# Singapore: Its Growth as an Entrepot Port, 1819–1941*

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Once the premier port in colonial Southeast Asia and one of the foremost in the British Empire, Singapore now ranks as the world's fourth busiest port, tonnage-wise, with the second highest per capita G.D.P. in Asia. Its post-war achievements rest on solid historical advantages. A broad historical survey of its commercial growth before World War II is therefore not amiss: the more so, as there has been no such panoramic presentation before. With no natural resources, Singapore's economic growth was almost synonymous with its foreign trade. In most historical works, especially those written before World War II, Singapore has been treated as an integral part of the Straits Settlements or British Malaya, for, until its emergence as a separate nation in August 1965, Singapore as the focal point of reference for researches was not part of the historical consciousness.[1]

The commercial growth of Singapore is written in its statistics. Yet, for the scholar, the pre-war statistics are something of a nightmare. A minor statistical bureau would be required to rearrange the statistical data before it is possible to study in detail the changes in the pattern and volume of trade, each individual item or group of items, or to weigh such statistical series. Merely to separate the trade of Singapore on a country basis in value terms from the annual trade returns of the Straits Settlements and, after 1926, British Malaya, is itself an arduous Caesarean operation. But such an effort, on a selected basis, together with the annual trade figures, is the minimum requirement even for an article with a limited focus such as the present effort. The statistical data show orders of magnitude rather than exactitude, and may

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[1] Chiang Hai Ding, "A History of Straits Settlements Foreign Trade, 1870–1915," Ph.D. dissertation (Australian National University, 1963) now being published as a monograph by the Singapore National Museum; W.G. Huff, "The Economic Development of Singapore 1900–1939," a doctoral thesis in progress in the University of London, together with the author's "The Trade of Singapore, 1819–1869," *Journal of the Malayan Branch, Royal Asiatic Society,* XXXIII (1960), cover the basic researches into Singapore's pre-war economic history.



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displease the professional statistician, but they are sufficient for purposes of broad historical comparisons.[2]

**An Emporium of the Eastern Seas**

The emergence of Singapore within the compass, first, of British, and later, world trade owed its beginnings to changes in the pattern of eastern British trade in the eighteenth century. The East India Company — its imports of Indian textiles into Britain were hindered by tariffs to protect the fledgling British textile industry — turned to and successfully developed the China tea trade, to pay for which it had to export bullion from Britain, as it had nothing of significance to offer the Chinese in exchange. Eventually, this imbalance was solved by the exchange of Indian cotton and, especially, opium for tea, after the East India Company had developed its Indian resources to meet its needs, as *de facto* ruler of Bengal after 1757. The opium trade was so large that a reverse flow of silver from China to India developed from 1806 onwards.

It was the Country Traders — private traders under licence to trade east of the Cape of Good Hope — who developed the opium trade, for the company wisely refrained from a trade interdicted by the Chinese Imperial Government. These traders were also encouraged to breach the Dutch monopoly of the Archipelago trade, which the Dutch found increasingly difficult to maintain, after British ships were given the free navigation of the Archipelago seas in 1784, and, especially, after the British defeat of the Dutch eastern fleet in 1807. The Country Traders were more interested in the Straits produce than in the spices, for the exchange problem in the tea trade could be partially solved if they could tap the trade in Straits produce. Straits produce was the collective name given to the jungle, agricultural, and mineral products of the Archipelago, and was the basis of the traditional trade of China with the region. The trade was a monopoly of the Chinese junk-traders.

As Straits produce was collected in small quantities from a wide area, the trade was best handled in some central port along the trade route to China. Until the British occupation of Java (1811–15), the Country Traders had no such suitable port. Bencoolen was out of the way. Penang had been acquired more for naval considerations in the Bay of Bengal than for advantages in the China and Archipelago trade.

Another group of entrepreneurs also found Batavia of real value — the Britain-based merchants, shippers, and manufacturers, especially the textile producers, who could now expand their enterprise into the Archipelago after the East India Company had lost, in 1813, its monopoly of the Indian and Southeast Asian trade. Having lost their traditional markets as the result of the War of American Independence and the Napoleonic Wars, they successfully pushed the sales of British textiles in the region,

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[2] The sources of statistics used in this article are the annual trade returns for the Straits Settlements, 1841–1938. Earlier statistics are from C.P. Holloway, *The Tabular Statements of the Commerce of Singapore, 1823-1824* (Singapore, 1842). No figures for 1939 to 1941 are available in Singapore. For a brief history of trade statistics, see Chiang Hai Ding, "The Statistics of the Straits Settlements Foreign Trade, 1870–1915," *Malayan Economic Review* X (1965), 73–83. Unless otherwise stated, all the tables in this article are derived from these primary statistical sources, but their simplicity should not be the cause of overlooking the enormous efforts involved in their collection, recalculation, and derivation.

and saw in Batavia a base for expanding the trade to China and Japan via the Chinese junks. But all such hopes were dashed with the return to Holland of all its Archipelago possessions under the London Convention of August 1814.

Since the naval victory of 1807, the British had dominated the Straits of Malacca and Sunda. Unlike the Dutch, whose Javanese interests had made the Sunda Straits the natural passage for their ships, the British were more interested in the Straits of Malacca, for their valuable China trade was underpinned by their Indian resources. With Penang outflanked by Malacca, the British were now vulnerable to Dutch naval threats in both the Straits of Malacca and Sunda. To overcome this weakness, the Governor-General of India sanctioned "the establishment of a station beyond Malacca, such as may command the southern entrance of those Straits". British domination of the Straits of Malacca would be secured, and the Dutch would be given command of the Sunda Straits — not an unreasonable interpretation of the London Convention.[3]

The choice of Singapore was the result of the initiative and foresight of Stamford Raffles, who saw in Singapore a base to protect the China trade in times of war and to outflank the Dutch at Malacca. In his imperial vision of British greatness in the East, he saw the new port as the springboard to clothe the teeming millions of Southeast Asians and Chinese in British cotton dress. He also envisioned Singapore developing into the opium market of the Archipelago, and even of the northern Chinese ports, via the Chinese junks.

However the British government saw the founding of Singapore as an embarrassment in its efforts to reach an amicable settlement with the Dutch. The political advantages of making Holland strong in Europe against France outweighed local considerations of regional trade and influence. But Singapore was eventually kept British by the Anglo-Dutch Treaty of 17 March 1824.[4]

What had brought about a change of mind was the pressure exerted by the East India Company as well as by the British shippers, merchants, and manufacturers, through petitions to the British government and the parliamentary select committees on British trade in the East. Britian's Industrial Revolution was forging apace, and its manufacturers' search for markets was made the more urgent by the wave of protectionism that swept Europe and America in the post-Napoleonic war years. They wanted to open up new markets in Southeast Asia as well as in China. For this, they needed a British base. What Singapore meant to them was aptly put by one John Forbes Mitchell to a parliamentary select committee:

> My idea of the best footing upon which the new trade of the Oriental islands could be conducted is this; that there should be a depot, such as Singapore, established in a convenient and eligible situation in the centre of those islands; that the British trade should go out to that spot; and there make the exchange for the Oriental products that would be brought there, to barter or sell for the British goods; thus avoiding the navigation of the Malay islands, where it is necessary to have local in-

[3] See Wong, "The Trade of Singapore," op. cit., 11–34 for detailed treatment of this subject. Quotation from Hastings Instructions to Raffles, 28 Nov. 1818, cited in full in C.E. Wurtzburg, *Raffles of the Eastern Seas* (London. 1954), pp. 461–64.

[4] This subject has been fully treated in Harry J. Mark, *The First Contest for Singapore 1819–1824* ('S-Gravenhage, 1959).

> formation, and a knowledge of the language; as well as a protection against pirates, which frequently interrupted commerce in those seas. This would make Singapore the depot for the outward cargoes, and to which all the surrounding islands would trade in their own vessels, as well as the Chinese in their junks in the cheapest possible manner.[5]

**Singapore 1824–1869**

Before the acquisition of Hong Kong and the establishment of the first Treaty Ports, Singapore's role in the China trade was an uncertain one. Until the end of the Company's China trade monopoly in 1833, Singapore was regarded as a possible *point d'appui* where British merchants might load tea from China brought down by Chinese junks in exchange for opium and British manufactures, and as a possible port of retreat should the Chinese make it impossible to trade in Canton. But Singapore developed into neither a tea nor opium trading centre, for Canton served both purposes adequately.

Private British ships breached the monopoly by means of dubious legality. They called at Singapore, nominally unloaded and loaded their cargoes, and then cleared out afresh. In later days, when freedom of trade prevailed, the opium and tea clipper even avoided Singapore, except for emergency repairs and supplies, for speed was of the essence in the opium and tea trade.

During the Opium War, it appeared for a while Singapore might serve as a port of retreat, but it did not seriously dislocate trade. The subsequent establishment of Hong Kong as a British free port and the first Treaty Ports led to initial gloom about the long-term future of Singapore, but in the end the Cassandras of doom were proved wrong. For Hong Kong was the natural entrepot port of South China, and not Singapore. Its rival was Canton, whose dominance Singapore had never seriously threatened, and a share of whose trade Hong Kong eventually captured only after a decade of severe competition. The respective orbits of trade of these two free ports overlapped to some degree but did not fundamentally clash. Unlike Hong Kong, Singapore did not fit into, or prosper as part of, the economic life of China based on the treaty-port system, for right from the start (see Table 1 below), Singapore had

**Table 1**

**The Direction of the Trade of Singapore, 1825–1865**

Percentage of Total Trade

| Year | The West | East Asia | Southeast Asia | India | Others |
|---|---|---|---|---|---|
| 1825 | 18% | 14% | 48% | 20% | 0% |
| 1830 | 31% | 23% | 28% | 18% | 1% |
| 1835 | 19% | 14% | 46% | 20% | 1% |
| 1840 | 21% | 13% | 44% | 21% | 1% |
| 1845 | 22% | 22% | 34% | 21% | 1% |
| 1850 | 26% | 15% | 39% | 19% | 2% |
| 1855 | 25% | 18% | 40% | 14% | 2% |
| 1860 | 28% | 13% | 51% | 7% | 1% |
| 1865 | 25% | 15% | 43% | 15% | 2% |

[5] *Third Report from the Select Committee Appointed to Consider the Means of Improving and Maintaining the Foreign Trade of the Country,* 18 May 1821, British Sessional Paper, 535, VI (1821), 282.

emerged as the premier British port in Southeast Asia, having an importance of its own, independent of the trade with China. But the expansion of China's foreign trade under the treaty-port system had the general effect of stimulating South China's trade with Singapore.[6]

As can be seen from Table 2 below, the Archipelago had the highest percentage of Singapore's Southeast Asian trade. Outside of Manila and Batavia, Britain had little direct trade with the Archipelago. Its trade with the Archipelago was practically synonymous with Singapore's trade with the area. Until Labuan and Sarawak became British, the bulk of the trade with the Archipelago was with Dutch possessions, especially Java. The notable exception was Sumatra.[7]

**Table 2**

**The Trade with Southeast Asia, 1825-1865**
Percentage of Total
($ in million)

| Year | Mainland % | Archipelago % | Malay Peninsula % | Total $ |
|---|---|---|---|---|
| 1825 | 11 | 74 | 15 | 5.8 |
| 1845 | 13 | 53 | 34 | 7.8 |
| 1865 | 35 | 38 | 27 | 25.0 |

Singapore's trade with the Archipelago was regulated by the provisions of the Anglo-Dutch Treaty of 1824. Freedom of trade was guaranteed to the nationals and subjects of the signatory powers, and trade duties on British ships and goods would not exceed six per cent in Dutch possessions, if Dutch ships and goods paid no duties, and would not be more than double if Dutch ships and goods paid duties. The British recognized the Dutch monopoly of the Spice Islands, while the Dutch pledged not to conclude treaties with independent chiefs aiming at excluding British trade or imposing differential duties. The British exchanged Bencoolen for Malacca, renounced all rights to form future settlements in Sumatra or make agreements with independent chiefs there, and waived their claims to Billiton, Karimon, Battam, Bintan, Lingga, and "any other islands south of the Straits of Singapore". The British and Dutch negotiators had only the islands immediately south of Singapore in mind, but the Treaty, as rightly feared by local Singapore officials and merchants, eventually led to Dutch expansion over an immense region on which Singapore was, to a very large measure, economically dependent for its prosperity.

The Dutch made full use of the provisions of the Treaty, observing the letter but not the spirit of the stipulations on trade duties. Between 1824 and 1837, imports of British piece-goods into Java by way of Singapore paid ten per cent duty more than direct imports from Britain. The Foreign Office entered into some three decades of

[6] The subject is fully treated in Wong, "The Trade of Singapore," op. cit., 106–33.

[7] G.W. Earl, *The Eastern Seas in 1832-1834* (London, 1837), p. 434; P. L. Simmonds, "The Trade and Commerce of the Eastern Archipelago," *Straits Times and Singapore Journal of Commerce,* 6, 13, and 20 July 1861.

tedious wrangling with its Dutch counterparts over Singapore mercantile protests of Dutch interpretation and infringement of the treaty provisions. But the Foreign Office was not always sympathetic, being more inclined, especially in later years, to the view that British interests were best served if the Dutch rather than other European powers were to occupy areas still outside Western rule. In any case, Singapore was hit most not by differential duties, provided for by the Treaty, but by what was not covered by it, the Culture System and its supporting state import and export agency, the N.H.M., the instruments by which the Dutch colonial government controlled the production and export of pepper, cloves, indigo, tea, tobacco, coffee, and sugar — commodities in great demand in Europe. By 1840, the N.H.M. had succeeded in controlling two-thirds of Java's exports. Nevertheless, as the Dutch themselves had claimed, Singapore's trade had benefited where the Dutch had brought law and order.[8]

Until the 1840s, when the Chinese developed tin-mining in the West coast Malay States and gambier-pepper cultivation in Johore, the Malay Peninsula did not feature significantly in Singapore's trade. In fact, the East coast trade was larger than the West, largely because of the gold trade with Pahang. With the development of gambier-pepper cultivation and especially tin-mining, the West coast became important for Singapore, and its peninsular trade formed a higher proportion of its total Southeast Asian trade.[9]

Until the 1850s, mainland Southeast Asia did not figure significantly in Singapore's entrepot trade system, as can be seen from Table 3.

**Table 3**
**The Trade with Mainland Southeast Asia, 1825-1865**
Percentage of Total
($ in millions)

| | 1825 % | 1845 % | 1865 % |
|---|---|---|---|
| Burma | — | 11 | 33 |
| Cambodia | — | — | 2 |
| Cochin-China | 21 | 46 | 23 |
| Thailand | 79 | 42 | 42 |
| TOTAL | $0.7 | $1.0 | $8.7 |

Burma and Cochin-China were not unreservedly opened to international trade until the British and French had respectively established their dominance, but Burma

[8] For a detailed treatment of this subject, see Wong, "The Trade of Singapore," op. cit., 35–70. Apropos the complaints of the Singapore merchants, a British Foreign Office Memorandum, dated 16 December 1841, noted that in the period 1834–1839, the ratio of British to Dutch imports was six to seven of the total import trade of Java, "a share in the trade of a colony which, if the matter were reversed, would be considered by the British merchants as rather a large one for a foreign nation to enjoy." Correspondence respecting the Policy of the Netherlands Government in the Eastern Seas as affecting British Commerce 1824–1867. Confidential, British Foreign Office, No. 7, Paper 157, Dec. 1869.

[9] This subject is fully treated in Wong Lin Ken, *The Malayan Tin Industry to 1914* (Tucson, 1965), pp.1–52.

turned out to be always on the periphery of Singapore's commercial orbit, being tied more to India than the Straits ports. Thailand did not enter into the mainstream of world trade as a free trade nation until the Bowring Treaty of 1855 established a modified treaty-port system, the preliminary steps being laid first by the Crawford mission (1821) and later the Burney Treaty (1825).[10]

**The Rise of Singapore, 1824–1869**

If we accept 1913 as the base year, it will be seen from Table 4 that prior to the opening of the Suez Canal (1869), when sailing ships dominated the carrying trade and the greater part of Southeast Asia had yet to come under colonial rule, Singapore's trade, while expanding, did not grow at the rate it did in the post-Suez era (compare Table 4 with Table 6 and 13 below).[11] It was only in the 1850s that trade more than doubled the level achieved within the first decade of Singapore's founding, and only in the 1860s that it began to treble. In comparison with the post-Suez era, the trade of Singapore was relatively small, but this should not detract from the true significance of the port, first to the British, and to the region as a whole. This significance is best seen by an examination of the reasons for its success.

The first important reason for the rise of Singapore was its nodal position at the tip of the Malay Peninsula, in the Archipelago, flanked by the Pacific and Indian Oceans. Its strategic location, combined with such natural advantages as a splendid harbour and sheltered anchorage, guaranteed its pre-eminence in Southeast Asia. In the 1840s, fifties, and early sixties, it seemed that Singapore's geographic advantage might be undermined by the construction of a canal or railway across the Isthmus of Kra, but the scheme was abandoned because the distance saved for shipping was negligible and could not compensate for the advantages of Singapore's accumulated infrastructure for trade.[12]

The other important reason for Singapore's success was its status as a free port. Except for a brief interlude at Penang, from 1786 to 1801, the concept of a free port was completely alien to the economic doctrines and practices of Western and indigenous leaders in Asia. In 1819, Raffles had laid down that Singapore, together with Penang and Bencoolen, should be kept as free ports, their upkeep to be considered "as an outlay for the extension of British trade in general and of the trade of India in particular". Singapore would undermine Dutch ambitions to dominate the archipelago trade, and deter other European nations, especially France, Russia, and the United States from having footholds on the adjacent states. With Indian resources under their control, the British could maintain a free port "without considering it as a loss, which no other nation could do except at a dead loss, in consequence of the greater distance of their power". Subsequent administrators, burdened by the need

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[10] This subject is fully treated in Wong, "The Trade of Singapore," op. cit., 134–58.

[11] The author has selected 1913 as the base year, following the arguments of P. Lamartine Yates in his *Forty Years of Foreign Trade: A Statistical Handbook with Special Reference to Primary Products and Under-Developed Countries* (London, 1959), pp. 15–21. Chiang, op. cit., 132–37, has used 1900 as the base year, which the author has rejected in favour of Yates' choice of 1913.

[12] Ong Kim Siong, "The Isthmus of Kra (1843–1886): A Study of the Early Kra Canal and Railway Projects," Unpublished academic exercise (University of Singapore 1954).

**Table 4**
**The Trade of Singapore, 1824–1869**
**($ in millions, 1913=100)**

| Year | Import | Export | Total | Index |
|---|---|---|---|---|
| 1824 | 6.6 | 5.0 | 11.6 | 1.9 |
| 1825 | 6.4 | 5.9 | 12.3 | 2.0 |
| 1826 | 6.6 | 5.4 | 12.0 | 1.9 |
| 1827 | 6.5 | 6.6 | 13.1 | 2.1 |
| 1828 | 7.1 | 6.5 | 13.6 | 2.2 |
| 1829 | 9.3 | 8.6 | 17.9 | 2.9 |
| 1830 | 9.5 | 8.3 | 17.8 | 2.9 |
| 1831 | 8.6 | 8.7 | 17.3 | 2.8 |
| 1832 | 8.5 | 7.4 | 15.9 | 2.6 |
| 1833 | 9.1 | 7.6 | 16.7 | 2.7 |
| 1834 | 8.7 | 9.4 | 18.1 | 2.9 |
| 1835 | 6.8 | 7.4 | 14.2 | 2.3 |
| 1836 | 7.4 | 7.0 | 14.4 | 2.3 |
| 1837 | 8.9 | 7.9 | 16.8 | 2.7 |
| 1838 | 9.4 | 8.0 | 17.4 | 2.8 |
| 1839 | 8.3 | 7.6 | 15.9 | 2.6 |
| 1840 | 10.6 | 9.4 | 20.0 | 3.2 |
| 1841 | 14.1 | 11.9 | 26.0 | 4.2 |
| 1842 | 13.9 | 11.4 | 25.3 | 4.1 |
| 1843 | 13.1 | 11.5 | 24.6 | 4.0 |
| 1844 | 12.7 | 11.8 | 24.5 | 3.9 |
| 1845 | 12.6 | 10.5 | 23.1 | 3.7 |
| 1846 | 14.1 | 11.6 | 25.7 | 4.1 |
| 1847 | 12.9 | 10.7 | 23.6 | 3.8 |
| 1848 | 12.3 | 11.1 | 23.4 | 3.8 |
| 1849 | 12.4 | 11.0 | 23.4 | 3.8 |
| 1850 | 13.3 | 11.9 | 25.2 | 4.1 |
| 1851 | 13.7 | 11.6 | 25.3 | 4.1 |
| 1852 | 13.9 | 12.0 | 25.9 | 4.2 |
| 1853 | 15.5 | 13.4 | 28.9 | 4.6 |
| 1854 | 20.0 | 16.7 | 36.7 | 5.9 |
| 1855 | 17.7 | 15.1 | 32.8 | 5.3 |
| 1856 | 22.8 | 19.6 | 42.4 | 6.8 |
| 1857 | 24.3 | 22.2 | 46.5 | 7.5 |
| 1858 | 28.9 | 24.1 | 53.0 | 8.5 |
| 1859 | — | — | — | — |
| 1860 | 28.3 | 24.3 | 52.6 | 8.5 |
| 1861 | 25.9 | 18.1 | 44.0 | 7.1 |
| 1862 | 24.9 | 21.6 | 46.5 | 7.5 |
| 1863 | 29.8 | 25.7 | 55.5 | 8.9 |
| 1864 | 27.8 | 24.0 | 51.8 | 8.3 |
| 1865 | 28.4 | 29.5 | 57.9 | 9.3 |
| 1866 | 33.4 | 31.0 | 64.4 | 10.4 |
| 1867 | 33.2 | 21.9 | 55.1 | 8.9 |
| 1868 | 31.4 | 26.0 | 57.4 | 9.2 |
| 1869 | 31.9 | 26.9 | 58.8 | 9.5 |

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for revenue, were willing to compromise on the free-port status, but were successfully defeated by the combined efforts of the Western merchants in Singapore and their counterparts in London, so that by the time the Straits Settlements became a Crown Colony in 1867 the free-port status of Singapore had already long been erected into an inviolable sancrosanct doctrine, which no colonial governor could dare infringe with impunity.[13]

That its free-port status was the magic formula on which Singapore built its prosperity was widely accepted by all. It led the Dutch to establish free ports in strategic positions in the Archipelago — Rhio (1829), Pontianak and Sambas (1834), Succadana (1837), Macassar (1847), Menado and Kema (1848), and, finally, Amboyna, Banda, and Ternate (1852), the traditional monopoly strongholds of the Dutch. But, as a whole, Singapore did not lose out. It had a headstart, and, what was more important, it had no governmental interference in trade, and made no discrimination between the nationalities of traders and ships, whereas in the Dutch free-ports, the N.H.M. still had priority over other merchants in buying and selling.[14] What the Dutch critic C.J. Temminck said of Macassar in 1849 applied with equal force to the other Dutch free ports:

> If, in 1816, the monopoly system adopted and vigorously maintained by the Company had been abandoned without any reservations, and if the new government had had the happy and salutary idea of allowing no restrictions in free trade in the Moluccas; if, since then, Macassar had been declared a free port, it is probable that Singapore would never have attained the degree of prosperity which, as a free port, it has enjoyed up to now.[15]

That a free-port status was not by itself sufficient to bring about commercial success had already been confirmed by the fact that Penang, the oldest free port in the Straits of Malacca, and Malacca quickly became commercial satellites of Singapore, serving regional hinterlands outside the orbit of its ascendancy. Labuan, a possible rival, together with Sarawak, also became its commercial dependencies, securing for Singapore the trade of northeast Borneo.[16]

**The Commercial Significance of Singapore**

Within fifty years of its existence, the advantage of a free port was no longer the monopoly of Singapore, but it continued to flourish because it had become the commercial capital of the free-port trading system set up by the British in the Straits of Malacca. The system itself developed as a by-product of the extension of British trade with China, but became valuable in itself. But the real significance of the system,

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[13] See Wong, "The Trade of Singapore," op. cit., 176–93 for detailed treatment. Quotations from Raffles to the Marquess of Lansdowne, 15 April 1820, Appendix T, *Report (Relative to the Trade with the East Indies and China) from the Select Committee of the House of Lords,* 7 May 1821, British Sessional Paper, 476, VII (1821).

[14] For detailed treatment, see Wong, "The Trade of Singapore," op. cit., 86–105.

[15] C.J. Temminck, *Coup-d'ocil general surles Possessions Neerlandaises dans I'Inde Archipelagique,* III (Leyden, 1846–1849), 32–33.

[16] Unlike Sarawak, Labuan was founded as some kind of a rival to Singapore, see John Crawford, *Opinion on the Proposed Occupation of Labuan* (undated), cited in full in chapter 10 of Henry Keppel, *The Expedition to Borneo of H.M.S. Dido for the Suppression of Piracy,* II (London, 1847).

epitomized by Singapore, lay beyond the mere expansion of British trade. Different from the traditional economies of the region or those created by the Dutch and Spaniards in areas under their rule, Singapore represented what an alien creation, sited on an island, with no economic hinterland, could accomplish with private enterprise, if unfettered by indigenous customs and institutions, or governmental interference in trade. It was the spearhead of an expanding international system, of which industrializing Britain was the principal practitioner and preacher, in which free trade based on private enterprise was ideologically held to be able to bring forth the maximum production of wealth.

Singapore stimulated the intra-regional trade of Southeast Asia. From Cochin-China and Cambodia, which had no trade with any British settlement before, and Thailand, whose trade had been northwards with China, the Chinese junks came to trade at Singapore. From every corner of the Archipelago came the Malay and Indonesian traders in their prows.[17]

Many of these Asian traders had never traded with, or even seen, a European before. This made it difficult for them to trade with Western business firms.[18] In 1820, John Crawford had proposed a solution — the establishment of a British port in which these Asian traders and Western firms could trade through "an intermediate class in whom both can repose confidence".[19] Singapore provided both the territorial base and the middlemen — the Chinese.

In the early years, the Chinese middlemen were mostly Malacca-born, owing their intermediate roles to a knowledge of English, and the habits and commercial procedures of the Western merchants, as well as the language, habits and needs of the multifarious Asian traders. It was this special knowledge that gave rise to the compradore system, that characteristic feature of Sino-Western commercial interdependence in Singapore, Bangkok, and elsewhere in Southeast Asia and the treaty ports in China.[20] What a British traveller said of the Chinese of Penang in 1874 applied with greater force to the Singapore Chinese:

> To convey some idea of their usefulness, I need only say, that they can make anything required by a European; and in trade they are indispensable to us, as they have established connections in almost all the islands to which our foreign commodities are carried. Their agents reside in Sumatra, Borneo, and on the Indo-Chinese mainland, collecting produce by barter with the natives, to whom they are not unfrequently related by social, as well as by commercial ties. In this way much of the produce shipped from Penang to England and other foreign countries, passes through the hands of Chinese middle-men.

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[17] *Commercial Tariffs and Regulations, Resources, and Trade of India, Ceylon, and Other Oriental Countries* by John MacGregor, July 1848. British Sessional Paper, 974, LXI (1847–1848), 741; John Dalton, *Singapore Chronicle 1830,* cited in J.H. Moore, *Notices of the Indian Archipelago and Adjacent Countries* (Singapore, 1837).

[18] Straits Settlements Records (R. 4), 12 Sept. 1837.

[19] J. Crawford, *History of the Indian Archipelago.* III (Edinburgh, 1820), p. 263. This need was mentioned by practically every merchant with eastern interests when called before the Parliamentary Committees on British Eastern Trade in 1820–21.

[20] Earl, op. cit., p. 363; *Singapore Free Press,* 11 Nov. 1860; Song Ong Siang, *One Hundred Years History of the Chinese in Singapore* (London, 1923) gives the history of some of the early Chinese firms and merchants.

> Then again, the European merchant at almost all the Eastern ports finds it indispensable to have in his employment a Chinese comprador, or treasurer, who not only pays for produce, and receives and collects moneys on behalf of the firm, but is also responsible for the weight and purity of the silver in which payments have been made. Under him he has assistants called schroffs, trained to detect spurious coin, and who display in this matter a keenness of perception which is puzzling to a European; for the schroff sees readily at a single glance, and picks out from among the heap of dollars, some doubtful coin which he himself, however expert, would have failed to discover .... The comprador hires the labourers who load and discharge ships, and also with the aid of his staff frequently acts as broker in buying and selling for the firm. He is also useful in discovering the standing of Chinese firms, and in procuring for his employer office and domestic servants, for whose good conduct he will hold himself personally responsible. He has seldom any trouble on this score, as the men he has about him and employs are of his own clan, and are most loyal to their chief. I have no doubt, however, that this loyalty is as often due to the dread influence of the congsees, or secret societies to which comprador and men belong, as to the strong ties of kindred which are also esteemed by the Chinese.
>
> It will be conceded, then, that the comprador must be a man endowed with an undoubted capacity for business. He is indeed, in his way, the model trader of the East, and to such men as he, we owe much of our commercial success in these islands. He is, as a rule, thoroughly to be relied upon. He lives temperately, and at all times has his trading wits about him. Yet he never appears other than a leisure-loving, fat, prosperous personage, who, ... 'grows richer and fatter every year.'[21]

By 1874, a change had occurred in the carrying trade. The Malay, Indonesian, especially the Bugis traders in their prows, as well as the Chinese junk-traders, were losing out in the carrying trade to Western shipping — the square-rigged vessels, as can be inferred from Table 5.[22]

The Asian carriers had lost out most where Western rule had been extended, or where Western firms and ships could trade without hindrance, as had been the case with Thailand in the post-Bowring years. Previously, the tariff on trade and shipping favoured the junks against the square-rigged vessels. In the Singapore-China trade, the Chinese saw the advantages of the square-rigged vessels, both as a protection against piracy and as a means to acquire marine insurance. The Malay and Indonesian traders lacked the resources or acumen to adapt, and lost out to the square-rigged vessels used by Chinese and Western entrepreneurs. These had made dramatic headway where Western rule had imposed modern enclaves for trade in the form of colonial ports — in Thailand, in the modified form of extraterritoriality.[23] The changes in the carrying trade augured the rapid growth in the trade of Singapore between the opening of the Suez Canal in 1869 and the outbreak of World War I. During the greater part of these years, the free-port entrepot system of Singapore developed under optimum conditions not seen again in the pre-Suez or again in post-World War I years.

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[21] J. Thomson, *The Straits of Malacca, Indo-China and China* (London, 1875), pp. 11–13.

[22] Derived from the Tables in Appendix B, Wong, "The Trade of Singapore," op. cit., 276, 278–90, 293–95.

[23] Ibid., 82–83, 122–24, 147–58.

**Table 5**
**The Junk and Prow Trade of Singapore, 1830–1866**

(a) Percentage of Total Tonnage of Prows and Square-Rigged Vessels in Singapore's Harbour
(Tonnage to nearest 1,000).

| | ARCHIPELAGO | | | MALAY PENINSULA | | |
|---|---|---|---|---|---|---|
| Year | Prows | SRV | Total Tonnage | Prows | SRV | Total Tonnage |
| 1830 | 54% | 46% | 63 | 42% | 58% | 36 |
| 1839 | 56% | 44% | 81 | 27% | 73% | 53 |
| 1848 | 43% | 57% | 138 | 44% | 56% | 85 |
| 1857 | 38% | 62% | 175 | 38% | 62% | 114 |
| 1866 | 27% | 73% | 233 | 23% | 77% | 170 |

(b) Percentage of Total Tonnage of Junks and Square-Rigged Vessels in Singapore's Harbour
(Tonnage to nearest 1,000)

| | CHINA | | | COCHIN-CHINA | | | THAILAND | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Junks | SRV | Total Tonnage | Junks | SRV | Total Tonnage | Junks | SRV | Total Tonnage |
| 1830 | 7% | 93% | 72 | 90% | 10% | 11 | 55% | 45% | 17 |
| 1839 | 43% | 57% | 34 | 69% | 31% | 10 | 49% | 51% | 18 |
| 1848 | 16% | 84% | 159 | 96% | 4% | 29 | 45% | 55% | 24 |
| 1857 | 6% | 94% | 288 | 100% | 0% | 31 | 8% | 92% | 85 |
| 1866 | 1% | 99% | 445 | 22% | 78% | 53 | 1% | 99% | 34 |

**The Trade of Singapore, 1870–1915**

By the outbreak of World War I, the Western powers had expanded and firmly established their rule over the whole of Southeast Asia, a process begun in the 1860s, and gaining momentum as these nations became industrialized and competed for colonies for markets and prestige. The exception was Thailand, kept independent by Anglo-French accord, but enmeshed into the global trading system as a free enterprise nation with loss of tariff autonomy under a series of treaty-port type of agreements. Western colonial rule created political order out of frequent chaos, and encouraged development by private enterprise, best exemplified in British Malaya, including Singapore, where an open-door policy of foreign investment and cheap immigrant labour from India and China had resulted in remarkable economic growth. Even the Dutch had been converted to a policy of *laissez faire,* with the enactment of the Agrarian and Sugar Laws of 1870 and the Tariff Law of 1872.[24] Henceforth, the Dutch East Indies were opened to private plantation and mining enterprise as well as shipping. Even the indigenous peoples were drawn into the *laissez faire* economy, but at a slower rate, as they were freed progressively from the traditional forms of servitude like the corvèe, and the payment of taxes in kind and services. They turned rice, for centuries the prop of subsistence farming, into cash crops in the Irrawaddy Delta of Burma, the Lower Menam Valley of Thailand, and the Mekong Delta of Indo-China. Later, they cultivated other cash crops, like sugar, tobacco, vegetable oil plants, and, just before World War I, rubber.[25]

The rapid economic development of Southeast Asia benefited Singapore, as is obvious from Table 6 below, even though the rate of growth was somewhat exaggerated by the decline of the silver dollars *vis-ā-vis* gold, the result of the breakdown of the bimetallic international system of trade as the majority of the world's major trading nations switched over to the gold standard.[26]

On the balance, Singapore gained, for its main staples of trade were sold in gold prices, while wages, salaries, and interest rates were settled in silver dollars. The western community, especially the civil servants, carried the burden, as they con-

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[24] See J.M. Caldwell, "Indonesian Export and Production from the Decline of the Culture System to the First World War," *The Economic Development of Southeast Asia,* ed. C.D. Cowan (London, 1964).

[25] Charles A. Fisher, "Some Comments on Population Growth in Southeast Asia with Special Reference to the Period since 1830," Cowan, op. cit., especially pp. 60–64.

[26] In Chiang, op. cit., 132–37, an attempt has been made to compute the real growth rate from the years 1870 to 1915 by converting the dollar value of the Straits Settlements into pound sterling at the then current rates of exchange. It has been found that the trade of the Straits ports had increased by only five and a half times, instead of almost eleven times if expressed in dollar value. Using data in Yates, op. cit., pp. 28, 30, it is possible to give a broad comparison of the growth of Singapore's trade with the world's before the First World War.

Growth of Singapore and World Trade:
Actual Values and Indices
(1913=100, $ in millions)

| Annual Average | WORLD | | SINGAPORE | |
|---|---|---|---|---|
| | $(US) | Index | $(Silver) | Index |
| 1870 – 80 | 13,070 | 30.9 | 89 | 14.0 |
| 1896 – 1900 | 18,500 | 44.7 | 358 | 56.2 |
| 1911 – 1913 | 38,240 | 94.2 | 551 | 86.5 |

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sumed goods from gold standard countries, as well as remitted savings and profits there. It was to alleviate their hardship as well as to anticipate the flow of western capital into British Malaya that the Barbour Committee of 1903 recommended that the Straits Settlements, in place of the several silver dollars then current, should have their own currency on the gold standard, which was eventually pegged at 2s 4d to a dollar in 1906.[27] The Barbour Report was remarkably prescient, for by 1921, British investments in rubber totalled about £100,000,000 making rubber, unlike tin, an almost wholly Western enterprise, which, together with tin, was to become a main prop of Singapore's prosperity. Western companies did not produce more tin than the Chinese until 1929, almost a century after it became commercially important in the Peninsula. By the end of World War I, the rubber industry had been firmly established in Malaya and Indonesia, with considerable indigenous participation, for "the lure of rubber", to quote a contemporary document, "has induced the native to

**Table 6**
**The Trade of Singapore, 1870–1915**
($ in millions, 1913 = 100)

| Year | Imports | Exports | Total | Index | Year | Imports | Exports | Total | Index |
|---|---|---|---|---|---|---|---|---|---|
| 1870 | 39.1 | 31.7 | 70.8 | 11.4 | 1893 | 124.0 | 108.5 | 232.5 | 37.4 |
| 1871 | 36.8 | 32.0 | 68.8 | 11.1 | 1894 | 164.0 | 137.0 | 301.0 | 48.4 |
| 1872 | 43.4 | 39.0 | 82.4 | 13.2 | 1895 | 158.0 | 135.1 | 293.1 | 47.1 |
| 1873 | 47.9 | 41.8 | 89.7 | 14.4 | 1896 | 157.0 | 133.5 | 290.5 | 46.7 |
| 1874 | 46.9 | 41.5 | 88.4 | 14.2 | 1897 | 179.3 | 153.2 | 332.5 | 53.4 |
| 1875 | 43.8 | 41.6 | 85.4 | 13.7 | 1898 | 197.6 | 164.2 | 361.8 | 58.2 |
| 1876 | 45.5 | 40.6 | 86.1 | 13.8 | 1899 | 222.2 | 185.4 | 407.6 | 65.5 |
| 1877 | 49.3 | 41.4 | 90.7 | 14.6 | 1900 | 251.8 | 205.5 | 457.3 | 73.5 |
| 1878 | 47.3 | 40.0 | 87.3 | 14.0 | 1901 | 254.1 | 213.1 | 467.2 | 75.1 |
| 1879 | 56.3 | 49.3 | 105.6 | 17.0 | 1902 | 280.5 | 234.2 | 514.7 | 82.7 |
| 1880 | 60.7 | 54.6 | 115.3 | 18.5 | 1903 | 299.3 | 257.7 | 557.0 | 89.5 |
| 1881 | 70.7 | 58.0 | 128.7 | 20.7 | 1904 | 274.7 | 243.6 | 518.3 | 83.3 |
| 1882 | 74.3 | 61.2 | 135.5 | 21.8 | 1905 | 249.0 | 211.7 | 460.7 | 74.1 |
| 1883 | 79.2 | 68.2 | 147.4 | 23.7 | 1906 | 252.8 | 228.9 | 481.7 | 77.4 |
| 1884 | 79.6 | 65.2 | 144.8 | 23.3 | 1907 | 262.4 | 218.6 | 481.0 | 77.3 |
| 1885 | 74.3 | 61.4 | 135.7 | 21.8 | 1908 | 230.5 | 191.6 | 422.1 | 67.9 |
| 1886 | 77.3 | 60.6 | 137.9 | 22.2 | 1909 | 229.0 | 197.3 | 426.3 | 68.5 |
| 1887 | 92.1 | 75.1 | 167.2 | 26.9 | 1910 | 273.2 | 234.9 | 508.1 | 81.7 |
| 1888 | 108.1 | 87.2 | 195.3 | 31.4 | 1911 | 285.2 | 240.3 | 525.5 | 84.5 |
| 1889 | 110.7 | 88.7 | 199.4 | 32.1 | 1912 | 320.8 | 260.2 | 581.0 | 93.4 |
| 1890 | 112.6 | 94.1 | 206.7 | 33.2 | 1913 | 349.7 | 272.4 | 622.1 | 100.0 |
| 1891 | 103.0 | 91.2 | 194.2 | 31.2 | 1914 | 289.7 | 236.5 | 526.2 | 84.6 |
| 1892 | 107.0 | 97.9 | 204.9 | 33.0 | 1915 | 345.3 | 308.5 | 653.8 | 105.1 |

[27] Chiang, op. cit., 238–261.

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abandon his ancestral fruit trees and padi-fields in order to seek a greater profit in this less arduous sphere."[28]

Before World War I, tin was the single most important item of Singapore's export trade with the West. But rubber was fast becoming important, exceeding in weight by 1914 all other important items — gambier, pepper, rattans, sago, and tapioca products — except tin and copra. Rubber and tin were the principal raw materials that drew the economies of the West and Southeast Asia into industrial interdependence. Until these became staples of trade, Singapore's trade with the West was mainly in foodstuffs. Gambier for tanning and gutta-percha for surgical instruments and submarine cables were minor exceptions, but after the turn of the century, the industrial demand for them declined rapidly.[29]

The industrial demand for tin and rubber contributed towards a shift in the direction of Singapore's trade with the West from the United Kingdom to Continental Europe and, especially, the United States.

**Table 7**
**The Trade of Singapore with the West, 1870–1915**
Percentage of Total
($ in millions)

| Year | Continental Europe % | United Kingdom % | North America % | Total $ |
|---|---|---|---|---|
| 1870 | 10 | 76 | 14 | 21.1 |
| 1885 | 19 | 71 | 10 | 40.2 |
| 1900 | 29 | 53 | 18 | 124.2 |
| 1915 | 20 | 35 | 45 | 187.6 |

Until about 1900, Britain led in the industrial production of tin-plates, and sharea with the United States in inventiveness and discoveries that made possible the development of the rubber-manufacturing industries. Thereafter, the United States leaped ahead in the production of tin-plates and rubber-manufactures, especially rubber tyres, the result of the growth of the motor-car industry just before World War I. Until tyre-manufacture opened the new era of industrial demand for rubber, footwear, waterproof clothing, mechanical, electrical, and surgical appliances were the main branches of rubber manufactures. The increase in the share of Continental Europe and the United States in Singapore's trade, especially in the export sector, reflected the relative decline of Britain's industrial position as the former became in-

[28] *Report of the Commissions Appointed by His Excellency the Governor of the Straits Settlements and of the Federated Malay States to Enquire into and Report on (a) the Present State of Trade Depression Brought about in the Main by the Continued Depression in the Rubber Industry; and (b) the Extension of Credit Facilities* (Singapore, 1921), (henceforth referred to as *1921 Trade Commission Report)* pp. 3, 4, 7. Quotation from p. 4. By 1920, Malaya was already producing 57.6% of the world output of rubber, more than twice the production of Indonesia, estimated at 25.4%. Ibid., p. 9.

[29] See Statistical Appendix XII, Chiang, op. cit., which gives a quantitative and value analysis of the main items of Singapore's trade, 1870–1915.

dustrialized. Although a port within the British Empire, Singapore was increasingly more important for the United States than Britain.[30]

In the overall trade of Singapore, the West managed to keep its share in proportional terms, but, as Table 8 indicates, East Asia and India had declined in importance, while Southeast Asia continued to expand as the main outlet for Singapore's trade.

**Table 8**
**The Direction of the Trade of Singapore, 1870–1915**
Percentage of Total

| Year | The West | East Asia | Southeast Asia | India | Others |
|---|---|---|---|---|---|
| 1870 | 30 | 13 | 48 | 8 | 2 |
| 1875 | 26 | 10 | 52 | 11 | 1 |
| 1880 | 30 | 12 | 47 | 10 | 0 |
| 1885 | 30 | 13 | 51 | 5 | 1 |
| 1890 | 30 | 13 | 49 | 7 | 1 |
| 1895 | 25 | 15 | 52 | 6 | 1 |
| 1900 | 27 | 12 | 51 | 8 | 1 |
| 1905 | 26 | 11 | 56 | 7 | 1 |
| 1910 | 30 | 10 | 50 | 8 | 3 |
| 1915 | 29 | 9 | 56 | 4 | 3 |

The industrial West had increased its direct trade with the region, bypassing Singapore, especially in its exports. A measure of these changes may be gauged by the growth of direct British trade with the region. In 1900, out of an import trade valued at £7.8 million, 94% was with the Straits ports, mainly Singapore. In 1913, the imports totalled £24.1 million, but only 80% came from the Straits Settlements. In 1900, in an export trade of £6.3 million, 50% was with the Straits Settlements and 45% with the Dutch East Indies. In 1913, the export trade had grown to £22 million, 34% with the Straits ports and 33% with the Dutch East Indies, and the rest mainly with Burma and Thailand.[31]

The policies of their colonial rivals favoured the growth of direct British trade with their colonies. In 1887, non-French imports into Saigon paid discriminatory duties. From 1892 onwards, a new tariff policy operated in the French Empire, designed to make it as self-sufficient as possible.[32] The Dutch held on to free trade longer than the French, with the result that between 1871 and 1914, their share of the exports of the Dutch East Indies was lower than that of any other colonial power with its possessions. Their share of shipping was just as bad. They sought to remedy the situation by encouraging through hidden subsidies the Nederland and Rotterdam

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[30] For the rise of the rubber manufacturing industry, see William Woodruff, *The Rise of the British Rubber Industry During the Nineteenth Century* (Liverpool, 1958); and P. Schidrowitz, *History of the Rubber Industry* (Cambridge, 1952). For the tin industry, see Wong, op. cit.

[31] Figures for 1900 are derived from *Trade and Shipping of Southeast Asia,* British Sessional Paper, Cd. 324, LXXXVII (1900), 113. Figures for 1913 are derived from E.M. Gull, *British Economic Interests in the Far East* (London, 1943), pp. 97–98.

[32] F.V. Meyer, *Britain's Colonies in World Trade* (London, 1948), pp. 139–44.

Lloyd Shipping Lines to develop direct trade with Holland. In 1888, the competitive position of these two lines was strengthened by the formation of the K.P.M. to channel the inter-island trade into Batavia. New Dutch ports were opened to foreign trade — Tanjong Priok in 1873 and, after 1885, Batavia, Sourabaya, Macassar, Belawan, and other ports.[33]

So Batavia began to rival Singapore for the trade of the Archipelago. British and Chinese shipping lines, based in Singapore, responded vigorously, and one of their joint-ventures, the Straits Shipping Company, contributed to Singapore's holding its own against Batavia before World War I.[34] Indeed, as a whole, direct trade had slowed down the rate of growth but not hindered the expansion of trade with French Indo-China or the Dutch East Indies (see Table 9 below). Thailand was bound by the treaty-port system not to impose discriminatory or protective tariffs, resulting in Singapore having large shares of its import and export trade, respectively, at 42% and 37% in 1897–99.[35] Despite the growth of direct trade, Southeast Asia continued to be the main prop of Singapore's prosperity.

**Table 9**
**Singapore's Principal Trading Partners in Southeast Asia, 1870–1915**
($ in millions)

| Year | DUTCH EAST INDIES | | | FRENCH INDO-CHINA | | | MALAYA | | | THAILAND | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Imports | Exports | Total | Imports | Exports | Total | Imports | Exports | Total | Imports | Exports | Total |
| 1870 | 6.6 | 5.7 | 12.3 | 1.6 | 2.2 | 3.8 | 5.6 | 3.8 | 9.4 | 1.7 | 2.9 | 4.6 |
| 1875 | 6.9 | 9.6 | 16.5 | 0.4 | 0.3 | 0.7 | 8.0 | 7.7 | 15.7 | 3.0 | 3.5 | 6.5 |
| 1880 | 9.5 | 14.0 | 23.5 | 0.3 | 0.4 | 0.7 | 9.1 | 5.7 | 14.8 | 4.8 | 4.2 | 9.0 |
| 1885 | 15.0 | 15.0 | 30.0 | 2.7 | 3.2 | 5.9 | 10.6 | 7.0 | 17.6 | 4.7 | 4.3 | 9.0 |
| 1890 | 19.5 | 14.5 | 34.0 | 2.9 | 3.2 | 6.1 | 21.2 | 10.2 | 31.4 | 7.2 | 9.5 | 16.7 |
| 1895 | 25.3 | 28.5 | 53.8 | 5.5 | 3.0 | 8.5 | 33.3 | 18.8 | 52.1 | 11.5 | 11.3 | 22.8 |
| 1900 | 46.8 | 40.3 | 87.1 | 7.0 | 3.1 | 10.1 | 51.5 | 29.5 | 81.0 | 16.1 | 12.2 | 28.3 |
| 1905 | 44.4 | 39.1 | 83.5 | 13.3 | 2.0 | 15.3 | 58.1 | 40.1 | 98.2 | 23.9 | 14.5 | 38.4 |
| 1910 | 49.6 | 36.9 | 86.5 | 7.6 | 1.9 | 9.5 | 51.5 | 41.2 | 92.7 | 25.9 | 10.5 | 36.4 |
| 1915 | 60.1 | 50.7 | 110.8 | 18.5 | 2.9 | 21.4 | 104.1 | 55.9 | 160.0 | 40.1 | 11.3 | 51.4 |

The imports expanded more than the exports, reflecting the growth of direct trade in manufactures between the industrial nations and the region. Opium, an important Indian export, had declined as a staple, because opium-smoking had become an anti-social habit among the Chinese. The rice trade with Thailand had grown. Whereas Burma's rice was mainly exported to Europe, Thai rice fed the people of Malaya and the Dutch East Indies, and the trade was dominated by Singapore Chinese merchants. Together with tin and rubber, Thai rice did much to keep Singapore the major entrepot of Southeast Asia.[36]

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[33] Caldwell, "Indonesian Export," Cowan, op. cit., pp. 95–96. For a brief introduction into Anglo-Dutch shipping rivalry, see Francis E. Hyde, "British Shipping Companies in East and South-East Asia 1860–1939," Cowan, op. cit., pp. 27–47.

[34] *Report of the Commission appointed by His Excellency the Governor of the Straits Settlements to Enquire into and Report on the Trade of the Colony 1933-1934,* I (Singapore, 1934), 96–98. Henceforth referred to as *1933-1934 Trade Commission Report* this report consists of five volumes, representing, in the words of the commission, "a permanent and useful record" of Singapore's "trade, its channels and industries". There has been no such other comprehensive enquiry into Singapore's trade before or since.

[35] Derived from British Sessional Paper, Cd. 324, LXXXVII (1900), 31–32.

[36] Chiang, op. cit., 165–66; James C. Ingram, "Thailand's Rice Trade and the Allocation of Resources," Cowan, op. cit., pp. 104–5.

The most significant economic event for Singapore before World War I was the development of its natural hinterland, Malaya, under British rule. At least a decade before World War I, Singapore's trade with Malaya had already exceeded in value the trade with the Dutch East Indies, which had been until then Singapore's most important trading area in Southeast Asia. Chinese enterprise and finance, based in part in Singapore and in part in the other Straits ports, had pushed the island's economic frontier into the peninsula. Until the development of the rubber industry, Chinese enterprise dominated the Malayan economy,[37] so much so that the more articulate of the Chinese, like Dr. Lim Boon Keng, had to defend them against their Western critics. He wrote in 1917:

> The Chinese have been the greatest pioneers of civilization in Malaya. To their perseverance and skill, as well as to their enterprise, is due the extensive development of the peninsula. European trade relies upon their industry and integrity for its wide distribution to the inmost parts of the jungle and for the ultimate barter with barbarian tribes. The Chinese traders in the big towns are the middlemen who conduct an extensive business with the hinterland, carrying the products of civilization to exchange with the products of nature or with the articles resulting from native local industry. When people feel jealous at the wealth and prosperity of the Chinese communities, they seldom think of the perils which annually destroy thousands of robust men in the prime of life. The interior trade of the Malay Peninsula is attended with multitudinous risks, and holocausts of young lives at the altar of commerce are part of the price paid so willingly by the Chinese for the success of their various undertakings....
>
> These traders are the best harbingers of peace and goodwill. Nothing daunts them. Physical obstacles, climatic perils, barbarian atrocities, and civilized exclusion laws do not deter them, for, in obedience to the natural laws of the survival of the fittest, they persist, to the discomfiture of their enemies, as the Chinese depend for their true success upon a strict observance of the economic principles of the society among which they live. They have an intimate knowledge of the markets, and learn to a nicety the castes and idiosyncrasies of their barbarian clients. This dearly bought knowledge is then confided to the agents of the manufacturers, and the German houses were, before the war, paying special attention to the wants of the natives. The Chinese import their goods from every country, and carry them to the villages and to the jungle. They bring back to the ports the articles which are in great demand as raw products. It has been remarked that the Chinese have exploited the Malays and other tribes, but those who make such criticism do not allow for all the risks attendant upon carrying on trade under such adverse conditions. The proof that the Chinese have not unduly taken advantage of their clients is that no other peoples have succeeded so well, and they remain to this hour the principal means of intercourse between European merchants and the natives of Malaya. Everywhere, therefore, the Chinese merchants hold a very important place in mercantile circles, and they have established Chambers of Commerce in every port in the Malayan region to safeguard their interests. Even in Japan, Chinese merchants play a very important role as middlemen in great ports resorted to by Europeans.[38]

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[37] Frank Swettenham, *British Malaya*, revised edition (London, 1948), pp. 231–32.

[38] W. Fieldwick, *Present-Day Impressions of the Far East and Prominent and Progressive Chinese at Home and Abroad* (London, 1917), p. 878.

**The Advent of Steamships and the Consequences**

With the opening of the Suez canal, Singapore became the focal point of steamship lines in the Eastern trade. Despite improvements in marine technology, steamships could not sail long distances without bunkering, so that shipping routes hugged the coast of Southern Asia, down the Straits of Malacca into the South China Sea, making it more important than the Sunda Straits, and giving Singapore a new strategic and economic significance in the trade between Europe and the Pacific. True, alternative routes across the Pacific and the North American continent were discussed and eventually realized in the opening of the Panama Canal, but the Suez Canal turned out to be the cheaper route, even for goods from China to New York. Until the Dutch began to win back a share of their Archipelago trade in the inter-war years, the coming of the steamships drew the lines of communication from Batavia to Singapore. Its enterprising merchants developed to the full its entrepot potentialities along the steamship routes between Suez and Shanghai.[39]

Cut-throat competition almost ruined the shipping lines. Eventually, they successfully formed in 1897 the Straits Homeward Conference to cover the Singapore-Europe carrying trade, a conference being a device to limit competition so that adequate returns were ensured for capital invested. In Singapore, the Straits Homeward Conference was criticized on several scores. The enhanced freight rates were blamed for inhibiting the commercial growth of Singapore, multiplying non-British tonnage, and the development of direct trade between the industrial West and Southeast Asia. Neither a local government inquiry (1902) nor the Royal Commission on Shipping Rings (1909) could confirm these charges, but the latter recommended against the secret rebate of the Straits Homeward Conference, which was abolished in 1911 under threat of punitive legislation. The subject ceased to be a vexed question of any real significance henceforth, and was more generally accepted as a fact of commercial life by the early thirties. In historical perspective, the Straits Homeward Conference and other conferences formed later had done more good to Singapore than harm, for they provided for regular and improved shipping services at relatively stable freight rates. Nationalism accounted for the increase in foreign shipping lines and the growth of direct trade, but the additional tonnage meant for Singapore more trade to all parts of the world, even though British shipping had lost its previous dominance.[40] The Bugis prows and the Chinese junks had paled into insignificance. Their place had been taken by steam-powered coastal tramps below fifty tons displacement, together with which they formed ten per cent of the total tonnage of shipping in Singapore in 1900 and 1915.[41]

The growth of steamships resulted in a locational change in anchorage and the centre of trade. In the past, square-rigged vessels, Chinese junks, and the prows all

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[39] Francis E. Hyde, *Far Eastern Trade 1860-1914* (London, 1973), pp. 16–19, 165–66.

[40] For fuller treatment, see Chiang Hai Ding, "The Early Shipping Conference System of Singapore 1897–1911," *Journal of Southeast Asian History,* XI, 1 (Mar. 1969), 50–68. For the later period, see *1933-1934 Trade Commission Report,* I, 71–93. Apropos the Straits Homeward Conference, the *1933-1934 Trade Commission Report,* I, 233, notes, "Opinion has changed locally since 1910 and the Conference is generally admitted to be advantageous to the trade of the Colony."

[41] In the inter-war years, the figure declined further, being as follows: 1925, 6%; 1935, 4%.

**Table 10**
**Nationalities of Merchant Ships in Singapore Harbour, 1870–1915**
Percentage of Total Tonnage
(Tonnage figures in millions)

| | 1870 % | 1885 % | 1900 % | 1915 % |
|---|---|---|---|---|
| America | 4 | 1 | 0 | 1 |
| Britain | 60 | 62 | 54 | 49 |
| China | 0 | — | — | 1 |
| Continental Europe | 32 | 36 | 40 | 30 |
| Japanese | — | 0 | 5 | 18 |
| Others | 4 | 1 | 0 | 1 |
| TOTAL (tons) | 1.3 | 5.0 | 9.7 | 13.9 |

anchored near Boat Quay, or along it. Inevitably, the business centre grew up in Boat Quay. Boat Quay was too small and shallow for the steamships, so that the trans-oceanic shipping moved to New Harbour, where new docking facilities were developed by private enterprise, until 1905, when the Tanjong Pagar Dock Company was expropriated. In 1912, the company was reorganized as the Singapore Harbour Board, whose far-sighted harbour improvement construction programmes contributed substantially to Singapore's continued position as a premier Southeast Asian port in the inter-war years. With the development of New Harbour, Raffles Place developed as the trading centre for the Western agency houses, companies, and banks, while Boat Quay remained the Chinese-dominated centre for the Straits produce and inter-Asian trade.[42]

The outbreak of World War I marked the end of British dominance in the trade with Asia. Singapore owed its birth and prosperity to the development of this trade. Although a British colonial port, actual British trade with Singapore was small in comparison with the port's total trade with the world. Singapore was first and foremost a regional entrepot, owing its prosperity to its location, its free-port status and, what has seldom been emphasized in history books, the enterprise of its merchants of all nationalities and races. Yet, Singapore, together with its sister Straits ports, was part of the larger scheme of British global trade. In the century of British commercial dominance before World War I, Britain as a whole had an unfavourable trade balance with the Straits Settlements, but the surpluses with China and Japan helped to close the balance with Singapore and the other Straits ports.[43]

## The Growing Importance of the Pacific Ocean

In the inter-war years, Britain's decline as an industrial power became even more conspicuous. Britain no longer dominated economic activities in East Asia. As

[42] Chiang Hai Ding, "Sino-British Mercantile Relations in Singapore's Entrepot Trade, 1870–1915," *Studies in the Social History of China and Southeast Asia,* ed. Jerome Ch'en, and Nicholas Tarling (Cambridge, 1970), pp. 249–50; Lennox A. Mills, *British Rule in Eastern Asia* (London, 1942), pp. 114–15.

[43] Hyde, op. cit., pp. 186–96.

American economic interests expanded across the Pacific Ocean, and Japan became a respectable industrial power, a remarkable shift in the global balance of trade began, with the countries on the rim of this ocean becoming increasingly important factors. East Asia, which had begun as an appendage of industrial Europe, particularly Britain, now became enmeshed with the emergent Pacific economy, as shipping routes developed, linking East Asian ports with the Pacific coasts of the American and Australasian continents.[44]

Sandwiched between the Indian and Pacific Ocean, Singapore's trade reflected the regional growth of the Pacific Ocean economy (see Table 11 below). In 1935, the aggregate trade with North America, East Asia, and Australasia was 36% of total trade. In 1870 and 1915, it was respectively 17% and 23%.

**Table 11**
**The Direction of the Trade of Singapore, 1920–1937**
Percentage of Total

| Year | The West | East Asia | Southeast Asia | Australasia | India | Others |
|---|---|---|---|---|---|---|
| 1920 | 32 | 11 | 45 | 3 | 8 | 1 |
| 1925 | 34 | 6 | 53 | 2 | 3 | 2 |
| 1930 | 30 | 12 | 44 | 3 | 5 | 5 |
| 1935 | 37 | 14 | 39 | 5 | 3 | 3 |
| 1937 | 40 | 12 | 37 | 4 | 3 | 5 |

Singapore's trade with Australia showed increases, but it was far less than Australia's trade with East Asia or the Dutch East Indies, which did not go through Singapore. The United States continued to overshadow Britain in importance as Singapore's trading partner. During World War I, for security reasons, ships bypassed Suez, and used the trans-Pacific routes, resulting in the tin and rubber trade moving across the Pacific Ocean. After World War II broke out in Europe in 1939, the Pacific routes again became important for tin and rubber shipments. In the interim, especially during the years of price regulations, the United States tried to break its dependence on Malayan tin and rubber, resulting in the beginnings of the synthetic rubber industry, and larger direct trade with the Dutch East Indies. But tin and rubber were raw materials with no cheap alternative substitutes. So the United States became dependent on Malayan and Dutch East Indian supplies, funnelled through Singapore.[45]

India's share of Singapore's trade continued to decline. In absolute and percentage terms, the trade with East Asia did not rise as fast as that with North America, but it created major problems, for the Japanese had used Singapore to enter the Southeast Asian markets, producing a backlash of trade barriers against Singapore in the 1930s. The inter-war years were characterized by a marked decline in free trade, brought about by a desire for self-sufficiency among the advanced industrial nations, and justified by the arguments of the imbalance of global trade. Even Britain, the staunchest advocate and practitioner of free trade, dismantled

[44] Philip G. Wright, *Trade and Trade Barriers in the Pacific* (California, 1935), pp. 2–5.
[45] Meyer, op.cit., pp.163–64, 167, 189–92; Gull, op. cit., pp. 121–24.

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**Table 12**
**The Trade of Singapore with the West, 1920–1937**
Percentage of Total
($ in millions)

| Year | Continental Europe % | United Kingdom % | North America % | Total Trade $ |
|---|---|---|---|---|
| 1920 | 12 | 38 | 50 | 608.4 |
| 1925 | 17 | 22 | 61 | 659.3 |
| 1930 | 28 | 28 | 44 | 282.9 |
| 1935 | 20 | 34 | 46 | 251.8 |
| 1937 | 19 | 27 | 54 | 380.6 |

progressively the structure of free trade it had laboriously built in its empire and elsewhere in the nineteenth century.[46] But Singapore did not experience the full impact of this economic nationalism until the 1930s. As Table 12 above amply shows. the war years and the 1920s were years of unprecedented prosperity for Singapore, largely because of tin and rubber prices, the latter artificially sustained by the Stevenson Restriction Scheme (1922–27).

Southeast Asia remained the largest trading region for Singapore, but the port had increasingly become dependent on its peninsular hinterland for its prosperity. Obversely, Singapore had become the main outlet for Malaya, more for the Unfederated Malay States than the Federated Malay States. The latter resented this, and developed Port Swettenham as an ocean-port to avoid "the charges of the middlemen in Singapore and Penang". Trade on through bill of lading with foreign countries developed via Port Swettenham, but, in practice, it meant Malayan imports and exports being transhipped in the Straits ports, especially Singapore.[47] By 1921, it was officially recognized that the prosperity of Singapore and its hinterland had become inseparably interwoven, and the depressed conditions of the rubber and tin industries had been mainly responsible for the decline of Singapore's trade for that year. The Commission appointed to look into the economy recommended compulsory restriction of rubber production but no governmental intervention in the tin industry or the trade of the Straits ports which, in its view, "must be left to right itself".[48]

Singapore's trade quickly recovered, reaching its pre–World War II zenith of $1,886.7 million in 1926. Thereafter, it dropped, reflecting global trends, and slumped to $512.8 million in 1933, amidst the Great Depression. In the 1930s, it never again recovered the level of prosperity of the previous decades. Up to the early 1930s, Singapore's share of the Straits trade in nutmegs and pepper, mostly from the Dutch East Indies, remained high, despite the growth of direct shipment of Sarawak pepper and Javanese cloves. The trade in rattan and gum copal had declined because of direct shipments from Macassar, and because of the use of varnishes and cellulose

[46] Meyer, op. cit., pp. 9–14.

[47] *Report of the Committee appointed by His Excellency the Governor of the Straits Settlements and the High Commissioner for the Malay States to examine and report on the practicability of a Customs Union of all the Malay States of the Malay Peninsula and the possibility of including in such union the Settlements of Malacca, Province Wellesley and the Dindings,* 13 Feb. 1933 (henceforth referred to as *1933 Customs Union Committee Report),* pp. 3–5, 9–10; quotation from *1933-1934 Trade Commission Report* I, 19.

[48] *1921 Trade Commission Report,* pp. 4–18, quotation from p. 18.

**Table 13**
**The Trade of Singapore, 1916–1938[49]**
**($ in millions, 1913=100)**

| Year | Imports | Exports | Total | Index |
|---|---|---|---|---|
| 1916 | 406.5 | 291.8 | 698.3 | 112.2 |
| 1917 | 528.0 | 360.9 | 888.9 | 142.9 |
| 1918 | 576.2 | 491.8 | 1068.0 | 171.7 |
| 1919 | 693.7 | 496.6 | 1190.3 | 191.3 |
| 1920 | 1005.6 | 695.7 | 1701.3 | 273.5 |
| 1921 | 473.2 | 796.0 | 1269.2 | 204.0 |
| 1922 | 452.2 | 404.1 | 856.3 | 137.6 |
| 1923 | 573.0 | 402.7 | 975.7 | 156.8 |
| 1924 | 633.4 | 491.8 | 1125.2 | 180.9 |
| 1925 | 1011.3 | 529.7 | 1541.0 | 247.7 |
| 1926 | 1010.5 | 876.2 | 1886.7 | 303.3 |
| 1927 | 936.8 | 846.8 | 1783.6 | 286.7 |
| 1928 | 647.8 | 761.5 | 1409.3 | 226.5 |
| 1929 | 655.0 | 517.5 | 1172.5 | 188.5 |
| 1930 | 528.3 | 405.9 | 934.2 | 150.2 |
| 1931 | 334.4 | 299.3 | 633.7 | 101.9 |
| 1932 | 287.1 | 243.1 | 530.2 | 85.2 |
| 1933 | 261.7 | 251.1 | 512.8 | 82.4 |
| 1934 | 342.0 | 326.0 | 668.0 | 107.4 |
| 1935 | 344.4 | 330.0 | 674.4 | 108.4 |
| 1936 | 360.4 | 345.0 | 705.4 | 113.4 |
| 1937 | 480.3 | 461.7 | 942.0 | 151.4 |
| 1938 | 369.6 | 320.3 | 689.9 | 110.9 |

lacquer in place of gum copal. The trade in sago products — mostly from Sumatra, Sarawak, and Dutch Borneo — remained relatively stable, but direct trade had reduced sago pearl exports. The trade in tapioca products except tapioca pearls had also remained stable, but Java had replaced Malaya as the main source of tapioca-products. Coffee exports were also stable, but direct trade between India and the Dutch East Indies had brought about a decline in the areca-nut trade by the early thirties from the peaks of the twenties. The growth of oil production in Singapore, Penang, and the Dutch East Indies brought about a decline in groundnut and copra exports. Direct trade also contributed to the decline. In the 1920s, Singapore's share of the Malayan tin trade declined *vis-à-vis* Penang, the latter's exports each year exceeding Singapore's in the decade 1922–31. Singapore's tin trade was increasingly made up of tin-ores imported from elsewhere, particularly the Dutch East Indies. But the loss in the tin trade was more than compensated by the growth of rubber-exports

[49] It is not possible to have a complete series for the trade of Singapore (including bullion), Penang, and Malacca. For 1916 to 1927, figures that included Penang and Malacca would exclude bullion, and those that included bullion would exclude these two Straits ports. From 1928 to 1938, the merchandise figures excluded Penang and Malacca as well. The only comparable series referred to the foreign trade of Singapore including bullion but excluding Penang and Malacca. This series is used in this Table for all years except 1917 and 1918, for which merchandise figures including these two Straits ports but excluding bullion are used, as the relevant figures were not published. In Tables 4 and 13, the trade of Singapore included Penang and Malacca as well as bullion.

**Table 14**
**Singapore's Principal Trading Partners in Southeast Asia, 1920–1937**
($ in millions)

| Year | DUTCH EAST INDIES | | | FRENCH INDO-CHINA | | | MALAYA | | | THAILAND | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Import | Exports | Total | Imports | Exports | Total | Imports | Exports | Total | Imports | Exports | Total |
| 1920 | 150.4 | 101.5 | 251.9 | 78.5 | 20.0 | 98.5 | 229.5 | 157.1 | 386.6 | 20.0 | 19.9 | 39.9 |
| 1925 | 368.2 | 108.4 | 476.6 | 16.6 | 8.0 | 24.6 | 216.4 | 130.7 | 347.1 | 69.4 | 21.9 | 91.3 |
| 1930 | 231.0 | 60.7 | 291.7 | 20.0 | 3.8 | 23.8 | | | | 41.9 | 13.9 | 55.8 |
| 1935 | 132.9 | 34.1 | 167.0 | 9.3 | 2.5 | 11.8 | Please see note below | | | 29.7 | 9.6 | 39.3 |
| 1937 | 199.0 | 31.9 | 230.9 | 12.8 | 1.1 | 13.9 | | | | 29.0 | 9.4 | 38.4 |

Note: Separate figures for the Malay States and Straits Settlements no longer appeared in the trade returns.

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which overshadowed every branch of Singapore's export trade — the result of Singapore's dealers financing rubber growing in Malaya and it being the milling centre for smallholders' rubber from the Archipelago. Nevertheless, in the decade 1922–31, Singapore's share of the Straits rubber trade had peaked off from the previous decade. The growth of a rival milling industry in Penang and direct rubber exports via Penang and Port Swettenham had led to this, but latex shipment somewhat compensated for the development, the first being made in December 1933. Over-collection was killing the export trade in illipenuts, a jungle produce for making confectionery oil, and a Singapore monopoly.

Direct trade also now developed within Southeast Asia, and between the region and East Asia, at Singapore's expense. Thus, the Archipelago trade in shells, sharks' fins, ivory, edible birds' nests, etc., was increasingly diverted from Singapore to Hong Kong and the Treaty Ports, while Burmese, Thai, and Indo-Chinese rice and dried fish were more and more shipped directly to the consuming countries in Southeast Asia.[50] The extensive development of direct trade within the region and between it and the outside world was the result of the growth of shipping on through bill of lading, a system that allowed "the merchant or producer in an outport to sell his produce there and ship it to its destination with merely transhipment at Singapore", resulting in the port's loss of the profits of the distributive and processing trade, but some gains in stevedoring and warehousing.[51] Singapore was increasingly bypassed in the export of industrial goods and manufactures from the West. Nevertheless, as a whole, Singapore's overall trade did not suffer. Reported the Commission of 1933–34 that produced the only comprehensive study of Singapore's trade before World War II:

> They (the diversions of trade) would have been even more serious were it not for the intense conservatism of trade, which is slow to depart from its ancient channels, however circuitous, until disturbed, and for the "pull" of Singapore as a produce market offering high prices, experienced handling and excellent shipping and commercial facilities and also a large assortment of manufactured goods to take in exchange. Singapore remains moreover the natural collecting and distributing centre for a considerable area of the Malay Peninsula and the Malayan Archipelago, including Borneo and Central Sumatra, while Penang is similarly the natural centre of an area including the East and North Coasts of Sumatra, the West Coast as far south as Padang, the Northern Malay States and Southern Siam. Within this region, leaving out of account the immense extension of estate rubber cultivation, large new areas for the production of Straits Produce have been opened up by native cultivators in Sumatra (notably in the Indragiri district), Borneo and the Netherlands East Indies generally. The trade with these new areas and Singapore's share in the general expansion of production have more than made good what has been lost in other directions.[52]

Nevertheless, in the early thirties, some hard decisions had to be taken regarding the further development of Singapore as an entrepot port. Fired by a vision to include the Straits Settlements and the Malay States into one administrative framework, with Singapore as the seat of government, Sir Cecil Clementi, the Straits Governor and High Commissioner of the Malay States (1930–34), appointed successively two com-

[50] *1933-1934 Trade Commission Report*, I, 42–48, IV, Tables 3 and 11 in Appendix 178.
[51] Ibid., IV, 41, 138. Quotation from I, 93.
[52] Ibid, I, 48–49.

mittees to report on the desirability of a customs union: the first, on 1 July 1931, to consider the forming of a customs union including Singapore, the second, on 13 February 1933, a customs union without Penang and Singapore.

The second committee saw no economic gain in bringing the Malay States into a customs union as they had little trade with one another, their trade being channelled through the Straits ports, especially Singapore.[53] The first committee focused on the divergent fiscal interests of the Malay States and the Straits Settlements. The former depended on trade duties for their revenue, while the latter on free trade for their prosperity. Despite the growing importance of Malayan tin and rubber, the interests of Singapore and Penang were "largely extra-Malayan". With a guaranteed market of 4.5 million people, any economic gains for industrial expansion in a customs union could not compensate for the loss of the extra-Malayan trade.[54] The Commission reported, *inter alia;*

> The fundamental difficulty about a Customs Union of Malaya is that there is not between the Colony and the Malay States identity of economic interest: and this makes it difficult to find a common denominator in tariff policy.
>
> The difficulty is accentuated by the political constitution of Malaya: and we feel that it would be impossible under a Union to avoid friction between the conflicting claims of the Malay States to whom a revenue tariff is an easy, valuable and legitimate method of taxation and the Colony whose prime consideration is the maintenance of the policy of free trade and free ports.
>
> We are in no doubt at all as to the vital importance of maintaining this policy.
>
> Any step which would tend to reduce the ports of the Colony from the status of world ports to that of purely Malayan ports or to convert them into mere collecting centres of Malayan revenue could only benefit Malaya's trade rivals.
>
> Every representative body in the Colony without exception has opposed Union on the ground that such a policy would impair the position of Singapore and Penang as centres of international exchange.
>
> From very small beginnings the trade of the Colony has steadily grown throughout the past hundred years and it is generally accepted that this expansion has been mainly due to the freedom enjoyed by the merchants of the Colony in their business dealings.
>
> With the exception of the revenue taxes of recent years (liquors, tobacco and petrol) trade has been absolutely free of restrictions and merchants of all nationalities have been able to land their goods when and where they wished and in the most economical manner.
>
> The cheapest method of trading is effected by leaving each individual complete freedom as to transport of goods so that in each instance the merchant concerned decides when, where and how the particular goods shall be handled.
>
> The trade of the Colony is still largely a matter of barter. Produce arrives from all parts of the Archipelago and payment therefore is frequently made, not in cash, but in a return shipment of various articles required by the original sender...
>
> The Colony possesses a trade which is much larger than, entirely distinct from and quite independent of its trade with the Malay States and to effect adverse changes in regard to the former to obtain theoretical improvement in the latter would be a mistaken policy.

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[53] *1933 Customs Union Committee Report,* pp. 7–8.

[54] "Report of the Customs Duties Committee appointed by His Excellency Sir Cecil Clementi, Governor and Commander-in-Chief of the Straits Settlements," 23 Feb. 1932, No. 19, *Legislative Council Proceedings,* 1932 (henceforth referred to as *1931–1932 Customs Duties Committee Report),* C155, C158 – C160.

> The immensely valuable trade of the Colony has grown and has been retained for two main reasons, the unique geographical position of the Colony ports and the freedom from interference of any kind which these ports have always enjoyed. This trade can be retained only so long as the ports maintain their ability to compete with neighbouring ocean ports and since participation in a Customs Union would result in restrictions and additional costs the trade of the Colony would thereby be seriously handicapped. No change in this direction can be entertained.[55]

A minority with industrial investment in Singapore had favoured the forming of the customs union. Without protection, light small-scale industries had grown up in Singapore in food-production (for example, sweets, biscuits, cooking oil), simple manufactures (for example, shoes, tyres), construction materials (for example, flooring tiles, wires, nails), engineering (ship repairs, small ship construction), as well as pineapple-canning, tanneries, dye-works, and a small motor-car assembly plant.[56]

As the idea of imperial preference developed, the question inevitably arose whether Singapore could develop industrially. Some industries had been killed in their infancy without protection, and, since 1903, the Straits tin-smelting industry had been indirectly protected against American competition by a discriminatory export duty levied in the Malay States — a device that benefited the tin-smelters in Penang and Singapore, without violating their free trade policy. In 1921, Welsh tinplate manufacturers' pressure to extend the discriminatory duty to exports outside the British Empire to protect themselves against American competition was rejected, as was also a proposal to protect the cement industry in Singapore.[57] It was regarded as axiomatic that Singapore could not develop industries without protection, but it was doubted that Singapore could compete industrially with Japan or Hong Kong as it had higher labour costs. The 1933–34 Commission decided that Singapore's future lay in its continued traditional role as a Southeast Asian entrepot port. It concluded:

> The prosperity of Singapore has been built up on its entrepot trade. Industrial development is a later growth and has not begun to approach the entrepot trade in importance. To disturb this merely for the sake of protecting possible but still problematical industries would be to throw away the substance and grasp the shadow. While we admit the value of industries to the Colony and agree that protection would stimulate their development we consider the price to be paid would be too great. Protection is not absolutely essential since some industrial development has already occurred without it, and unless some unforeseen change in circumstances occurs we are unable to recommend that a tariff be introduced for the sake of protecting local industries.[58]

But the British government in the Ottawa Agreement of 1932 decided that the Straits ports should accept the principle of imperial preference provided it did not interfere with their entrepot trade. The Malay States, which had already imposed some preferential duties before the Ottawa Agreement, now enlarged its range of

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55 Ibid., C162 – C163.

56 *1933-1934 Trade Commission Report,* I, 145–53, 163–67.

57 "Report of the Committee Appointed to Enquire into Preferential Tariffs and Protective Duties in the Straits Settlements and Federated Malay States," No. 38, *Federal Council Proceedings,* 13 Dec. 1921, C332 – C349.

58 *1933-1934 Trade Commission Report,* I, 151–52.

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duties in favour of imperial manufactures, produce, and foodstuffs. Singapore now had its own natural hinterland turned into a protected market, for goods were broken in bulk in Singapore, and re-packed for re-exportation, losing their identity of imperial origin in the process. Australian tobacco, brandy, and wines enjoyed preferential treatment, while a 20% *ad valorem* registration fee was imposed on foreign cars, but, in 1938, this fee was reduced, not as a concession to Singapore but to the United States on an empire basis.[59]

But the greatest encroachment on Singapore's free trade status was the imposition of quotas on the importation of foreign, especially Japanese, textiles in 1934. By then, imperial preference in Singapore had been narrowed down by the British government to checking Japanese competition. As Table 15 shows, Japanese trade expanded rapidly after World War I. British textile manufactures were the principal casualties. By the early 1930s, Singapore had become the principal distributor of Japanese goods in Malaya, Thailand, and the Dutch East Indies.

**Table 15**
**Singapore's Trade with East Asia, 1870–1937**
Percentage of Total
($ in millions)

| Year | China % | Hong Kong % | Japan % | Total $ |
|---|---|---|---|---|
| 1870 | 20 | 79 | 1 | 9.0 |
| 1880 | 25 | 70 | 5 | 14.3 |
| 1890 | 22 | 56 | 22 | 26.6 |
| 1900 | 15 | 69 | 16 | 56.1 |
| 1910 | 21 | 56 | 23 | 52.8 |
| 1920 | 19 | 71 | 10 | 206.4 |
| 1925 | 30 | 28 | 42 | 122.1 |
| 1930 | 30 | 23 | 47 | 116.3 |
| 1935 | 21 | 8 | 71 | 91.2 |
| 1937 | 22 | 11 | 67 | 166.1 |

It was feared that the Japanese would eventually build a link between their manufacturers and consumers, "in which each link — shipper, ship-owner, insurance company, importer, distributor, and retailer is of Japanese nationality". Singapore, in the circumstances, might end up an entrepot port for Japan. Its future was threatened in other ways. Trade barriers were being erected against Japanese goods in Southeast Asia, especially in Malaya and the Dutch East Indies — Singapore's main regional props of prosperity. The 1933–34 Commission offered no practical solution to the threat of Japanese competition, beyond propounding that any solution should not involve "abandoning the policy upon which Singapore was founded". In the end, the imperial government imposed the solution on an empire basis — quota restrictions on foreign imports, but in Singapore, textiles intended for re-export were exempted. Quota restriction, aided by sporadic Chinese boycott of Japanese goods, did result in

[59] For a study of imperial preference and the trade of Malaya, including the Straits ports, see Meyer, op. cit., ch. 12.

more British textiles being imported in British Malaya (including Singapore) at the expense of Japan, but the market was never completely recaptured, for it was partly lost to cheaper Indian textiles, enjoying imperial preference, and to Chinese and Dutch manufactures, although under quotas. The re-export trade had suffered, the combined result of quotas and restrictions against Japanese imports in Southeast Asia.[60]

Singapore did not gain under the imperial preference system. The bulk of its trade in Straits produce, especially tin, rubber, copra, and palm oil was with countries outside the British Empire. Except for Malayan canned pineapples and mineral oils, Singapore exports of Straits produce had open markets in the United States. Where trade was with empire countries, it enjoyed no preference because the exports lost their imperial origin in the process of being sorted and blended for sale. India actually discriminated against Singapore exports of rattans, copra, and betelnuts, while the Straits exports to the Federated Malay States declined as a percentage of total trade. Well might the 1933–34 Commission complain of imperial preference:

> It appears to us to be impossible to introduce restrictive measures of the nature indicated above without adding substantially to the cost of living in Malaya, particularly among the poorer classes of the community. We cannot ignore the fact that the cheapness of Japanese goods has well accorded with the straitened resources of these classes during the recent years of economic depression. How far the improvement which now gives signs of commencing will be adequate to enable them to pay the prices to be anticipated is a matter for Government to consider. Witnesses have told us that British prices are fair ones, which consumers should have no reasonable objection to paying. This appears to us a questionable theory in the light of the revolutionary changes in the price of manufactured goods which Japan has succeeded in creating during the last few years. British prices are decided by the standard of living in the United Kingdom. This is a European standard and more expensive, though not necessarily higher, than the Asiatic standard. We are doubtful of the morality of compelling an Asiatic population to support the European standard of living by restraining it from purchasing goods produced under the Asiatic standard.[61]

Economic nationalism dealt a greater blow to Singapore's trade than imperial preference. In 1928, the French colonial tariff of 1892 was further amended to Singapore's disadvantage. Until then, on the basis of most-favoured-nation treatment, Singapore and other British colonial products were admitted at minimum although discriminatory rates of duties. Henceforth, this was removed. In 1925, Singapore's trade with French Indo-China amounted to $24.6 million, whereas in 1895 it was only $8.4 million. But in 1937, it had dropped to $11.8 million. In contrast, Singapore's trade with Thailand, although on the decline from the levels of the 1920s, reflected overall trade conditions rather than the effects of discriminatory practices, for Thailand lacked the economic sinews to pursue any intensive nationalistic economic policies, despite the fact that it regained in 1926 partial and, in 1937, full tariff autonomy.[62]

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[60] Mills op. cit., pp. 135–60 for a study of the textile trade in Malaya, including Singapore. See also *1933-1934 Trade Commission Report*, I, 55–70. Quotations from pp. 61, 63.

[61] *1933-1934 Trade Commission Report*, I, 156–62. Quotation from pp. 62–63.

[62] Meyer, op. cit., pp. 225, 227, 228, 235, 237: Gull, op. cit., pp. 124–40, 223–37; Wright, op. cit., pp. 236–49, 268–309, 407–35.

Singapore's trade with the Dutch East Indies suffered the greatest eclipse, as Table 16 below clearly shows, having expanded by leaps and bounds during the liberal period of Dutch rule, despite belated Dutch attempts to win back some of the carrying trade via its two transoceanic national lines and the K.P.M. In absolute but not in percentage terms, Singapore's export trade with the Dutch colony had increased, even though direct trade had grown; so much so that Singapore had become more important than Holland itself as the port of the produce of the colony. However, the situation changed significantly in the 1930s, when the Dutch East Indies abandoned free trade and returned to another form of supervised economy, in response to the Great Depression and the global tendency towards economic nationalism. A principal objective of the change in policy was to check the inflow of Japanese goods, especially textiles, while another was to make the colony self-sufficient in food and to develop light labour-intensive industries to absorb unemployment. The framework of the new policy was laid down in the Crisis Ordinance of 1933. Japanese efforts to capture the carrying trade were limited by an agreement in 1936, whereby the coastal trade was reserved in principle for Dutch carriers, other flags being allowed only by licence.

The Dutch colony continued to be one of the two main props of Singapore's prosperity, the other being the Malayan hinterland. But Singapore's share of the Dutch East Indies' import trade had dropped, underscoring the port's decline as an entrepot for goods destined for the colony, as direct trade with the West increased, especially the United States and Japan. Increased self-sufficiency had resulted in the drop in the value of the rice trade which, in any case, had been on the decline since 1919, when temporary rationing and control of rice exports in Malaya to alleviate a rice shortage had led to the Dutch East Indies directly importing rice from Thailand and elsewhere. However, Singapore as the entrepot for Dutch colonial produce did not suffer so seriously, primarily because it continued to be the port for the Outer Provinces, despite the growth of direct shipments of sugar, copra, pepper, rubber, petroleum products, and especially tin and tin-ores.

Between the outbreak of World War II in Europe (1939) and Southeast Asia (1941), Singapore enjoyed a temporary reprieve as the entrepot of the Dutch East Indies — the result of the fall of Holland and the increase of American purchases of essential raw materials, namely tin and rubber, for stockpiling purposes. Tin ores were now again sent to Singapore for smelting, and also to Penang — a new development.

The outbreak of the war in Europe led to abnormal conditions of trade, as a boom developed because of the purchase of foodstuffs and essential raw materials for war, especially by the United States. Singapore became an important earner of American dollars within the sterling bloc, as exchange control was imposed. When the Southeast Asian war finally occurred, the trend of trade of the inter-war years became disrupted. An epoch had ended for Singapore, as for the rest of Southeast Asia.[63]

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[63] Based on two studies, namely J. van Gelderen, *The Recent Development of Economic Foreign Policy in the Netherlands East Indies* (Belgium, 1939); and Jan O.M. Brock, *Economic Development of the Netherland Indies* (New York, 1942). Table 16 is derived from van Gelderen, op. cit., p. 17; Brock, op. cit., pp. 89, 90.

**Table 16**
**The Foreign Trade of the Dutch East Indies, 1909–1940**

(a) Imports by Countries
(Percentages of Total Import Values)

| Year | HOLLAND | UNITED KINGDOM | UNITED STATES OF AMERICA | SINGAPORE | JAPAN |
|---|---|---|---|---|---|
| 1909–1913 | 32.5 | 15.7 | 1.8 | 17.9 | 1.3 |
| 1925–1929 | 17.6 | 12.4 | 9.7 | 12.8 | 10.2 |
| 1930 | 16.7 | 10.5 | 10.7 | 11.0 | 12.0 |
| 1931 | 15.4 | 7.9 | 9.4 | 11.4 | 17.1 |
| 1932 | 15.8 | 9.6 | 6.7 | 12.6 | 21.2 |
| 1933 | 12.4 | 9.6 | 4.9 | 10.8 | 31.0 |
| 1934 | 13.3 | 8.2 | 6.2 | 11.3 | 32.5 |
| 1935 | 13.4 | 8.0 | 6.9 | 10.7 | 30.1 |
| 1936 | 16.7 | 7.8 | 7.7 | 10.0 | 26.7 |
| 1937 | 19.1 | 8.3 | 10.2 | 7.5 | 25.4 |
| 1938 | 22.2 | 8.0 | 12.6 | 7.6 | 15.0 |
| 1939 | 21.0 | 7.1 | 13.6 | 7.1 | 18.1 |
| 1940 | 13.9 | 8.1 | 23.1 | 3.1 | 22.7 |

(b) Exports by Countries
(Percentages of Total Export Values)

| | | | | | |
|---|---|---|---|---|---|
| 1909–1913 | 26.3 | | 3.3 | 17.1 | 4.3 |
| 1925–1929 | 16.4 | | 13.5 | 22.4 | 4.7 |
| 1930 | 15.3 | | 12.3 | 21.3 | 4.0 |
| 1931 | 17.4 | | 11.8 | 18.9 | 4.4 |
| 1932 | 19.1 | | 12.1 | 16.6 | 4.4 |
| 1933 | 18.5 | | 11.6 | 16.8 | 4.9 |
| 1934 | 21.4 | | 11.4 | 18.4 | 4.0 |
| 1935 | 22.5 | | 14.3 | 14.9 | 5.4 |
| 1936 | 23.6 | | 17.7 | 12.1 | 5.6 |
| 1937 | 20.1 | | 18.7 | 18.8 | 4.5 |
| 1938 | 20.4 | | 13.6 | 16.6 | 3.2 |
| 1939 | 14.6 | | 19.7 | 16.7 | 3.4 |
| 1940 | 5.5 | | 33.3 | 20.8 | 5.5 |

Throughout its pre-war commercial history, Singapore's role as the entrepot for Straits produce was more stable than its function as the distributor of Western produce and industrial manufactures. The growth in the Straits produce trade and overall trade had more than compensated for the prospective losses arising from the growth of direct trade between the world and Southeast Asian ports. The growth of direct trade was more or less contemporaneous with the extension of Western hegemony in Southeast Asia.

Although under British sovereignty, Singapore had not flourished or developed as a port for the outlets of industrial Britain. Geography had ordained its pre-eminence as a Southeast Asian port. Despite the growing importance of the Malayan hinterland after 1874, Singapore had remained more a regional entrepot than a Malayan port. Indeed, Singapore would not have prospered the way it had if it had been reduced to a Malayan port, with its commercial interests subordinated to the demands of a hinterland whose basis for prosperity lay in the encouragement of agricultural and extractive industries. A customs union might have provided a protected market for some industries, conceivably, located in Singapore, but local mercantile opinion rightly resisted such a move, for Singapore's real interests and future were extra-Malayan.

But this dependence on a larger economic base, over which Singapore had no political control, also enhanced its vulnerability. Singapore had fared best when Southeast Asia was secure and stable, with private enterprise extending production in the region and in the carrying trade, and when international trade was conducted on the basis of free trade. The 1930s were years of foreboding. In French Indo-China, the Dutch East Indies, and elsewhere in the region, the drive towards economic self-sufficiency in food production and industrialization would sooner or later affect Singapore's trade, but the practical results were limited at the outbreak of the Pacific War. Sharing a common imperial overlord with the Malay States did not guarantee a mutually beneficial economic policy, as the experience of the 1930s had shown. Throughout its history, Singapore merchants had been most sensitive to developments in the Malay States and the Dutch East Indies, for the obvious reasons that its prosperity rested basically on the economic policies of its two most immediate neighbours. Yet, it was not without economic strength of its own.

Despite the growth of direct shipping, not all ships called at all the ports of Southeast Asia, for the majority continued to call at Singapore, assuring those who traded with it regular shipping services. The port's communications with the world covered several time zones, so that its merchants were kept informed of fluctuations in commodities in the major trading centres of the world. Other Southeast Asian ports could not rival Singapore in the accumulated experience, knowledge, and skill of its merchants. In brief, it had one great asset, its enterprising merchants, both east and west, whose joint efforts had built up a structure of trade in Southeast Asia that no other port could supplant.[64]

**The Entrepot trade of Singapore**

Throughout history, the trade of Singapore could be divided into three branches: (1) the transfer of cargoes from one ship to another, the so-called transhipment trade,

[64] Department of Trade and Industry, British Military Administration, Singapore, *The Entrepot Trade of Singapore* (Singapore, 1945), pp. 14–15.

which was not recorded in the official statistics; (2) the goods imported for local consumption and the exports of local produce, of which there was none, except for a brief interlude when Singapore boasted an export-orientated gambier industry;[65] and (3) the entrepot trade, the description given to the international redistribution of imported manufactures, foodstuffs, and Straits produce. This entrepot trade was made possible largely because of Sino-Western enterprise, the product of British free trade policy and admission of foreign investment, enterprise, and settlers. The historical evolution of the structure of trade and finance that made this entrepot trade possible is yet to be studied in depth. The substance of it was, however, implicit in this description of the entrepot trade in the report of the 1933–34 Trade Commission:

> On the one side this trade consists in the importation of cottons, cigarettes, machinery, milk, provisions, hardware and other manufactured goods from Europe, America, India and the Far East and their distribution to the Malay States, Siam, Borneo, Sumatra and other neighbouring parts of the Malayan archipelago and, on the other, in collecting general tropical produce from these countries and (after sorting, grading, conditioning and treatment) re-shipping it to the consuming markets of the world. The two sides of the trade are complementary; the produce pays for the manufactures, and the machinery of collection is closely interlocked with that of distribution. There is in addition a large import and export trade in rice, sugar and petroleum.
>
> The trade is essentially one of exchange; it is "barter with prices fixed" and accounts as a rule are settled by drafts on Singapore, though sometimes actual goods are exchanged (e.g. rice for native rubber). The days of the ship's *chinchew* (supercargo) who paid for produce in cash are past except in one or two trades (including the East Coast of Malaya): elsewhere the name survives, but the functions are more those of a tally-clerk. The trade is financed from Singapore and advances to outport middlemen secure for the Singapore dealers a lien on the produce collected from the actual growers. An instance is the control exercised over sago factories in the Archipelago: they are given advances of cash and provisions and are in return bound to sell their produce to the Singapore creditor. A similar financial hold assisted in preserving Singapore's share in the Macassar rattan trade even after more convenient channels had been established. The timber *panglongs* in Sumatra are understood to be owned by Chinese merchants resident in Singapore.
>
> The reticulation of dealers and sub-dealers, commission agents and brokers, by whom the business is conducted, is too elaborate and various for concise description. In general, however, it may be said that the collection of produce is in Chinese hands: it is they who bring it to Singapore or Penang and sell it to European merchants, by whom it is sorted, graded, bulked and exported overseas. The usual procedure is that the dealer sells to the merchant at a fixed price for delivery into the latter's godown at some future date, usually within two months. The practice of selling to merchants f.o.b. (without inspection by buyers), already common in the case of estate rubber, has, however, in the past two or three years been extended to copra and is also adopted by some dealers in the case of pepper. Another long established custom is the deposit of produce in the merchant's godown, the merchant either buying it outright or paying an advance of 80 per cent and holding it 'on trust' for a period of fifteen days to two months during which the seller can close the sale on any day at the price then current. The dealers in many cases have no godowns of their own.

[65] In 1870, Singapore's home-grown gambier formed 50% of its gambier-exports, but by 1872, virtually all the exports were re-exports.

> The producer finds in Singapore an extremely efficient and favourable market. There are no restrictions: a man can get the best price for his goods and take in return anything that his own market requires. It resembles London in the enterprise and accumulated experience of its merchants, the excellence of its communications and the fact that 'you can always find a market for anything'.[66]

Right from the beginning there was an ethnic division of trading functions. The import and export business with the western countries was handled by Western merchants, while the intra-Asian trade was largely in Chinese hands — the Indians specializing in the trade with India, catering for their own community in the Straits Settlements and the Malay States. There were Bugis middlemen but competition had virtually destroyed them by the turn of the twentieth century.

As a whole Sino-Western commercial relations had been free of major friction, for the roles of the Chinese and Western companies had been complementary rather than competitive. The apex of the commercial infrastructure was formed by the Western banks and agency houses which provided credit to the Chinese firms which, in turn, extended the credit structure to the rest of Southeast Asia, on a clan, kith, and kin basis. In the 1860s, when Western companies were keenly competitive with each other, there were efforts to dislodge the Chinese middlemen as well as to capture the Straits produce trade with China. But neither effort had been successful. The extra-insular credit structure was too difficult to replace, while the Straits produce trade was a Chinese speciality, based on centuries of experience and traditional links.[67]

In the course of the twentieth century, Chinese import and export firms appeared, competing with their Western counterparts. But as a whole, their interests did not clash, for in most instances they acted for firms based in China rather than in the West. The main reason there was little Sino-Western rivalry was that trade had expanded fast enough to provide all with fair opportunities for profitable trade. Commercial opportunities for Western firms were widened with the expansion of agency business in insurance, shipping, banking, and new products, and with the development of managing agencies for governments and Western companies wanting to invest in the multi-million mining and agricultural enterprises in Southeast Asia, especially Malaya. This business was facilitated by the development of telegraphic communications, Singapore having by the end of 1870 direct connection with India and the West.[68] But the Chinese dealer remained the "essential feature" in the trading community, entering "at some stage into almost every transaction, whether as a wealthy merchant in Singapore or as a petty village shopkeeper in the interior of Malaya or in the outports of Netherlands India".[69]

The small trader was directly financed by the Chinese dealer, who received in payment Straits produce for Western imports sold to him. The entrepot trade was financed through the chain of Chinese dealers and petty traders. In this way, despite the growth in direct trade, Singapore ensured for itself regular supplies of Straits produce from the surrounding countries. In an immediate post-war report, in which

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66 *1933–1934 Trade Commission Report,* I, 41.

67 Wong, "The Trade of Singapore," op. cit., 122, 166–67.

68 Chiang, "Sino-British Mercantile Relations," Ch'en and Tarling, op. cit., p. 265; *1933–1934 Trade Commission Report,* I, 50.

69 *The Entrepot Trade of Singapore,* pp. 16–17, quotation from p. 17.

the description of the structure of trade and finance was more reminiscent of the 1930s than the contemporary situation, the viability and resilience of the financial structure of Singapore's entrepot trade was succinctly described:

> The flow of produce to Singapore from extra-Malayan sources throughout Southeast Asia continues despite developments such as direct shipping services to outports and State Interference in the channels of trade. It has been shown that merchants and dealers are both a generating and a co-ordinating force in the trade. Although the existence of a branch of any Singapore firm in the outports is unusual, the outport dealer, and through him the village trader, is in fact controlled by Singapore.
>
> Singapore has always offered a great variety and range of manufactured goods of the types required by the outport dealer, who therefore goes to Singapore for his stocks. The outport dealer thereafter requires to liquidate the debt that he has incurred in Singapore, and does so by delivery to that market of the produce that he has acquired in the course of disposing of his stock of manufactured goods.
>
> Credit is given throughout the range of intermediaries, and it is the final credit stage — the pledging of his crop by the peasant for goods obtained from the village trader, who in turn has obligations towards the dealer who supplied him — that ensures the despatch of an outport crop to Singapore.
>
> A factor of not inconsiderable importance is that, the channel for the greater part of the produce acquired by the chain of dealers having been assured through the machinery of credit, produce in excess of the quantity required to pay the debt will flow along the same channel not only as a matter of convenience, but also because Singapore is traditionally a centre whose ramifications are such that a market can be found for any type of article.
>
> Still another influence that Singapore exerts on outports' produce is to be found in the fact that there are still amongst the Chinese traders societies and associations whose rules ensure control over members to an extent sufficient to permit of canalisation of members' trade.[70]

By the 1930s, the Western merchants with few exceptions saw the Chinese merchants and the structure of credit they had evolved as the basis for the continued prosperity of Singapore. Indeed, the 1931–32 Customs Union Committee frankly acknowledged it was "the commercial genius of the Chinese" that made the free trade policy of Singapore work.[71] It was the strength of their commercial diaspora that kept Singapore prosperous despite the growth of direct trade and shipping in the ports of Southeast Asia. It can be said, in retrospect, it was Sino-Western enterprise, in a colonial enclave dedicated to uninhibited *laissez faire,* that made Singapore the premier port of Southeast Asia before World War II.

[70] Ibid., p. 18.
[71] *1931-1932 Customs Duties Committee Report,* C158.

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