Review Essays

Chinese Entrepreneurship in Colonial Java and Malaya

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Colonial archives often beguile researchers with their wealth of historical holdings, a diversity of assets attracting statisticians and storytellers alike. Archival riches reward conscientious scholars for their excavations but the dangers of this treasure hunt lie not in the finding of sources but in the utilization of them. Serious questions must be asked of any sources retrieved from such collections, questions complicated by the fact that the answers are likely to change depending upon the places and times of study. Do the data collected reflect the actual experiences of the subjects of the study or do they provide a colonial recollection of those experiences? How might European biases impact archival interpretations of events on the one hand, and, on the other hand, how might supplicants to colonial authority color their own narrations to suit their personal needs? Publication requirements also restrain modern historians: even if...
a scholar has mined sufficient sources to support a 2000-page book, publishing practicalities require authors to make difficult choices. Two recently published books, Alexander Claver’s *Dutch Commerce and Chinese Merchants in Java* and William Tai Yuen’s *Chinese Capitalism in Colonial Malaya, 1900–1941*, exemplify these very complexities.

Alexander Claver’s monograph provides an excellent overview of Dutch financial involvement with the island of Java. Beginning with the evolution of the Dutch colonial state and the introduction of the Cultivation System into the region, Claver divides the early period of Dutch financial involvement in Java into three stages: the period of trial and error lasting until 1830; 1830 to 1870, which encompassed the government-led exploitation of Javanese agricultural and financial resources by the Dutch; and finally the post-1870 era of laissez-faire liberalism, which heralded active Dutch colonial control over the island’s economic affairs. Claver argues that the profitability of Java was aided by the rigidity of the Cultivation System, the rising global popularity of coffee, and massive improvements made by the Dutch in terms of colonial industry and technology. These improvements, including the introduction of telegraphs, steamships, post offices, and roads, fueled a meteoric growth not only in Javanese infrastructure, but also in Javanese exports, resulting in economic expansion unmatched by any other island of the Netherlands East Indies until the 1890s.

The chaotic years after 1884 reflect not only the devastation caused by the 1884 Sugar Crisis but also the significance of sugar as a primary player on the global and Javanese markets; they also illustrate the means by which Java came to be privileged economically beyond the other islands of the Dutch archipelago. Chinese traders first appear as major characters in this chapter, with a detailed examination of the reliance of Chinese traders upon *beleeningscreedit* (loans on security) and the extra collateral required of Chinese clients by large securities firms such as De Javasche Bank (*djb*). Although this chapter introduces Chinese merchants as an important subset of the Javanese financial world, its strength lies in its detailing of the connections maintained by Dutch financial institutions to Javanese agriculture and in its tracing of the various paths taken by large Dutch economic institutions in Java. Claver indicates that the Chinese represented a significant impact to Dutch firms only because of their importance as middlemen in the Java trade.

This book provides a fascinating narrative of the evolving relationship between the Chinese and the Dutch: in particular, it details the rising tide of anti-Chinese racism in Java as it was expressed in colonial economic reports. Claver’s research is peppered with statements of colonial outrage: ‘The Chinese gained a reputation of behaving like leeches, sponging on the poor indige-
nous population [...] This type of trade came to be regarded by the Dutch as highly detrimental to the Javanese peasant. Images of usury and extortion soon became part of the collective memory’ (Claver, p. 148). While he does attempt to explain the behavior of Chinese traders, he generally fails to address the profiteering of the Dutch themselves, who sat unopposed atop the colonial economic food chain. This oversight is particularly jarring in light of the wealth of historical anecdotes he includes, which emphasize the complicity of Dutch financial institutions in the pecuniary corruption of the Javanese economy.

A great strength of the book lies in its discussion of the catastrophic impact of the World Wars upon Dutch global financial enterprises. In this chapter, the book’s flagship example, DJB, is buffeted by global tempests while also being shackled by the complex colonial/private hybridity it evolved during its years in Java. The DJB became inextricably entangled in the affairs of the Chinese family corporations with which it interacted, and found it nearly impossible to disentangle itself from financial calamity during the economically ruinous interwar years. Claver ends the book by outlining the goals of the Ethical Policy, which was designed to protect poor Javanese peasants against unscrupulous Javanese aristocrats and Chinese traders, but once again, although colonial exploitation is mentioned, the pervasive and racist applications of these Dutch protectionist theories are not sufficiently examined.

In the final analysis, the arc of this book travels from the Cultivation System and its impact upon agricultural production to the expansion of the private trading sector beginning in the 1840s; it moves from the ability of Chinese traders to fill financial vacancies in the 1850s to the rise of Western-style banking in the 1870s and the concomitant rise in colonial control mechanisms; and it concludes with the increasing importance of sugar production, the 1884 Sugar Crisis which revealed the complex web of capital dependency in Java, and the changing understanding of how credit should be extended or revoked. By the 1890s, the frequency of Chinese bankruptcies paralleled the increasing power of the colonial state, resulting in a rising wave of anti-Chinese sentiment. This trajectory once again highlights the general reluctance of the book to couch Dutch colonialism in a predatory light, a disinclination made even more baffling by the fact that no such hesitancy seems to impact the author’s reflections on Chinese capitalists.

A plethora of tables populate Claver’s book, offering comprehensive statistics on population, demography, and financial investments. As a detailed history of Dutch capital in Java, Claver’s work represents a valuable addition to current research on Dutch colonialism in Southeast Asia. Situating this book more firmly in the larger body of knowledge on this topic would have helped contextualize Claver’s research. Although this book must be commended for
its meticulous approach to the history of Dutch commercial involvement in the economic affairs of Java, and especially to the wealth of archival data it unearths from assorted Dutch corporations, a more complex and critical approach to the many valuable questions raised in this book would have added considerably to its utility for specialists and non-specialists alike.

William Tai Yuen’s book, Chinese Capitalism in Colonial Malaya, 1900–1941, offers a very different approach to similar questions. Using British colonialism in Malaya as its field of investigation, Yuen emphasizes the centrality of the Chinese in the Malayan economy while grappling with various contested spaces in overseas Chinese history, ranging from use of the phrase ‘Chinese capitalism’ to broader issues of Confucianism and Chinese culture. While Yuen generally decries the unproblematized attributions of Confucianism and Chinese culture as main causal factors in the emergence of Chinese capitalism, he struggles with addressing the preponderance of research that connects Chinese culture and capitalism. For example, in examining Chinese cultural elements in colonial society, the author asks if Chinese craft guilds and trade unions helped facilitate collective bargaining for the Chinese, suggesting that the answer is yes. Yuen also asks if British colonial law interfered with Chinese familial and native place relationships, once again suggesting that the answer is yes. It devotes significant effort to justifying these two potentially contradictory answers when a more useful solution might simply be to point out the precarious complexity of the Chinese position in the colonial world, especially when the portrayal of such complexities is one of the book’s greatest strengths.

In approaching colonial relationships with indigenous aristocracy, Yuen and Claver arrive at similar conclusions. Yuen suggests that while British colonialism was bad for Malay Sultans, it had a generally positive effect upon Malay peasants. He fails to acknowledge that even after the British arrival, the peasants remained peasants, harnessed to lives of agricultural subsistence; however, despite this oversight, Yuen is quick to point out that ‘the British, not the Chinese, destroyed the foundation on which traditional Malay commerce was conducted’ (Yuen, p. 56). As for the Chinese themselves, Yuen argues that the reasons for their success included an historic heritage of commercialism; an entrenched system of traditional Chinese merchant values, norms, and practices; an unparalleled upward social mobility; and the ability to draw upon guaranteed reservoirs of family, kinship, and social capital. ‘Upward social mobility’ might more accurately be considered a result of the economic environment of late nineteenth century and early twentieth century Malaya than an intrinsic ‘Chinese condition,’ but Yuen’s basic argument cannot be denied. The sojourners ‘brought with them traditional Chinese merchant values, expe-
rience, knowledge, norms, and practices. They responded to the challenges of the new environment not as individuals but as groups knitted together in a web of social ties’ (Yuen, pp. 70–71).

Yuen next argues that the British colony was built upon Chinese tin mining, detailing how indentured labor imported by Chinese capitalists formed the backbone of colonial industrialization, infrastructure development, and profit. The most remarkable aspect of this chapter is the inclusion of less represented players on the scene: women, Chettiars, and technological innovations pioneered by Chinese industrialists all accelerated the advancement and profitability of British Malaya. Yuen discusses the structure of Chinese corporations, their transformation as they became increasingly entangled with British and colonial businesses, and the eventual rise of anti-Chinese discrimination, which injured Chinese businesses while increasing British profits. In discussing colonial practices, Yuen argues that tight Dutch financial control over commerce in the Netherlands East Indies served to limit the success of Chinese businesses on the archipelago, while the relatively unfettered state of finance, sales, and commerce, left largely unsupervised by the British, allowed Malaya-based Chinese to enjoy a much longer epoch of economic success in that colony. While Claver does examine the impact of Chinese business upon large Dutch financial houses, Yuen’s argument underscores the absence in Claver’s book of a reciprocal examination of the impact of complex Dutch financial policies upon Chinese businessmen.

Concentrating next upon rubber, Yuen argues that, unlike the tin industry, the Chinese had no head start on rubber plantations. He differentiates between the two economic sectors by stressing the stricter regulation of rubber production by colonial law. Starting with the British-devised Stevenson Scheme (1922–1928) and reaching a crescendo with the globally-backed International Scheme (1939–1941), Yuen argues that commercial law served as an effective trade equalizer, especially during the halcyon years following the Great Depression; however, while the benefits to large plantation owners and rubber traders were significant, these laws proved disastrous to small holders, a subset typically composed of Chinese and Malays. Yuen argues that without the ubiquitous presence of Chinese traders, Malayan industrialization would not have been possible. While Yuen might overstate the centrality of Chinese involvement in Malayan industrialization, he certainly does not exaggerate the importance of the Chinese in the evolution of commerce in the colony. He provides exhaustive lists of major Chinese players in assorted Malayan industrial endeavors, which should be exceptionally useful to any researchers interested in focusing on Chinese capitalists in the Straits. This chapter provides a brilliant snapshot of the immense complexity of British-sanctioned Chinese involve-
ment in Malayan secondary industries, reminding readers that ‘the purpose of colonialism was not to create an industrialized country in competition with the metropolitan country, but, instead to provide a market for the exports of its manufactured goods, to secure sources for the supply of raw materials, and to maximize repatriate profits from foreign investments’ (p. 228).

A brief intermission focuses upon Tan Kah Kee, a famous Chinese industrialist who has been extensively researched by various scholars. Although this chapter feels like a non sequitur, it does reinforce the advantage given to British enterprises in the form of tariff protection, a benefit not extended to Chinese merchants who were confronted by many disadvantages. The impact of these colonial protections is highlighted by tracing the Chinese dominance of peninsular shipping from its apex in the 1600s to its decline in the face of competition from faster European vessels. By the 1860s, entrepreneurial Chinese had established their own steamship companies, and, once again, Yuen offers a stunning snapshot of the major players in the Chinese shipping industry in Malaya, but, as with the chapter on secondary industries, the lack of connection between these names and enterprises leaves them reading a bit like a laundry list. The amazing tales of these Chinese shipping magnates would benefit enormously from contextualization, giving the reader a clearer idea of each corporation’s significance in the broader commercial milieu. In this chapter, the trajectory of Chinese capitalism emerges as a clear and undeniable pattern. Across a wide set of industries, Yuen paints a picture of traditional Chinese family businesses that commit themselves to industrial development in the days pre-dating the dominance of Western capital in Malaya. These businesses rise to compete powerfully with their European counterparts only to find themselves crippled by or crushed beneath the weight of unequal trade rules, colonial laws, and tariff protections benefitting the colonialists. As Yuen writes, ‘The rise and fall of Chinese shipping reemphasize the constraints of the colonial politico-economic structure on Chinese capitalism, which required a level playing field and the proactive support of the state for its prosperity’ (Yuen, p. 325).

The final sections of Yuen’s book address Chinese pawnshops and banking in the Straits, where British finance, Chettiar lending, and Chinese pawnbroking all filled niches in the commercial life of the colony. As Chinese banks evolved to deal with overseas Chinese and Straits-based capital issues in Malaya, Chinese pawnshops were used by all classes, genders, and races in colonial society, granting small loans of cash in exchange for articles sold or given as collateral and even operating as interest-generating banks of deposit that offered higher interest rates than more influential banks. Larger Chinese banks remained subordinate to European banks in the financial hierarchy, but they frequently collaborated with European banks and, along with Chinese compradors, were key
components of the banking system of colonial Malaya. The accounts of Chinese financiers in Malaya, whether small local lending institutions or pawnbrokers, suggest a freedom starkly denied in Claver’s descriptions of Dutch financial enterprises in Java. Was there an equivalent form of small Chinese financial institution in the Netherlands East Indies or were all such depositories forbidden by Dutch colonial authorities? This would be an interesting area for future research.

In temporal scale, Claver’s framework covers a chronology of 142 years, as opposed to Yuen’s 41 years. The greater geographic scope and demographic complexity of Claver’s study make his research far more ambitious than that undertaken by Yuen. That being said, Claver’s careful focus upon Dutch commercial institutions often seems one sided. In general, Yuen deals more successfully with transnational questions, the process of transplantation from Chinese native places, and the connections between business and kinship entities in Malaya and those in Chinese native places. Claver’s reluctance to examine critically the nature of Dutch colonialism or to investigate the question of autochthonous economic growth leaves many questions unanswered. Perhaps the most significant difference in approach between the two books is this: Claver’s portrayal of Chinese capitalists reflects an uncritical description of Dutch perceptions of the Chinese as they appear in colonial archival documents, while Yuen tends to view Chinese enterprises in terms of the larger colonial milieu of British Malaya. Claver’s book is powerfully influenced by Dutch documents, depicting the Chinese as a race possessed of impressive pecuniary cunning but also exploitative, sneaky, and dishonest. Yuen, using Chinese merchant-derived corporate files and oral histories from European and local archives, writes of a colonial demography able to skillfully combine superior capital and advanced technology to profit in ways very similar to British enterprises unless they were driven to bankruptcy by global financial disaster or discriminatory colonial policies. Both books offer immensely valuable contributions to the body of knowledge of Chinese capitalists in colonial Southeast Asia, but Yuen’s view, notable for its inclusion of Chinese voices, is far more charitable. In any case, both authors have produced valuable works of original research, and both have used impressive primary sources and sound methodology.

In the final analysis, the self-described intent of Yuen’s book is to examine the development of Chinese capitalism in Malaya in light of the influence of politics, socio-economic framework, state and colonial policies, and international and cultural environments. This makes Yuen’s book a smashing success. It presents solid arguments using a sound methodology, offers a number of very valuable tables, includes a fantastic glossary of Chinese names, and represents
overseas Chinese research at its finest: engagingly written, rich in anecdotes and brimming with original archival sources. Claver’s book, too, has much to offer. Although it deals only shallowly with Java’s overseas Chinese, it provides valuable detail about the functioning of specific capitalist enterprises in the complex colonial environment of Java and it also is rich in detailed tables, original archival sources, and anecdotes describing financial adventurism on the parts of all players. Such diverse approaches to parallel topics, as evidenced by the books of Claver and Yuen, allow the reader to critically combine the approaches of both books in order to create a more three-dimensional image of the past.