

Book Review

The changing fortunes of Chinese business. A review of the book *Penang Chinese commerce in the 19th century: The rise and fall of the big five* by Yee-Tuan Wong. Singapore: ISEAS-Yusof Ishak Institute, 2015. 228 pp.

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The 19th century was a period of extensive trade activity in Penang that was led by five prominent Chinese Hokkien clans: Khoo, Cheah, Yeoh, Lim, and Tan. These were called the Big Five, and they had shaped the history of Penang through their savvy business acumen and supported by their respective consanguineal associations known as *kongsi*. This book was derived from Wong Yee Tuan's doctoral thesis who examined in detail the critical role played by the Big Five in developing Penang's commercial industry through dominating and manipulating local politics and commerce through a complex web of familial networks, political alliances, and business partnership. The legacy of the Big Five remains indelible in Penang and in Northern Malaysia, and it continues to serve as a reminder of the power these five merchant houses once wielded more than a century ago.

The book traces the beginnings of Chinese participation in Penang's commerce scene by focusing on the Big Five's involvement in coconut, sugar, and pepper plantations as well as opium and the coolie trade. The book then explains the complex intermarriages between the Big Five as well as with other Chinese and non-Chinese families within and without Penang with the ultimate objective of securing lucrative trade deals and concessions for their clans. The lucrative opium trade, backed by the British and the local governments of Burma, Thailand, and Malaya, had the involvement of sworn brotherhoods (*hui*), such as the Ghee Hin and Kian Teik, who helped to maintain and enforce control over the opium farms. The hui would also be co-opted by the Big Five to a great deal in struggles for the tin mines, occasionally with violent results. Later, when the Big Five expanded into the shipping industry, they would face stiff Western competition that threatened to undermine their stranglehold over the trade links

in and around Penang. But it was the gradual centralization of government control over the tin and rubber trade, followed by government monopoly of all business ventures, and topped off by increasing family feuds that led to the Big Five's fall from the pinnacle of Penang's commercial world.

This review will highlight the Big Five's rise to prominence as they struggled to control the various trade ventures in Penang during the 19th century followed by their decline at the turn of the century as Western interests and shifting geo-politics in British Malaya and in Southeast Asia ended the families' dominance. In other words, the book is about how Penang grew to become the centre of a commercial empire led by five Chinese families whose reach and power commanded respect even from the British Empire. These families' influence remains in popular memory as well as in the various halls and buildings erected by them in Penang that had become part of the island's cultural identity today.

The Hokkien merchants arrived in Penang to trade during the early years of the 19th century although some were of humble beginnings as labourers before successfully scaling the social ladder. Shipping was one of the earliest enterprises these Hokkien merchants were involved in, and they had monopolised the shipping industry around Penang by shipping everything from plantation goods to coolies. Their earnings were augmented by investments into commercial agriculture, tin mining, coolie trading, and opium farming. But it was their alliances with other successful non-Hokkien merchants and local political elites in Penang, Burma, Sumatra, and Thailand that allowed the Big Five to control most of the economic sectors in these regions. Their various enterprises were interconnected, involving plantation and tin mines worked by coolies to produce commodities to be sold elsewhere in the region using Big Five owned vessels. The coolies in turn consumed opium, rice, and goods imported from China but distributed by Big Five owned enterprises (p. 41).

The Big Five's commercial empire depended on familial links between them and with those outside of their clans. These family networks could be cross-ethnic or cross-dialect (p. 47). The sons and daughters of the Big Five intermarried with affluent Hakka and Cantonese families, or with influential Indian Muslim merchants and Siamese political elites (p.56). These intermarriages were designed to produce maximum benefits to all parties, the Big Five especially. Through these agnatic and affinal kinship, the Big Five could mobilise capital, manpower, and partners in business ventures stretching from Penang, the Malay Peninsula, Bangkok, to Hong Kong (p. 58).

By the late 1800s, the Big Five would be involved in opium revenue farming. This would involve the Hokkien dominated Kian Teik hui and opposed by the Cantonese Ghee Hin hui. The Ghee Hin, headquartered in Penang, was formed in 1790 and had spread to southern Burma, southwestern Siam, the western Malay states and the East Coast of Sumatra. Hokkien merchants, including the Big Five, were originally members of the Ghee Hin until they left in 1844 to form the rival Kian Teik hui. Inevitably, struggles over the opium revenue farms

erupted into riots between the two hui in Penang in 1867, and later in Krabi (in Siam) in 1878. Opium was also the catalyst for the 1879 Taiping coolie riot when British Resident of Perak, Sir Hugh Low, inadvertently instigated the unrest by trying to combine all revenue farms into a single unit (p. 77). The Big Five, through the Kian Teik hui, instigated the coolies to riot which resulted in the British backing down. The Deli plantation coolie riots of 1884 is a curious case in which the Kian Teik hui, by extension the Big Five, supported the local Ho Seng hui to defeat the Ghee Hin in a violent brawl. These events, plus an alliance with the Hai San hui, allowed the Big Five to push the Ghee Hin into insolvency. But following the Societies Ordinance of 1889, all hui were subsequently dissolved. However, the Big Five responded to the ban by forming a Chinese Traders Society known as the Hock Teik Cheng Sin instead.

Prior to the 1880s, Western merchant-capitalists and proprietary-enterprise-based entrepreneurs relied on the wide contacts and resources of the Big Five to manage their business ventures (p. 104). Yet, by the mid-1880s, the Straits Steamship Company and Straits Trading Company, a joint venture between European and Singapore Hokkien businessmen as well as the Amsterdam-based Royal Dutch Packet Company, had entered the shipping scene. These rivals offered generous financial terms to merchants and were backed by many ships in their service (p. 114). The Big Five tried to remain competitive by setting up the Eastern Shipping Company which made use of their existing network of shipping, trading, processing, consumption, and production of goods while also bringing in new technology, management skills, and large amounts of capital (p. 122). The Big Five then set up the Penang Khean Guan Insurance Company Limited on 10 July 1885 as a response to the growing popularity of Western insurance companies that provided financial protection from loss or damage for ships and cargo (p. 123). The successes of the Eastern Shipping Company and the Khean Guan Insurance Company inspired the Big Five into establishing the Khaw Group—a conglomerate to integrate six companies (including Eastern Shipping and Khean Guan) under them. These efforts seem to be working in safeguarding the Big Five's business interests. Unfortunately, the new economic and political order spurred on by the industrial revolution in Europe had allowed financially powerful Western enterprises to gradually erode the Big Five's dominance in the regional trade around Penang.

With large capital, Western enterprises of the early 20th century brought in new technologies and modern management skills to the mines and plantations. The Big Five attempted the same thing with the Tongkah Harbour Tin Dredging Company, which was a Chinese-Australian joint venture that became a major producer of tin in Siam. But following a scandal involving a mining lease, the company collapsed in 1928. The British, through the Anglo-Oriental Mining Corporation, took over Tongkah Harbour as well as large numbers of mining companies in Malaya, eventually transforming the mining business into a mostly Western-controlled industry (p. 144). Western agency houses also dominated the rubber industry because of their access to markets in Europe, in addition to extensive shipping networks and insurance

experience. Moreover, they could float rubber companies on the London Stock Exchange which enabled them to reinvest into the companies they floated using the capital generated (p. 146). Conversely, the Big Five's rubber estates were family-owned and private partnerships, and they had no access to large capital as a result. But the greatest blow to the Big Five's rubber business was the large importation of relatively cheaper Indian and Javanese labourers by the Western agency houses (p. 148). This was coupled by the colonial government's ban on the indentured Chinese labour system in 1912 and the restriction on Chinese immigration in the Straits Settlement in 1928. As a result, Indian and Javanese labourers had replaced the Chinese as the majority workforce in the rubber estates by 1938. Western agency houses also helped to build an extensive railway network in the Malay Peninsula that facilitated transport of goods from the plantation areas to the ports and the importation of foodstuff and labourers in return (p.151). The railway network also drove the expansion of more large-scale plantations deeper into the interior. This meant the Big Five, despite their control over the river system, could not compete with the Western agency houses which had made efficient use of their technological advantage in the rubber industry (p. 152).

In 1889, the Societies Suppression Ordinance eliminated the *huis* while the Labour Code of 1895 removed the truck system that once enslaved the Chinese coolies (p. 154). Without the *hui* and the truck system, the Big Five suffered massive financial losses and was unable to pay the farm rent due to the government. British Malaya and the Netherlands East Indies at the turn of the century had been undergoing bureaucratic expansion and political centralisation which required immense amount of revenue to support their growing expenditure. Replacing the opium farms with direct government monopoly effectively ended the Big Five's opium business and most of their revenue. Furthermore, land policy in British Malaya was reformed and land was being redistributed almost always to European planters, ostensibly to mitigate the longstanding land use issue. Then the Malay Reservations Enactment of 1913 came into effect, cutting off non-Malays, by extension the Big Five, from owning any land deemed to be part of a Malay Reservation. The collapse of the Big Five's Khaw Group was a case in point. To make matters worse, internal family feuds involving improper appropriation of monies, fraud, and various criminal breach of trust further eroded the Big Five's prestige and fortune.

The story of Penang's prominence in Southeast Asia's commercial scene is closely woven with that of the Big Five Hokkien families. The fact that the Big Five had been the pioneers of commerce in Penang, northern Malaya, eastern Sumatra, and southern Siam had been supplanted by stories of successful European enterprises of the colonial era. Consequently, they are largely forgotten, relegated to curious cultural legacies in the form of historical clan buildings they left behind in Georgetown and elsewhere.

This is a narrative of the powerful clans of Hokkien merchants who had once owned most of the ships plying the Straits of Melaka and had built an eye-watering wealth by masterfully using their complex network of kinship and alliances as well as their impeccable business

acumen. Although they eventually fell prey to shifting political winds and economic changes, it is without a doubt the Big Five was once the indelible heart of Penang's mercantile empire.

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