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

After a long detour through the highways and byways of this topic, in this concluding part, I believe readers will expect me to explore and clarify two general points one by one. Firstly, building on the basis on detailed findings, what insights can be generalized which will help to present a cohesive and clear-cut picture? Secondly, what were the driving forces in shaping and explaining the historical dynamics of Chinese business networks in the region c. 1882-1941?

I simplify my discussions by emphasizing three structural features: multi-ethnic and cross-state interaction, Chinese family business networks, and the Southeast Asian transformation. I shall show how these three points are related to each other. Linking up again with the larger issues raised in the introduction, I shall formulate my presentations in three parts: (1) ethnicity and region; (2) Chinese family business networks; and (3) immigrant economy and Southeast Asian transformation.

1 Ethnicity and Region

In an effort towards rewriting Southeast Asian history, if the approach of ethnicity and region takes into account the most dynamic feature of multi-ethnic and cross-state interaction, now it is time to consider how that interaction actually functioned.

This study confirms that the rewriting of Southeast Asian history should consider not only the transitory Europeans and the permanent local inhabitants, it should also recognize the important role of the immigrants, Chinese and Indians, as well. Each element was an integral part of ONE multi-ethnic interaction, without which our view of Southeast Asian history would be unbalanced and incomplete. In the case discussed in this thesis, the Chinese moved into Kedah and there they played a fundamental role in conjunction with the Europeans and the Malays, giving specific form to the Southeast Asian economic transformation and the building of the colonial state. As the region was incorporated into imperial political systems and a global economy, the Chinese in Kedah, like many others in Southeast Asia, were themselves transformed by the crucial role they played. The specific roles, niches, strategies, and solutions which emerged during that time did much to shape not only the new state and economy, but also ethnic identity.

As changing interaction between region and ethnicity was influenced by changing political and socio-economic situations, two profiles of multi-ethnic interaction are presented here to elucidate this point.

(1) The first phase, 1882-1909

During this period, Chinese economic activities were dominant in the local and regional landscape, forming a most important locus of multi-ethnic and cross-state interaction. In this interaction, British, Malays, and Chinese all needed and used each other. Alliances were frequently changing, strategically and opportunistically.
The British had a powerful empire, but at the local colonial level, this empire was understaffed. To expand their colonial interests, it was essential they have free and privileged access to the trade and commerce in the western Siamese Malay states, to the exclusion of other third powers. They needed Chinese capital, trading networks, and labour to promote British commercial and industrial interests in the region, and to secure revenue for the maintenance of government and society. Socio-political stability and order was an absolute requisite to guarantee this economic development. But the British were confronted by a series of difficulties. They had to handle the political and legal issues raised by the presence of the Chinese, who were British subjects, through the intercession of the Siamese and Malay rulers, and in their attempts met active resistance from the sultan of Kedah. They were obsessed by Chinese secret societies, the threat of labour disturbances, and disruptive illicit economic activities such as smuggling. Confronted by a monopolistic ring of revenue farmers, they stimulated strong internal Chinese economic competition in order to raise revenue, but they also had to face demands from the powerful British Chinese in support of the sultan and their personal business intimately connected to his rule. The government depended on Chinese farmers for the revenue so much that they had to give in when a reduction in the monthly rent of opium farm was requested by the Chinese. The long and the short of it was, the British needed to create an institutional framework to deal with these complex issues. So, the British promoted Chinese interests by setting up a British consulate in the western Siamese Malay states and then forcibly incorporated the Kedah opium farm into the Penang Chinese opium syndicate, and kept up pressure on the sultan to grant privileged concessions to Chinese business.

The Malay state of Kedah had legitimate rights over land and other natural resources, but lacked the capital, the market, and the technology to develop these. More importantly, it was a weak state caught between the British and the Siamese. The Kedah elite needed British political influence to check the Siamese government from attempting further interference in the state’s internal autonomy, hence the frequent socio-economic interaction with British Penang. But Kedah was also afraid and wary of the British, who could possibly intervene too deeply in her affairs. Chinese capital, energy, and labour was essential to the development of the state, to the management of its revenue, and to the advance of its political interests through the lobbying of influential British Chinese. This caused a dilemma because Kedah was extremely apprehensive about Straits Chinese pleas to the British, so it used local Kedah Chinese as its agents in dealing with the Penang Chinese. Kedah also needed the Siamese as a counterbalance in dealing with British Penang, in order to maintain its security and independence. Kedah could not afford to alienate any of these disparate actors. Kedah had shown very sophisticated and balanced political skills in juggling active interaction with the Chinese, British Penang, Siamese Bangkok, and even Singapore, on issues such as the status of British subjects and the joint tender for the Kedah-Penang Opium Farm.

The Chinese were immigrants occupying a position in between the British and the Malays, strangers in both the colonial and indigenous regimes. They needed the British to provide the legal and political frameworks for their business interests in the region, but they also could not do without Malay power which allowed them privileged access to economic resources, patronized their business in Kedah, and was an asset in internal Chinese competition. Generally the Chinese tried to please both the British and Malays and cultivated good personal relationships. In essence, the Chinese did their best to transcend the institutional barriers within both the British and Malay regimes, in order to cultivate personal, informal, and
powerful ties. But, the Chinese could not expect much from either regime, and inescapably caught up in these alien circumstances, the Chinese were both opportunistic and pragmatic. They would rise against either British or Malay should circumstances require this, and when facing a confrontation with the Malays, the Chinese turned to the British for protection, playing the card of their status as British subjects. They changed their tune when their interests were conflicted with those of the British. Then they allied themselves with the Malay regime. In other words, for the promotion of their business, the Chinese needed the British at the institutional level, while at the informal level they needed the Malays. In between the British and Malays, they could play one against the other depending on the circumstances.

They were also aware of their own advantages: they could play important cards like their access to capital, management, labour, social organization, the press, European business power-brokers, and their legal position as British subjects. They understood that the Chinese capital, labour, and business networks were essential to both British and Malays. So, the Chinese challenged the British many times when the latter tried to place the Kedah opium farm under the control of the Penang farm. They also refused to accept Kedah’s unilateral termination of their revenue farm contracts by turning to the British consul. They were closely involved in Kedah political affairs, often openly expressing their views through the Penang-based press. They initiated the labour disturbances to press both the British and Malays, for different purposes. But they were also aware of the limitations of playing these cards. They trod very carefully and were supremely flexible. In the hands of opportunistic Chinese towkays, British, Malays, and Chinese coolies could be potentially effective instruments depending on the circumstances.

All these goals and strategies relate to one fundamental point: this was a period of transition, one in the process of building up new systems, at the beginning of British overall colonial control in the Malay Peninsula and of the Western capital influx of the early twentieth century. Such a transition gave the Chinese a unique historical opportunity to play the field between British colonialism and a Malay sultanate, enabling them to create relationships and opportunities which shaped the emerging new systems.

(2) The second phase, 1909-1941

Regional and political fragmentation during this period was to some extent diluted when Kedah was transferred to British colonial rule, so that the British resident in Penang and the British advisor in Kedah could now co-ordinate with each other under instructions from the high commissioner in Singapore. Economic integration was consolidated even more, taking advantage of the expanding Chinese business networks and optimizing the growing influence of Western capital. But fragmentation and conflict remained: between Penang and Kedah, between British and Malay, between Kedah Chinese and Penang Chinese, and between the Chinese on the one hand and the British and Malays on the other. In this phase, the conflict essentially centred on the restructuring of the old political and socio-economic order to fit into a new colonial reality.

Three aspects of multi-ethnic and cross-state interactions have been presented: 1) judicial conflict; 2) the demise of revenue farming; and 3) rice milling. Again, shifting alliances were typical of the situation. In the transformation of the legal order, it was British and Chinese interests which coincided, bound by a mutual interest in politics and business. As the knell of the revenue farming system sounded, Chinese farmers and the old Malay elite joined together, under the ampun kurnia system, in a relationship between business manager
(Chinese) and rent-seeker (Malay). In coping with the Chinese rice combine, the British and Malays reached a consensus, linked by mutual concern over the paddy price, a matter which concerned miners and planters, and the Malay peasantry.

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In the final analysis, two basic external elements - colonialism and migration - contributed to the dynamic interaction between ethnicity and region. In the wake of these two processes, the host society was hence forward transformed tremendously, politically, economically, and socially. What the new immigrant Chinese element brought to Southeast Asia was not just their active participation in the steady socio-economic transformation, but cogently their diversification of the bilateral encounter between Western colonialism and the indigenous society, adding another ethnic dimension. Political and economic competition were increasingly reorganized to accommodate the interests of new large immigrant communities, on the way marginalizing indigenous economic participation, and by doing so deflecting potential direct tension between Western colonialism and the indigenous society. In their turn, historical processes eventually embedded the immigrant element into Southeast Asian societies: this was not recognized in the colonial context, but developed into a reality acknowledged in contemporary Southeast Asia.

The striking paradox between political fragmentation and economic integration expressed in the contrast and the symbiosis between British (Penang) and Malays (Kedah) explains how this regional and ethnic interaction came to exhibit such a fluid and complex feature. Because of contemporary international power relations, the Malay state of Kedah was balanced between British Penang and Siamese Bangkok, its foreign affairs subject to British-Siamese negotiations. Kedah did not accept this situation lying down, but actively tried to manipulate both these power-holders. Because of their regional business networks, the Chinese operated in between Malay Kedah and British Penang, their business subject to the rhythms of British-Malay power politics. But neither were the Chinese passive. They also did their best to influence both. In view of the situation, the British sought to manipulate the Chinese and the Malays by promoting Chinese business networks and then jumping into the breach to mediate their conflicts with the Malays, thereby neatly expanding their own colonial interests. Finally, the Malays found themselves in between the British and Chinese, manipulating their economic competition (eg opium farms) and taking advantage of other quarrels to the advantage of Kedah.

In this case, different aspects and dimensions of the states were dominated by different groups, who asked different things of the states and often operated discreetly in their complementary spheres. Conflict emerged when groups interacted, states competed, and interests interlocked. Indigenous Malays were politically overruled by British colonialism, but were dubious of colonial sovereignty; immigrant Chinese economic activities were approved of by British colonialism and acquiesced in by the Malays, but the socio-political status of the Chinese was undefined. British colonialism gave the immigrant Chinese economic legitimacy, but deprived the indigenous Malay of political power over immigrant Chinese.

Such divisions of spheres of domination by each group made the multi-ethnic and cross-state interaction more complex, flexible, and interconnecting. Indubitably for the Malays, political weakness was a problem; but they could exploit the situation, so that a semblance of
"independence" was maintained and their economy could develop. For the British, Siamese suzerainty was a barrier; but through the British consulate and Chinese business networks, their political and economic interests were secured in Kedah. For the Chinese, their vague political identity and lack of protection from Chinese government in China was a cause of anxiety; but because their energy and expertise was needed by all, and by falling back on the bastion of their own social organizations and networks, they had no trouble promoting their regional business networks.

Political fragmentation and multi-ethnic politics fuelled confrontation and accommodation. This is illustrated by the establishment of the British consulate (1880s-1909) and legal conflicts (1909-1930s), specifically the cases of Tan Ah Yu (1890s-1900s) and Chong Sin Yew (1919-1920s), by the opium politics of Chinese, British, and Malays, and thirdly by the three Kulim Chinese disturbances (1888-1908). Polycentric and multi-ethnic alliances were typical. In the case of the British consulate and Tan Ah Yu, for example, the political contest was a three-sided game between British, Siamese and Malays. In the opium farm issue, British, Chinese, and Malay economic competition was the central point. In the Kulim disturbances, one integrated Chinese regional business network and two parallel states (British vs Malay) were involved. British, Malays, and Chinese were all instrumental in each other’s strategy.

In contrast to this political fragmentation, economic integration was demonstrable in the regional economic arrangement of opium farms, in Kulim’s position in the tin and planting economy, in Kedah’s role as supplier to the Penang market, in Chinese business networks such as opium, rice milling and pawnbroking, and in the frequent mobility of capital, commodities, and labour. This dynamic interaction was consolidated and shaped by and then also manifested in the Chinese business networks.

Under these circumstances, the region was, first of all, a political arena for British and Malays, and a fruitful terrain for the Chinese who served them both. The British used Chinese capital, labour, and business networks as their political and commercial agents to justify their involvement in Malay politics. The sultan of Kedah used the same Chinese capital, labour, and business networks to open up his own country, and to deal with the British political community in Penang. Finally, the Chinese used British political influence and institutions to secure more commercial privileges from the sultan, and guarantee their business security in the Malay state and, while they were doing this also manipulated the Malay elite to the same end.

2 Chinese Family Business Networks

In the preceding section, I hope I have clarified what I mean by multi-ethnic and cross-state interaction. Now I move on to show that it was within this context that Chinese family business networks were shaped and, in turn, formed an important force in that interaction. My research has shown that Chinese business networks and power relationships are not simple, isolated business or communal matters, but involve larger political, socio-economic and hence historical processes. All structural elements of region, ethnicity, and state are manifested in Chinese family business networks.
My research findings contrast with and contradict several classic, but one-faceted images of the Chinese diaspora in the current literature that see the Chinese: as the "middle-man" in the colonial society; or as an immigrant community "marginalized" in relation to the dominant society; or as a "bamboo network" of international business defined by Chineseness. All three images compartmentalize Chinese, implying fixed boundaries and static structures, underestimating interactions with the host government, society, and economy of the countries in which they were residents. They imply that all Chinese are simply and irrevocably "Chinese", tending to exaggerate their transnational networks, social isolation, and sojourning mentality.

The first step is to clarify the overall long-term development of the Penang-Kedah Chinese community (c. 1882-1941). Taken as a whole, the Penang-Kedah Chinese community was in essence based on the revenue farming system (opium), planting (rubber and other crops), and commercial industry (rice milling). Its development is presented in Table 1.

Two points should be made clear. Firstly, the changing profile reflected the changing political and economic situations. The first generation (based on opium farms and rice milling) of the Lim Leng Cheak, Choong Cheng Kean, and Phuah (Lim) Hin Leong families provided a solid business foundation for the second generation, who continued to be prominent in the Penang-Kedah community. In time, their leading roles were appropriated by the rise of the two Singkhe Chinese families, that of Lim Boon Haw in the 1920s and of Lim Lean Teng in the 1930s (based on rubber planting). Secondly, this leading Penang-Kedah Chinese network was eventually incorporated into a single Penang Chinese community and became an integral part of it. Put in another way, since the early twentieth century, these leading Penang-Kedah Chinese had all become recognized as Penang Chinese, even though they had originally lived and risen to prominence in Kedah. They also withdraw from their close involvement in Kedah’s affairs and concentrated their socio-political interests in the Penang community. Because their business dealings with the Kedah authorities were based mainly on the new legal and political framework, Kedah was reduced to the state of being just the main business base. Kedah business provided these families with very important linkages during the formation of the Penang-Kedah Chinese community, but the centre of their activities moved to Penang.

Within the framework of the region, I think it cogent to look at the two most important overlapping but complementary and competing family business networks, both active in the two most typical businesses of opium farming and rice milling: the Penang Lim family and the Kedah Choong family.

In the first phase (1882-1909), two factors, namely Chinese economic domination based on revenue farming and Siamese suzerainty, played an important role in shaping their role. As the most important opium farmers, both families were well connected to the state authorities in Kedah and their commercial activities were fundamental to the state economy. Both provide examples of the typical mobility between Penang and Kedah, as the Penang Lim family was closely linked to Kedah, and the Kedah Choong family had close ties with Penang. The Lim family moved capital and business to Kedah from Penang; while the Choong family shifted capital and business from Kedah to Penang. That mobility pattern emerges from Kedah is confirmed by the actors of other Kedah families such as those of Chong Sin Yew and Lim Lean Teng.
### Table 1 The Development of the leading Penang-Kedah Chinese Community 1882-1941

<table>
<thead>
<tr>
<th>Period</th>
<th>Leading Families</th>
<th>Rise in Kedah</th>
<th>Rise in Penang</th>
<th>Moved to Penang</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880s-1900s</td>
<td>* Lim Leng Cheak * Choong Cheng Kean * Phuah (Lim)</td>
<td>Choong Cheng Kean</td>
<td>* Lim Leng Cheak</td>
<td>Yes</td>
<td>* Revenue Farm</td>
</tr>
<tr>
<td></td>
<td>Hin Leong</td>
<td></td>
<td>* Lim Hin Leong</td>
<td></td>
<td>* Rice Milling</td>
</tr>
<tr>
<td>1900s-1910s</td>
<td>* Second generation of Lim, Choong &amp; Phuah (Lim)</td>
<td>Chong Sin Yew</td>
<td>Second Generation</td>
<td>Yes</td>
<td>* Revenue Farm</td>
</tr>
<tr>
<td></td>
<td>Families</td>
<td></td>
<td></td>
<td></td>
<td>* Rice Milling</td>
</tr>
<tr>
<td></td>
<td>* Chong Sin Yew</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910s-1920s</td>
<td>* Lim Boon Haw</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>* Rubber</td>
</tr>
<tr>
<td></td>
<td>* Second Generation of Lim, Choong &amp; Phuah (Lim)</td>
<td></td>
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<td>* Rice Milling</td>
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<td>families</td>
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<tr>
<td></td>
<td>* Lim Lean Teng</td>
<td>Lim Lean Teng</td>
<td>Second Generation</td>
<td>Yes</td>
<td>* Rubber</td>
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<td>* Second Generation of Lim, Choong &amp; Phuah (Lim)</td>
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<td></td>
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Family-state relationships under Siamese suzerainty have been characterized as "ethnicized", "personalized", "institutionalized", and "appropriated", as I have indicated (see introduction to Chapter 3). "Ethnicized" suggests a multi-ethnic interaction between the British, Malays, and Chinese in which specific niches were seen as appropriate to certain groups. "Personalized" suggests not only were the institutional roles of the states transcended by or manifested in a few prominent families, but these few families indeed monopolized the interaction with the state. "Institutionalized" suggests these "ethnicized" and "personalized" interactions were channelled through and then locked into a framework, such as those of the revenue farms, Chinese kapitan and other institutions. While "appropriated" refers to the way in which certain families used their manifold access to resources such as capital, labour, knowledge, and contacts to assume total leadership and seize a monopoly on representation. These characteristics were related to international and regional politics, to the British colonial establishment, to their economic penetration into the Siamese Malay states, and to Southeast Asian socio-economic development.

In the post-1909 period, family-state relationship underwent another important change, which coincided with the changing multi-ethnic and cross-state interaction (see Part 1). The appropriated relationship weakened with the replacement of the Chinese revenue farming system, compounded by the introduction of government management and Western capital domination under British colonial rule, creating conditions in which such families no longer provided the central political agents and negotiating partners for the state. Despite this, the
family remained the core unit for the organization of Chinese economic activities. This was manifested both in the demise of revenue farming monopolies and in the emergence of the rice milling business networks. The Chinese dominated the rice milling business and trading networks, in which Penang, Kedah, Perak and Province Wellesley formed an integral chain. At the top level of the milling hierarchy were a few Penang Chinese families, who had formerly been prominent revenue farmers. Within the Chinese milling networks, there were overlapping and conflicting interests, also contending with strong economic competition between the state and the Chinese millers. This was essentially a competition between state and capital, which was transformed into one between the British and the Chinese, and the Chinese and the Malays. As the rice business involved the poles of both British strategic economic and political interests and the Malay peasantry, this economic struggle acquired a strong political hue. However, the essential economic nature of this contest could not be changed, determined as it was by the international and local rice market, finance, management and trading networks. As long as the government could not replace these core Chinese businessmen, it had to depend on Chinese capital, management and networks. The relationship was characterized by alternating conflict and compromise, dependence and co-operation.

From a Penang perspective, the Lim family history exemplifies this complexity. They were ethnic Chinese, British subjects, business lobbyists, revenue farmers, rice millers, state managers, and political agents for Kedah. They were people with access to capital, labour, networks, and coercion, and using secret societies, Chinese kapitans, European power-brokers, Indian Chetty money-lenders, and other personal patrons. The Lim family history was in fact an important part of overlapping Penang-Kedah interactions and of British-Malay or Chinese-Malay relationships.

The long-term Lim family history (1882-1941), shows that the family business grew out of the prosperity of the revenue farming system (1880s-1909), which set a solid basis for embedding the family in the dominant local society and economy. This period coincided with Chinese control of local business networks, centred on the large-scale influx of immigrants, the opening up of colonial Malaya, the relatively weak position of Western capital on the economic front, and politically with the transition to modern state machinery and British control over the whole peninsula. Under the impact and meeting the challenge of both the modern state structure and Western capital, the family business switched to rubber and other agricultural industry. Despite the death of the founding father, it continued to develop through the second generation. But, before long there were family disputes. The family business was on the decline and the waning of their enterprising spirit was intensified by the global economic slump in the early 1920s and 1930s.

From a Kedah perspective, the Choong family provides a complementary picture of Chinese regional business networks, but again indicates the importance of the combined perspective of region, locality, and ethnicity. The most salient point is that it is impossible to study the Kedah Chinese business networks and power relations without reference to the setting. The Choong story suggests that their interaction with the local Malay state and with the regional Penang community were the two fundamental props in the formation of the family empire and power base, each consolidating the other. This was illustrated particularly by their business mobility and their dual bases in Kedah and Penang, and their active and pragmatic strategy of playing one against the other. The Choong family history also illustrates how Chinese-
Malay ethnic interaction was complicated by British-Malay power politics, not only in terms of British Penang, but also in direct internal dealings with the British advisor after 1909.

Both the Lim and Choong family case studies represent similar patterns of Chinese regional business networks, and cogently they also reveal an important dimension of their interaction. The overlapping and even competing networks of the Penang and Kedah Chinese led to the Kedah Chinese later developing their own identity independently of the Penang community. This independent Kedah community consisted of small to middle landlords, petty traders, and shopkeepers, while the very prominent Kedah Chinese were incorporated into the Penang community, which has been touched on earlier. Each family developed their respective alliances within the Chinese and other communities. Hence, competition involving the Lim-Choong family was not only between different interest groups, or between Penang Chinese and Kedah Chinese, but also involved the whole Chinese community.

3 Immigrant Economy and Southeast Asian Transformation

If the historical account reveals that the study of Chinese business networks cannot be isolated from ethnicity, state, and region, then it is necessary to go a step further and ask: how can the Chinese case help to answer general issues about an immigrant political economy and the Southeast Asian transformation? I believe this is an issue fundamental to the historical dynamics of Chinese business networks and power relations in Southeast Asia.

The term "immigrant economy" was perhaps first coined by the sociologist Paul Siu when dealing with Chinese laundrymen in Chicago. It is a "new social invention by these different ethnic groups in America as ways and means to struggle for existence in the symbiotic level of the community life", of which the Greek ice-cream parlour, the Italian fruit stand, the Jewish clothing store, and the Chinese laundrymen are some characteristic examples. As Siu pointed out, the significance of the "Chinese laundry" as a "form of immigrant economy" lay in the situation in which "laundryman" became "isolated". Likewise, this was confirmed in the historical study of "Subei people" in Shanghai by historian Emily Honig. "Subei People" represented both an immigrant community and an underclass. As an immigrant community, the idea of Subei as a place and Subei people as a social category emerged only in conjunction with the development of Jiangnan and Shanghai, the dominant society and elite. Their employment pattern as an underclass in turn consolidated the Subei people’s social and economic status in Shanghai as a marginalized category.

Both Siu and Honig seem to imply that the creation of an immigrant economy and social category should be examined as part of a process of a two-way interaction between the immigrant community and mainstream society. In this sense, I would agree with them. The problem is that the term "immigrant economy" suggests an absolutely marginalized and isolated sector, and that particular economic forms are typically related to the immigrant


element. The picture changes when the scene is set in Southeast Asia because the situation there was very different. Both the immigrant community and its economic role were substantial in terms of their size and impact, and the Chinese were crucial in shaping the expanding economy and emerging new society. Unlike the situations described by Siu or Honig, the Chinese were not immigrants who created specific niches and connections within an existing dominant structure. In reality, they were a major force in shaping regional economies and societies, and were in turn shaped by them.

Taking British Malaya as a whole, if rubber and tin were the two main props of the colonial economy, then rice and opium were the two main means of sustaining labour, which required both. This indispensable immigrant labour force was the mainstay of colonial production, and also provided a huge new profitable market for consumption. For a long time Chinese capital dominated the mainstream local economy, such as tin, opium, shipping and other commerce, both in production and consumption. At the beginning of the twentieth century, Western capital took control over production (tin and rubber), but the consumption sector was still left to the Chinese. The government still depended on both the immigrant community and trading networks for opium sales and consumption. Meanwhile, a new rice milling industry prospered in the wake of the rubber boom, as it was indispensable in feeding another large immigrant wave. The social and economic impacts of these changes extended far beyond the actual enclaves of mine and plantation, stimulating rice production (in areas such as Kedah) and extending the web of commerce - and Chinese networks - in many areas of the peninsula.

The substantial roles played by these Southeast Asian Chinese engendered another extreme in creating immigrant identity, which also derives from the conventional emphasis on the Southeast Asian Chinese as "immigrants". I do not deny the fact that the Chinese were immigrants. What I argue here is that, by manipulation of and emphasis on their immigrant identity, the major players in Southeast Asian Chinese business activities are often seen as intrusion by outsiders who are staging an entry into a legitimate "Malay" or a "colonial" economy, and do no more than merely link these existing spheres. This distorts the images of the Chinese in history, comparable to the way in which the images of the indigenous people are not visualized in Euro-centric Southeast Asian history, and ignores the fact that the British Malayan, and subsequently the Malaysian, economies were created by the interaction of Chinese, Malays, Indians, British, and other Westerners. This distortion denies the legitimacy of the Chinese economic role through a manipulation of the idea of immigrant identity and roles, emphasizing the primordial aspect of ethnicity. This emphasis obscures the functioning of ethnicity in concrete historical contexts. This can lead to a paradoxical application of the same primordialism in two extremely different immigrant economies: those of "Chinese laundrymen" in Chicago and "Subei" people in Shanghai on the one hand and Southeast Asian "Chinese" on the other.

The emphasis here falls on the process, that of shaping Chinese communities and hence of shaping Chinese identities in Southeast Asian societies and histories. This is in essence related to the fundamental issue of Southeast Asian transformation. The Southeast Asian transformation not only encompasses the political process of colonial conquest, power struggles, and bureaucratic reconstruction, but also refers to structural socio-economic change. It was essentially a transformation of tropical agrarian Southeast Asian societies, with a limited if active involvement in trade, turning them into colonial commercial and capitalist societies with a simultaneous large influx of immigrant labour, engulfed in which the
indigenous peasantry became increasingly marginalized. At the same time, immigrant Chinese peasants were transformed into labourers and capitalists. The point is that the immigrant community actively participated, and in fact played a pioneering role, in this transformation. To sum up, it is the Southeast Asian transformation that triggered a larger process of integrating the Chinese into local societies and economies.

The different stages of this Southeast Asian transformation and regional politics determined the various profiles of the political economy. In the initial stage of colonialism, Chinese economic dominance, expressed in the prosperity of secret societies and revenue farms, won them a significant degree of political influence and social control. For example, the case study of the three Kulim Chinese disturbances in Kedah, c. 1888-1908, involved all the essential elements of the Southeast Asian transformation such as labour, capital, secret societies, and regional power politics, extending across state and ethnic boundaries. All these elements - wider economic competition, personal and internal conflicts - were manifested then through the manoeuvres of Chinese towkays and riots by Chinese coolies. While overt political power was British and Malay, the huge and valuable resources of immigrant labour and capital gave Chinese leaders great influence.

These ambiguities also created legal dilemmas and political conflict in multi-ethnic encounters. The study of British-Malay-Chinese legal disputes, contextualised in terms of institutional formation and power struggles, trace institutionalization first through the establishment of British consulate, and then, after 1909, through the transformation of the traditional Malay judicial system into a modern western judiciary. The specific case study of Tan Ah Yu and Chong Sin Yew shows how Chinese immigrant cases were closely related to wider struggles, British-Siamese-Malay power politics, and local Malay state formation. It also suggests that, historically, the Chinese-Malay ethnic encounter, was NOT confined to the local state level of Kedah itself, but involved and developed into wider and more complicated interplays between the British, Siamese, Malays, and Chinese. This also illustrates important aspects of immigrant Chinese localization and transnationalization.

In a nutshell, the so-called "embedded" history of the Chinese in local society is a very complex and dynamic process of interaction between different communities (Chinese, Malays and Indians), different polities, and different regions (regional, state and local networks); and conventionally differentiated arenas (economy vs politics). The large-sized immigrant community, the great socio-economic transformation and the central role played in this by the immigrants, the fragmented state juxtaposed alongside British colonialism, all helped to form the historical background against which the Chinese shaped their lives and societies. These interlocking elements and interacting processes cannot be understood properly if seen as separate entities. Since the Chinese have been dynamic actors in the Southeast Asian transformation, and have themselves been shaped by it, Chinese business networks must be studied as integral parts of this complex and dynamic process.