OPiUM AS A COMMODITY IN THE CHINESE NANYANG TRADE

—— Carl A. Trocki

The irresistible propensity of the inhabitants of these districts to the use of opium appears to have long afforded the government . . . the most effectual and easy means of bringing again into circulation, and of attracting to the capital of Batavia, the specie and ready money which . . . would have otherwise accumulated in the interior and been exclusively hoarded up in the treasuries of the native princes and regents.

— T. S. Raffles, lieutenant-governor of Java, quoted in H. R. C. Wright, East-Indian Economic Problems of the Age of Cornwallis and Raffles

The story of opium in Southeast Asia is a long one. It was traded to China and used as a medicine as early as the Song Dynasty, and, as the recent work of Zhang Yangwen documents, it was used as a recreational drug and an aphrodisiac in the Chinese court as early as the sixteenth century.¹ It was probably also by that time used by Southeast Asians, both as a work drug and as a recreational drug. Whether it was a true commodity may be debatable, but it was certainly an article of commerce that was manufactured in India and perhaps central Asia, then exported to the east and sold throughout the region. It was a luxury item, both as a medicine and as an indulgence, and its consumption was largely restricted to elites, but it was not yet fully commodified. At the time, it was probably considered to be in the same class of exotic, nature-based chemicals that China was obtaining from the Bornean rainforests.²

By the end of the seventeenth century, the picture of the opium trade in East and Southeast Asia had undergone some important changes, including the way in which opium was used. Europeans had brought tobacco to Asia, and with it came the habit of smoking.³ Some of the first reports of opium smoking come from late-seventeenth-century Java, where opium was mixed
with tobacco and sold to the Javanese. At that time, the drug was carried from India by the Dutch, who dominated the trade to the east.

The change or shift in the commercialization of Indian opium was instigated by the VOC [Verenigde Oostindische Compagnie] in the 1650’s. After experimenting with exporting Malwa opium from Surat to Batavia, the Company began exporting Bengal opium in the mid-seventeenth century in increasingly larger quantities to Batavia for sale on Java and later in the Indonesian archipelago and the Malay world. The development and expansion of the sale of Bengal opium to Batavia for commercialization on Java by the VOC is well known. . . . The quantities exported from Bengal to Batavia by the Company rose from 1,300 ponden (one Dutch pond is equal to 0.4 kilo) in 1659 to an annual average of 120,000 ponden over the decade of 1707–1717 with a reported gross profit margin of 46%.

According to Owen, it was probably the Dutch who spread the practice of smoking opium to Taiwan, and from there it became established in China. Somewhere along the way, however, the Chinese further refined the practice by dispensing with the tobacco and finding a way to smoke pure opium. David Bello has noted that the first reports of smoking pure opium paste in China appear in the 1790s. The practice spread throughout the empire in the early nineteenth century.

Until the Battle of Plassey, in 1757, the production and marketing of “Bengal” opium continued to be controlled by Indians, and was dominated by a group of merchants known as pykars. Once in control of Bihar, however, the British East India Company (EIC) servants in Patna quickly assumed monopoly control over the local opium crop. By the 1760s, British country traders, together with their Parsi, Armenian, and Jewish affiliates, came to dominate the movement of opium from Calcutta to Southeast Asia and China. The country traders moved through Southeast Asia with variegated cargoes of Indian and European goods, mainly opium, cotton and cotton cloth, gunpowder, and arms. Their aim was to amass cargoes that would be saleable in China. This meant trading some of their cargoes for the products of Southeast Asia, usually tin, pepper, gold, and a range of other products from the jungles and seas of the region collectively known as “strait’s produce.”

This trade brought the British traders into contact with the Chinese merchants who were settled in the main trading ports of the region. Some of them had already been buying opium from the Dutch for shipment to China.
Others, according to Kwee Hui Kian, were involved in revenue farming activities in north Java. Although her work shows they were principally collecting the rice tax, James Rush shows that opium farms were already in existence by the mid-eighteenth century in Java. Souza and Leonard Blussé, among others, have noted that during the mid-eighteenth century, the Dutch were focused more on the collection of primary agricultural commodities such as rice, sugar, indigo, coffee, pepper, and also metals such as tin and gold. Much of the Asian trade had fallen to others, especially the Chinese and the country traders.

In the search for commodities, both the British and the Dutch entered the new production economy that the Chinese were developing in Southeast Asia. The junk traders who had been coming to Southeast Asia were a well-established phenomenon. Chinese traders, mostly based in Fujian, had been sailing to various parts of Southeast Asia since Song times. The chaos that swept China during the Ming collapse and the Qing takeover disrupted this trade and the role played by maritime Chinese. When the dust settled and the Qing government permitted a resumption of trade with the region, there appears to have been a considerable demand for the products of tropical Southeast Asia. The demand could not be met by the production of Southeast Asian labor on its own, and as a result, Chinese labor was introduced into Southeast Asia for the purpose of producing those goods.

This migration of “coolie labor” from China to Southeast Asia is a relatively recent phenomenon. There is no record of Chinese laborers coming to the region until the late seventeenth century or early eighteenth. Some may have come as refugees a few decades earlier following the Qing conquest, but those who arrived after 1685 appear to have been sojourners who intended to work and then return home. It is also important to understand that this migration seems to have begun largely as a response to the growth of the Chinese domestic economy and an increasing demand in China for products such as tin, gold, pepper, and sugar. During the period from 1685 to 1720, there appeared in various parts of Southeast Asia the first settlements of Chinese laborers who went there expressly to produce commodities for shipment back to China.

By the 1780s, a number of similar settlements had appeared all around the Gulf of Siam, the coasts of the Malay Peninsula, Borneo, and Sumatra (see map 1). Of particular note were the pepper and gambier planters in Riau, tin miners in Bangka, gold-miners in Sambas and Pontianak, sugar planters in Kedah, and pepper planters in Brunei, Chantaburi, and elsewhere in the region. In addition to the production and export of these products, Chi-
nese traders were increasingly involved in developing the rice trade between Southeast Asia and China.¹⁵

These settlements of Chinese laborers represented a purely Chinese economy, a development that was unique in the region in that it was almost completely commercial. Laborers traveled to the various parts of Southeast Asia in Chinese ships for the sole purpose of producing specific commodities. They were supplied with food, provisions, and tools from outside sources. The laborers were essentially free, purchased their supplies from the market, and also exchanged their labor for cash or shares. The exchanges were managed by Chinese merchants who not only supplied the settlements of producers, but also purchased their products and sent them back to China.

This economic expansion seems to have been accompanied by a considerable upsurge of Chinese maritime activity. Chinese “pirates” were reported to be active, particularly along the coasts of Vietnam and in the Gulf of Siam. French missionary sources attest to the presence of Teochew pirates in the Gulf of Siam, and Dian Murray has written at length of the Cantonese seafarers in the Gulf of Tongkin in the late eighteenth century. Undoubtedly, some of them preyed on the settlers, while others attempted to manage their commerce.

Often burdened by debts for their passage and initial supplies (what in the language of American mining was called a “grubstake”), laborers were
commonly bound to monopoly arrangements with their suppliers and customers. Pepper and gambier planters in Singapore and Johor in the nineteenth century were required to sell their products to specific merchants for a quarter of their value in the Singapore market. At the same time, they purchased goods priced at four times their market value. One would assume that most laborers were locked into “company store” type arrangements with their respective capitalists, or taukeh.

While these arrangements would have left the labor force in a completely dependent relationship, the workers were not without resources. The entire reason for their presence was the lack of labor in the first place. Labor was a valuable commodity and the taukehs were unable to police the settlements constantly, many of which were scattered in remote parts of the jungle. Far from being amenable to policing, the laborers were required to defend themselves against pirates, bandits, and other Chinese like themselves, particularly in the mining areas. They were thus organized into kongsis, which not only provided defense but also served as economic partnerships allowing both laborers and taukehs to hold shares in their ventures. This organizational pattern was widespread throughout the region, and variations of it were found in Pontianak, Sambas, Riau, and Bangka as early as the mid-eighteenth century. Similar patterns probably existed in places where they have not been formally documented, such as southeast Siam and on both sides of the Malay Peninsula. It is also likely that Chinese laborers gained a measure of solidarity through sworn oaths of brotherhood.

While such institutions may have been quite serviceable for pioneer settlements in the wilderness, they posed unique problems during the nineteenth century, as Southeast Asia was bound into the global economy. The ritual and economic partnership between Chinese labor and Chinese capital came to be seen as a threat to both colonial and indigenous governments. Not only did the kongsi-type organization serve as a physical defense, it also served as a defense against economic exploitation. The kongsis could and did serve as institutions of governance and were, moreover, democratic, egalitarian, and communal.

One might also argue they represented a kind of moral economy based on the ideas of justice embodied in the ideologies of the secret societies or triads. In a number of cases, these kongsis became virtually autonomous and waged organized warfare, defending themselves against outside forces, whether Southeast Asian or European. As such, they were an ideological, political, and economic threat both to traditional autocratic and status-based
governments of Southeast Asia, and to the colonial-capitalist regimes that Europeans were then organizing in the region.

Despite the ability to occasionally invade, ravage, and destroy these settlements, outsiders could not easily control them in the long term. Both colonial and indigenous rulers came to realize that their own prosperity depended on Chinese laborers. They were the geese laying the golden eggs. Not only did they outproduce indigenous labor because of their more developed skills, but they also had greater incentives because they were in the cash economy. Conquest, slavery, and systems of ritual dependence were all counterproductive.

The key to capturing the fruits of both Chinese labor and Chinese capital was opium. In the eighteenth century, British country traders were in the habit of selling opium to the merchants who served the Chinese settlements. Opium was an ideal commodity for these laborers. Isolated in virtually all-male communities, they lacked most of the amenities of normal life: entertainment, families, women, and medicine. Opium filled these empty spaces, helping the laborers forget their loneliness and isolation, and easing the physical pain that accompanied long hours of heavy work in the tropical heat. In addition, it eliminated the symptoms of dysentery, malaria, and other tropical fevers, which allowed them to keep working. Most important, the laborers, unlike their brothers in China, had the cash to buy opium. Thus, it was arguably in Southeast Asia, not in China itself, that opium use first took hold among lower-class Chinese, for as the British mass-produced opium in India, they found a mass consumer market among the Chinese laborers of Southeast Asia.

If opium was the “hook” that brought working-class Chinese into the opium economy, it was also the lever that pried open the kongsi brotherhoods, converting them into “secret societies” and shifting the Chinese tau- kehs and their wealth to the service of colonial and indigenous governments. In some respects, the wealthier Chinese had always worked with the local rulers and the colonial powers, in particular those Chinese who had established themselves and their families as residents in the towns and port cities of Southeast Asia, and whose descendants were the locally born Chinese known as peranakan, Baba, or mestizo, depending on the location.

A certain group of these men worked as tax collectors, or more correctly, as tax farmers. They were a species of entrepreneur who purchased from the government, usually at auction, the monopoly for the sale or collection of some item or the provision of some service. In the eighteenth century, under
the Dutch, they collected rice taxes and held other farms both for the colonial power and for indigenous rulers. They also held farms for the sale of opium to the population. The opium farmers were often the only links between the local populations, whether Southeast Asian peasants or Chinese coolies, and the local government.

Opium farms became a widespread phenomenon throughout Southeast Asia and could be found in every state of the region during the nineteenth century. For this reason, and because Chinese capitalists almost exclusively dominated opium farming, it is useful to discuss the role of opium as a commodity in Southeast Asia in the context of the opium-farming system. It is also important to understand that the system was not static, but rather evolved with changes in the regional economy and in the development of European colonialism.

The Stages of Farm Development

Three stages can be discerned in the development of the opium-farming business in Southeast Asia, and in each phase the nature of opium’s status as a commodity underwent significant changes. At the same time, the relations between Chinese labor, Chinese capital, and the local political units also changed. The first stage took place from about 1760 to about 1830, when British country traders supplied opium to settlements in Southeast Asia. The Chinese laboring kongsis remained relatively autonomous. Observers in the 1830s considered the Hakka gold-mining kongsis of western Borneo to be democratic, self-governing republics. In about 1825, according to Munshi Abdullah’s report, Singapore’s Tiendihui was a largely autonomous organization dominating the pepper and gambier agriculture of the interior. Lee Poh Ping has styled it the “pepper and gambier society” to distinguish it from the “free trade society” of the town. Taukehs held key positions in the kongsis, but were probably reliant on the members of the kongsis for their power and influence. There is little information about the level of opium use by members of the kongsis, but one can probably assume that it was not excessive. Certainly, opium-farming systems were rudimentary, and the taukehs who controlled the farms (most of whom were Babas) were, in many cases (Singapore, for instance), not the same taukehs who dominated the kongsis.

The second stage of opium farming development emerged between 1830 and 1880. During the 1830s and 1840s, colonial governments began to move against the kongsis. In Borneo and Bangka, the Dutch launched campaigns to dominate the mining kongsis, while in Singapore and Penang the British
took aim at the Ghee Hin (Tiendihui) and other “secret societies.” In Siam and Vietnam, indigenous governments undertook drastic military actions against the Chinese brotherhoods even when it required the massacre of the populations of entire towns.

These governments formed strategic alliances with Chinese revenue farmers. It was not long before secret-society headmen, men who were not Babas or even Hokkiens, aspired to revenue-farming roles themselves. In 1846, a relative newcomer and a prominent secret-society leader, Lau Joon Teck, took charge of the Singapore opium farm in partnership with the Hokkien Baba, Cheang Sam Teo. By the 1850s, Lau was considered the “monied man” of the farms and the Ghee Hin had become his enforcement gang. The Dutch, too, found that opium farmers could subdue the kongsis.

In Singapore, in the early years, the farms had been dominated by Babas, or locally born Chinese, many from Melaka families. They spoke English and were locally domiciled, and thus the British felt they could be trusted. As the farms came to be more dependent on pepper and gambier coolies as consumers, it became necessary for the Babas to form strategic alliances with the Teochew and Hakka taukehs who dominated the cultivation and who had contacts with the kaonchus who ran the pepper and gambier settlements in the interior and in Johor. Many of these were either Tiendihui leaders or were closely associated with the other secret societies, as exemplified by Lau Joon Teck.

As the farms grew, they came to be managed by rather large cliques of the most powerful merchants in the various colonies and settlements. They financed their syndicates by breaking them up into shares and selling the shares to other Chinese in the community. These syndicates, or kongsis, as they were also called, often had an ethnic basis and competed for control of the farms in their settlement. In Singapore there was a Hokkien syndicate, led by Cheang Hong Lim, in the 1870s and 1880s and a Teochew syndicate, led by Tan Seng Poh, in the 1860s and 1870s. In Saigon, a Cantonese syndicate opposed the Hokkiens led by Banhap. In the absence of any other stable financial institutions (with the exception of European banks), the farms became the favored instruments of capital accumulation among the wealthier Chinese. The need to draw funds from the entire community, as well as the need to provide investment opportunities for all, likely influenced the trend toward consolidation and compromise between ethnic cliques.

Opium revenues soon became the major prop of the colonial states in Southeast Asia. In Singapore, the farm income varied between 40 and 60 percent of local revenues. Opium-smoking coolies literally paid for Singa-
pore’s free trade. In Java and Siam, the farms brought in about 35 percent of total revenues throughout the nineteenth century. The farms also spared these governments the burden of expense needed to police the tax-collection regime and served to police the Chinese community in general. The alliance between revenue farmers, particularly the opium and spirit farmers, and the ritual brotherhoods gave them a ready-made police force.

At the same time, the heads of the opium farmers and their key investors took control of the economic enterprises developed by the kongsis. Thus, in Singapore between 1846 and 1880, the opium farmers also controlled the pepper and gambier business. In addition, since the cultivation covered British Singapore, Dutch Riau, the Malay state of Johor, and British Melaka, the farms of these same locales were also amalgamated under the same leadership.²³

Similar constellations of opium-farming territories coalesced in other parts of the region. Each came to be grouped around a specific system of commodity production. Thus, in Penang and its vicinity, the revenue farms were largely focused on the tin-mining regions.²⁴ In areas such as Java and Siam, where there were large populations of opium-using Southeast Asian peasants, the economics of the farms were often structured around rice production and, especially in Siam, rice milling.²⁵

In all cases, opium use was connected to a local productive economy. Farmers not only drew a profit from opium sales to peasants and coolies, but were also the primary investors in their respective industries. They thus profited from both the consumption and the production of these essentially captive populations. In addition to being habituated (if not actually addicted) to opium use, the coolies and peasants were frequently bound to the farmers and capitalists by debts. These chains of addiction and indebtedness, by insuring a captive labor force, guaranteed supplies of saleable commodities at the cheapest possible prices. It was during this period that Singapore became the key center not only for the opium trade, but also for the Chinese economy of Southeast Asia.

The Role of British Singapore

The British trading center of Singapore, which was founded in 1819 by Thomas Stamford Raffles, brought together all the elements of the new order in Southeast Asia. Protected by the Royal Navy, the British free port was a place where the British country traders could unload their precious cargoes of the Indian drug and where Chinese and other Asian merchants
could gather and amass their fortunes without fear of the depredations of “native” chiefs.

Singapore, in addition to lying beside the only clear, deep channel between the Indian Ocean and the South China Sea, was at the center of a line, running north and south, that linked Dutch Batavia and Bangkok (see map). Between those two capitals lay most of the major kongsi settlements in Southeast Asia. To the north were the two coasts of the Malay Peninsula, Sumatra, and the Gulf of Siam. Beyond that lay the populous mainland states of Burma, Siam, and Vietnam. The west coast of the Peninsula was then being settled by groups of adventurous tin miners from bases in Penang and Melaka. On a tangent to the west were the pepper gardens of Aceh. The east coast of the Peninsula was dotted with settlements of Chinese, Malays, and Siamese producing rice, pepper, tin, gold, birds’ nests, and the vast range of forest produce always in demand in China. To the northeast were the pepper ports of Chantaburi, Trat, Chonburi, and Rayong, with sugar, tobacco, and endless supplies of dried and salted fish. Beyond those towns were Cambodia and Cochinchina and important supplies of rice, sugar, and timber.

To the south was Riau, the port that had set the pattern for Singapore in the previous century. It still housed a settlement of several thousand Chinese pepper and gambier planters that centered on the Sino-Bugis settlement of Tanjong Pinang. It had only recently been occupied by the Dutch in 1818. The islands to its south—Lingga, Bangka, and Belitung (Billiton)—were major tin-mining areas. Bangka had been the site of major mining kongsis since the early eighteenth century, and they continued to be productive throughout the nineteenth century. To the south was Java and to the east the Java Sea, Banjarmasin, Sulawesi, and the islands of the eastern archipelago. At either end of this axis were Siam and Java, which supplied foodstuffs to feed the burgeoning populations of miners and planters. This entire economic universe was dominated by Chinese opium farmers.

Singapore became the center of the Chinese economy of Southeast Asia and of the opium trade. Therefore, traders who serviced the settlements came to Singapore for their supplies, enabling Singapore traders to acquire the products of surrounding settlements. As the center of Chinese trade, Singapore was also where the junks from China landed, and it became the headquarters of Southeast Asia’s Chinese labor exchange. Laborers and coolies first traveled to Singapore, then were shipped out to the various mines or plantations in the surrounding areas. Singapore was thus not only the head-
quarters of the opium trade, but also central to the labor trade, or the coolie traffic, as it was then known. This trade, too, was dominated by the taukehs who controlled the revenue farms, the secret societies, and the mines, plantations, rice fields. Opium was the key to the entire constellation.

Singapore was the source of capital and the source of labor. Naturally, the products of all Southeast Asia flowed back there. The port became the center of the region’s commodity trade. As a trading port it did not really draw much trade away from other centers. John Crawfurd argued in 1824 that Singapore had, in fact, increased the overall trade of the region. In a matter of months after the founding of Singapore, Chinese junk traders, Bugis traders, and British merchants began to flock there. Within five years, Singapore’s trade grew to a value of over $13 million annually.26 Crawfurd argued that Singapore greatly contributed to an absolute increase in British trade in Asia. Answering critics who held that Singapore simply drew trade from Penang, he pointed out that in 1818 the whole of direct British trade with the Straits of Malacca, and generally with the eastern islands, excluding Java, centered at Penang, totaled $2,030,757 in exports. In 1824, however, the joint exports of Penang and Singapore were $9,414,464, of which $6,604,601 moved through Singapore.27

What was the basis of this sudden increase in British trade? Certainly an important share of it was opium. From 1823 to 1824, $8,515,100 of opium was shipped to China. Even though not all of this landed in the straits, much of it did. Singapore’s location, moreover, was more advantageous than Penang’s. In addition to serving as a base for British trade, Singapore was better able to tap into the very active trade carried on by Chinese junks in the South China Sea, the Gulf of Siam, and the Java Sea.

An important shift occurred in the middle of the nineteenth century in relation to the final destination of the products exported through Singapore. At the time of its founding, Singapore had been able to make a place for itself in the trade from Southeast Asia and the West to China. That was one of its great strengths. By midcentury, however, goods from Singapore, particularly those produced in Southeast Asia, began to flow increasingly to the West. As European and American industry developed, products such as gambier (for tanning leather) and tin were drawn away from China. This took place at a time when China’s purchasing power was on the decline and when wealth was flowing out of China (mostly to pay for opium) faster than it was being replenished.

This shift did nothing to damage the trade of Singapore, which flourished throughout the middle years of the nineteenth century. In many ways this
was the high point of the Chinese economy of the region that had grown up around opium farming, labor control, and commodity production. The breakdown, or perhaps break-up, of the system may have been caused as much by its success as by anything else. Farm values had risen exponentially, making the Chinese capitalists who owned them among the richest and most powerful men in Asia. Their emerging power may have provoked the fears of the colonial elites, who began to tighten administrative controls on the opium economy and attempted to gain greater control over their own revenues. At the same time, the demand for tropical products in Europe, particularly raw materials, and the advance of colonial control and technology had brought other changes. Seeking investment opportunities, American and European corporations brought steamships, new mining technology, and new products such as rubber, all of which worked to diminish the importance of the old Chinese economy based on opium and control of Chinese labor.

The Decline of the Farming System

A number of trends became obvious during the 1880s, and it is significant that they were apparent throughout the region. The revenue farms continued to increase in value as populations expanded. While this meant that the farms could offer greater profits to the farmers, it also meant that they themselves needed deeper pockets and greater resources to obtain and manage the farms. It made economic sense for groups of local capitalists to combine into even larger syndicates to manage the farms. This offered them a double advantage: they could eliminate competition and thus strife within the Chinese community, and therefore, in turn, offer the colonial governments lower bids for the farms. Whereas these governments had previously depended on competition to keep up the price of the farms and to obtain an appropriate return from the farmers, by the 1870s, in places like Singapore, Hong Kong, and Cochinchina, the local farms had been subsumed into one large syndicate.28

In response to only minimal increases in the bids, the different colonial governments decided on a number of alternative strategies to regain a measure of control. One strategy was to invite investors from other settlements. Thus, in 1879, John Pope Hennessy, the governor of Hong Kong, invited Gan Tin Wee, otherwise known as “Banhap,” the opium farmer of French Cochinchina and Cambodia, to form a syndicate to compete for the Hong Kong opium farm. Banhap (who had been born in Singapore) joined together with Cheang Hong Lim, one of the Singapore opium farmers, and
his Saigon partners, the three Tan brothers of Saigon. They were successful in ousting the Cantonese syndicate which had controlled the Hong Kong farms for a number of years. Although Banhap and his associates were not particularly successful in holding and managing the Hong Kong farms, the colonial government had not only garnered an increase in the rent, it had actually strengthened its control over the farmers.

The following year the Singapore government used a similar strategy to discipline the syndicate that had controlled the farms of Singapore and its vicinity since 1870. They sought bids from Penang merchants. As a result, Koh Saeng Tat, an established straits Chinese merchant from that settlement, took over the Singapore farms. The Singapore government gained an increase in rent, but Saeng Tat lost money due to smuggling and other acts of sabotage by members of the old syndicate. That did not discourage other hopefuls, however, and in the next auction another Penang taukeh, Chui Sin Yong, outbid the Singapore cliques and took the farms, giving the Singapore government yet another significant boost in rental income. He, too, faced difficulties in the form of smuggling and other problems. These events, however, provided an opportunity for Governor Fredrick Weld to crack down severely on the Singapore farmers and to begin investigations into their operations. In the end, the Singapore government gained much greater control over the farms.

In succeeding years, in Hong Kong and in British Malaya, governments adopted increasingly rationalistic approaches to the farming system and to colonial administration in general. The idea that the Chinese should be governed under a system of indirect rule, with the opium farmers and secret-society leaders as the key agents of the state, came to seem anachronistic. The account books of the farmers came under closer scrutiny, and the practices that led to the creation of permanent indebtedness among the coolies began to face calls for reform. While the measures by no means liberated the coolies immediately, they did begin to loosen the close ties that existed between opium farmers and the economy, a process made easier by the fact that the economy was becoming far more complex and the urban population more diversified. Finally, colonial police forces, particularly in the urban areas, were more capable of enforcing the laws without the cooperation of private gangs of “revenue peons” and secret-society thugs.

These measures did not destroy the profitability of the farms, nor did they prevent certain groups of wealthy Chinese from becoming even wealthier. Some farms remained in existence and continued to be profitable until the
early years of the twentieth century. It was at this point that a number of additional factors became pertinent. One was the increasing influence of the anti-opium movement in Britain and other colonial metropoles, which often focused on the farming system and on Chinese wealth. Then there was also the increasing instability of the farms. International syndicates bidding against one another for the farming concessions raised revenues, but the competition sometimes led bidders to overestimate their potential profits. If they overbid, or if the economic situation deteriorated, and commodity prices fell, opium consumption would likewise decline, and the farmers could be forced into bankruptcy. This is what happened in the mid-1880s and again in 1907. The result of pressures from metropolitan groups as well as threats to the stability of the revenue led colonial administrations to consider the possibility of taking the farms into their own hands.

The Creation of Government Monopolies

The final stage in the history of Chinese capitalism and opium farming came with the creation of government-controlled monopolies. There had always been a level of dissatisfaction with the farming system. The fact that it was a Chinese-dominated business led to jealousy on the part of European merchants and indigenous elites, as well as distrust on the part of European colonial governments. In 1880, when Banhap was in the midst of his difficulties with rival Cantonese cliques in Hong Kong, the Colonial Council in Saigon began a campaign to overthrow Banhap and his clique.32 As a result of their discussions, the government took full control of the farms and ran them as a government-controlled monopoly after this time.

In 1881, the French colonial government set up the first government opium monopoly.33 The organization was not particularly successful in its early years. In many respects it was simply a somewhat disguised opium farm, since it was largely run by Chinese. Most of the employees of the Régie, as it was called, seemed to be Cantonese associated with the syndicate that was the rival of Banhap’s Hokkien clique in Saigon. By the 1890s, however, the French government had gained more complete control over the system and was able to extract a reasonable profit from the monopoly.

The farming system in Java came under closer government scrutiny during the 1880s as a result of the activities of Charles TeMechlen. When he was the Resident of Joana, in the early 1880s, he worked with the opium farmers to stop smuggling, organizing a naval task force to apprehend smugglers and ultimately devoting more and more of his time to antismuggling activities.
and to strengthening the government’s control over the farms. TeMechlen attracted a great deal of notice for his activities, but won few friends due to his abrasive personality and the fact that he was Eurasian. While TeMechlen was a major voice pushing for the reform of the farming system in the Netherlands East Indies, other voices were calling for an abandonment of the farming system altogether. The anti-opium movement in Holland and a number of anticolonial novels turned Dutch opinion against the farms and built support for a government monopoly. Between 1894 and 1898, the opium farms of Java were replaced with a government-run monopoly.

In British Malaya, colonial administrators seemed committed to the farming system despite the apparent success of the government-controlled monopolies in the Dutch and French colonies. By the middle of the first decade of the twentieth century, however, the same issues were beginning to influence them. The combination of moralistic pressures from the metropole, economic instability, a demand for rationalist administration, and growing concern about the economic and political power of the Chinese all led colonial administrators in Singapore and Penang to the same conclusions as the Dutch and French had come to before them. Following the collapse, in 1907, of a very large opium syndicate that had been organized by members of the powerful Khaw family of Penang, the colonial government decided to end the farming system in favor of a government monopoly. The farming system throughout British Malaya, as well as in Dutch Sumatra and Siam (many of whose farms had been held by Singaporean or Malayan Chinese syndicates), ceased, and government monopolies took over, in 1910, in all countries.

The collapse of the Khaw syndicate is instructive of the relationship between Chinese capital and opium farming. Jennifer Cushman, whose work on this family is one of the classic studies of Chinese capitalism in Asia, has shown how the family reached a dominant financial position by the beginning of the twentieth century. The Khaw clan had been founded by Khaw Soo Cheang, who came to Penang in about 1822 and began to trade in tin in southern Siam, particularly in Takuapa, Phang-nga, and ultimately Ranong. By the end of the nineteenth century, they had come to dominate the tin trade of the southern Siamese states and to hold most of the opium and gambling concessions of the region. The Khaws became the hereditary governors of the Siamese province of Ranong, taking the Thai family name of NaRanong.

Under Khaw Sim Bee in the early twentieth century, the clan, organized as a large family kongsi based in Penang, attempted to create a major finan-
cial and industrial combination. Already controlling numerous mines and revenue farms, the family hoped to break through into the upper levels of the imperial economy. They organized a smelting company, an engineering company, steam dredges, an insurance company, and the Eastern Shipping Company. Part of the aim was to compete with major European firms such as the Straits Trading Company and the Peninsular and Oriental Shipping line, which then enjoyed a virtual monopoly of the long-distance trade of Malaya.\textsuperscript{39} It appears that much of this rather hastily organized financial empire was rooted in the anticipated earnings of the extensive syndicate of opium farms controlled by another family member, Khaw Joo Choe. This was to be the cash cow of the entire enterprise. Unfortunately, when the economy went into a depression in 1907, Khaw Joo Choe went bankrupt, and the entire Khaw edifice began to disintegrate.\textsuperscript{40}

It is also important to recall that in 1907 the Colonial Office had appointed a commission to study the opium-farming system in Malaya, and given its influence and that of the anti-opium crusaders, pressures were placed on the colonial government to abandon the farming system. In truth, the crusaders really wanted an end to all opium consumption in Malaya. They pointed to the Americans, who had banned opium altogether in their newly acquired colony in the Philippines, and to the treaty that Britain had just signed with China (in 1906) to gradually decrease imports of opium over the next decade with the aim of totally ending the opium trade. Unfortunately for the Southeast Asian colonies, the opium trade did not stop with the farming system.

With the collapse of the Khaw syndicate and the conclusion of their contract in 1909, the opium and spirit farms of British Malaya became part of the government monopoly in 1910.\textsuperscript{41} This effectively marked the end of Chinese involvement with the legitimate side of Southeast Asia’s opium economy. It is true that Chinese continued to use opium, which was now processed and distributed by the government. At the same time, Chinese secret societies and some of the groups retrenched by the monopoly system began to join the illegal trade, which included not only clandestine opium, but also the new injectable chemical derivatives and pills: morphine and heroin.

It is ironic that the anti-opium movement in the metropoles had such a decisive influence in bringing about the end of the farming system. The movement was launched and promoted by clergymen, missionaries, doctors, former civil servants, and some merchants. It struck a significant moral chord in Europe and America at a time when imperial governments were defending their global enterprises as projects that would improve the wel-
fare of the native peoples. Whether it was the Dutch “Ethical Policy” or the French “mission civilisatrice,” or similar British or American policies, all of these discourses tended to characterize the Chinese as villains who were exploiting the native peoples. The colonial governments thus claimed they had a duty to protect their subjects from “foreign Asians.”

They accomplished that end with the creation of government monopolies, which removed the farms from Chinese control. Henceforth the profits of opium sales to colonial subjects went directly into the coffers of colonial states. Despite the dire predictions of those who defended the farming system, the monopoly proved an almost embarrassing success. In 1909, the last year of the Singapore opium farm, the government collected $2,507,500 in rent. During 1910, the first year of the monopoly, the net profit to the government was only $1,785,387; by 1911, however, the net profit was $3,040,716, and by 1914, it had risen to $5,321,480. By 1920, the Straits Settlements as a whole (including Penang and Melaka) netted nearly $20 million from opium alone. Contrary to the wishes to the anti-opium lobby, the colonies continued to sell opium and to reap increasing and unprecedented profits from the monopolies until 1920, when the first attempts to actually reduce sales were put into practice. By 1928, the Straits Settlements netted only $14 million from opium sales, and due to the Great Depression, sales plunged to $9.7 million in 1929, and $8.8 million in 1930. Opium sales in Malaya were finally prohibited by the Colonial Office in 1943, after the colony had fallen into Japanese hands.42

Opium the Prime Commodity

For over a century, opium had been one of the major commodities of Southeast Asia’s economy. It was an integral part of the colonial system in Asia, whether British, Dutch, French, or Spanish. Each colonial power, together with its Chinese allies, relied on opium for a major portion of their tax base and thus for their overall fiscal well-being. In Singapore and the Straits Settlements, opium regularly accounted for 40 to 60 percent of the local revenue. In other colonies, such as French Indochina and the Netherlands East Indies, it comprised 25 to 35 percent of revenues. If opium revenues had been subtracted from colonial budgets, it would likely have been fatal to the entire imperial structure, to say nothing of profits made by British India and in China itself.

More important, however, was opium’s contribution to the overall economy of the region, particularly to the Chinese economy of Southeast Asia,
where it served three major roles. First, as what David Bello has called an “addictive consumable,” it was one of the first mass consumer goods in the region. For Southeast Asian peasants as well as Chinese coolies, it served as one of the major incentives to enter the cash economy, to continue to work, and very often, to work until they dropped. Nothing kept a laborer working for a substandard wage more effectively than opium. And if the drug were made a part of his wages, he could be induced to work for practically nothing.

Opium was also the agency of capital accumulation for those Chinese who controlled the farms. All recognized opium’s facility for concentrating capital and making it available to those who built the superstructure of the colonial economy. Opium capital financed the production of all of Southeast Asia’s other major commodities: tin, pepper, gambier, gold, rice, and so on. As Wu Xiao An has shown in his essay on Kedah, the control of both opium and rice conferred great power on the Chinese allies of the sultan. Opium provided the foundation for the first great fortunes created by the Chinese taukehs. It backed fortunes that later created shipping lines, property empires, factories, banks, insurance companies, and all the other components of the Asian economy.

Finally, it helped to finance the accumulations of people and resources that became Asia’s great cities. Singapore, Batavia, Bangkok, Saigon, Hong Kong, and Shanghai were all built on opium capital. The trading and exporting economies that centered on these cities all depended on opium. For a century, opium was the main business of Asia’s great port cities.

Notes

2. See Tagliacozzo’s essay in this volume.
3. Opium was generally eaten as pills, or drunk either as a kind of poppy-tea infusion, or dissolved in alcohol or mixed with milk. Ingestion of opium remained the preferred method of consumption among all users, except the Chinese and Southeast Asians, until well into the nineteenth century. Even then, the practice of smoking was generally seen as a peculiarly Chinese practice and was often considered to be an especially pernicious mode of consumption. Throughout the nineteenth century, most Europeans and South and Central Asian users continued to ingest the drug.
4. Engleberto D. Kaempfero, Amoenitatum Exoticarum: Politico-Physico-Medicarum: Quibus continetur Variae Relationes, Observationes & Descriptiones: Rerum Persicarum & Ulterioris Asiae multa attentione in peregrinationibus per universum Orientem, collectae ab auctore Engleberto Kaemp-

6. This was not necessarily an intuitive transition since it became necessary to refine raw opium further into what came to be known as chandu in Malay. It was also necessary to create a new kind of pipe, because chandu did not burn in the same manner as tobacco.


15. Trocki, “Boundaries and Transgressions.”

16. Despite popular belief, opium does not automatically make one somnolent and unproductive; it is quite possible to continue working while under its influence.

17. Rush, Opium to Java.


23. Trocki, Opium and Empire.


27. Ibid., 549.


29. The three brothers, Tan Keng Seng, Tan Keng Hoon, and Tan Keng Ho, were listed as contractors to the government and owned premises located on the Quai de Commerce in Saigon. The following year Tan Keng Hoon was listed as manager of the opium farm. The Tan brothers, like Banhap, were all Singapore-born Hokkien Babas. Chronicles and Directories for China, Japan and the Philippines 1872; Chronicles and Directories for China, Japan and the Philippines 1873. I am grateful to Dr. Li Tana for supplying me with these references.


31. For the full story, see Trocki, Opium and Empire.


34. Rush, Opium to Java.
35. Ibid.
36. Trocki, Opium and Empire.
37. Cushman, Family and State.
38. Ibid., 3–11.
40. Trocki, Opium and Empire; Trocki, Opium, Empire and the Global Political Economy.
41. Other excisable drugs under the monopoly included bhang, a cannabis preparation, and coconut toddy, which was imbibed.
42. Trocki, Opium and Empire.