

Penang's Chinese Merchants and the Indian Ocean in the Entrepot Age, 1820s-1890s

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Introduction

The landing of Francis Light on Penang, a small island off the north-western coast of the Malay Peninsula, in 1786 marked not only an establishment of a permanent British trading base in Southeast Asia but also a reconfiguration of maritime trading pattern and business orientation of the region. Penang was to emerge as a regional entrepot and business centre. Undoubtedly, British free trade and free port policies were important in causing this change. But, they were not the only force. A web of business networks built around local mercantile families played a preponderant role in transforming Penang. These created a matrix of intra- and inter-regional connections linking Penang to surrounding states in the Straits of Melaka and as far as to China and India. However, scholarly attention has focused on Penang's networks with states in the Melaka Straits and China rather than with the littoral states of the Eastern Indian Ocean.

My article will redress this imbalance by rediscovering the networks connecting Penang with the Indian Ocean through a cluster of Chinese business families, namely the Gan, the Lim, the Lee, the Khoo, and the Cheah families, which were the most conspicuous among the local mercantile families. It is erroneous to think that these Chinese business families only spun networks to Chinese maritime world of commerce and migration. Instead, they reached out to the Indian Ocean through four linkages, namely maritime trade (shipping and flow of commodities such as betel-nut, pepper, coconut, and rice), inter-marriages, business partnership, and education. By expounding these four linkages, I argue, that networks of transnationality, hybridity and fluidity rather than essentialist and homogeneity inextricably linked Penang and the Indian Ocean together to form one of the most vibrant geo-economic regions in Asia.

Maritime Trade

Shipping

When first established, Penang was intended to serve as an important port for English traders, who sailed from the Indian subcontinent to Southeast Asia. These traders, who had their bases in either Madras or Calcutta, were closely associated with the wealthy Indian merchants through joint-ventures in shipping. As Nordin Hussin points out in his work, *Trade and Society*, both English and Indian (Chulia) merchants, who were the early comers to Penang, had their trading networks linked to the coastal areas of the Bay of Bengal. His view is echoed by Loh Wei Leng in *Penang's Trade and Shipping in the Imperial Age*. It is fair to say that the shipping and trading links from Penang across the Indian Ocean were primarily, if not solely, generated and nurtured by English and Indian traders during the first twenty or thirty years after the establishment of Penang. But this changed when Chinese merchants or traders emerged to engage in maritime activities around the Bay of Bengal in 1820s.

The year of 1824 witnessed the launch of a British military expedition against the Burmese which became known as the First Anglo-Burmese War. In May, British troops from Calcutta and Madras landed at Rangoon but found the residents of the city all evacuated and the source of local food supply cut off. Confronting the food shortage problem, the British

troops could not make any advance beyond Rangoon and got stuck in the city for about six months. In 1825, they began to receive food supply from Penang. Junks owned by the Chinese traders transported bread, tea, poultry, pigs, vegetables, and other goods from Penang to Rangoon. With this supply of food from Penang, the British defeated the Burmese and won the war in January 1826.

Who were these suppliers in Penang? It is not surprising that they were some established traders of the time like Khoo Beng San (Che Beng), Lim Seong (Che Seong), Lee Toah (Che Toah), and Koh Lay Huan (Che Wan). For instance, Khoo Beng San, who was known as Che Beng or Beng in colonial records, established a trading company called Beng & Co., owned the 350-ton brig, Angelica, and sailed between Penang, Malacca, and Singapore. Apart from the shipping and trading business, Beng San was also involved in the opium revenue farm business.

During the 1830s and 1840s, Penang Chinese shipping activities in the Indian Ocean became more dynamic and vessels owned by established Chinese merchants made direct contact with major ports in the Indian Ocean. For example, Cheah Oon Soon owned the 250-ton brig, Rob Roy, which sailed between Calcutta and Penang. Lim Beon had a 141-ton brig, Elizabeth that plied between Arakan and Penang. It was only in the 1850s that Penang Chinese merchants managed to establish a niche in the shipping world of the Indian Ocean.

In the 1860s and 1870s, Penang Chinese shipping activities in the Indian Ocean increased considerably. This can be gauged from the shipping intelligence published in two local newspapers of that time – *The Pinang Gazette and Straits Chronicle* and *the Penang Argus and Mercantile Advertiser*. Looking at the shipping in 1868-71, for instance, not only did the number of vessels operated by the Chinese consignees sailing between Penang and Indian Ocean multiply three to fourfold, the number of ports visited by the Chinese vessels also expanded (Rangoon, Chittagong, Nicobar, and Negapatam or Nagapattinam).

In 1880s, the shipping of Penang Chinese merchants in the Eastern Indian Ocean reached a new height. It is no exaggeration to say that most, if not all, the prominent Chinese merchants in Penang were engaged in the shipping between Penang and ports in the East Indian Ocean.

Entrepot Trade

An examination of a list of major trade goods – pepper, betel-nut, coconut, and rice flowing between ports, will show why and how Penang became inextricably tied together to the Indian Ocean. These four commodities are focused on here because they were central to the merchants' major shipments.

Pepper

The early pepper that reached Europe came largely from the western coast of India, the place of origin for the pepper vine (*Piper nigrum*). The culture of pepper was later extended to the Indonesian archipelago through Arab and Indian trade. However, South Indian areas like Malabar remained as the main supplier of pepper for the European market until the sixteenth century. It was only until the beginning of the seventeenth century that large quantities of pepper were imported by the Dutch and British from Java and Sumatra to Europe.

By the beginning of the nineteenth century, Sumatra alone produced more than fifty per cent of the total Eastern pepper while Malabar yielded only eight per cent. In other words, Sumatra had become the largest supplier for the European market. Interestingly, most of the Sumatran pepper was exported to Europe and India via Penang. When Penang was established, the British also used it as an important depot for pepper supplies brought from

Terengganu and Sumatra. These pepper supplies were then re-exported to China, India, and Europe. In 1819-22, the pepper going from Aceh and the ports on the East Coast of Sumatra to Penang reached 115,337 pikuls. From 1870s to 1890s, Sumatra continued to be the major exporter of pepper to Penang and the volume averaged 120,000-140,000 pikuls a year. Since at least the mid-nineteenth century, the Chinese merchants dominated this pepper trade between Penang and Sumatra.

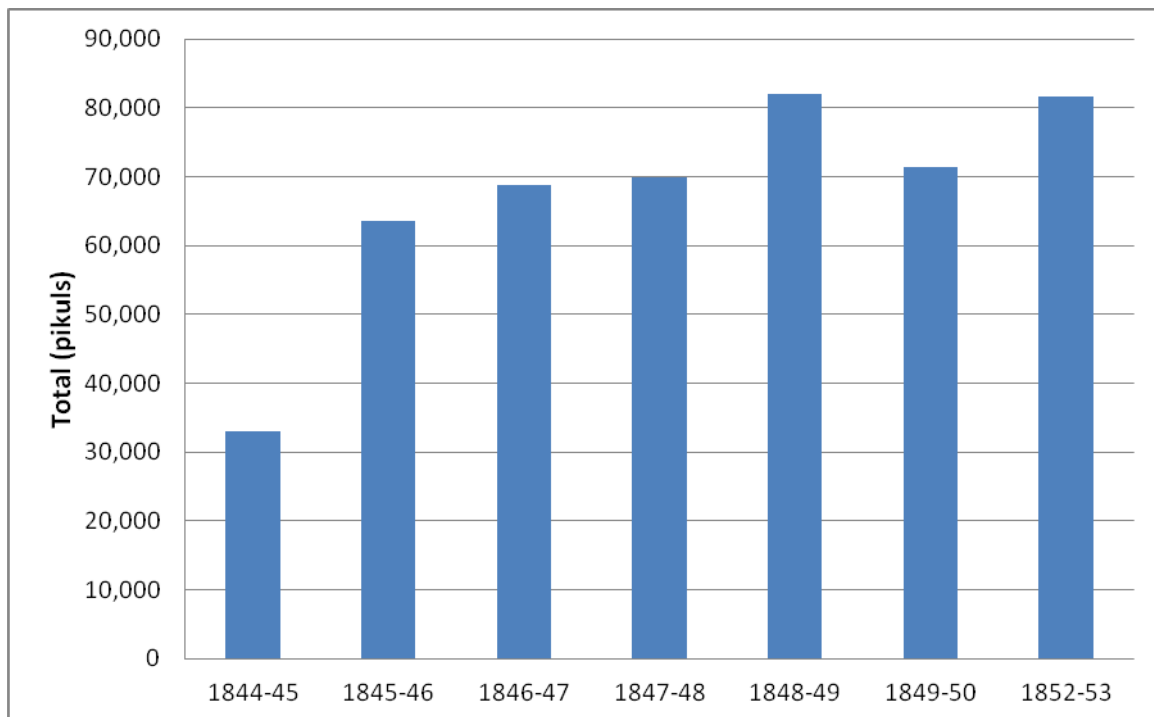
Pepper imported by Chinese merchants from Sumatra was usually sold to European merchants who had direct shipping operations to Europe and India. For example, Khoo Kong Mah, a pioneer of the Penang-Aceh trade, had his pepper supplies disposed to Huttenbach Bros. & Co., a Penang-based German trading firm, which also served as agencies for British, Dutch, and American shipping lines. However, some Chinese merchants had their pepper shipped from Penang to India.

Betel-nut

Betel-nut or areca nut was another commercial agricultural commodity exported in large volume from Penang to Indian Ocean. Most of the supplies were however imported from Aceh and West Coast of Sumatra. The betel-nut grown in Penang was only sufficient to supply the local market. Betel-nut furnished the vital ingredient for betel-chewing, which was widespread in Southeast Asia, South India, and South China. Hence, there was a regular demand for this commodity, both locally and overseas. In 1816/17 – 1822/23, there were approximately 167,409 pikuls of betel-nuts exported from Aceh to Penang. The Indian Muslim or Chuliah and Acehnese merchants were in control of this trade during the late-18th and early-19th centuries. But some Chinese merchants like Che Toah (Lee Toah), Che Seong (Lim Seong), and Che Wan (Koh Lay Huan) owned vessels plying between Penang and Aceh and carried betel-nuts as their cargos in the 1810s and 1820s.

The import of betel-nuts from Aceh into Penang continued to grow in 1840s – 1850s. In 1844-45 – 1852-53, for instance, the amount reached 470,000 pikuls (See Chart 1).

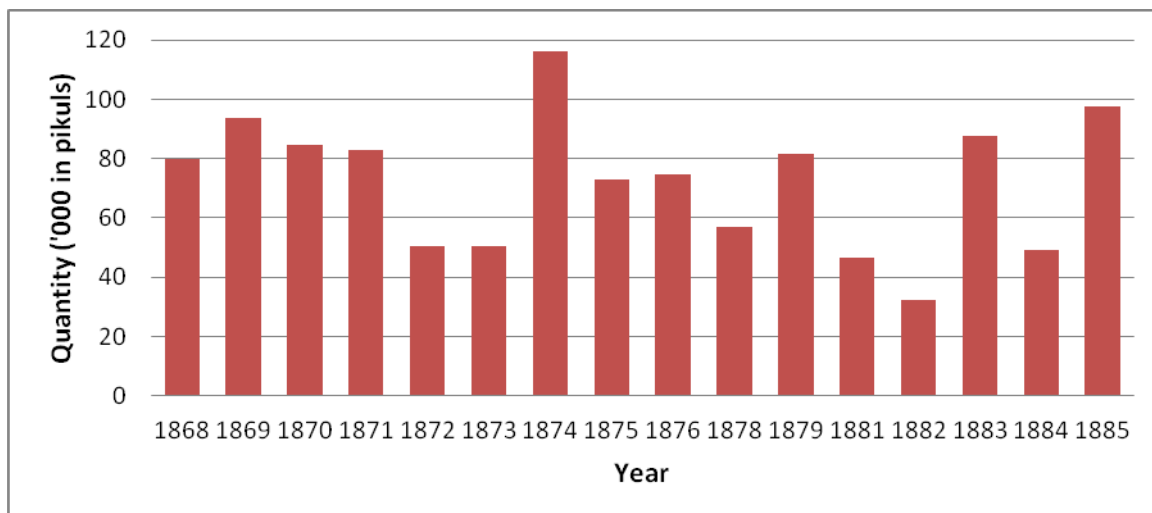
Chart 1: Import of Betel-nut from Aceh to Penang, 1844-5 to 1852-3



Such dynamic growth was in fact related to the increasing number of Chinese-owned vessels conducting trade between Penang and Aceh in the same period. The prominent merchants of the Lim family operated at least seven vessels that traded with Aceh and the West Coast of Sumatra. Aside from the Lim family, the Khoo, the Oh, the Neoh, and the Ong families were also actively engaged trade with Aceh and West Coast of Sumatra. The merchants of these families operated at least eight vessels.

By 1860s and 1870s, the Chinese merchants of Penang were able to carve out a significant portion of the Penang-Sumatra and Penang-Indian Ocean betel-nut trade. This can be gauged from the shipping intelligence published in *The Penang Argus and Mercantile Advertiser* of that period. For example, in 1868-72, vessels (schooner, brig, and bark) owned by the Chinese merchants were recorded sailing to and from Sumatra and Penang every month of those five years. Furthermore, the Chinese merchants also owned the largest number of native crafts listed in *The Penang Argus and Mercantile Advertiser* of 1871 and 1872 and most of their crafts sailed to Sumatra. Taking this into consideration, it is clear that the frequency of Chinese-owned vessels in conducting trade with Sumatra had become increasingly high. Hence, it is no exaggeration to say that Chinese shipping had undoubtedly contributed to the strong and consistent growth of import of betel-nut from Sumatra into Penang (See Chart 2).

Chart 2: Import of Betel-nut from Sumatra into Penang, 1868-1889



The imported betel-nuts of Penang were mainly re-exported; India and Burma were the largest recipients. These two countries of the Indian Ocean took up an average of 65% of Penang's total export of betel-nuts from 1872 to 1893. The rest of the exports went to Hong Kong, Singapore, Melaka, and China. The Chinese merchants played an important part in re-exporting the betel-nuts to India and Burma. For example, Khoo Seck Chuan, Lee Yeah, and Lee Seng Toh shipped 3,650 pikuls of betel-nuts to Calcutta in 1856. There were about 4,000 pikuls of betel-nuts transported by the Chinese merchants to Rangoon in 1863. The high demand in India and Burma was due to betel-nuts being widely used as a stimulant and being

essential to every ritual and social occasion. Besides, betel-nuts were also used in India for dyeing the Indian cloth that found a major market in Southeast Asia.

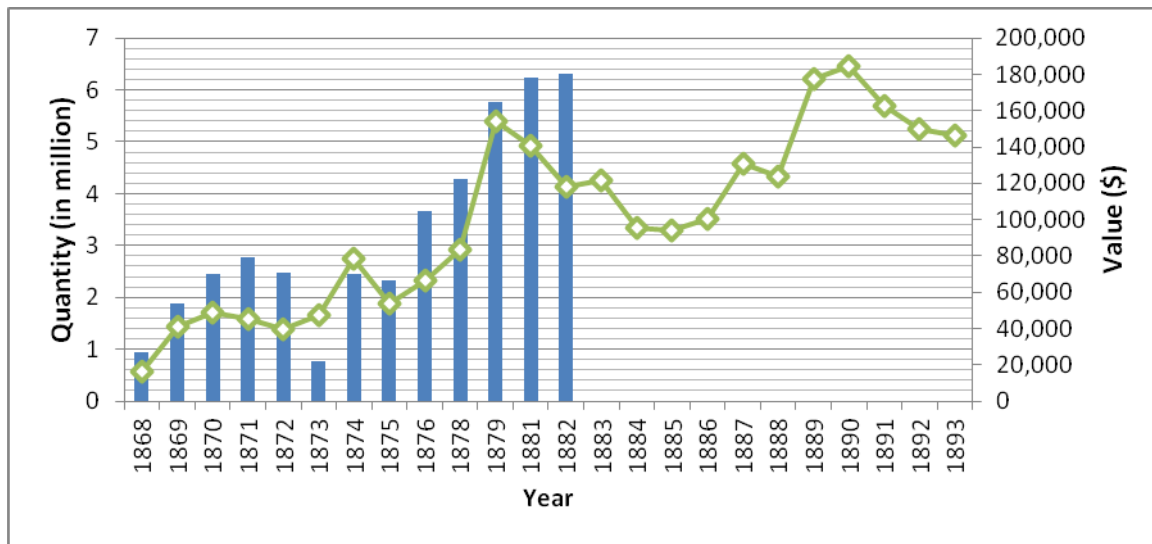
Coconut

Among the commercial crops grown in Penang, coconut turned out to be the only crop successfully cultivated on a large scale on the island, contributing considerably to the economy from the 1870s to the 1950s. Why and how did coconuts become such an important commercial crop in Penang?

Penang planters were the driving force for the growth of the coconut industry. The mid-19th century witnessed an unprecedented expansion of coconut estates in Penang. It increased from a few thousand acres in 1830s to seventeen thousand acres in 1870s. Penang became the largest grower of coconut palm in Malaya and Chinese towkays of the island were the major owners. The largest estate proprietor was the Koh family, who owned close to 2000 acres.

The Chinese venture into coconut planting was not a coincidence. It was a calculated investment to tap local and overseas markets where the demand for coconut fruits, copra, and coconut oil was increasing. Furthermore, in 1864, the blight disaster for nutmegs in Penang also brought an increase in coconut planting. Coconut was one of the principal products which millions of locals in Southeast Asia relied upon for food, drink, cooking oil, and other numerous household purposes. The unprecedented rapid and sustained population growth in the 19th-century Southeast Asian states greatly stimulated the need for this staple. By 1880s, Penang was already a centre that supplied coconut fruits, copra and coconut oil to Singapore, Melaka, Kedah, Perak, southern Burma, and southern Siam. Among these countries, Burma was the largest taker of Penang's coconut fruits. From 1868 to 1893, the export of coconut fruits from Penang to Burma grew progressively (See Chart 3). Hence, coconut was not only a good revenue earner for Penang but also for estate owners.

Chart 3: Export of Coconut Fruits from Penang to Burma, 1872-1893



Rice

Rice was the overwhelmingly dominant food staple and agricultural product of Southeast Asia. Hence, this important food item was so indispensable that it was traded on a considerable scale within Southeast Asia in the 19th century. Rice grown in mainland

In view of this, it is clear that the surrounding states were the major market for the Burmese rice exported from Penang. The great demand for rice in those states was due to the unprecedented influx of coolies to Perak, Deli, and Phuket, where the labour-intensive tin mining and tobacco planting were in operation.

Seeing rice as a valuable commodity and the staple of thousands of coolies, the Chinese merchants rose to dominate this Penang-Rangoon rice trade. Chong Moh & Co., the largest Penang-based shipping and trading enterprise, controlled two-thirds of the rice import of Penang. The redistribution of rice from Penang to the surrounding states was also in their hands. For instance, Koe Guan & Company, a shipping and trading enterprise owned by the Khaw family, controlled rice export from Penang to the western Siamese states (Ranong, Kopah, Tongkah).

Business Partnerships

As the foregoing discussion has shown, the entrepot trade and maritime shipping in engaged by Chinese merchants made Penang a centre or hub for the import and export of Straits produce from Southeast Asia and goods from Indian Ocean. To succeed in this shipping and trading enterprise, the merchants formed partnerships not only between themselves, but also with businessmen from other ethnic groups like Indo-Malay, Armenian, and English. With such partnerships, they were able to pool more capital and, more importantly, utilize the partners' connections to extend business interests to the Indian Ocean. This is best illustrated in the example of Chen Eok & Co., which was established by Cheah Chen Eok in 1875 together with his Chinese and Armenian partners.

Michael Arratoon Anthony, an Armenian, was Chen Eok's crucial link to Indian Ocean. M.A. Anthony was the eldest son of Arratoon Anthony, who migrated from Calcutta to Penang in 1819 and founded A.A. Anthony & Co. in 1840, to export local produce to Calcutta. M.A. Anthony joined his father's firm as an assistant in 1861 and was made a partner four years later. When his father retired in the late 1860s, M.A. Anthony took over the family enterprise. A. A. Anthony & Co., under the management of the Anthony brothers, became one of the leading shipping and trading firms in Penang, owning at least five vessels and served as an agent for Apcar & Co.'s Steamers and Douglas Lapraikd Co.'s Steamers. Most of the vessels were mainly consigned to trade across the Indian Ocean from Penang to Madras, Bombay, and Calcutta or vice versa carrying cargoes of pepper, betel-nut, piece goods, rice, and opium.

Taking this into consideration, it is clear that Chen Eok could have tapped into M.A. Anthony's extensive family, shipping and trading networks across the Indian Ocean to distribute his produce like pepper to India or to source for Indian goods such as piece goods and rice for local markets. Likewise, as a partner of Chen Eok, M.A. Anthony would have also been able to access Penang and surrounding states to obtain Straits produce for export to India.

Strategic Intermarriages

More often than not, the Chinese merchants contracted strategic intermarriages to forge business alliances or to strengthen existing ones. For instance, Cheah Tek Swee had his daughter married to the only son of Nina Merican Noordin, who was a prominent and wealthy Merican or Kling merchant and proprietor in Penang. N.M. Noordin was the second son of Mohamed Merican Noordin, a leading Merican merchant who started trading in Penang around 1820 and founded M.M. Noordin, a trading and shipping enterprise in 1834. The enterprise was one of the largest consigners in Penang with vessels trading across a wide

area from Penang to Chittagong, Arakan, Deli, Aceh, Bombay, and Calcutta. Nina Merican

In view of the Noordin business background, it is not wrong to say that the Cheah family's affinal alliance with a member of the Noordin family was intended to enhance economic cooperation to advance business interests in the Indian Ocean or to consolidate their partnership.

Education

India, to the Chinese merchants of Penang, was not only a place for trade, but also for education. In the mid and late 19th century, some Chinese merchants sent their children to Calcutta for higher English education. Doveton College and Roberts' College were the popular choices. Some Chinese merchants who received their education at the two colleges of Calcutta were Cheah Tek Thye, Gan Ggoh Bee, Koh Cheng Sian, Quah Beng Kee, and Lee Toon Tock. These Chinese merchants were from established mercantile families in Penang. Their attendance at the colleges in Calcutta was very likely due to their family business connection with Calcutta. For instance, both the Lee and the Gan families had opened up branch companies in Calcutta.

More importantly, perhaps, the desire for upward mobility and establishing or maintaining good working relationships with colonial administrators and Western traders provided the impetus for the pursuit of higher English education. Many Chinese merchants, especially Hokkiens, considered that mastering English language and knowledge was a firm springboard for engaging political, social, and economic activities with Westerners. Quah Beng Kee, for example, after his education at the Roberts' College, he worked for Messr Behn Meyer & Co. in Penang. Later he went into business with European partners. In the early 20th century, he assumed a few positions assigned by the government, such as managing agent for the Government liner, rice distributing agent for the Food Control Department and director of Government Rice Mill.

Conclusion

With all that has been said above, it is clear that Chinese mercantile families in Penang spun extensive networks to advance maritime trade, business partnerships, inter-marriages, and education and which came to link Penang and surrounding states closely and inseparably to the world of Indian Ocean. An analysis of the four linkages has led us to see a web that contributed to the Chinese merchants' wealth and economic success and more importantly fashioned the contours and patterns of Penang's surroundings as well as those of the littoral states of the Indian Ocean in the nineteenth century. This historical angle contrasts with and contradicts the conventional view that regarded Chinese mercantile networks as homogenous, essentialist, and static structure only connecting to the Chinese maritime world of commerce and migration.

A defining understanding of Chinese mercantile networks in Southeast Asia, especially Penang, therefore, needs to take into consideration issues of multiplicity, transnationality, and flexibility. Only in this way can we recognize the fact that the Chinese were not just parvenu merchants serving imperial goals, but instead played nodal and pivotal roles in shaping and expanding the local and regional economy, and society at large in Southeast Asian and Asia.