encroachment on their powers, the Malay members of the state council were unwilling to accept Young’s entire scheme on the grounds that they saw it as a proposal to do away with Malays as judges and to replace them with a purely English judicature. So when McArthur arrived in Kedah to succeed Hall as the advisor in July, he found "...that something like an impasse existed". On the other hand, shortly after the High Commissioner’s letter had been despatched, on 11 July 1919, the memorial of the Penang Bar Committee reached Young and he saw to it that it was forwarded
to Kedah. On behalf of both advocates and litigants, the Penang Bar Committee appealed to Young: "That an Enactment may be passed in the State of Kedah enabling Advocates and Solicitors of the Straits Settlements to be admitted to practise their profession in the Courts of that State". Digging in its heels the state council replied that there was no way at present to meet their requirement. In reply to Young’s letter of 17 June, the regent made another proposal. He agreed to the establishment of the appeal court consisting of "...Judges borrowed from the Colony" and to the appearance of counsel before such court, but standing his ground refused to change the high court’s constitution.

Under these circumstances, motivated by the political considerations, McArthur wrote privately to Young asking for permission to prepare a modified scheme. On receiving the High Commissioner’s go-ahead, McArthur asked the help of the legal advisor, Gibson, to assist him in preparing a draft, on which in fact "the Courts Enactment 1339" was based. After protracted negotiations and discussions, all parties concerned reached agreement with a compromise. "The Courts Enactment 1339" was passed on 15 February 1921 and brought into force as from 8 September 1921.

The significance of "The Courts Enactment 1339" lay in the fact that apart from its services in greatly protecting British business and political interests, it also necessarily brought a tremendous transformation of the legal order in a traditional Malay-Muslim state. Set side by side with the previous system, it can be seen that "the Courts Enactment 1339" embodied several major differences. Most pertinently, it established a new court of appeal and abrogated the rights of the state council as the final court of appeal. The court could sit not only in Kedah but also, if need be, in Penang. The judges of the court of appeal could conduct the cases in English. Secondly, in a legal sense it clearly divided the different interests of the Muslim community and non-Muslim community and endowed the European judge with more authority. Immediately below the court of appeal was the high court, which was now divided into a first division and a second division. The understanding was that the British judge should be a judge of the first division, while a Malay judge should be the judge of the second division. Section 43 provided for a case before the high court to be conducted in English under certain circumstances. Sections 50 and 51 provided for the first division of the high court to hear appeals from the second division. Rules made under Section 72 provided that all cases concerning British subjects would be heard by the British judge in the first division of the courts. Thirdly, it allowed for more professionally qualified legal practitioners to play their part in legal proceedings. The judges of the first division had to be Malayan civil servants of not less than ten years’ standing and barristers, or who had exercised judicial functions for not less than two years, and also passed the examination entitling them to be called to the Bar. Their appointments were subject to the High Commissioner’s approval. The

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7 HCO 1530/1919, The Memorial of the Undersigned, Members of the Bar Committee, Penang, 11 July 1919. The British Adviser Kedah to the Secretary to the Bar Committee Penang, 22 September 1919. In 1921, a Singapore company S.J. Judah & Co enquired from the British advisor as how to take the necessary legal procedures in recovering the debt owed by a well-known Kedah trader, Goh Soon Leong. The advisor replied that as there were no lawyers practising in Kedah, they should send an agent to prosecute Goh Soon Leong in Court, see SUK/K 2575/1339.

8 HCO 764/1921, Kedah Courts Enactment. See also CO 717/15/62, Kedah: Courts Enactment 1339. One difference we should note here i.e. the Draft Enactment 1339 which indicated that the rules were made under Section 71, rather than Section 72. For the whole draft, see HCO 1970/1918.
judges of the second division would be "Malay Gentlemen of rank". In brief, schematically the new administrative structure of civil and criminal law was as follows:

(1) The appeal court.
(2) The first division of the high court.
(3) The second division of the high court.
(4) The court of a magistrate of the first class.
(5) The court of a magistrate of the second class.
(6) The court of a magistrate of the third class.
(7) The shariah court.

Although from the purely legal point of view of the British professional personnel the Courts Enactment 1339 seemed to be "a compromise which satisfies neither side", as the SS Acting-Chief Justice, L. Woodward put it. As far as both the British political community and the straits merchant community were concerned, they were generally satisfied with and welcomed the new Enactment. On 19 December 1921, the new High Commissioner, L.N. Guillemard, wrote to the regent of Kedah: "...that I have been requested by the Right Honourable the Secretary of State for the Colonies to convey to your Highness his satisfaction at the liberal and broad minded action taken by the Government of Kedah in framing and passing the New Courts Ordinance and in creating the New Court of Appeal. This is indeed a notable achievement in the history of Kedah". On 1 June 1922, for the first time in Kedah a full court of appeal composed of foreign judges sat under the Courts Enactment 1339. There was a colourful ceremony provided an impressive spectacle. The Penang newspaper, the SE, commented that it was "the most important milestone in the history of Kedah". It was a historical event of "forward Kedah".

Although it was progress from the European point of view, compared to its counterpart Johor, the new Kedah Courts Enactment had at least two great differences:

The first of these was that it retained the office of the legal advisor who also acted as the European judge. In March 1922, W. H. Dinsmore arrived in Alor Star to take up the appointment of legal advisor and European judge in Kedah, taking the place of A. F. Robinson who was transferred to Penang. It should be mentioned that for European judges, the court of appeal in Kedah was a periodic rather a regular part of call. As the state council wished to make their own selection from the colonial bench, they insisted that the judges of

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9 HCO 1970/1918, L. Woodward to the High Commissioner, 4 November 1919.
10 HCO 1017/1921, Passing by the Kedah Government of the Courts Enactment 1339.
11 Earlier around March 1922, on behalf of the sultan, the regent of Kedah appointed Sir Walter Shaw, Sir Lionel Woodward, Mr. Justice Whitley, Mr. Justice Barrett-Lennard, Mr. Justice Farrer Manby, Mr. Justice Watson, and Mr. Justice Branch K.C. as judges of the court of appeal for the state of Kedah. See SE, 2 March 1922.
12 SE, 31 May 1922.
13 SE, 1, 2 & 6 June 1922.
14 SE, 7 March 1922.
the court of appeal be appointed in name only and not as individuals. And on the other hand, according to the law in force (Section 76) in the Colony, because they would be become Kedah officials the judges of the supreme court of the Colony could be appointed judges of the Kedah court of appeal. An effort was made to bring about an amendment to the SS and the FMS Courts Enactment as early as 1921, but there no immediate action was taken to accomplish this. This change did not actually come about until a proposal was put forward five years later in 1926 for separation of the work of the European judge from that of the legal advisor, and the appointment of a European judge to the high court. On 9 January 1926, the acting British advisor approached the High commissioner concerning the appointment of Mr. Justice Acton to exercise the functions of judge in Kedah. The High Commissioner replied on 14 January that before he granted approval certain legislative action on the part of both governments should be taken first. The High Commissioner suggested that the Kedah government should pass an amendment to the Enactment to make judges of the SS and judicial commissioners of the FMS, ex-officio judges of the high court in Kedah. If this were done, the colonial government would amend their ordinance. Wary and erring on the side of caution, the state council preferred not to pass the proposed amendment, as the Malays were afraid of the damage such an amendment might ultimately do to Kedah’s independence. The British advisor then enquired whether it would be possible to appoint Mr. Justice Acton as a full judge in Kedah without any amendments having been passed; and whether the SS government would consent to it. The High Commissioner rejected this proposal and insisted on the condition of 14 January. Under these circumstances, the state council could only acquiesce and was forced to pass a bill to amend the Courts Ordinance 101. This brought Kedah even more closely into line with the other states in the matter of European judges.

The other difference was that the Malays insisted that counsel should be excluded from the Kedah high court. This situation continued until 1928. During their sitting at the Kedah court of appeal on 13 February 1928, the judges of appeal court did their best to press home for the judicial house in Kedah to be put in order. This time a further amendment to the Kedah Courts Enactment was again adopted, enabling lawyers finally to assist in the Kedah courts, but qualified members of the legal profession (in the eyes of the British judges) were still not admitted to general practice in Kedah. In August 1931, the four judges (including the Kedah judge) met informally during the sitting of the Kedah court of appeal. Noting that the unsatisfactory state of affairs in Kedah could be attributed to a lot of “political” and “unauthorised and unqualified” interference in court, they passed, inter alia, the following two resolutions which requested that qualified professional lawyers should be admitted to practice

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12 HCO 796/1921, Date of Bringing into Force of the Kedah Courts Enactment....

16 SUK/K, 1571/1344.

17 In the Amendment, it was stated that the objections and reasons were as follows: “The Government of Kedah has preferred a request to the Government of the Colony that a Judge of the Supreme Court of the Colony may be permitted to assume duty as Judge of the High Court of Kedah. In order to comply with this request, it is necessary to amend Ordinance No.101 (Courts) so as to provide that Judges of the Supreme Court of the Colony shall be ex-officio Judge of the State of Kedah and that any Judge of the Colony who assumes duty in Kedah may accept emoluments from the Government of that State without becoming disqualified from holding office in the Colony. This Bill seeks to effect these objects". See SE, 29 January 1926.

18 SE, 15 February 1928.
in Kedah: "(1) That it is highly desirable in all cases that [the] prisoners sentenced to death who [have] appealed to the Kedah Court of Appeal, should be represented by [the] Counsel assigned by the State, when not retained privately. One lawyer might be assigned to appear on behalf of all such appellants at any one session of the Court of Appeal. Fifty dollars for each case plus $15 a day expense is a reasonable fee for a lawyer so appearing; and that, (2) the practice of unqualified persons advising litigants and preparing documents for filing in the Kedah Courts, having been brought to the notice of the Judges, it is deemed advisable to bring the matter to the notice of the Kedah government".  

They referred these two resolutions to the chief justice of the SS, through whom the resolution was forwarded to the British advisor. The suggested reform was then put on the agenda. By this stage, it could be said the judicial system in Kedah was being transformed to virtually the same lines as that prevailing in the SS and the FMS, which favoured the interests of British political and commercial development.

2 The Legal Dilemma of The Multi-Ethnic Encounter: 
A Historic Chinese Intestate Case

Having examined this matter of legal order reform within the context of the British-Malay confrontation, the next step is to investigate how the Chinese immigrant business interests and the British political hegemonic power clashed in the process of the legal transformation in Kedah. The best way to do this is to focus on a historic Chinese intestate case, the dispute surrounding the Chong Sin Yew deceased estate.

So far any discussion of the laws concerning the Chinese in Southeast Asia has been confined to the bilateral interaction between the colonial state and the Chinese society, ignoring one significant element of interlocking interstate and interethnic encounters. Purcell even treats it as "Anglo-Chinese relations". He has briefly outlined the legal history in the Straits Settlements within the framework of colonial-political development. The process was, according to him, "From rule by Chinese custom administered by Chinese headmen, to rule by English criminal law side by side with Chinese custom administered by British judges, then ... to rule by the law of England, taking account of Chinese custom". Freedman admirably elaborates on the interaction between colonial law and Chinese society in Singapore by taking the Chinese customary law as his point of departure. He convincingly analyses the problems around legal conceptions by examining three general categories of factors: the colonial legal systems, the impact of new legal ideologies from China in response to changes there, and very importantly, the heterogeneity of Chinese society. In his brief account of Chinese law,
Hooker basically follows the framework laid down by Purcell and Freedman. His main concern is *adat* law. What he presents is a compartmentalized personal law, without discussing its interlocking cross-frontier interactions and the process of colonial law formation. In a recent study, conducted from the perspective of colonial political control, Yong deals specifically with the British legal mechanism in response to Malayan Chinese communism during the interwar years. All these studies fail to recognize that Chinese business mobility across state boundaries complicated the legal issues because of its cross-cutting of different legal systems, and linking it to the wider context of colonial power struggle.

Chinese business networks, ethnicity, laws, and internal power struggles coalesced to shape a historical transformation of the colonial legal and political order in Kedah at the critical juncture of the transitional period in this state. Running parallel to the British-Malay political and legal conflict was the controversy of the cause of *célèbre* of a Chinese intestate case, which was a consequence of the multi-ethnic encounter, particularly intimately bound up with Chinese business transnationalism. Internationally, the Chinese were immigrants from South China. Regionally, they conducted business in Malay-ruled Kedah but lived in British-ruled Penang. The impressive Chinese socio-economic mobility involved the complex encounter of different ethnic political entities and mentalities. This historic Chinese intestate case gives a very good chance to understand how the immigrant Chinese functioned locally as well as regionally. It betrays in some detail how Chinese business transnationalism was closely related to the complex dilemma of the ethnicized and fragmented state in its multi-ethnic and socio-economic encounters. In a nutshell, this is a mixture of the interrelated issues of migration, ethnicity, family administration, the state, the region, and the business networks.

Reverting for a moment to a similar instance at an earlier date, if the Chinese-Malay legal dispute in the Tan Ah Yu case in the Siamese period (see Chapter 4, Part 2) had developed into an interplay and show of four-sided regional power politics between the British, the Siamese, the Malays, and the Chinese, then, the legal dispute within a Chinese family in the Chong Sin Yew case presented another new triangular legal conflict and dilemma in the encounter between the British, the Malays, and the Chinese. In the formation of Penang-Kedah Chinese regional business networks, one outstanding phenomenon was that they formed two patterns of mobility. The first of these was from Penang to Kedah, i.e. Penang Chinese businessmen went to invest in Kedah but were resident in Penang. The other was from Kedah to Penang, i.e. Kedah Chinese businessmen moved to Penang but retained their main business interests in Kedah. These Chinese formed a particular community, namely the "interstate Chinese" community.

The implications of the Chong Sin Yew case concerning our discussion lies in the fact that for the first time it laid bare the bones of the legal controversy between British law, Muslim

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law, and Chinese customary law, revealed to the light of day in the dispute about the inheritance of intestate Chinese property in Kedah. Most Chinese in Penang and Kedah were profoundly interested in the questions posed. It was a landmark case in the sense of legal reconstruction and had a significant implications for the Chinese community in Penang and Kedah. A large part of its significance lies in the fact that a great legal dilemma was presented to the native and colonial authorities when confronted by the process of Chinese transnationalization and localization. The root of this dilemma lay partly in the volatile relationship between the Chinese immigrants and the native state and society, and partly in the nature of their physical and business mobility which was regional or transnational. Therefore the intestate legal dispute between interstate Chinese, essentially originating from and developed into a divergence between the British-ruled Penang and Malay-ruled Kedah entities, stemmed from the political and legal heterogeneity of the various states in the Malay Peninsula. Considering the rumpus it caused and the conundrum it set, it is no exaggeration to state that the immigrant Chinese injected a new and complicated element into local Malay state formation in terms of legal order construction. Cogently it provides an example of how the ethnicity issue was used individually by the British, the Chinese and the Malays to justify their respective interests. The Chong Sin Yew case emerged as one small unit within the wider context of the on-going British-Malay legal conflict. The Penang members of the Chinese family turned to the British to protect their own interests. The Kedah members of the family turned to the Chinese customary law and to the Kedah Muslim law in their bid to challenge the Penang laws. While the two different groups of Chinese were battling each other, the British seized the advantage of the Chinese intestate case to enforce their legal order upon Kedah.

Chong Sin Yew and His Intestate Case

Chong Sin Yew, also called Chong Ah Yew by his fellow native Hokkien speakers, or sometimes Cheong Ah Yew, was one of the few important Kedah Chinese businessmen during the period of the 1880s-1900s (for Genealogical Tree, see Appendices Figure 4). He was born into a Maxian commune, in Tongan County (near Xiamen) in the Province of Fukien, China. The exact date of his birth is not known, but there is evidence that he came to Kedah when he was seventeen years old, which means the time he emigrated to Kedah would probably be around the 1880s. At the beginning of his stay, he worked as a coolie. Later on after saving money and with a friend’s help, he started a paddy dealer’s store, and his business did well. He extended his interests to the revenue farms, a coconut plantation, house property, and a rice mill. As his career expanded he became a very influential revenue farmer in Kedah. In the tender for the 1907-1909 Kedah opium farm, he was one of the five who put in a bid for it. His tender was for the second highest amount of $396,000 per annum, second only to Choong Cheng Kean. With this sort of background, it is very possible that he was well known to the business elite and the Kedah authorities. Besides opium farms he had plenty of other irons in the fire, with wide-ranging business interests, as illustrated in the list below.


25 SE, 5 September 1906.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name Of Farm</th>
<th>Annual Rents</th>
<th>Duration</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customs Farm, Kota Star &amp; Singkir</td>
<td>45,000</td>
<td>3 years issued on 26/8/19//**</td>
<td>In partnership with Tan Chong</td>
</tr>
<tr>
<td>2</td>
<td>Customs Farm, Singkir</td>
<td>1,000</td>
<td>1 year and 6 months</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tobacco Farm, Kota Star</td>
<td>36,000</td>
<td>3 years from 9/7/1899 on</td>
<td>In partnership with Tan Chong</td>
</tr>
<tr>
<td>4</td>
<td>Tapioca &amp; Sago Farm, Krian, Bandar Baru</td>
<td>300</td>
<td>4 years issued on 12/11/1900</td>
<td>In partnership with Tan Chong</td>
</tr>
<tr>
<td>5</td>
<td>Timber Farm, Kulim</td>
<td>800</td>
<td>3 years from 28/6/1900 on</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Timber Farm, Kulim</td>
<td>1,000</td>
<td>3 years from 27/5/1903 on</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Poultry Farm, Kota Star &amp; Kuala Muda &amp; Merbok</td>
<td>2,000</td>
<td>3 years from 6/9/1899 on</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Hides &amp; Horns Farm, Kota Star &amp; Kuala Muda</td>
<td>720</td>
<td>3 years issued on 14/11/1900</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Hides &amp; Horns Farm, Sala</td>
<td>72</td>
<td>1 year issued on 17/11/1897</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Timber Farm, Kuala Kedah</td>
<td>2,100</td>
<td>3 years from 30/4/1900</td>
<td>The right to collect 5 cents/per ton.</td>
</tr>
<tr>
<td>11</td>
<td>Customs Farm, Kuala Muda &amp; Merbok</td>
<td>19,000</td>
<td>6 years from 13/5/1911</td>
<td>The right to collect an import duty of $1 a pikul on all salt imported into the country, $20 a pikul on tobacco, $10 a pikul on gambier, and 3 per cent, ad valorem on all articles.</td>
</tr>
<tr>
<td>12</td>
<td>Gaming Farm, Kuala Muda &amp; Merbok</td>
<td>34,000</td>
<td>6 years from 3/12/1910</td>
<td>Exclusive privileges in respect of gaming</td>
</tr>
<tr>
<td>13</td>
<td>Spirits Farm, Kuala Muda &amp; Merbok</td>
<td>10,000</td>
<td>6 years from 3/12/1910</td>
<td>Exclusive retail privileges in respect of spirits other than toddy.</td>
</tr>
<tr>
<td>14</td>
<td>Tapioca Export Duty Farm, Kuala Muda &amp; Merbok</td>
<td>7,000</td>
<td>6 years from 29/4/1911</td>
<td>Rights to collect 3 per cent ad valorem duty upon all tapioca exported from the district.</td>
</tr>
<tr>
<td>15</td>
<td>Ferry Farm, Yan &amp; Sungei Limau</td>
<td>348</td>
<td>3 years till 27/7/1911</td>
<td>Exclusive privileges</td>
</tr>
<tr>
<td>16</td>
<td>Spirits Farm, Kota Star</td>
<td>1,200</td>
<td>6 years till 3/11/1910</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Tapioca Export Duty Farm, Krian</td>
<td>660</td>
<td>3 years till 27/6/1910</td>
<td>See No. 14</td>
</tr>
<tr>
<td>18</td>
<td>Ferry Farm, Kuala Muda</td>
<td>102 per month</td>
<td>From 1914 on, no detail for duration</td>
<td>See No. 14</td>
</tr>
</tbody>
</table>


*: This is not a complete list of Chong Sin Yew’s Farms in Kedah as some details are not available; **: Date of issue of lease contract; ***: Date of implementation of lease contract.

In order to acquire a better understanding of his background and the general implications of its ramifications to Southeast Asian Chinese businessmen it is necessary to turn to Chong Sin Yew’s family life. In Southeast Asia, it was almost an ingrained socio-cultural practice for rich Chinese businessmen to take concubines and keep mistresses, to adopt sons, and to have a host of household maids and other servants (the local Chinese followed the old Chinese custom which gave them the licence to call the servants "slaves"). Each rich family formed an extremely huge and complicated dynasty. Family life for the second generation consisted of a sad childhood, constantly fraught with family scandals. After the death of the founding father, most families experienced the same harrowing litany of long drawn-out court cases involving disputes over property rights among the wives, the mistresses, the children, and the adopted children. Chong Sin Yew married four or five times in Kedah. He had at least five wives, of whom three were deceased and two were still alive at the time of the intestacy case (figure 7.1).

Figure 7.1: Wives of Chong Sin Yew

Sin Yew = Tan
   = Cheong
   = Tan Siew Bee
   = Ooi Kim Lan
   = Ooi Siew Hong

Legend: = indicates marriage.

There seem to be no other details of Chong Ah Yew’s three deceased wives. By his former first wife, Chong Sin Yew had three daughters namely Chong Chye Kee, Chong Chye Han, and Chong Chye Sim, of whom only Chong Chye Kee was alive at the time of the court case.

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26 The formation and development of this practice in the Southeast Asia would be a very interesting topic for anthropologist and historian. Two elements might be relevant: one is the feudal customs among the rich and powerful families in China; the other related to one i.e. the nature of Chinese immigrant community in relation to native society and government. This historical practice continues up to present. It is still very popular in the Southeast Asian business community.
the other two had predeceased Chong Sin Yew. He married his fourth wife, Ooi Siew Hong, in Kedah when she was seventeen years old. Ooi Siew Hong was originally was called Seah Liew, which was the name for a slave. Quite prosaically she was bought by Chong Ah Yew to be a servant, as well as to be a sexual partner as reported. Ooi Siew Hong claimed that her father was Ooi Pang, but she did not know her mother’s name. It is believed that Chong Sin Yew bought her through her natural brother, Ng Ah Pow. After some time, the name Seah Liew was changed to Siew Hong. Ooi Siew Hong claimed she was thirty-two years old in 1920. This suggests that this relationship was entered into around 1905. Chong Sin Yew had four children by Ooi Siew Hong. Only the eldest son, Chong Kim Poh, was alive (thirteen years old in 1920), the other three had died. But according to the statement of his fifth wife, Ooi Kim Lan, in 1920, she had married Chong Sin Yew according to Chinese custom about ten years earlier. The marriage ceremony was conducted by holding the joss sticks and worshipping the ancestor’s tablets. It was Ooi Kim Lan’s uncle who arranged for her to marry Chong Sin Yew. Ooi Kim Lan also mentioned that Ooi Siew Hong had been married two or three months before. This suggests that the ceremonies for both marriages actually took place around 1910, although they had been living together before that. It was about this time that Chong Sin Yew moved to Penang to live. After occupying a number of houses, he ultimately bought a house at No. 28, Green Hall, Penang, where he resided for five or six years until his death on 22 August 1919. Chong Sin Yew did not leave any valid, witnessed will, but on the day he died, he instructed Yeoh Guan Seok of the law firm of Messrs. Logan and Ross to draw up a will. This was indeed done but Chong Sin Yew was by then extremely ill and died without signing it. Chong Sin Yew was survived by the following heirs:-

1 Ooi Siew Hong, first widow;
2 Ooi Kim Lan, second widow;
3 Chong Kim Poh, a son by Ooi Siew Hong;
4 Chong Chye Kee, a married daughter by a predeceased wife;
5 Chong Choon Poh, an adopted son;
6 Chong Peng Yiat, an adopted daughter.

The Adjudication of the Case: British Law, Muslim Law, or Chinese Customary Law?
Tracing the history of this case is a cogent way by which to illuminate the complicated situation presented by the immigrant Chinese, when they became embroiled in the coils of the law. Chong Sin Yew died in Penang but left the bulk of his property in Kedah. His estate in Kedah was worth about $350,000, while the estate in Penang was relatively small, worth only about $25,000. Very soon after his death, his two widows quarrelled over the inheritance of his property. As Chong Sin Yew died intestate and as his physical and business assets were spread across the two states of Penang and Kedah, the legal dispute in essence involved the

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27 SE, 28 January 1920.
28 SE, 5 February 1920.
29 SE, 2 February 1920.
30 SE, 28 January 1920.
31 SE, 5 February 1920.
conflict and contradiction of the different judicial systems of each state as a relatively independent political entity. Paradoxically this conflict contrasted with and was intensified by the close economic interactions of the states in the integral geo-economic and geo-political region. It was also reinforced by the frequent material and business movements of the Chinese business community in the region. The Chong Sin Yew estate case highlighted the issue of which law should be applied: should it be subject to the British law in the Colony, or the Muslim law in Kedah, or the Chinese customary law? Chong Sin Yew made his fortune in Kedah, spent most of his time in Kedah, most of his business interests were in Kedah, and he frequently visited Kedah, even after moving to Penang. One party argued that the case should follow Kedah law, particularly as it dealt largely with the Kedah estate. But the other party countered that Chong had moved to Penang a decade ago, he had bought a house there, and he had died there. Therefore the division of his estate should follow the British law in force in the Straits Settlements. To cloud the issue even further, it was observed that Chong had been born in China, and as an immigrant Chinese, it seemed that the Chinese customary law would be the most appropriate system to apply to his estate.

To cut a long story short, the history of Chong Sin Yew’s case can be divided into three stages. The first of these was petitions were made before the European judge and the Malay chief justice, September 1919-December 1920. The second stage was when appeals were lodged before the state council, January 1921-August 1922. The third and final stage was when appeals were made before the new court of appeal, August 1922-June 1923.

The first stage was the petitions made to the European judge and the Malay chief justice over a fifteen-month period, September 1919-December 1920. In the Kedah courts, the secondary wife, Ooi Kim Lan, appeared to have stolen a march on the other parties and succeeded in getting herself appointed as interim receiver of the estate, which order was made by the chief Malay justice, Tuan Syed Hassan Barakbah, on 20 September 1919. On the 23 October 1919, the application made by Ooi Kim Lan to be appointed administratrix was heard by W.S. Gibson, the legal advisor and European judge. Sitting with the Malay chief justice, Gibson held that, according to Kedah law, the will never having been executed, there was an intestacy. He assumed that, as the plaintiffs were not Muslim, distribution according to the Kedah law meant distribution according to Chinese custom. According to Chinese customary law, the property should go to the only natural son, Chong Kim Poh, while the two widows, the married daughter, and the adopted children would get nothing. Bowing to what seemed overwhelming odds, Ooi Kim Lan suggested that there should be a joint grant to the two widows. Gibson held that this was the most natural solution to the question, failing which an outsider and independent person should be appointed receiver manager. Gibson adjourned the case to enable the parties to come to an agreement on these lines. This proved a forlorn hope and no agreement could be reached between the parties who maintained their own points of view adamantly. Therefore in March 1920, two partners of the Penang firm of Messrs. A. A. Anthony & Company were appointed to administer the Kedah estate, and the appointment of Ooi Kim Lan as interim receiver was rescinded.32 This was just the prelude to many petitions from and disputes among the family.

32 Supplement to PGSC: Important Kedah Estate Case. 18 June 1923.
The first shot was fired in 1920 when the other widow, Ooi Siew Hong, and the married daughter, Chong Chye Kee, petitioned the Kedah high court. They asked that the division of Chong Sin Yew’s estate should be made in accordance with either English law or Muslim law, and not according to Chinese custom. Among the eight points presented in Ooi Siew Hong’s petition, she adduced three important facts: (i) "According to the law in force in the Straits Settlements, I am entitled to a one-sixth share of the Penang Estate absolutely; (ii) "Although the deceased was born in China, he came to Penang many years ago when he was seventeen years old. He never returned to China and was domiciled in Penang when he died and I submit that he should not properly be considered a Chinese subject; (iii) "If the estate in Kedah is distributed according to Chinese law, the wishes of the deceased as set out in his Will will be defeated". A petition was also filed by the married daughter, Chong Chye Kee, framed similar terms to that of Ooi Siew Hong.

The next move was up to Ooi Kim Lan who was not going to be left behind and also petitioned the high court in Kedah. She applied to have a rubber estate belonging to the Chong Sin Yew Estate freed from incumbrances, and that she be appointed the guardian and trustee of the adopted son, Chong Choon Poh, during his minority. She argued that the rubber estate had actually been purchased by she herself for $70,500, and had been mortgaged by her at 24% rate of interest per annum to R.M.S. Supramanian Chetty, a moneylender of Penang.

These petitions were heard together before Tuan Syed Hassan Barakbah, the Malay chief justice, and Franklyn Robinson, then legal advisor and European judge. The judgement was delivered on 8 December 1920. The Kedah high court upheld that Chong Sin Yew had married Ooi Siew Hong in Kedah, and his daughter had been born in Kedah. The deceased had been resident in Penang for only a short time and even then frequently travelled back and forth to Kedah. The Kedah high court thus decided that Chong Sin was domiciled in Kedah, and refused to apply any English law to the distribution of the estate. The court decided: (1) that by reason of the provisions contained in Section 31 and 50 (iii) of "The Administration of Estate Enactment 1337", the division of the property should be made according to Chinese custom; (2) that Chinese custom allows a "gift" to be given to the daughters but it is uncertain in regard to provision for widows; (3) that the draft will prepared for the deceased, not having been signed, was not valid, but could nevertheless be taken as evidence that the deceased intended to provide for his widows and his daughters; (4) that the property should be distributed thus: 10% to each widow, 5% to each daughter, and the balance to two sons in equal shares.

The second stage was composed of the appeals lodged before the state council, January 1921-August 1922. An appeal against the judgement of the Kedah high court of 8 December 1920 was made to the state council by the widow, Ooi Siew Hong, and married daughter, Chong Chye Kee. They argued that Chong Sin Yew was domiciled in Penang and English law should prevail. This matter was brought into the state council on 20 Syawal 1339 (26/6/1921). The state council referred the case back to the high court, ordering it to collect evidence as to Chinese customs relating to the matter under dispute and the true domicile of Chong Sin Yew.

33 SE, 12 August 1922.
34 SE, 12 August 1922; Supplement to PGSC: Important Kedah Estate Case, 18 June 1923.
Following the instructions, a report was compiled by the registrar of the high court and was submitted to the state council. Deliberating on Chinese customs, the expert witnesses agreed that the whole of the estate should go to the only legitimate son, Chong Kim Poh, while the widows, the married daughter, and adopted children should be excluded from the inheritance. As to the deceased's domicile, the report pointed out that the evidence showed that Chong Sin Yew had been domiciled in Penang and had died there. Before the state council took these appeals further into consideration, arrangements were being forged ahead to establish the new court of appeal in Kedah. Therefore the case could be transferred to the new court of appeal in August 1922.

Another important and interesting point, relevant to the discussion, happened in the Penang supreme court. The married daughter, Chong Chye Kee, brought a suit before the Penang Supreme Court, lodged as No.242 of 1920, in which the Penang administrator's plaintiffs (Khoo Teow Chong, the husband of the Chong Chye Kee) challenged the Kedah administrator's defendants (A.A. Anthony and Co.), but the two adopted infant children, Chong Choon Poh and Peng Yiat, were added by order of the 31 January 1921. It is not essential to go into details of these court proceedings. Mr. Justice Barrett-Lennard declared that Chong Sin Yew had been domiciled in Penang. He also judged that the moveable property of Chong Sin Yew, both within and without the jurisdiction of the courts of the Colony, should be distributed according to the law of the Colony. This judgement flatly contradicted that given by the Kedah high court. Therefore, like the Tan Ah Yu case cited earlier, the legal proceedings increasingly developed into a political wrangle involving two different states.

The third stage comprised the appeals to the court of appeal, August 1922-June 1923. As just mentioned, with the passing of the "Kedah Courts Enactment 1339" in 1921, Chong Sin Yew's case was transferred to the newly established court of appeal. The first assembly of full court of appeal was inaugurated in Alor Star on 1 June 1922, but only criminal appeals were heard on that occasion. The civil appeal was first heard at the second assembly of full court of appeal. Chong Sin Yew's case was the first and only civil case heard on this occasion. The

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55 There were two expert witnesses consulted as well as other general witnesses. One witness was Poh Eng Huah, who was one of the elders of the Hokkien Hoy Kuan (Hokkien Association) in Alor Star. As authority he quoted from the so-called civil law then in force in China. He stated that the whole property should go to the son, Chong Kim Poh. His mother might be maintained by him as long as she remained a widow. If she was remarried, she could claim a reasonable portion from the estate to meet the funeral expense when she became too old. The married daughter could get nothing. The second widow and adopted children were excluded from the inheritance. But due consideration could be given to granting the adopted children a reasonable share as a token act of grace only. The second expert witness was Khoo Eng Poh, a venerable-looking man of seventy years old. He was a trustee and treasurer of the Seh Khoo Kongsi and trustee of the "Hokkien Kongsi" in Penang. He excluded the second widow, the married daughter, and the adopted children unconditionally. The other witness left them to the mercy of the legitimate son, Chong Kim Poh, and the government for their generous consideration. These comments did accord with ancient Chinese custom. It is still popular in the rural area of China, if the parties concerned do not officially refer to the court.

56 In fact, in order to contest control over the estate, as early as in October 1919, Ooi Siew Hong lodged Suit No.350 of 1919 against Ooi Kim Lan in Penang, claiming from the latter the custody of the child, Chong Choon Poh. The claim was rejected by Mr Justice Woodward in a judgement of 16 February 1920. For details, see SE, 27/1/1920, 28/1/1920, 29/1/1920, 31/1/1920, 2/2/1920, 5/2/1920, 17/2/1920.

57 SE, 12 August 1922; Supplement to PGSC: Important Kedah Estate Case, 18 June 1923.
chief judicial commissioner of the FMS, Lionel Woodward, presided at the second court of appeal. The other two judges were Mr. Justice Barrett Lennard from Singapore and Mr. Justice Whitley from Penang. At the August session, the court decided to postpone the proceedings on the objections raised by Mr. Justice Barrett that all the parties were not represented at the present hearing. In compliance with his demurrer, the following parties were added to the list: the natural son, Chong Kim Poh, the adopted infant children, Peng Yiat and Chong Choon Poh, and the administrator’s members of the firm of A.A. Anthony and Co. The court ordered the issue of a commission to Penang to take evidence. In February and March 1923, Chong Sin Yew’s case was heard in Penang. The bench was composed of Mr. Justice P.J. Sproule, Mr. Justice Barrett-Lennard, and Mr. Justice A.V. Brown. At the sitting, the court of appeal decided that according to Kedah law, the will left by Chong Sin Yew, was not a valid document. But as to the issue of whether there was any law extant in Kedah for regulating the succession to the estate of an intestate Chinese, the court reserved its judgement until 18 June 1923. On that date the three judges held that the British law in the Colony should be followed in the case. That is to say, one-third shares should be distributed to the natural son, Chong Kim Poh; one-third shares to the married daughter, Chong Chye Kee; one-sixth shares to widow, Ooi Siew Hong; and one-sixth shares to the widow, Ooi Kim Lan. The adopted children would get nothing. This, in fact, upheld the judgement delivered by Barrett-Lennard at the supreme court of Penang.

It was not surprising that the court of appeal should have delivered this final judgement. The court of appeal essentially had to decide which law should be followed - British law, Kedah law, or Chinese customary law. As in Tan Ah Yu’s case, it was a political rather than a purely legal issue, which involved the hegemonic struggle between the British and the Malays. As the throes of this struggle were generally stilled by the passing of the "Court Enactment 1339", the judgement of the court of appeal was not necessarily binding on any Kedah court’s decision. Therefore the court of appeal, in fact, officially confirmed the judgement given at the supreme court of Penang, not to mention the fact that the same Penang judge, Barrett Lennard, was also one of three judges in the court of appeal. Chong Sin Yew’s case also suggests that there was no law in Kedah, written or unwritten, applicable to the deceased estate pertaining not only to Chinese, but also to all non-Muslims. One interesting development in the wake of this case was the decision by the Kedah government to amend "the Administration of Estate Enactment 1337". In 1924, it was proposed to do this by dropping the word "ugama" or "religion" and by substituting "the law of distribution" in the Estate Enactment 1337.

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38 SE, 9 August 1922.
39 SE, 12 August 1922.
40 PGSC, 2 March 1923.
41 For the full judgement, see Supplement to PGSC: Important Kedah Estate Case; 18 June 1923.
42 For the full judgement, see Supplement to PGSC: Important Kedah Estate Case, 18 June 1923.
3 The Rise And Decline Of the Chinese Business Elite

"The history of the great merchant families is ... every bit as valuable as the history of princely dynasties in the study of political fluctuations," observes Braudel aptly. The decline and fall and internal power conflict within the empire usually, if not invariably, comes with the death of the emperor. So it is the same with the Chinese family business. The paternalistic characteristics of Chinese family enterprises were very marked in their most solid and motivating aspects particularly during the pioneering period. For all their dominance, they were prone to an in-built structural fragility, rendering them particularly susceptible to trouble after the death of the founding father, and because of this inherent weakness, could crack under the stresses and strains of the changing political and economic conditions. Dealing with this point, in his classic study of the Chinese family firm, Wong Siu Lun provides a convincing characterization and developmental model. He argues that "The essence of Chinese economic organization is familism". Distinguishing three features of Chinese economic familism - nepotism, paternalism and family ownership, Wong builds up an evolutionary model of a Chinese family firm. Taking as his point of departure the traditional Western proverbial three-generation cycle -from rags to riches to ruin, Wong elaborates four stages of development: emergent, centralized, segmented, and disintegrative. Accepting Wong's excellent presentation of the Chinese family firm's evolution at the micro-level of organizational behaviour, this thesis does not intend to go into much detail about this aspect. However, what is to be regretted in Wong's study, and this is acknowledged by Wong himself, is his failure to relate it to the changing outside environments which most certainly had a hand in shaping this very micro-level development, empirically as well as historically.

Although Wong may have failed to go into this, however, since his study this gap has been filled in by a cluster of recent historical studies on the Southeast Asian Chinese business community. Examining these studies, it is possible to abstract a pattern of the rise and decline of the Chinese business community which followed the grand structural changes in Southeast Asian politics and economy. In general, in a comparison between the western and Chinese communities, Rajeswary Brown attributes this overall Southeast Asian economic structural change to their difference in the "institutional structure of capital". Looking at southern

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43 Braudel, 1985, p.150.
45 According to Rajeswary Brown, the "institutional structure of capital" refers to "the institutional aspects of capital formation and regeneration, and the quality of entrepreneurship and motivation of the actors which influenced its use." In this respect, the Western capitalist exhibited many advantages over the Chinese capitalist: high organizational abilities in terms of a high degree of local autonomy and overall strong control from headquarters, and the preferential access to institutional support from the colonial authorities. While the Chinese capitalist was exposed to a fragile structure of governance: a minimal governing structure, a lack of modern financial institution, and frequent internal family frauds, and so forth. All these influenced Chinese capabilities to restructure their own businesses and to invest in modern technologies. See Rajeswary Brown, Capital and Entrepreneurship in South-East Asia, New York: St.Martin's Press, 1994, pp.251-57.
Siam, Phuwadol and Cushman have examined how the Chinese business community in general, and the Khaw family in particular, were transformed under the changing environments in the nineteenth and early twentieth centuries. The seeds of the decline of the Khaw family in the early twentieth century were sown in both the external structural political and economic forces and the microscopic family administration: the general economic encroachment of the British capital, the changing political climate of Siamese centralization, and the deaths of several governors of the family. In the wake of the demise of revenue farms, even before early 1920s, the Khaw family had already sold out all their family’s dominant interests in tin mining, insurance, and shipping to the British capitalists.\textsuperscript{46} Chuleeporn reveals that in Penang, during the inter-war period, alongside the structural shifting of economic power oscillating between the British and the Chinese, was the differentiation within the Chinese business community itself: the decline of the old established Chinese elite - mainly the revenue farmers and Straits Chinese - and the rise of new elite, a class of \textit{nouveau riche} based on the rubber economy, having little or no connection with the old elite.\textsuperscript{47} In his study of Java and Sumatra, Twang Peck Yang reveals that the structural decline of the old-established \textit{peranakan} Chinese elite and the emergence of new \textit{totok} Chinese economic power which were set in motion by the grand political structural forces, the impact of the Japanese Occupation, and the subsequent Indonesian Revolution. The Japanese Occupation was the catalyst which displaced the socio-political bases of the pro-colonial \textit{peranakan} Chinese business elite, and subsequently destroyed their business infrastructure and networks, allowing the \textit{totok} Chinese to seize their chance and to play an important role in the wartime economy. The changing landscape of the Chinese business community was altered even more drastically in the Indonesian Revolution by the emergent alliance between the new \textit{totok} Chinese elite and the Indonesian revolutionary power-holders, both of whom benefited greatly from the collusive smuggling, a major form of trade during the military conflict which they engaged.\textsuperscript{48}

Bearing these structural forces and structural changes in mind and recalling the foregoing discussions in previous chapters (4 and 6) a better understanding emerges of the dynamics of the rise and decline of the Chinese family business. Now it is time to turn to the rise and decline of the Chinese business elite.

**The Decline of Lim Leng Cheak Family 1918-1927**

Although here the spotlight is on the dramatic decade 1918-1927, it is necessary to revise some of the history touched on earlier. The founding father, Lim Leng Cheak, died in 1901, and after his demise the family business continued to expand in the 1900s, at least superficially (Chapter 4, Part 4). Under the terms of the will of Lim Leng Cheak dated 30 March 1900, the estate was divided into twenty shares. His widow, Tan Say Seang, was to


\textsuperscript{47} Chuleeporn Pongsupath, *The Mercantile Community of Penang and the Changing Pattern of Trade, 1890-1941*. PhD dissertation, University of London, 1990; For a study of one specific Chinese group, see Diana Ooi, 1967.

receive 8/20 and the four sons 3/20 each.\textsuperscript{49} The four daughters were provided with money legacies of $30,000 each.\textsuperscript{50} The fourth son, Lim Eow Teng, died on 4 July 1916, and although he had been married he left no issue.\textsuperscript{51} After his death, the shares were divided into seventeen shares instead of twenty, and distributed among the widow Tan Say Seang and the three sons Lim Eow Hong, Lim Eow Thoon, and Lim Eow Hooi. The will stated that its provisions should come into effect only when the youngest son had attained the age of twenty-one. The residuary estate under the will was due for distribution in February 1922. The widow Tan Say Seang, the eldest son Lim Eow Hong, the eldest son-in-law Goh Boon Keng and the deceased’s brother Lim Phee Cheak were appointed his executors and trustees, and all of them in due course executed the said will. During their lifetime Goh Boon Keng and Lim Phee Cheak took no active part in the administration of the will.\textsuperscript{52} As the widow, Tan Say Seang, was illiterate and was said to be incompetent, while the other sons were minors,\textsuperscript{53} she appointed Lim Eow Hong to manage the estate on her behalf during the period prior to 1918.

It should be pointed out that the family business’s difficulties and disputes coincided with the abrogation of the revenue farming system by the state of Kedah in 1910, and it was also badly hit by the general trade slump after the First World War (Chapter 6, Part 3). The family business in fact had found itself in financial hot water since at least 1913, which led the matriarch, Tan Say Seang, to lose confidence in the management of her eldest son Lim Eow Hong. As their executive manager, it was said that Lim Eow Hong had been playing "ducks and drakes" with the estate, and also had been misappropriating certain estate property, to say nothing about overdrawing his share.\textsuperscript{54} Up to the year 1918, it was estimated that from time to time Lim Eow Hong had overdrawn sums on the estate amounting to between $300,000 and $500,000, a sum in excess of his 3/17 shares. Even Lim Eow Hong himself admitted that he had drawn $300,000.\textsuperscript{55} Another element that caused financial difficulties for the family business was alleged to be related to Lim Eow Hong’s personality and human failings. In Penang, there is still a popular view that Lim Eow Hong was so addicted to gambling that he

\textsuperscript{49} PGSC. 9 November 1925.
\textsuperscript{50} SE, 16 September 1927. It was said that $5,000 instead of $30,000 to each of his four daughters, see SE, 10 November 1926.
\textsuperscript{51} SE, 16 September 1927.
\textsuperscript{52} SE, 10 November 1926. In May 1906, a marriage took place between Cheah Tat Jin, second son of Cheah Chen Ek, and Lim Kwai Guan, a daughter of Lim Leng Cheak and another of his secondary wives (NOT Tan Say Seang). On behalf of his deceased brother, Lim Phee Cheak gave a dinner to celebrate the occasion. Lim Phee Cheak died on 29 May 1918, leaving behind only one son, Lim Chan Soo, and one daughter, and many grandchildren. See SE, 11 May 1906 & 30 May 1918.
\textsuperscript{53} For example, the second son, Lim Eow Thoon, was only fifteen years old (born in 1886) when Lim Leng Cheak died in 1901. On 4 March 1904, Lim Eow Thoon married Goh Ewe Keong. The marriage celebration involved the names of his elder brother Lim Eow Hong and brother-in-law, Goh Boon Keng. See SE, 5 March 1904.
\textsuperscript{54} SE, 16 September 1927.
\textsuperscript{55} PGSC. 9 November 1925; SE, 10 November 1926.
lost a steamer overnight.\textsuperscript{56} Under these circumstances, at the invitation of his mother Tan Say Seang, the second son, Lim Eow Thoon, returned to Penang to join the Chop Chit Lee, the managing firm of the estate. Lim Eow Thoon had been engaged in the rice business in Kuala Lumpur and had happened to fail in business just at the crucial moment. Lim Eow Thoon moved back to Penang as a "watch-dog" to keep an eye on his elder brother, Lim Eow Hong. Therefore from 1918 the management was effectively taken over by Lim Eow Thoon on a salary of $600 a month (for some time $1,200). Although Lim Eow Hong still remained as trustee and initially had been the only one empowered to sign cheques and other documents, that authority had since been revoked.\textsuperscript{57}

Owing to the slump in prices of rubber and tapioca in 1920, many businessmen found themselves short of the money they needed to carry on their businesses. Their troubles were exacerbated because the financial market was very tight. Indian money lenders, the Chetties, were calling for repayment of their loans. Forced into a tight corner, a great many Chinese businessmen, including prominent towkays such as Lim Boon Haw, Lim Cheng Teik, and Lim Thean Kee, had turned to the state council for financial assistance.\textsuperscript{58} Lim Eow Hong’s loan application was far $400,000, but this was refused by the state council on the advice of the British advisor, a decision which was later confirmed by the High Commissioner.\textsuperscript{59} To cover the money needed for the estate maintenance and drawings against the estate by the beneficiaries, the sum of $90,000 was raised from T.S. Saminathan Chetty by taking out two mortgages for $40,000 and $50,000. Both two mortgages were on the Kulim Rubber Estate registered under the name of Lim Eow Hong.\textsuperscript{60} Despite these contingencies, the business continued to flounder because everybody in fact had been drawing a great amount of money from the estate (see Table 7.2). For example, the third son, Lim Eow Hooi, was employed in the office of the family estate in 1913-1918, as cashier, book-keeper, and accountant. During his employment, Lim Eow Hooi many times freely drew money from the estate, until the sum accrued to $222,462 (for details see Table 7.3):

The estate of Lim Leng Cheak was due for distribution in February 1922 as mentioned earlier, just at a point when the business which was its fulcrum. There was notice given by Lim Eow Hooi through Messrs. Presgrave and Matthews urging that the estate be wound up. Lim Seng Hooi, a leading figure in the Hokkien community and vice-president of the Lim Kongsi, was

\textsuperscript{56} Information from the local historians in Penang, such as Tan Kim Hong and Teoh Shiao Kuan. However, Lim Eow Hong denied that his interests in horse-racing had anything to do with his bankruptcy during his examination related to a smuggling case in 1938. See \textit{SE}, 7 April 1938.

\textsuperscript{57} \textit{PGSC}, 9 November 1925; \textit{SE}, 9 November 1925, 10 November 1926 and 16 September 1927.

\textsuperscript{58} See, for example, SUK/K38/1339, 471/1339, 835/1339, 955/1339, 958/1339, 1036/1339, 1060/1339, 1061/1339. The whole question of granting loans was brought before the state council. Under instructions from the British advisor, nothing could be done about the individual applications till the general policy was decided by the council. The British advisor wrote to Singapore for instructions. He was informed not to grant these loans, although there was no difficulty in finding the money for them from the treasury.

\textsuperscript{59} SUK/K 955/1339, Lim Eow Hong, Penang: Applies for a loan of $400,000; HCO 1983/1920, Kedah: Applications by rich Chinese owners of large tapioca and rubber estates for large loans.

\textsuperscript{60} \textit{SE}, 10 November & 19 1926.
Table 7.2: List of Sums of Money Drawn by Family Trustees To 1924

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount ($)</th>
<th>Sahreholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Say Seang</td>
<td>200,000</td>
<td>8/17</td>
</tr>
<tr>
<td>Lim Eow Hong</td>
<td>300,000-500,000</td>
<td>3/17</td>
</tr>
<tr>
<td>Lim Eow Thoon</td>
<td>500,000</td>
<td>3/17</td>
</tr>
<tr>
<td>Lim Eow Hooi</td>
<td>170,000-200,000 or more</td>
<td>3/17</td>
</tr>
</tbody>
</table>

Table 7.3: List of Sums of Money Drawn by Lim Eow Hooi 1913-1924

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Till to 1918</td>
<td>67,000</td>
</tr>
<tr>
<td>1919</td>
<td>81,000</td>
</tr>
<tr>
<td>1920</td>
<td>194,000</td>
</tr>
<tr>
<td>1921</td>
<td>203,794</td>
</tr>
<tr>
<td>1922</td>
<td>205,644</td>
</tr>
<tr>
<td>1923</td>
<td>208,000</td>
</tr>
<tr>
<td>1924</td>
<td>222,462</td>
</tr>
</tbody>
</table>

subsequently called in for advice. His opinion was that owing to the general slump, any sale then would have meant the virtual sacrifice of the estate on the altar of necessity. Seeing the sense of this, it was agreed by all beneficiaries to postpone the sale and distribution of the estate. It was just at this critical moment that one new development which was to prove critical for the family business appeared on the horizon. According to his own evidence, around 1922, Lim Eow Hong was running a rubber business, of which he was the sole proprietor, under the Chop Lam Chuan. Two years later Lim Eow Hong lost money on account of the slump which was particularly bad in the rubber industry. On 26 February 1924, Lim Eow Hong was served adjudication orders, which were rescinded and annulled on 29 February 1924 on the application of the petitioning creditor. It was hoped that it would benefit the general body of creditors if the bankrupt were allowed to carry on business. However, on 11 July 1924, Lim Eow Hong was declared bankrupt and hopelessly insolvent.

61 SE, 19 November 1926.

62 SE, 19 September 1927. Out of the total amount, four items-$7,333, $100,000, $14,600 and $67,488 had been transferred to the mother’s account. These transfers were actually made in July 1925.

63 SE, 16 September 1927.

64 SE, 10 November 1926.

65 SE, 7 April 1938.
On 18 September 1924, the assistant official assignee moved the court for an order thatLim Eow Hong be sentenced for a term of imprisonment.  

When Lim Eow Hong was declared bankrupt, the family joined forces to save the estate. An order of the Supreme Court Penang, made in suit 1924 No.545, directed that the real estate of Lim Leng Cheak should be sold. But Tan Say Seang assigned the whole amount of her shares for their present value to Lim Eow Thoon on 25 June 1925. Moreover, on 20 July 1925, Lim Eow Hooi also assigned the whole of his share in the estate for their current value to Lim Eow Thoon. So, in 1925 a lawsuit was instituted in the supreme court, in which the mother, Tan Say Seang, the brothers, Lim Eow Thoon and Lim Eow Hooi, were the plaintiffs and Lim Eow Hong was the defendant. Their claim was for a declaration that Lim Eow Thoon was now the sole owner of the estate which should be transferred lock, stock, and barrel to him, that the defendant be discharged from being a trustee, and an injunction be brought to restrain him from interfering in the business, and other such measures. Down but apparently not out, Lim Eow Hong replied with a counter-claim. This case did not come to court but, with the approval of the court, was referred to the arbitration of Messrs. Lim Boon Haw and Lim Seng Hooi, the president and vice-president of the Lim Kongsi respectively. A settlement was reached in November 1926. Lim Eow Thoon was to return to his mother for the cancellation of the deed by which she transferred her share to him. And Lim Eow Thoon had offered to accept $450,000 as his share from the estate. Under the above arrangement, the cancellation of the assignment and Lim Eow Thoon’s retirement from the estate would take place as a matter of course. This move left the sole ownership to the mother, Tan Say Seang. Although the matter seemed settled, less than a year later, in September 1927, the Lim Leng Cheak family was in court again. This time, it was the brother

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66 Straits Settlements: Annual Report of the Bankruptcy Department for the year 1924, p.31, 33. The description was as follows: Re Lum Chuan & Co. (Proprietor Lim Eow Hong) (No.31 of 1924)-
* Liabilities expected........ $578,376.06
* Assets Estimated............ $34,161.65
* Amount Realized............ $1,912.53.

67 SE, 10 & 19 November 1926.

68 SE, 9 November 1925.

69 On behalf of Lim Eow Hong, the solicitor G.E. Wright-Motion moved to the court to consider the following: (1) The appointment of Edward Henry Bulford and John Gordon Brown (carrying on business in co-partnership as Messrs.A.A. Anthony & Co.) as receivers and managers for the estate of Lim Leng Cheak deceased; (2) An injunction restraining the plaintiff, Tan Say Seang, by herself, her attorney, or agent from in any way acting as executrix or trustee under the will of the said Lim Leng Cheak deceased and from interfering in the management of the testator’s estate; (3) An injunction restraining the plaintiff, Lim Eow Thoon, by himself, his servant, or agents from in any way managing or interfering in the management of or intermeddling with the estate of the said Lim Leng Cheak deceased; (4) An order that the plaintiffs, Tan Say Seang and Lim Eow Thoon, do forthwith hand over to the receivers and managers all the deeds, account books, documents, and all other papers and cash at the bank and in hand and all other effects belonging to the estate of the said Lim Leng Cheak deceased in their or either of their possession, custody or power. See PGSC, 9 November 1925; SE, 13 November 1925.

70 SE, 17 November 1926; PGSC, 18 November 1926.

71 For the details of arbitration, see SE, 19 November 1926.
Lim Eow Hooi who was at loggerheads with Lim Eow Thoon. As mentioned before, Lim Eow Thoon had purchased Lim Eow Hooi’s liability and gave him an extra $25,000 for the latter’s share in the estate. But it since then had come to Lim Eow Hooi’s knowledge that his share was worth a great deal more. The smouldering seeds of discontent burst out into another family dispute. The family’s history and its internecine disputes suggest that kinship as an approach to the Chinese business success must be viewed under the changing process of relationships within a long-term historical perspective.

The Rise of the Lim Boon Haw Family 1919-1928

The decline of Lim Leng Cheak family coincided with the rise of Lim Boon Haw. Like the Lim Leng Cheak and the Choong Cheng Kean families, Kedah had been the main base for Lim Boon Haw’s career, although he had spent all of his life in Southeast Asia either in Sumatra or in southern Siam, and was domiciled in Penang. Lim Boon Haw was a singkeh Chinese. He emigrated from South China to Sumatra and then moved again arriving in Penang in May 1883, where he became a naturalized British subject fourteen years later. He was born in the village of Anqi County, Fukien Province, on 6 December, 1864, and died on 8 January, 1933 (for Genealogical Tree, see Appendices Figure 5).

Lim Boon Haw’s business was run under the Chop Sin Ban Guan at 73 Beach Street, Penang. The business involved revenue farming, tin mining, planting, and trading. It was also essentially a family concern run in partnership with his brother, Lim Boon Aw, and managed by his adopted son, Lim Seng Tiew. They had three branches named Ban Hin Guan (Tongkah, Siam), Ban Guan Soon (Teluk Anson, Perak), and Ban Seng Guan (Kulim, Kedah). Prior to mid-1910s, the tin mining and the revenue farming were probably his main business interests. His Ban Guan Hin Tin Mine in Tongkah was said to be the largest of its kind in that area of Siamese territory. His involvement in revenue farming could be seen in his tender for the gambling farm in Alor Star in 1916, although in this instance his tender was not accepted. Among the eight tenderers was Lim Boon Haw, the others being Sim Yu Lam, Lim Thean Kee, Oo Hye Poh, Bonh Ah Sim, Chong Ah Yu, Lim Eow Hong, and Ho Kim Teik. The highest tender for $14,600 per annum was from Sin Yu Lam in Penang, but he later gave it up.

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72 For details, see SE, 15/9/1927, 16/9/1927, 17/9/1927, 19/9/1927.

73 SE, 9 January 1933. It is inaccurately stated that he died in 1934 in The Historical Personalities of Penang, 1986, p.93.

74 Singapore and Straits Directory 1913-1914.

75 The Historical Personalities of Penang, 1986, p.93.

76 CO 273/446, The Minutes of Kedah State Council, 10 and 13 Syakban 1334 (12 and 15 June 1916).
"Quiet, unassuming and kind by nature he was very liked by his wide circle of friends who held him in the highest esteem," was the SE’s description of Lim Boon Haw. It is clear that Lim Boon Haw was well connected with the other members of the Penang business community. Evidence for this can be derived from his partnership with some influential Penang Chinese leaders such as Heah Swee Lee, Lim Seng Hooi, and Lim Soon Poe. They carried on a joint business as Licensed Auctioneers and Rubber Dealers at No. 27, Beach Street, Penang under the style of "the Eastern Produce Exchange" till October 1918, when the partnership was dissolved and purchased by R. J. Kirke of Penang. While his rubber estates and house properties in the newly-emerging but important town of Sungei Patani in Kedah consolidated his position in the Chinese business community, his rise to prominence was related to several events which occurred in 1919. The first was the rice shortage in May of that year, which saw him perform charitable work by buying up highly priced Siamese and Burmese rice and distributing it to the poor either free or at a much reduced price. The second could be measured by his leading position in the Penang socio-business community. He was the president of the famous "Lim Kongsi", trustee of the Penang Chinese Chamber of Commerce, the Penang Chinese Town Hall, and the An Koi (Anqi) Association. His career continued through the 1920s. Unfortunately, owing to a lack of sources, it is impossible to reconstruct his business activities during this period. However, some of these activities may be adduced from the court records on his bankruptcy in the early 1930s (see Chapter 8, Part 1).

Table 7.4: Lim Boon Haw’s Position In Penang Community

<table>
<thead>
<tr>
<th>Organizations</th>
<th>Position</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Criterion Press</td>
<td>Director</td>
<td>1919-?</td>
</tr>
<tr>
<td>Lim Kongsi</td>
<td>President</td>
<td>Till his death in 1933</td>
</tr>
<tr>
<td>An Koi(qi) Association</td>
<td>President</td>
<td>1919-1933 (?)</td>
</tr>
<tr>
<td>The Chinese Chamber of Commerce</td>
<td>Trustee</td>
<td>1913-1929</td>
</tr>
<tr>
<td>The Chinese Town Hall</td>
<td>Trustee</td>
<td>?</td>
</tr>
</tbody>
</table>

77 SE, 9 January 1933.
78 PGSC, 14 November 1918.
4 The Rice Milling Business 1919-1928

So far the changing landscape of regional politics and economy in general and of the Chinese business community in particular have been presented. Following the same path, it is possible to see how these changes were manifested in the sector of the rice milling business. Compared to the situation in the period 1909-1918 (Chapter 6, Part 4), this later period in the history of the Chinese rice milling community and its interactions with the state had reached another important stage: change in organization, membership, and networks, the change of status from the Rice Combine to the Central Milling Agency, the subsequent withdrawal of several old-established Penang families, the continual economic showdowns with the Penang and Kedah governments, and a new challenge launched by from the Kedah Chinese milling community.

The Development of the Rice Milling Industry

There were three types of milling networks in competition with each other in the 1920s, which illustrates the complicated mixed relations between the state and the region, as well as between the state and the rice milling community. They were the Central Milling Agency, the Kedah local mills, and the government mills. The Central Milling Agency was the Penang Chinese controlling ring. The government mills were designed to compete with those of the Chinese. The picture was far from cut and dried and between the Penang Chinese controlling mills and the Kedah Chinese mills, there was a whole complex of overlapping relationships of competition and co-operation.

(1) The Central Milling Agency: This was a continued form of the Chinese monopoly in the regional milling and trading networks. In 1918, the partnership agreement of the Rice Combine terminated and the partners then carried on their businesses independently until 1919. In January 1919, the Rice Milling Combine was reformed. In September 1919, the partners entered into a supplementary agreement and changed the name to the Central Milling Agency with a capital of $1,650,000 and in control of seven mills (see Table 7.5). Compared to the previous Rice Milling Combine, the administration of the Central Milling Agency was subject to a radical change. One former key member, Lim Eow Thoon, was no longer a partner. Another important member, Lim Cheng Teik, resigned in 1919 to take up the management of the government mill at Bagan Serai, Perak, because of the parlous situation.

79 Besides, there were the traditional domestic mills run by native Malays and the small milling units run by the estates themselves. For domestic consumption, the native Malays used two types of mechanical contrivance in milling their paddy: the commoner type "lesong" and second type "kisaran". In the common type, the paddy was pounded in an enclosed space, while in the second type the husks were split by friction between revolving surfaces. Of the commoner type, there were three forms of "lesong", known as the "lesong tangan", the "lesong kaki", and the "lesong ayer" according to whether hand or foot or water power was used respectively.

As for the small milling units used by the estates, in the 1920s they emerged and were encouraged by the government when imported rice was difficult to get and prices were higher. This was a supplement to the commercial mills, but functioned irregularly. They were forced to close down so long as the cheap imported rice tended to make local estate milling unremunerative. For details, see H.W. Jack’s articles in Malayan Agricultural Journal, Vol.X, Feb. 1922, No.2, pp.43-46; Vol.XI, May, 1923, No.5, pp.103-119; Vol.XI, June 1923, No.6, pp.139-169; July, August & September 1923, Nos. 7,8, &9, pp.168-212; Vol.XII, January 1924, No.1, pp.22-25; Vol.XXI, December 1933, No.12, pp.667-673.

80 SE, 20 & 21 November 1922, the evidence by Chuah Kee Ee, General Manager, Central Milling Agency.
in the wake of the mill fire. The Choong brothers, Lye Hock and Lye Hin, began to assume an important role in the milling ring, although there were other new members such as Cheng Law & Co.. The Central Milling Agency continued to function until 1925, after which it ceased to be registered in the Singapore & Malayan Directory.\(^{81}\) In fact, in 1923 Lim Cheng Law had dropped out of the board of directors. His mill, Cheng Law & Co., disappeared from the registration in the directory in 1925.\(^{82}\) This might be related to the fact that most mills in Penang had to be closed owing to a lack of supply during the first half of 1926.\(^{83}\)

(2) The development of the Kedah milling industry: This was the first period of the enormous growth in the Kedah rice milling industry following the cancellation of the mill monopoly, which was the fruit of the government’s policy of encouraging the emergence of small-scale rice mills and the general socio-economic transformation. Since 1915 there had been an enormous increase in the number of rice mills in Malaya in general and in Kedah in particular.\(^{84}\) In 1919, there were three large steam-powered mills in Kedah, two at Alor Star, and one at Kuala Muda. They were the Ban Hin Mill, the Kubang Rotan Mill, and the Joo Hin Mill. The two large mills, Ban Hin and Kubang Rotan, supplied roughly 80% of all the milled rice in Kedah.\(^{85}\) Taking the food control years 1919-1921, the most conspicuous growth was the development of the hand mills and rice trading shops (see Table 7.6). In those three years, hand mills increased by 36.8%, from 125 to 171; the wholesale licensed shops increased three and half times (357.14%), from seven to thirty-two; the retail licensed shops increased by 10.38%.

(3) The government mills: To break up the Chinese Rice Combine, the British colonial authorities attempted to establish government mills. After long preparations, these efforts came to fruition in the paddy-producing district of Krian, Perak in 1919. Two mills were built: one at Bagan Serai and the other at Kuala Kurau. The Bagan Serai Mill was an undertaking constructed from the ground up by the government, while the Kuala Kurau Mill was formerly owned and worked by Chinese. As from 1 September 1924, the Kuala Kurau Mill was taken

\(^{81}\) Chuleeporn Pongsupath states that it ceased to operate before 1930; while Raj Brown mentions that it collapsed in the early 1930s. See Chuleeporn Pongsupath, 1990, p.220; Raj Brown, 1994, p.130.

\(^{82}\) The Singapore & Malaya Directory, issues 1920-1930. Another relevant development in 1925 was the bankruptcy of Madame Saw Imm (Mrs. Lim Cheng Law), who was a dealer in jewellery and precious stones. A warrant was issued on 12 October 1925, for the arrest of the bankrupt. The bankrupt was released on signing a bond for $1,000 in one surety. Proofs were lodged $46,372.66. See Straits Settlements: Annual Report of the Bankruptcy Department for the Year 1925.

\(^{83}\) SUK/K 2492/1344, Letter from the Chew Hang Bee to British Adviser Kedah, 8 June 1926; available also in Chuleeporn Pongsupath, 1990:p.219.

\(^{84}\) See Penang rice miller Lim Cheng Law’s article (L.C.L), "Rice Milling in Malaya", in PGSC, centenary number 1833-1933.

\(^{85}\) SUK/K 930/1339, Paddy Harvest 1339.
over by the government, but after 1926, this same mill had to be closed down because of lack of paddy supply. 86

The relationship between the Kedah Chinese milling community and the Penang Chinese milling community was paradoxical, both overlapping and conflicting with each other. The Kedah Chinese mills had formed one of the important chains of the Penang Chinese regional milling and trading networks. The Penang controlling milling community depended on Kedah state and Kedah Chinese agents for the paddy supplies, while, conversely the Kedah state and the Kedah Chinese milling community also could not do without the Penang Chinese milling and trading networks. By the expedients of holding the rice export duty farm, by establishing a branch mill, by advancing their agents, the Penang controlling milling community had maintained a very close connection with Kedah Chinese milling community. 87 Even "the Rice Millers and Paddy Dealers Association" (founded in 1931) in Kedah had some connection, albeit more tenuous, with the Penang controlling millers. 88 Out of these overlapping networks inevitably emerged competitive interactions between the Kedah milling Chinese community and the Penang Chinese milling community who were after all involved in business. This was especially conspicuous in the case of the small mills, which were so numerous that they proved to be beyond the control of the Penang milling community. But it was not restricted to this myriad. It was also palpable in the large and medium-sized mills in Kedah, whose interests were not always identical with those of the Penang milling community, whose competitive voice will be heard in the subsequent section of this chapter. The whole rice mill scenario also suggests that an independent Kedah Chinese community of Penang network had started to take shape. This trend coincided with the fact that the Penang Chinese were gradually dropping out of direct involvement in Kedah state politics and Chinese community politics after the 1910s. It also fell within the time frame of the first growth period in the Kedah milling industry starting from 1915, a venture which was encouraged by Kedah government policy as an important attempt to break up the rice combine and protect its own state interests.

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87 For example, Lim Leng Cheak had the mill monopoly in Kedah for about thirty years. Phuah Hin Leong had secured the Kedah Rice Export Farm for many terms. Choong Cheng Kean had a paddy shop named "Ban Heng Bee" since the very early times of exploitation (probably in the late 1890s or earlier), and later developed it into the leading mill in Kedah. SUK/K 2429/1344, Application for export of paddy; SUK/K 1169/1349, Stocks of paddy in Kedah.

88 Its office was located at the Ban Heng Bee Rice Mill, Alor Star, belonging to the brothers Choong Lye Hock and Choong Lye Hin of Penang. The manager of the Ban Heng Bee, Oh Boon Soo, was its treasurer. And some committee members were closely related to the Choong family. For instance, Choong Kong Hooi (died 1996), manager of Thean Seng Rice Mill, was the vice-president of the Choong Kongsi while Choong Lye Hock was its president. SUK/K 2544/1350, Registration of the Rice Millers and Paddy Dealers Association, 21 December 1931.
Table 7.5: Mills Controlled By Central Milling Agency 1920

<table>
<thead>
<tr>
<th>Mill</th>
<th>Owner</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ban Hock Bee</td>
<td>Choong Lye Hock</td>
<td>Penang</td>
</tr>
<tr>
<td>Cheng Law &amp; Co.</td>
<td>Lim Cheng Law</td>
<td>Penang</td>
</tr>
<tr>
<td>Ban Hin Bee</td>
<td>Choong Lye Hin</td>
<td>Penang</td>
</tr>
<tr>
<td>Ban Hin</td>
<td></td>
<td>Alor Star/Kedah</td>
</tr>
<tr>
<td>Kong Foh</td>
<td></td>
<td>Kala Kurau/Perak</td>
</tr>
<tr>
<td>Kwang Hang</td>
<td>Tan Lo Heong&lt;sup&gt;89&lt;/sup&gt;</td>
<td>Parit Bundar/Perak</td>
</tr>
<tr>
<td>Kong Mee</td>
<td></td>
<td>Prai/P. Wellesley</td>
</tr>
</tbody>
</table>


Table 7.6: Rice Milling and Trading Number in Kedah 1919-1921

<table>
<thead>
<tr>
<th>Item</th>
<th>Steam Mill</th>
<th>Hand Mill</th>
<th>Wholesale</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>3</td>
<td>125</td>
<td>7</td>
<td>106</td>
</tr>
<tr>
<td>1920</td>
<td>3</td>
<td>165</td>
<td>19</td>
<td>113</td>
</tr>
<tr>
<td>1921</td>
<td>3</td>
<td>171</td>
<td>32</td>
<td>117</td>
</tr>
</tbody>
</table>


State and Chinese Millers

The interaction between the state and the Chinese millers reflected the interplay between control and anti-control in general. One irreconcilable problem was the issue of price control. As business was business, the Chinese millers tried to boost the price of rice and depress the price of paddy. This was exactly the opposite of what the state set out to achieve, it felt honour-bound to depress the price of rice and boost the price of paddy. If either contender was to achieve its respective aims, a long-term showdown of control and anti-control was obviously on the cards, be that sooner or later. Taking the common sense view, the Chinese millers organized themselves as regional milling networks to co-ordinate the milling and trading market, and to reduce competition and maximize the profit. Determined to compete with the Chinese millers, the state carried out a series of measures such as establishing the

<sup>89</sup> Tan Lo Heong, Teochew, was born on 19 May 1881 in Province Wellesley and died on 22 August 1936. In 1899 he started planting rubber and then embarked on a mining career in 1923. The Kwang Hang Rice Mill was founded by him and later bought by the F.M.S. government. He was the vice-president of the Teochew Kongsi. See SE, 4 September 1936.
government mills, encouraging the internal Chinese competition, setting up a credit society for the Malay peasantry, and initiating the co-operative movement.

In British Malaya, the government policy on the paddy cultivation, on the whole, was determined by two main interrelated factors: the availability of cheap rice on the international market, juxtaposed against the continued prosperity of the rubber and tin mining economy. Once this situation could be maintained, any criticism of the government’s pre-war food policy would be pointless. There were two schools of thought on the subject of rice production in colonial times. One held that rice production should be encouraged by all possible means so as to reduce dependence on outside sources of supply. The other maintained that agricultural prosperity had been built on a foundation of exports of the rubber and tin export, and that in view of the cheap cost on the international rice market, large-scale efforts and expenditure could possibly lead to a loss of prosperity. The government policy prior to 1930, generally espoused the latter view.

The elements which influenced the price of rice and paddy in Kedah and Penang were subject to the fluctuations of the international rubber and tin markets in general and the rice market in particular. The situation was also greatly influenced by the natural and political conditions including the weather, pests, cattle disease, and war. In theory, prices eventually depended on the changing relationship of production and consumption, or supply and demand. From the point of view of economic theory this was true, but real life is not like that and as the demand or consumption in Malaya was guaranteed and instant, the price of paddy therefore was subject mainly to the one-sided change in the production and supply market. Basically, under the normal circumstances, the price of paddy depended on two main factors: one was the cost of the rice imported into Malaya; the other was the abundance of local crops which influenced the supplies of paddy to the mills in Kedah and Penang. Hence, central to the issue of the price and export duty was the interaction between the state and the Chinese millers. This had been subject to the interchanges between the government’s administrative and political intervention on the one hand, and the competition and free play of the market force on the other, with each influencing the other.

Taking into account both the free market forces and the government’s political aims, the government rice milling policy had two targets: one had to do with the Penang Rice Combine; the other with the Chinese rice millers in general. For the sake of the former, the Kedah government cultivated the internal Chinese competition by encouraging the Kedah Chinese milling industry. In the competition with the Penang Chinese community, it attempted to play the Kedah Chinese as a pawn in a pattern of strategy. This was a continuation of the sultan’s strategy in his dealings with the rival Penang Chinese Lim Leng Cheak, and Kedah Chinese, Choong Cheng Kean, discussed at some length in earlier chapters. And when the Penang Rice Combine was set up, the Kedah government also attempted to approach the Kedah Chinese towkay, Lim Thean Kee, to compete with them for financial support from the government (see Chapter 5, Part 3). However, when it came to dealing with the Malay paddy farmers, the government found it had inherited conflicting interests, which is best seen in its policy on the

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issue of the export duty. The different and changing rates of the export duty on paddy and rice are the best reflection of this. These reveal more clearly than anything else the different interests between the Kedah Chinese millers and the Penang Chinese millers and the changing government policy and strategy towards the rice millers in response to the changing situations. With the expiry of the rice and paddy farm at the end of 1918 (see Chapter 5, Part 3), the government decided to do away with this system and to collect the export duty itself. Seizing the opportunity for a spring clean, the government also abolished the system of collecting by measure and introduced a system of collecting by weight. The duty was increased with the ratio of rice 2 1/2 : paddy 1. During the food control period in 1919-1921, it was decided that no paddy might be allowed to be exported without special permission from the state council. Even this was actively discouraged, as a duty of 100% would be charged if such special permission was obtained.\textsuperscript{91} When food control was lifted in 1921, the old 1919 rate was resumed. The rate was 20 cents per picul on paddy and 50 cents per picul on rice. The difference in paddy and rice duty constituted a serious setback to the Kedah rice millers in their competition with the millers in the SS and the FMS. Responding to the petition of the Kedah rice millers in March 1923, determined to encourage the milling industry in Kedah, the government approved of a reduction of duty by 10 cents, lowering the rate from 50 cents to 40 cents.\textsuperscript{92} When the Kedah rice millers had repeatedly petitioned to reduce the export duty for the same reason in 1924, the government refused their claims putting forward the argument that its duty rate was "substantially fair".\textsuperscript{93} The maintenance of a higher duty on rice rather than on paddy continued to place Kedah rice millers at a disadvantage when they tried to compete with outside millers on the equal terms. In 1927, the Kedah rice millers again petitioned Tunku Ibrahim, regent of Kedah, to reduce the rice export duty. At current rate, it was estimated that the export duty for 100 picul of paddy was $20.00, while the total export duty on rice and the by-products from 100 picul of paddy amounted to $29.22. This suggests that the rice millers in Kedah were paying about $10 more to export rice and by-products manufactured from 100 picul of paddy than to export paddy itself for milling by millers outside Kedah. But, after consulting with the Perak government mills, the state council still did not change its policy.\textsuperscript{94}

Summary

This chapter has contained an examination of two sets of developments. One theme follows the legal conflict at the macro-level between the British and the Malays, and, at the micro-level, the same contest is followed by going into the intestacy case of Chong Sin Yew. The micro-level conflict was set within a wider background of the macro-level case study, while the latter has provided a solid empirical foundation for a better understanding of the macro-level power struggle. The other set of developments includes the rise and decline of the

\textsuperscript{91} SUK/K 1388/1338, The Minutes of Kedah State Council Meetings, 13 Jamadilakhir 1338 (4 March 1920).
\textsuperscript{92} SUK/K 1732/1341, Rice Millers in Kedah ask that the export duty on rice be reduced, 19 March 1923.
\textsuperscript{93} SUK/K 21/1343, Rice Millers in Kedah: Reduction of the Export Duty on Rice, 4 & 9 August, 29 October, 25 November 1924.
\textsuperscript{94} SUK/K 535/1346, Kedah Rice Mills, Alor Star: Regarding Rate of Export Duty on Paddy & Rice, 15 August 1927.
Chinese business community and their new field of economic competition in the case of rice milling networks. These two sets of developments formed the topics of agenda in the Kedah political and socio-economic arenas in the period 1919-28. What is relevant to the discussion in this thesis of the state, the region, ethnicity, and the business networks is that the colonial and ethnic hegemonic struggle moved from the political frontlines to the legal arena.