

Chinese Capitalism in Colonial Malaya 1900-1941, by William Tai Yuen. Bangi: Penerbit Universiti Kebangsaan Malaysia, 2013, 508pp. (Softcover ISBN 978-967-412-021-4).

Despite the growing literature on Chinese business in Malaysia/Singapore in recent years, serious studies of Chinese economic activities during the colonial period are still lacking. Hence this publication on Chinese capitalism by William Tai Yuen is a timely addition to the literature of a much neglected subject.

Capitalism is a complex subject. The author steers clear of ideological overtones and instead looks at capitalism as practised by the Chinese in a neutral sense and takes it to refer simply to “the Chinese sector of the economy of colonial Malaya, which constituted part of world capitalism” (p. 16). While not dismissing “culture and tradition” in the study of Chinese capitalism, it deliberately shuns the culturalist paradigm as it ignores the historical context and the special political and socio-economic conditions in which Chinese capitalism took root. It also challenges the “ahistoric” Eurocentric approach as it disregards the evolution and growth of capitalism over time. By so doing, the study avoids the trap of situating Chinese capitalism in the Confucian culturist conception associated with the family, loyalty, trust or networks, or in the context of the Eurocentric idea in which capitalism is regarded as the benchmark of human economic development.

The focus of the study is to locate Chinese capitalism within a specific time frame in the context of political and socio-economic realities on the ground, and supported by empirical and documentary evidence. This includes the need to consider the role of Western colonialism, the colonial state and its policies, the multiethnic society and relations, the influence of Western capital and the structure of the colonial economy. By charting the growth of Chinese capitalism within the context of a colonial economy, the study fills in the lacuna in existing literature on this important subject.

Chinese capitalism did not function as an independent system but as a vital link between the capital-intensive European sector and the labour-intensive indigenous sector. It is this tripartite structure that characterized the larger economy of colonial Malaya. In its development and evolution, this sub-system drove the engine of growth of major components of the emerging economy including those of mining, plantations, secondary industries, shipping, finance and banking, down to the sundry shops.

The author argues that Chinese capitalism was stimulated by the spread of Western capitalism in the colonial economy. It was nurtured by the growing global demand for tropical commodities and exposed to the vagaries of market forces. While its development

was stimulated by the symbiosis between Chinese enterprise and colonial policies, it often faced conditions that were not favourable to its growth.

What are the reasons behind the rise of Chinese capitalism in colonial Malaya? The study seeks an explanation through two major sets of circumstances. The first refers to the world economic background and political and socio-economic framework and such situational circumstances as the existence of “greenfield opportunities”. The second refers to how the Chinese responded to challenges of the new environment under what is termed as “human agency”.

The Industrial Revolution in Europe and the rising demand for raw materials coincided with the advent of British rule in Malaya. The British policy of free trade and the introduction of indirect taxation that favoured capital accumulation among Chinese revenue farmers provided the necessary conditions that promoted the growth of capitalism. At the same time, the British removed the basis of monopoly of Malay chiefs in the production and merchandising of products and changed the traditional Malay way of commerce. Just when economic opportunities were beckoning, the Malay elites instead had their previous commercial tradition undermined by British rule. The British also turned land into private property and the prerequisite of landownership was capital. Thus British rule destroyed the already limited market economy of the Malays.

The author interprets the Chinese response to challenges of the environment through “human agency” or how they acted and changed their environment within the inherent structure of their society. He cites such factors as their inherited tradition in commerce, the values and practices of their merchants especially those Confucian ideas that influence these values and the importance of education. Important too were the role of upward social mobility behind the rags to riches stories of numerous penniless Chinese migrants and the positive influence of the family, kinship and social connections.

Following the establishment of this conceptual framework, the study presents in a logical sequence the Chinese in different fields of economic activities such as tin mining, rubber planting, secondary industries, industrialization with reference to Tan Kah Kee’s role, shipping, pawnbroking and banking, and the compradore institution. Each receives close scrutiny in a display of well-organized presentations based on thoroughly researched materials.

Each chapter knits together the work and contributions of a large number of Chinese entrepreneurs in different businesses and from diverse dialect and related backgrounds. Topics given extensive treatment include a few less trodden fields such as the processing of raw materials, manufacturing of consumer goods, shipping, pawnbroking and the compradores. Due attention is also given to such prominent miners as Loke Yew, rubber pioneers in the Straits Settlements and those in other states among the major dialect communities of Hokkiens,

Cantonese, Hakkas, Teochews and Hainanese, or the Henghua-Hokchia group that occupied a niche in road transport.

A separate chapter is devoted to Tan Kak Kee, known for his rubber planting empire and philanthropy work, in his unique contribution to Malaysian industrialization, especially in rubber goods. Much that is revealed in the study on this remarkable man whose undertaking was “ahead of its times”, despite being one of the most repeatedly studied personalities among the Chinese overseas, is new and refreshing.

The chapter on Chinese shipping opens up new vistas on this maritime enterprise, one whose importance to the development of colonial Malaya is hitherto insufficiently appreciated and investigated. Similarly, while a few studies have been made on Chinese banking, the area of pawnbroking has largely been overlooked. This study uncovers much about this typically Chinese and “occult” trade. It is a financial institution advancing loans to its clients secured on tradable items. In the absence of access to banks, it serves as an alternative to the moneylenders and as a means of last resort to raise cash to meet contingencies of various kinds. The account would have been more comprehensive if an indication of the trade volume and annual turnover of selected pawnshops or the entire trade is made available. But in a profession in which “trade secrets” are jealously guarded, gathering such information would be like seeking access into the inner sanctum of one’s private finances.

The inclusion of a chapter on “Chinese compradores” is a pleasant surprise. To many, the compradores were associated more with China than with colonial Malaya. Although the institution had become “fairly common” by the late nineteenth century and lasted until the 1970s, it is little understood and largely ignored. The compradores were entrepreneurs working with Western corporations especially in banking, the agency houses, trade and insurance, and shipping. They were an essential link between the local and Western economic sectors. Like the institution of the revenue farms as a tax collection agency for the early colonial government, the compradore institution helped Western economic interests to extend their market reach through distribution networks. In this mutually dependent relationship, they helped to effectively reduce the transaction cost and to boost the business of the Western employers.

This is an excellent study in which the author explores new grounds in a discourse on Chinese business and Malayan economic history. The depth of scholarship is commendable and the groundwork laid for the completion of the study is thorough and meticulous. Well documented and replete with information from a diversity of sources, one of its selling points is the use of usually marginalized Chinese sources. It would seem odd if research on the Chinese disregards the relevance of publications in Chinese. As more and more academic and general works on Malaysian Chinese are appearing, it is necessary to bear in mind that this source of reference can no longer be ignored.

This study has succeeded well in unveiling the untold tale of Chinese business in colonial Malaya. It is a major addition to the literature and a work of serious scholarship on Malaysian Chinese capitalism and entrepreneurship and should stand as an example for emulation by other researchers. This study is not only one that fills in the many knowledge gaps in Chinese capitalism and business during the period of British rule but also a major contribution to the understanding of the economic development of colonial Malaya itself. It is with a deeper and clearer insight into the role of Chinese capitalism in the past that we can appreciate the extent of the significance of the Chinese in the transformation of this country from a tropical vastness into one of the economic success stories of the world.

VOON Phin Keong

New Era College

Malaysia