

## 6 Money and Credit in Chinese Mercantile Operations in Colonial and Precolonial Southeast Asia

Kwee Hui Kian

This chapter describes how money and credit featured in the economic operations of Chinese merchants in Java, and more generally in maritime Southeast Asia, from precolonial times up to the early twentieth century. It first outlines the general development of Southeast Asian Chinese economic activities over this period, including the advance of Chinese capital and labour beyond shipping and trading activities into the realm of production during the seventeenth and eighteenth centuries. Attention is given to the roles played in this process by petty coinage, tax farming, and credit institutions. The chapter examines how capital was borrowed and pooled for investment, why charitable and community organizations such as the Kong Koan (Chinese Council) of Batavia and the Tjje Lam Tjay Association ("House of Aid and Direction") in Semarang, as well as Chinese temples and clan associations, emerged as important sources of finance, and why the importance of such institutions as credit providers declined from the late nineteenth century onward.

### Chinese Economic Activities in Precolonial Southeast Asia

During the first millennium, trading links were already established between South China and Southeast Asia (Wang 2003; Christie 1998). While the historical literature has generally referred to the traders as "Chinese", closer studies indicate that the first commercial connections were probably established by Austronesian seafarers. By the fourteenth century, the trading community seems to have been one of hybrid ethnicity; only in

later times did it come to be identified as unambiguously Chinese (Reid 1996; Schafer 1967; Siu and Liu 2005). Initially the main Southeast Asian products involved in the trade with China were resins, benzoin, camphor, rhinoceros horn, and sandalwood. By the fifteenth century this list had expanded to include black pepper, sappanwood, sea cucumber, bird's nests, tortoiseshell, coral, cloves, nutmeg, and mace (Chang 1991; Prak 1999, chapters 1, 3, 7–10, 12–13). In the sixteenth and seventeenth centuries, the chief products sought by the Chinese in maritime Southeast Asia were sugar, bird's nests, sea cucumber, pepper, tin, and timber. By the eighteenth century there was also a demand, in the flourishing economy of South China, for Southeast Asian rice (Cushman 1993; Viraphol 1977, pp. 74–79). In exchange for these goods, traders brought to Southeast Asia Chinese goods such as silks, porcelain, tobacco, combs, fans, ceramics, and ironware (Blussé 1986).

By the sixteenth century, when European sources begin to throw their relatively detailed light on Southeast Asian history, Chinese traders were observed to be venturing beyond the port cities of Indonesia to buy up pepper and rice in the producing areas at lower prices than could be obtained from middleman traders. Some well-capitalized merchants were also engaged in tax farming, leasing from the ruling authorities the right to tax traders and travellers at ports and marketplaces, and along strategic roads, rivers, and bridges. Members of the indigenous political elite sometimes even farmed out the right to extract head taxes from the population of whole villages or groups of villages. Other forms of revenue farming included the leasing of local monopoly or monopsony rights to the sale or purchase of valuable products such as bird's nests, salt, sea cucumbers, tin, pepper, textiles, cotton, and (in later periods) opium. In many polities, the collection of taxes on entertainments like *ronggeng* was also farmed out.<sup>1</sup> Revenue farming remained a key activity of Chinese and other foreign merchants until its demise and abolition in the late nineteenth and early twentieth centuries. Harbourmaster and toll-gate tax farms were particularly sought after by Chinese *towkay* (merchants).<sup>2</sup>

During the early modern period, the Chinese in Southeast Asia also began to venture into the realm of production. Having established Batavia as its headquarters in 1619, the Dutch East India Company encouraged Chinese immigration to the town, sometimes even physically uprooting established merchants from the neighbouring Javanese port-towns. Once in Batavia these *towkay* not only conducted trade, but also brought in Chinese coolies to construct public works for the Dutch and to manufacture sugar

(Blussé 1986, pp. 35–96; Mazumdar 1998, pp. 326–29). This was only the beginning of Chinese production activities in the Nanyang region.<sup>3</sup> In the late seventeenth century large groups of Chinese immigrants, sometimes as many as 3,000 at a time, started arriving in Vietnam and the Gulf of Siam as refugees from upheaval in South China, where Ming loyalists were fighting Qing armies following the fall of the Ming dynasty in 1644. The immigrants made pacts with the local authorities and were permitted to settle and grow rice on what Li Tana refers to as the “Water Frontier”, in what are now the southern borderlands between Cambodia and Vietnam (Chen 1979; Li 2004). In the same period, Chinese miners started arriving on the tin-rich islands of Bangka and Belitung, and in the goldfields of western Borneo.<sup>4</sup>

### Money and Credit in Chinese Economic Ventures

In order to facilitate their purchase of Southeast Asian products from local producers, traders seem by the end of the first millennium to have introduced to the region Chinese coins such as the *pici*, also known as the *kepeng*. Made from an alloy of copper, and lead and/or tin, the earliest *pici* used in Java were probably bronze ones imported from China between the years 998 and 1004. This speculation is based on the fact that the tin and lead *pici* manufactured on Java in the twelfth century, which were modelled on Chinese originals, bore the reign title “Xian Ping” (998–1004) of Emperor Zhenzong (997–1022) of the Song dynasty (960–1279). In the Indonesian archipelago, locally minted *pici* circulated alongside similar coins made in Tonkin and Japan as well as South China.<sup>5</sup>

Indian and Persian rupees (*ropia*, *ropij*) were also imported to Indonesia as middle-range currencies. It is no coincidence that the earliest petty and medium-denomination coins to circulate in Southeast Asia were introduced from China and India. Traders originating from, or engaged in commerce with, those countries were the first to penetrate the economic hinterlands of the region. While large-denomination coins of the silver “piloncico” and “sandalwood flower” types had been produced locally in Java since the ninth century, these would have been too high in value for use in small purchases at the lower levels of the economy.<sup>6</sup> In the eighteenth century the Dutch-minted *duit*, a much sturdier petty coin than the *pici*, was to become the predominant type of small coinage in Java (Kwee 2006, pp. 97–118).

To ensure that they would acquire the desired (quantity of) products, Chinese traders also offered advance payments, effectively loans, to producers. Two basic types of credit practice can be distinguished, one

applying to Indonesian farmers, the other to Chinese labourers. Regarding the first of these, the earliest detailed accounts come from Central and East Java in the seventeenth century. A Chinese trader would negotiate a price with his supplier, then hand over a certain percentage of the agreed price as advance payment. The cultivator was thereby involved in a debt relationship with the trader, to whom he was obliged to sell part or all of his harvest. The sale itself would also be transacted at the agreed price, benefiting the trader during years when the harvest was poor and the cultivator could otherwise have obtained a higher price, or the buyer when the harvest was good and prices low. In this way, traders obtained security both against unexpected weather conditions, and against competing buyers (Kwee 2006, pp. 32, 51, 54–55, 67).

In the case of credit relations with Chinese labourers, a representative or head of coolies would borrow money from a group of *towkay*. Having obtained the loan, he would then distribute the credit, and debt, among his fellow workers. The loan procedure could be initiated either by the coolie leader himself, or by *towkay* who wished to develop a plantation or mining business in a particular region. This practice was observed in the gambier and pepper industries in Riau, Singapore, and Johor, in tin mining on the Malay Peninsula, and in gold mining in western Borneo during the eighteenth and nineteenth centuries.<sup>7</sup> Chinese sugar cultivators in seventeenth-century Batavia probably used similar systems of credit and debt. Chinese peddling traders in Java in the early twentieth century also obtained their initial capital from the *towkay* class, and it would not be too far-fetched to surmise that they had done so since the early modern period (Van Laanen 1990; Vlemming 1926).

The Chinese *towkay* themselves also made use of sources of capital other than individual savings, often pooling resources by means of institutions known as *hui* (*hwee*) and *kongsi* (*gongsi*). Both institutions entailed shareholding, partnership, and collective management. Each individual member would hold one or more shares in the pooled capital, and profits would be divided accordingly. Some members would own more shares than others, thus paying more *huogian* — share money — and in turn enjoying greater dividends than did smaller investors. The earliest written evidence of these practices in Southeast Asia, to my knowledge, appears in the *Gong'an Bu* or minutes of the board meetings of the Chinese Council (Kong Koan) of Batavia, which mention the formation of *hui* (*couhui*) and describe issues of owing *huogian* (*qian huogian*) in the 1780s (*Gong'an Bu* 2002–2007, vol. 1, pp. 2, 50).

Through shareholding and partnership, Chinese merchants in Southeast Asia were able to undertake investments which would have been far beyond their reach as individuals. Among the most dramatic examples were the *kongsi* — conglomerations or “syndicates” — formed by major Chinese *towkay* in nineteenth-century Singapore and Java in order to acquire opium tax farms, which were allocated by auction to the highest bidder (Rush 1990; Trocki 1991). Numerous more modest examples are described in the *Gong'an Bu*. In 1789, for example, three *towkay* — Wang Xun, Ye Wang, and Yang Wang — cooperated to acquire the tax farm covering the district of Mangga Dua in Batavia. The requisite capital of 300 *rijksdalders* was divided into ten parts, with Wang taking up four shares while Ye and Yang owned the remaining six (*Gong'an Bu* 2002-2007, vol. 1, pp. 188-90). Lacking the capital to run the gambling tax farm in Batavia, one Chen Qing formed a partnership with Chen Jiang, Chen Shi, and Ji Jiayang, in which each of the four contributed 125 *rijksdalders* to a collective 500-*rijksdalders* bid for the enterprise (Ibid., pp. 69-70). As with larger syndicates, the group formed as the result of such a business partnership was referred to as a *kongsi*.

Similar *kongsi* were formed to acquire the rights to establish gambier plantations in the Riau-Singapore-Johor region in the eighteenth and nineteenth centuries (Trocki 1979, pp. 126-86). By the nineteenth century, multiethnic *kongsi* were evolving as Malay *raja* and Bugis *yang dipertuan* (prime ministers), as well as other high officials and blood relatives of the *raja*, became partners in predominantly Chinese syndicates. It is likely that these Malay and Bugis participants were not investors, but political facilitators brought in to ensure smooth running of a tax farm, plantation, or mining undertaking. One *kongsi*, holding a concession to the riverine region of Sekudai and Tebrau in Johor, consisted entirely of Arab merchants, signalling that this form of business cooperation had also been imitated by, or had close parallels among, other ethnic groups (Ibid., pp. 128-29, 170-75).

Besides the *kongsi* formed by wealthy merchants and their political allies, more egalitarian forms also existed. Shares in the big Chinese mining *kongsi* of eighteenth-century Borneo, for instance, were owned by the miners themselves. Wang Tai Peng (1994, pp. 9-54) argues that this system derived from a prototype called *fengü hehuo* — literally, “dividing into shares” — which was already in operation during the sixteenth century in Yunnan mining areas, among maritime traders in Fujian, and as a form of self-government among Hakka migrants. The leader of each mining *kongsi*

was elected, and its administration was based on a democratic process in which every miner/shareholder had a vote. The system became increasingly less democratic, however, in the nineteenth century, when these *kongsi* ran into financial trouble and investments from *towkay* were required to save them (Wang 1994, pp. 88-95).

At first the rich *towkays* made loans to private miners at a high rate of interest, 24 to 36 per cent. When private miners were unable to pay out the rents, the *towkays* continued to lend money to them but under harder conditions, demanding also some of the shares for themselves.

(Wang 1994, p. 90.)

Trocki (1976) suggests that the *kongsi* controlling gambier production in Riau underwent a similar development over time from egalitarian to hierarchical forms. Originally it was individual gambier planters who pooled their resources to lease river systems from the Malay rulers, and the *kangchu* or “river-port chief” was himself one of the planters. By the nineteenth century, however, the *kangchu* was usually a *towkay* who owned shops or businesses in the port, and invested money in the *kongsi* without contributing any labour.

The distinction between *hui* and *kongsi* is not entirely clear. On its own, *hui* simply means “meeting” or “gathering”, whereas *kongsi*, in its modern meaning, refers to a (commercial) partnership or company. In nineteenth-century Borneo, according to Wang Tai Peng (1994, pp. 3-4), the distinction was simply a matter of scale: when a *hui* became very large, with hundreds or thousands of members, it was known as a *kongsi*. Yuan Bingling, on the other hand, argues that *hui* were originally temple and cult groups from South Chinese villages. Migrants took these institutions with them to the goldfields of Borneo, where they became prototypes or templates for the new miners’ organizations. When the transformed mining *hui* also fortified themselves against attack by Dayaks, becoming autonomous micro-states capable of waging war, they were renamed *kongsi* (Yuan 2000, pp. 9-10, 13). In port towns such as Melaka, Penang, and Singapore, however, many different religious, social, and commercial groupings among Chinese immigrants, *towkay* and coolies alike, were referred to indiscriminately either as *hui* or *kongsi*.<sup>8</sup> For our purposes, it is probably sufficient to understand both terms as referring to forms of shareholding, partnership, and collective management that are utilized for commercial purposes as well as social and religious activities.

Some *hui* were rotating savings and credit associations, similar to the *arisan* of Java. There were two types: the *ganhui* or "dry *hui*", and the *shhui* or "wet *hui*". The *ganhui*, like most *arisan*, was a non-profit endeavour that helped generate savings among small farmers and common people. At each periodic meeting, all participants would contribute the same prearranged sum to a kitty. This was immediately disbursed to that member whose turn it was to receive it, the order of the turns being determined either by lottery or according to need. The *shhui*, by contrast, had an inbuilt commercial component in that the order of kitty allocation was determined by an auction process. A member who could afford to wait until the last meeting before receiving the kitty was rewarded with a lower periodic contribution than one who needed money fast, and so the former profited from his or her function as creditor to the latter. Rotating credit *hui* are still popular today among older Chinese people (in their fifties and above) in Indonesia, Malaysia, and Singapore, although among the Indonesian Chinese they are more commonly known as *arisan*. The term *kongsi*, meanwhile, is still alive in the colloquial Hokkien of Singapore and Malaysia, where it is used in the sense of "I *kongsi* (to do) something with you", referring to the sharing of anything from a packet of sweets to a major task or project.

In the early modern period, Chinese merchants, besides pooling capital collectively, also borrowed it at interest from individuals or institutions. In areas ruled by the Dutch East India Company, creditors included both Company employees and *burghers*, or European private traders (Blussé 1986, pp. 125-26). In the nineteenth century, Chinese entrepreneurs borrowed increasingly from Indian Chettiar moneylenders and European banks.<sup>9</sup> Less well known is that they also borrowed from social and philanthropic associations. The following section examines the relatively well documented financial operations of two such associations in colonial Indonesia, the Chinese Council (Kong Koan) of Batavia and the Tjje Lam Tjaj (literally, "House of Aid and Direction") in Semarang.

### Chinese Philanthropic Associations as Credit Providers in Colonial Indonesia

The Batavia Kong Koan was established in 1742, and ceased to exist in the 1950s. At the time of its foundation, an informal council for managing the internal affairs of the Chinese community in Batavia had apparently

already existed since the late seventeenth century. After the Chinese Massacre of 1740, and during the period when the Chinese War was still raging in Java, the VOC felt the need to acquaint itself better with the Batavia Chinese (Vermeulen 1938). The creation of an officially endorsed Chinese Council formed part of its strategy for doing so. The Kong Koan committee was composed of the Chinese officers in the city, the number of which varied but did not exceed eight, and chaired by the most senior among them, who in the nineteenth century bore the title of *major* (Blussé and Chen 2003).

In the 1850s, Tan Eng Goan (1837-65), *major* of Batavia and also the key tax farmer and merchant in the port-town, obtained a loan of f 24,078 from the Kong Koan.<sup>10</sup> This was a huge sum considering that a Chinese clerk working for the Council earned just f 10-15 per month. Tan Eng Goan repaid the debt over five years together with interest totalling f 4,635 or nineteen per cent of the principal, representing a very moderate annual interest rate.<sup>11</sup> Other prominent *lowkay* also borrowed large sums. The Batavia Kong Koan could offer such loans thanks to its sizeable income, which far exceeded its expenses: despite its involvement in a wide range of cultural, educational, and philanthropic activities: setting up schools, defraying temple and ritual costs, providing charitable support to impecunious Chinese, and even building public infrastructure such as roads and bridges.<sup>12</sup> Approximately half of the Council's income was derived from the lease and sale of land and property. Before 1870, the year in which the Agrarian Law prohibited foreigners from purchasing land from indigenous Indonesians, the Kong Koan had acquired large tracts of private land (*particuliere landerijen*) in the vicinity of Batavia, including the areas of today's Jakarta Kota, Menteng-Cikini, Matraman, Gunung Sari, Jembatan Merah, and Tanjung Priok (Hesseling-Tjan 2003, pp. 113-15). In 1860 its property was worth f 39,000; by 1906, f 478,000.

About another third of the Kong Koan's income came from selling small plots of land in Tanjung, Slipi, Janti, Jelambar, and Chilang to Chinese people for burial purposes.<sup>13</sup> This was a lucrative business; income from the sale of plots in the Tanjung cemetery alone amounted in the period 1830-53 to over f 35,000. Between 1861 and 1906, there were three years in which the annual revenue from such sales exceeded f 10,000. In 1907, the colonial government intervened to halve the price of burial plots in Tanjung (Li 2003, pp. 88, 91-92). That price nevertheless remained substantial and in the 1920s the municipal council, which was

attempting to clear some Chinese burial grounds to make way for other types of land use, once again accused the Kong Koan of driving up land values (Hesseling-Tjan 2003, p. 114).

The Tjje Lam Tjaj was founded in 1892 with the stated objectives of managing Chinese cemeteries, supporting ritual and religious activities, and helping the Chinese poor of Semarang.<sup>14</sup> The executive committee of the association consisted of five members: a president, a treasurer, two accountants (one of whom checked the accounts of the association, while the other was responsible for receiving money), and an official in charge of rental fees. As in the case of the Batavia Kong Koan, the main income of the Tjje Lam Tjaj came from property rents and the sale of burial plots. Surplus funds were partly deposited in Dutch banks to earn interest (Tjje Lam Tjaj minutes, 1910), and partly lent out at interest to individual borrowers. The account book for 1921, for instance, shows that in that year the brothers Be Biauw Tjoan and Be Biauw Ong (members of a prominent family of Semarang *lowkay*) repaid *f* 13,000 on an earlier loan from the association, together with interest (*laxi*) amounting to *f* 3,199, and also borrowed a further *f* 23,450.<sup>15</sup>

The role of the Tjje Lam Tjaj as a commercial credit provider made the transparency of its accounts a major concern. Its constitution stipulated that those in charge of the accounts (*sizhang zhi ren*) — that is, the treasurer, the two accountants, and the official in charge of receiving rental fees — were obliged to update the books daily, and once a year to post a synopsis of the annual accounts on the wall of the association's temple. These rules were reiterated each year during the annual opening meeting. Other safeguards included the stipulation that any decision regarding funds in excess of *f* 100 required the agreement of all five committee members (Tjje Lam Tjaj minutes, 1910, 1921, 1924).

The importance of such safeguards is illustrated by the controversy surrounding abovementioned Batavia *majior* and Kong Koan chairman Tan Eng Goan, whose borrowing from the Council in the 1850s was apparently related to financial problems affecting his alcohol and tobacco tax farming businesses. During this same period, Tan illicitly took personal charge of the Kong Koan account books. The treasurer of the Council made several protests, and even filed a lawsuit against him, before he was willing to hand the books over. A decade later the Chinese officers in Batavia, who, as noted, were all committee members of the Kong Koan, formed a separate agency called the Chichang Office to handle all monetary loans. Unfortunately, the

archive record is silent about the workings of this reconstituted community credit business.<sup>16</sup> Thanks to the surviving archives of the Batavia Kong Koan and the little that is left of the records of the Semarang Tjje Lam Tjaj, it has nevertheless been possible here to catch a glimpse of how Chinese social and charitable associations also served as financial institutions. This phenomenon was probably widespread, but in most cases either went undocumented even at the time, or has left no surviving evidence.<sup>17</sup>

### The Role of Chinese Temples and Clan Associations

The phenomenon of charitable and social organizations managing property, and earning income from the lease and sale of property, developed into an established tradition in South China after the Song Dynasty (960-1279). Donors would bequeath houses or land to a private association, so that the lease or sales of these pieces of property could help fund the association and its activities. Such associations ranged from temples and lineage organizations to educational, cultural, and philanthropic bodies. The term “temple property” (*miaochan*) refers to houses and land set aside to fund a temple and its ceremonies (Zheng 2003).

It is interesting that when one is studying Chinese organizations in Southeast Asia, the management of cemetery plots often emerges as one of their most important functions. Major Chinese temples in the port cities, including Cheng-Hoon Teng in Melaka, Tay Kak Sie in Semarang, Leong San Tong in Penang, and a number of temples in Singapore, housed social and charitable institutions that managed Chinese burial matters (Salmon 1997, pp. 363-70, 382-91; Wolfgang 1982, pp. 263-84, 367-77; 1985, pp. 856-65). In 1666, the Dutch East India Company sold the Chinese community in Batavia a piece of land near the Jacatra redoubt — the Dutch fort in Batavia — for use as a cemetery. The voluntary organization that managed this cemetery was probably the precursor of the Kong Koan (Blussé and Chen 2003, p. 2).

In Singapore, with its very large and diverse Chinese population, there were various such organizations, each serving a particular group based on dialect, surname, or village/province of origin in China. Singapore Kwong Wai Siew Peck San Theng, for instance, was a temple-cum-burial organization formed in 1871 among migrants from Guangzhou, Huizhou, and Zhaoning in Guangdong province (Zeng 2000). Cheng San Teng and Hok Tek Chi Loke Yah Teng were similar organizations formed

earlier in the nineteenth century among Hakka- and Cantonese-speaking migrants from Jiatingzhou, Fengshan, Dapu, Guangzhou, Huizhou, and Zhaoqing in Guangdong province, and from Yongding in Fujian (Zeng 2005).<sup>18</sup>

The cemetery-centred character of these Chinese organizations in Southeast Asia was related to the peculiar composition of the Chinese community in the region, which was dominated by male sojourners without their families. Many died penniless in exile, leaving no provision for their bodies to be returned to China. Proper burial of the dead was, and still is, a major issue for Chinese people in Southeast Asia, particularly those hailing from Fujian and Guangdong. The popular belief is that the wandering souls (*guhun yegui*) of individuals who die violently, or whose burial or other mortuary matters are not properly taken care of, will harm or “pollute” the realm of the living (Watson 1988). It is noteworthy that the most significant calendrical ritual among the Southeast Asian Chinese is traditionally the Hungry Ghost Festival (Zhongyuan Jie) in the seventh month of the lunar calendar. During this thirty-day period, it is believed that all ghosts are released from the gates of hell, and the living must conduct purgatory rites to appease them.

With regard to credit and finance, Chinese temples and other socio-cultural associations not only acted as loan agencies, or housed such agencies, but also facilitated capital pooling activities in indirect ways. Meetings of rotating credit and capital-pooling societies (*hui* and *kongsi*) were very often conducted on the premises of a temple or clan association.<sup>19</sup> In some cases a commercial *kongsi* was actually synonymous with a temple or clan. An example was the Tan Kongsi of nineteenth-century Melaka, which was one and the same as the Tan Clan Association, headed by the renowned merchant Tan Tock Seng.<sup>20</sup> Another was the Khoo Kongsi of Penang, also known as the Khoo Lineage Association. This *kongsi* belonged to one of the so-called “Big Five” mercantile families in nineteenth- and twentieth-century Penang. The Khoo Kongsi built its own temple, called the Leong San Tong, in 1851. Later, in the 1930s, it also established its own burial ground at Batu Gantong in Penang (Wolfgang 1985, pp. 765–66, 856–65).

Some so-called lineage organizations were actually multi-lineage contractual formations, as in the case of the Tan ancestral temple, also known as the Wee Hwee Kiong temple, in Semarang. This temple was established in the early nineteenth century by Tan Tiang Tjhing (1770–1833) and his descendants. Members of his family occupied the highest

administrative positions available to the Chinese in the port-town during this period and held the opium tax farm, perhaps the most lucrative of all business opportunities in nineteenth-century Java, up to the 1870s. As they rose to become the most prominent merchants in Semarang, they built alliances with other powerful Tan lineages, such as those of Tan Tjanko and Tan Tjeng, to which they were not related by blood. In the Wee Hwee Kiong temple, the centrepiece of the emerging multi-lineage organization, rituals were performed in honour of the deity Tan Seng Ong, who was consecrated as a putative common ancestor. Also known as Tan Goan Kong and Khay Tjiang Sing Ong, Tan Seng Ong was a popular deity in South China whose surname made him an obvious choice for this role (Kwee 2008). God, temple, and surname thus became the symbolic foundations for a commercial and financial alliance.

Before the twentieth century, in the times when state law was generally still weak or unavailable, commercial communities in Southeast Asia relied to a large extent on faith, religion, and the threat of social ostracism to generate trust and creditworthiness. When written evidence in the form of testimonies, notarial letters, or debt notes was lacking, even the Chinese Council (Kong Koan) of Dutch Batavia turned to *mengshen*, the ceremonial swearing a solemn oath before the deities, as a means of establishing the truth of testimonies. Such ceremonies, usually conducted in the Guanyin Ting temple (also known as the Jinde Xian temple), apparently helped resolve many of the commercial and social disputes recorded in the *Gong'an Bu* (2002–07). A further indication of the importance of ritual and religion to the Kong Koan is that the dates on which the council opened and closed its annual sessions were governed by the lunar calendar and corresponded to those on which the Chinese deities were traditionally believed to depart for, and return from, heaven (Hesseling-Tjan 2003, p. 109).

By the early twentieth century, however, this characteristic symbiosis or synergy of commerce and religion was becoming both less important, and less strong. Chinese merchants were relying increasingly on Indian Chettiar moneylenders, and on Western banks, as suppliers of credit. The latter in particular offered interest rates which traditional credit providers could seldom match. The temple and burial associations, meanwhile, lost an important part of their income as the valuable and often strategically located land occupied by old Chinese cemeteries in growing cities was increasingly taken over by the state (Blussé and Chen 2003; Yeoh 2003). Finally, as state power strengthened in the twentieth century, commercial law became an increasingly viable alternative to social and religious

sanctions as a means of enforcing contracts, including credit contracts. In countries such as Indonesia where the reliability of legal institutions declined once more following independence, Chinese businessmen could still process major financial transactions in nearby Singapore. But if the overt financial functions of Chinese religions and social organizations are now defunct, it is likely that some *towkay* still make considerable use of such organizations for business networking. To what extent these therefore continue to serve commercial purposes, directly or indirectly, remains a question for further research.

### Appendix: Chinese Terms Mentioned in the Text

Be Biauw Ong	马森哩
Be Biauw Tjoan	马森泉
Cheng Hoon Teng	青云亭
Cheng San Teng	青山亭
Chichang kantoor	炽昌千刀
<i>couhui</i>	湊会
Dapu	大埔
Fengshun	丰顺
<i>fengou hehuo</i>	分股合伙
<i>ganhui</i>	干会
Gong'an Bu	公案簿
Guanyin Ting	观音亭
Guangzhou	广州
<i>guhun yegui</i>	孤魂野鬼
Guoji Ribao	国际日报
Hok Tek Chi Loke Yah Teng	福德祠绿野亭
<i>hong in</i>	封印
<i>hui</i>	会
Huizhou	惠州
Jiayingzhou	嘉应州
Jinde Yuan	金德院
<i>kangchu</i>	港主
Khay Tjiang Sing Ong	开漳圣王
Khoo Kongsi	邱氏公司
<i>koei in</i>	开印
Kong Koan	公馆
<i>kongsi</i>	公司
Kwong Wai Siew Peck San Theng	广惠肇碧山亭

Leong San Tong	龙山堂
<i>lxi</i>	利息
<i>luzhu</i>	炉主
<i>menshen</i>	盟神
<i>miachan</i>	庙产
Nanjing Miao	南埭庙
<i>qian huoqian</i>	欠货钱
<i>shihui</i>	湿会
<i>sizhang zhi ren</i>	司账之人
Tan Eng Goan	陈永元
Tan Goan Goan	陈元光
Tan Kongsì	陈氏公司
Tan Seng Ong	陈圣王
Tan Tiang Tjhing	陈长菁
Tan Tock Seng	陈笃生
Tay Kak Sie	大觉寺
Tjie Lan Tjay	指南斋
Tong Koei See	同归所
<i>towkay</i>	头家
Wee Hwee Kiong	威惠宫
Yongding	永定
Zhaoping	肇庆
Zhongyuan Jie	中元节

### Notes

- Ronggeng* is a type of female dance entertainment popular in Indonesia.
- Dick 1993; Kwee 2006, pp. 32-33, 76-96. The term *towkay* is commonly used to refer to Chinese merchants in the Southeast Asian region.
- In the Chinese sources Southeast Asia, or a region more or less conforming to it, is called "Nanyang", literally the "South Seas".
- Andaya 1993, pp. 189-90; Heidnues 1992, 2003; Wang 1994, pp. 47-83; Yuan 2000, pp. 19-55.
- Blussé 1986, pp. 36-38; Michiner 1998, pp. 221; Scholten 1953, pp. 31; Whitmore 1983, pp. 365-69, 371-72, 388-89; Yamamura and Kamiki 1983.
- Andaya 1993, pp. 80-81; Christie 1996; Guillot 1999; *Nederlandsch-Indisch Plakatboek*, vol. 7, pp. 364-69; Wicks 1992, Chapter 8.
- Sadka 1968, pp. 333-40; Trocki 1979, pp. 165-70; Wang 1994, pp. 88-94.
- This can be observed in the Chinese epigraphic materials from Malaysia and Indonesia collected by Franke Wolfgang, Claudine Salmon, and their collaborators. Some examples are discussed in the latter part of the present chapter: Claver 2006, pp. 286-91; Rudner 1994, pp. 53-87; Sadka 1968, pp. 336-40; Schrader 1992, 1994.

- <sup>10</sup> The abbreviation *f* refers to the Dutch guilder (originally, 'florin'), which in terms of modern (2007) prices was worth about ten U.S. dollars (although it must be remembered that incomes were much lower in the past than today).
- <sup>11</sup> With respect to Tan Eng Goan, my account is based on information provided by Chen Menghong from her forthcoming thesis. I am grateful to her for sharing it with me.
- <sup>12</sup> In the early twentieth century, the Kong Koan also had to fund vaccination programmes for the Chinese, particularly for newcomers (*sinkhet*) from China (Hesseling-Tjan 2003, pp. 111-12).
- <sup>13</sup> The cemetery books are preserved in the Kong Koan archives, now held by Leiden University. There are 129 books in Chinese, dating from 1811 to 1954, and five books in Dutch and Malay, dating from 1930-1948 (*Gong'an Bu* 2002-07, vol. 2, p. 8).
- <sup>14</sup> Tjie Lam Tjay minutes, 1893. The Tjie Lam Tjay outlasted the Batavia Kong Koan and indeed still exists today, although it no longer has its former financial function (Wang 2007).
- <sup>15</sup> Tjie Lam Tjay accounts, 1921, pp. 24, 32. A few of the association's account books are still present in the Tay Kak Sie temple in Semarang (see bibliography). In the nineteenth century, the Be family occupied the highest positions in the town's Chinese community (Salmon 1997, pp. 311, 367-76, 382; Liem 1933, pp. 104, 116, 125-27, 132, 161, 179).
- <sup>16</sup> Here again, I would like to thank Chen Menghong for sharing information on Tan Eng Goan and the Kong Koan archives.
- <sup>17</sup> In the *Gong'an Bu* it is mentioned that Xu Langsheng, the "urn-guardian" (*luzhu*) of the Nanjing Miao temple in Batavia, also had control over some funds. This fact came to the notice of the Kong Koan when Xu refused to hand the money and accounts book over to the new *luzhu* after the end of his one-year term of office (*Gong'an Bu* 2002-07, vol. 1, p. 42).
- <sup>18</sup> It is not clear whether these institutions offered monetary loans in the same way as the Tjie Lam Tjay and Kong Koan.
- <sup>19</sup> Trocki 1991, pp. 13-16; Wang 1994, p. 2; Yuan 2000, pp. 9-10, 14, 16. In my own interviews with officials of various Hengwa temples in Singapore, I was told that similar meetings were still held in these temples up to the 1970s.
- <sup>20</sup> Wolfgang 1982, pp. 432-33. This was confirmed to me by various residents of the old town during a visit to Melaka in July 2007.

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## 7

### A Colonial Debt Crisis: Surabaya in the Late 1890s

Alexander Claver

The final three decades of the nineteenth century witnessed a distinct weakening of international markets, especially for primary products. Expansion in world trade decelerated, and this affected the Indonesian economy. Trade volumes continued to increase, but much less rapidly than in the 1850s and 1860s. It would take until the beginning of the twentieth century before this slowdown was reversed. According to tentative calculations, GDP per capita rose about thirteen per cent over the three decades 1870–1900, whereas it took less than half this time to achieve a growth of twenty-three per cent in the period 1900–13 — and most of the latter growth was actually achieved after 1905 (Booth 1998, p. 6). Other economic aggregates show the same kind of trend: the money supply, for instance, expanded much less quickly between 1885 and 1900 than it had between 1874 and 1885.<sup>1</sup> Of greatest concern to the indigenous population was the poor performance of the foodcrop economy, which failed to keep pace with population growth. Per capita rice production and consumption fell after 1885, although the simultaneous expansion of non-rice foodcrops ensured that there was no mass starvation. Judging by the downward movement of cotton cloth imports in the late 1890s and early 1900s, indigenous purchasing power also declined, if only for a relatively short period of time (Booth 1998, pp. 22, 33, 95, 100–04).

In his eminent two-volume history of the Javasche Bank (Java Bank), published to commemorate the centenary of the bank in 1928, L. de Brece characterized the 1890s, together with the first three years of the following century, as "possibly the most worrisome period in the history of the Netherlands Indies".<sup>2</sup> Looking back on those difficult years, his recollection of the deep and the general sense of malaise pervading the

