CHAPTER 10

The Expansion of Chinese Inter-Insular and Hinterland Trade in Southeast Asia, c. 1400–1850

Kwee Hui Kian

Contemporary observers had often remarked on the dominant role of the Chinese as trade intermediaries in Southeast Asia during the late nineteenth and early twentieth centuries (Cameron 1865; Furnivall 1939; Robequain 1944). Although the Europeans were the major importers and exporters in this period, they relied primarily on the Chinese middlemen for the retail and distribution of imported manufactured goods and gathering products for export purposes. This phenomenon motivated the Thai government to impose restrictions on the Chinese commercial and other economic activities from the 1920s (Skinner 1957). Similar discriminatory policies were also implemented by the newly-independent regimes in Indonesia, the Philippines and Malaysia during the 1950s and 1960s. Chief among these was the attempt to remove the Chinese trading presence in the district and rural areas of these countries (Golay 1969).

By targeting against the Chinese, there appears to be two underlying assumptions. Either it was thought that this particular ethnic group possessed superior commercial skills or that they had obtained unfair advantages during the colonial era. These implicit assumptions have inspired various research directions in the immediate post-colonial era. They include the scholarship by Clifford Geertz, Alice Dewey and their colleagues to test if indigenous Southeast Asians such as the Javanese possess entrepreneurial skills and why they have lagged behind alien groups such as the Chinese (Geertz 1960; Dewey 1962). They also continue to inform research discussions about how far guanxi (networking), xinyong (trustworthiness) and other special qualities based on the Confucian creed might explain the superior economic abilities of ethnic Chinese in the late twentieth and twenty-first centuries (Dirlik 1997; Jomo 2003).

Against these assumptions of European sponsorship and Chinese business acumen, this paper argues that the latter’s dominant role as trade intermediaries during the colonial period had evolved from developments in the early modern era. It examines how and why the Chinese were becoming prominent players in the inter-insular and hinterland trade of Southeast Asia during the seventeenth and eighteenth centuries. So far little notice has been paid to these commercial sectors compared to the discussion on the maritime trade between East Asia and Southeast Asia, especially the junk shipping between...
China and the latter region. Although various recent works are paying greater attention to the links between the entrepôt and secondary ports as well as commercial activities in the more rural and remote regions, they tend to focus on specific locales such as southeastern Sumatra, northern Java and southern Sulawesi.

The following section first maps out the Chinese expansion of inter-insular and hinterland trade in Southeast Asia in the period before the mid-nineteenth century. The second and third sections consider the methods of operation of these traders as well as the developments and characteristics of the regional economy during the seventeenth and eighteenth centuries. The argument is that although the Chinese migrants and their mixed-blood and localized descendants did operate in ways beneficial towards small-scale trading, these features were not peculiar to them. Instead what gave them decisive advantage over other groups of Asian and European commercial agents were the specific characteristics in the development of the Southeast Asian economy during the early modern period. This momentum was then carried over into the nineteenth and early twentieth centuries when they were serving as trade intermediaries especially for the European merchant houses.

The Chinese Trade Expansion in Southeast Asia c. 1400–1850

The commercial exchange between China and Southeast Asia dates back to the period before Common Era. The earliest carriers of trade were the Austronesian people followed by the Arabs and Indians at the turn of the tenth century. When they started sailing to Southeast Asia during the twelfth and thirteenth centuries, the Chinese primarily conducted trade at the capital towns of Srivijaya and Champa and also subsequently in Melaka from the early fifteenth century. At these entrepôts, Chinese imports including earthenware, metallic manufactures, textiles and tobacco were sold wholesale to the local rulers and major merchants who were in charge of their retail and distribution (Schafer 1967; Christie 1998; K. Hall 2004).

By the early fifteenth century, some Chinese traders began settling down and opened shops in the entrepôts and other flourishing port-towns such as Gresik, Surabaya and Tuban in north Java as well as Palembang and Siam (Reid 1996). If they could not sell all the goods within their short sojourn at the

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1 Blusse (1986, 2011); T’ien (1989); Cushman (1993); Reid (1993, 1994); Reid and Fernando (1996); Ishii (1998).
2 Andaya (1993); Knaap (1996); Knaap and Sutherland (2004); Kwee Hui Kian (2006).