

Maritime Trade and Economic Development of Penang, c.1786-1830

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Introduction

In the late eighteenth century Britain came to dominate maritime Southeast Asia more than any other European imperial power. Acting as agent of the English East India Company (hereafter, EIC) in 1786, Francis Light occupied the small island of Penang (named Prince of Wales Island) on the western edge of the Archipelago. Occupation of Penang by the EIC could be seen as a harbinger of Britain's growing empire in the Indonesian Archipelago and along the China coast.

According to recent studies in Southeast Asian regional trade, the period between the mid-eighteenth and mid-nineteenth centuries was an era of dynamic commercial expansion. Anthony Reid argued that Southeast Asia between 1740 and 1840 experienced a higher rate of growth in shipping and exports than that of the high colonial period. He stresses the era as the so-called "Chinese century," expanding Chinese junk trade and migration, notwithstanding firm establishment of European dominance in the region. This period marked a major increase in the tempo of commerce throughout Southeast Asia, largely influenced (especially on the mainland) by economic growth of China. Kaoru Sugihara also suggested that Singapore grew as a key contributor on the resurgence of intra-Asian trade, particularly during the first half of the nineteenth century.

In this context, this paper provides a new explanation about maritime trade and economic development of early Penang, c.1786-1830. By so doing, this paper attempts to assess the importance of Penang for Britain's growing empire in Southeast Asia and along the China coast, as well as for development of intra-Asian maritime trade during the first half of the nineteenth century.

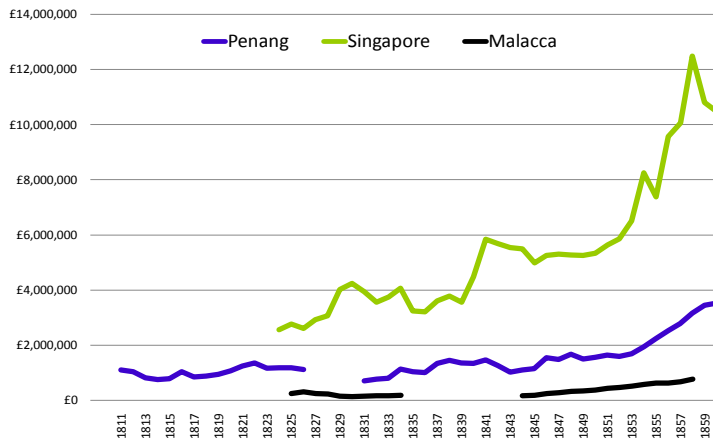
Trade

As shown by Figure 1, the Straits Settlements witnessed steady growth of trade by the mid-nineteenth century, which was influenced by motives of international trade, transit trade, and entrepot trade, essentially centres of exchange. In particular, remarkable growth of Singapore's trade depended upon free port status at the southern entrance of the Straits of Malacca. More important, however, development of Singapore did not result in decline of Penang's trade. It is assumed that there was a division of trade areas between Penang and Singapore.

Figure 2 shows a picture of early Penang's trade. Free port status was introduced into Penang between 1786 and 1802. Penang temporally became a custom port between 1803 and 1826. Despite the changing condition, Penang's trade grew very

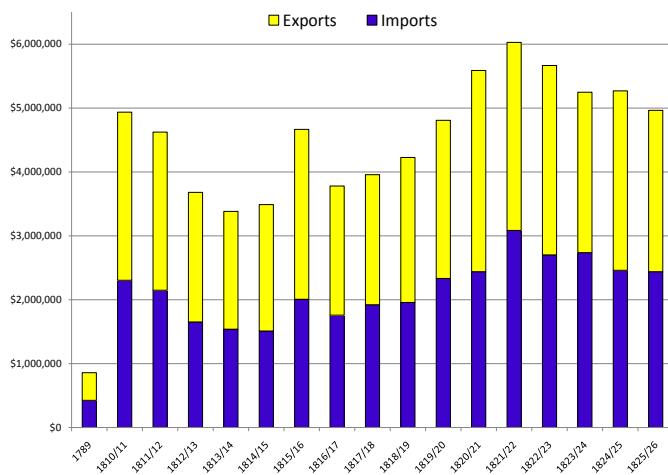
rapidly between 1789 and 1810. Penang experienced steady decrease in trade between 1810 and 1814 due to the Napoleonic Wars. The decline was prominent in 1813, but there was steady improvement in the period 1816-1821.

Figure 1. Trade of Penang, Malacca & Singapore (1811-60)



Source: T.Braddel, *Statistics of the British Possessions in the Straits of Malacca with Explanation Notes*

Figure 2. Trade of Penang (1789, 1810/11-25/26)



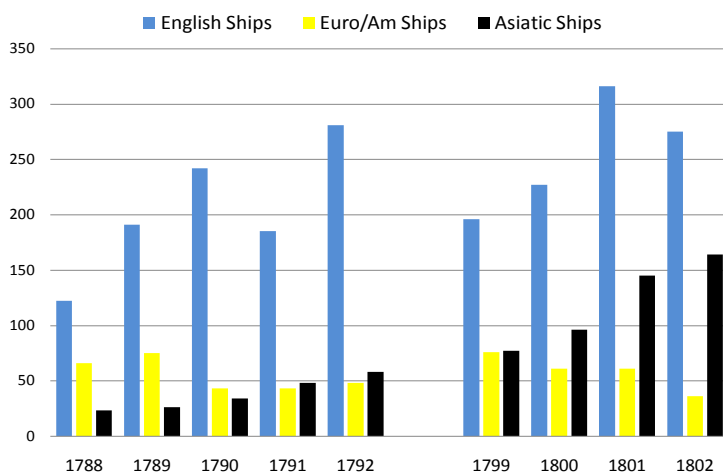
Source: *Journal of Indian Archipelago*, vol.IV (1850), p.651; Straits Settlement Records, A28, p.92

Figure 3 shows the number of ships arriving at and departing from the port of Penang. The total number increased steadily between 1786 and 1802. The great majority was evidently English/British ships. Other European ships (mostly Portuguese and Dutch) did not grow rapidly in that period. Rather, Asian ships such as Malay, Indian, Moors and Arabs increased in number. They initiated regional and local trades of Penang with many native ports. It is suggested that Asian merchants promoted rapid growth of Penang’s trade during this period.

Figure 4 illustrates a geographical dimension of Penang’s trade at a early stage. European/American ships broadly connected Penang to trading ports alongside the

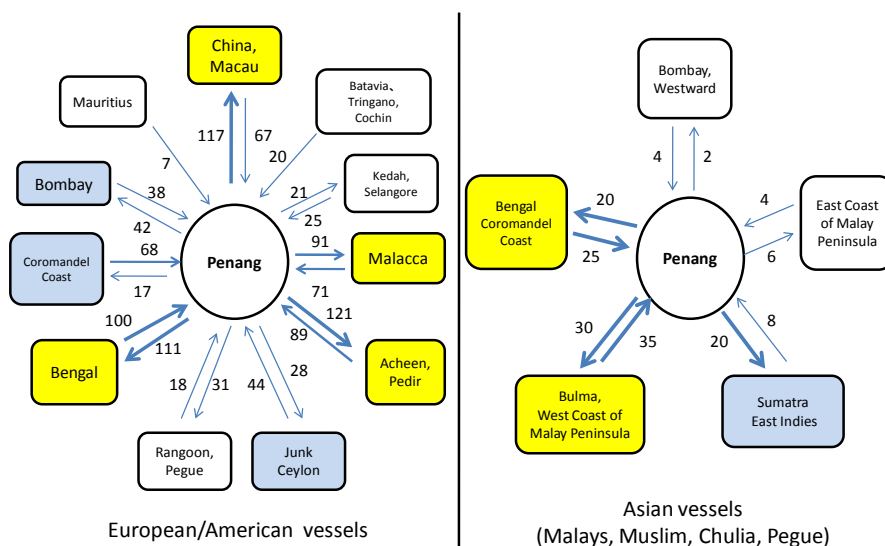
Indian sub-continent, Sumatra East Coast, Malacca, and China. On the other side, small Asian ships connected Penang with Bengal, Coromandel Coast, Bulma, West Coast of Malay Peninsula, and Sumatra East Coast. These connections were maintained chiefly by Indian and Malay local merchants.

Figure 3. Ships into/out of Penang (1788-92, 1799-1802)



Source: Straits Settlements Factory Records, G/34/2-6 ; G.Leith, *A Short Account of the Settlement, Produce, and Commerce*, 1805 , pp-89-92

Figure 4. Pattern of Penang's trade (1788-92): Number of Ships



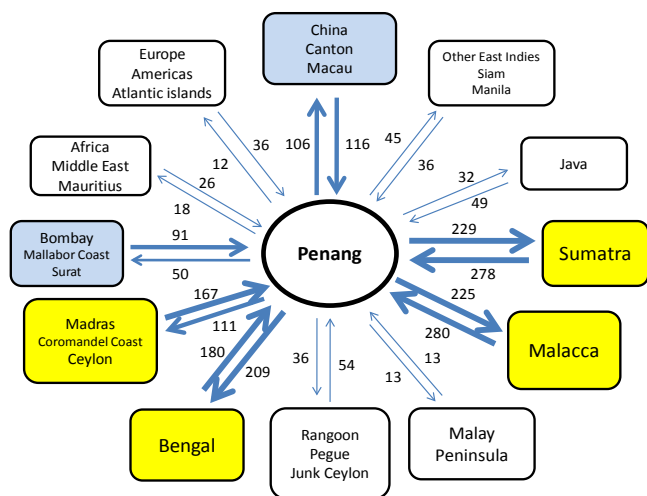
Source: Straits Settlements Factory Records, G/34/2-6

Figure 5 shows a pattern of Penang's trade during the Napoleonic Wars. Between 1806 and 1814 the number of ships coming into and out of Penang decreased drastically. After the end of the wars Penang's trade gradually recovered. Penang maintained trading connections with India, Malacca, Sumatra, and China. A

geographical pattern of Penang's trade remained unchanged even in the wartime.

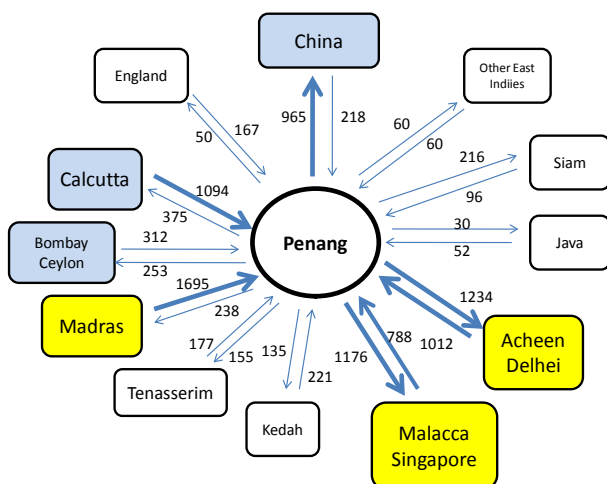
Figure 6 indicates a pattern of Penang's trade in 1828/29 after the foundation of Singapore. Penang's major trading partners were Calcutta, Madras, Acheen, Singapore, Bombay, and China. Singapore became a new partner from the 1820s, but other regions remained traditional to Penang's trade. It is suggested that Penang remained active as a centre of long-distance and regional trade in the Bay of Bengal and the Straits of Malacca in the 1820s.

Figure 5. Pattern of Penang's Trade (1806-17): Number of Ships



Source: *Prince of Wales Island Gazette*

Figure 6. Pattern of Penang's Trade (1828/29): × 1000 Sicca Rupee



Source: Straits Settlements Factory Records, G/34/162

Table 1 shows the main commodities for Penang's trade in 1828. More important were Indian piece goods, especially Indian cloth, opium, pepper & spices, beetlenut and tin in the commodity list. The most prominent commodities were Indian goods

such as Indian piece goods and opium, which were traded by British country traders and Indian merchants. Indian cloth was re-exported by Penang to surrounding ports in the Straits of Malacca. Tin was carried from Malay peninsula by Malay or Bugis merchants active in the Straits of Malacca. Pepper, spices, and beetlenut were imported from Acheen and other Sumatra ports by Malay merchants. The Straits commodities were vital for the interests of the East India Company and British country traders, in order to acquire Chinese tea and goods in Canton.

Table 1. Main Commodities of Penang's Trade (1828/29)

Imports		100%	Exports*		100%
Indian piece goods	34%		Indian piece goods	16%	
Opium	14%		Opium	15%	
Pepper & Spices	8%		Pepper & Spices	12%	
Rice	7%		Beetlenut	9%	
Beetlenut	5%		Tin	8%	
British articles	4%		British piece goods	5%	
Tobacco	3%		Bird Nests	4%	
Oil	2%		Chinese sundries	3%	
Tin	2%		Sticklac	3%	
Indian sundries	2%		Beech de Mer	2%	
Others	19%		Others	23%	

* Include re-exports

Source: Straits Settlements Factory Records, G/34/162

Indian population in Penang's economy and society

Successive Penang governors during the period believed that Penang's importance should be judged, not by size of local revenues, but by additional wealth and revenues its trade generated for other Presidencies of India. On the basis of this imperial policy, officials sought to stimulate various economic activities that would help the new colony to develop for the benefit of the Malay Peninsula and the eastern archipelago. Thus, agricultural development into the hinterland of Georgetown was viewed as essential to the economic performance of Penang. At that time, pepper, nutmeg and cloves remained major agricultural export items from Southeast Asia to Europe and China. By 1800 the Bengal administration also came to see Penang as an alternative to the Dutch Moluccas as a source of spice production. Development of export crops became a favored means through which to cover administrative costs in Penang.

Development of early Penang's spice economy provided great impetus for movement of many Chinese pioneers into the island. In the census of 1788, Chinese were identified as one of the largest groups of Penang society. Francis Light, founder

of Penang, encouraged immigration of Chinese. Early arrivals were mostly merchants, traders and labourers from mainland China and Malacca, but the majority came from Kedah. They engaged not only in long-distance trade but in various occupations in towns and hinterland areas, such as revenue farming, retail trade, handicrafts, agricultural planters, plantation labourers and others. Bazaar shops were principally kept by Chinese. According to a report of 1822, all Chinese from the two provinces of Canton and Fokein, three-fourths from the latter about five-sixths were unmarried young men. The large plantations were generally developed with European capital by Chinese contractors employing Chinese labours. The local government encouraged immigration of Chinese plantation labourers from the Malay Peninsula and China. Chinese immigration was also encouraged by the government's fiscal policies such as the sale of revenue farms of opium, liquors and gambling. The "Chinese century" was an important factor for economic development and colonization of early Penang.

Economic development of Penang promoted rapid increase in population in the early nineteenth century. Complaints were made of the expense and difficulty of procuring water for ships, and often of bad water quality. Settlers needed urban improvements of Georgetown and its further geographical expansion. Local governors and officers also realized the importance of access to safe and clean water for daily consumption and ships. Moreover, inhabitants mostly crowded into an ill-drained and swampy area round the harbor. The town had very poor drainage system at that time, which contributed to spread of tropical diseases (ex. malaria and cholera) in unhealthy living conditions. Penang governors were very concerned about improvement of urban and economic infrastructure such as water supply, drainage, canals, streets and roads. Furthermore, he believed that a rapid upgrading of Penang's spice economic development needed the investment in communications. Main roads were extended into the interior of the island from Georgetown, which linked the town with the agricultural hinterland as the most fertile and cultivated areas of pepper, spices and other agricultural production.

But Penang's government suffered from labour shortages in public works. To meet serious labour and financial problems, Penang's government began the practice of employing Indian convict workers from the Indian subcontinent as low-cost labourers for social services and construction of urban infrastructures. As mentioned above, keeping the town of Penang healthy remained a deep concern in the early nineteenth century. A high proportion of Indian convicts worked on Penang's roads and streets, on clearance of swamp and forestlands, construction of drainage ditches, and connection of pipes for fresh water to waterfalls and rivers in the hinterland.

Penal destinations in the late eighteenth and the first two decades of the nineteenth century included Benkulen, the Andamans, the island of Amboyna, Java, Arrakan, Tenasserim, Mauritius, Botany Bay, West Indies, Aden and so on, but these were not developed into penal colonies for convicts from India. In the nineteenth century, the

Straits Settlements aggregated the largest number of Indian convicts. Especially Penang as a penal destination for Indian convicts was the most important before the 1830s. Besides construction of infrastructure, Indian convicts also engaged in a variety of duties in the government offices and troops in Penang. Convicts were employed in a council house, warehouse, custom house, engineers' department, for example, and by paymaster and storekeeper, town major and his garrison, hospital, junior civil servants, military, and so on in 1818. Others also worked as private servants for government officials and private individuals. It is evident that hard works by criminals were essential to Penang's colonization

**Table 2. Indian Convicts in the Straits Settlements
(1810-73)**

	Penang			Malacca			Singapore			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
1810			1,300							1,300
1824			1,469							1,469
1855			1,358			648			1,839	3,845
1860	1,163	93	1,255	532		532	2,151	124	2,275	4,063
1865	728	72	801	743	2	745	1,681	112	1,793	3,339

Conclusion

After foundation as a British free port, Penang attracted a number of long-distance, regional and short-distance merchants, traders, labourers and others. The foundation of Penang made trade opportunities for the entry of not only Western private traders but also Asian merchants into intra-Asian or intra-Southeast Asian trade. Rapid increase of Penang's population transformed Georgetown into a multi-ethnic port town mostly for immigrants such as Malays, Indians, Chinese and Europeans.

The period between 1740 and 1840 is called as the "Chinese century," in Southeast Asia, which means an era of the expansion of Chinese junk trade and migration. Actually Penang experienced the rapid increase in the Chinese population from the Malay Peninsula and mainland China. On the other side, Indian people were more related to developments of colonial Penang. Merchants from the Coromandel Coast, Bengal and the Malay Peninsula specialized mainly in imports from the Indian subcontinent to Penang and eastward. Closer links between the Bay of Bengal and the

Straits of Malacca were the most important factor for prosperity of Penang's maritime trade. Penang acted as a generator of Indian mercantile networks in maritime Southeast Asia and East Asia. Economic development of the island's interior required construction of infrastructure needed to link Georgetown with the hinterland. Penang's government utilized Indian convicts from the Indian subcontinent for public works and other duties.

It might be assumed that early Penang experienced the "Indian century," in parallel with the "Chinese century." Following transportation of Indian convicts, South Indians' indentured labourers migrated to Malay Peninsula, as well as Ceylon, Burma, Mauritius, Fiji and the West Indies, from mid-nineteenth to the early twentieth centuries. In the studies of Southeast Asia, Indian factors should be taken into much more consideration.