OCCUPATIONAL PATTERNS AND ENTREPRENEURSHIP OF THE CHINESE IN THAILAND, INDONESIA AND CANADA BEFORE THE SECOND WORLD WAR

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ABSTRACT

This dissertation attempts to explain the different occupational patterns and business entrepreneurship among the Chinese in Thailand, Indonesia and Canada before the Second World War. Evidence presented in this study indicates that in spite of a similar concentration in private business, Chinese in different countries were engaged in different types of business and achieved different levels of success.

Contemporary literature offers two major types of explanation to the phenomena of ethnic employment and self-employment. The transplanted cultural thesis argues that traditional values, which are brought to the host society by immigrants or an ethnic group, play an important role in the formulation of this group’s occupational patterns and entrepreneurship. The blocked mobility thesis, in contrast, contends that racial discrimination restricts the access of ethnic minorities to the mainstream labour market, which in turn forces them into certain types of business or occupation.

This study shows that traditional Chinese culture cannot account for the persisting concentration of the Chinese in commerce in Thailand and Indonesia since the fourteenth century. On the other hand, while the blocked mobility thesis is useful in understanding the concentration of the Chinese in food and personal services
businesses, this study finds no evidence to suggest that racial discrimination prevented the Chinese in Thailand and Indonesia from entering certain sectors of the economy. This study credits the middleman minority theory for its contributions to the understanding of ethnic occupations and businesses. Nevertheless, it also reveals that there are actually different types of middleman minorities. Under a colonial system, a middleman minority also performs important social functions for the ruling class in the subordination of the indigenous people. Furthermore, this dissertation argues that historical and structural factors, such as the patterns of immigration, the occupational backgrounds of Chinese immigrants, and the economic system and social stratification of the host countries, exerted significant influence on the occupational patterns and entrepreneurship of the Chinese in Thailand, Indonesia and Canada before the Second World War.
ACKNOWLEDGEMENTS

My research would have been impossible without the guidance of Dr. Peter S. Li. Dr. Li gave me the inspiration to pursue a doctoral degree, and guided me through the program with his insightful theoretical and practical advice. During the six years of the Ph.D. program, the members of my advisory committee, Dr. B. Schissel, Dr. S. Bolaria, Dr. M.K. Leung, have provided me with all the patience, understanding, and support I have needed. I must also extend my most sincere thanks to my external examiner, Dr. Franz Schurmann. His starvation for knowledge, in spite of his outstanding academic achievements, made me realize that my research is only the beginning of a life-long journey.

I am deeply indebted to my father. He sent me to Canada eight years ago with my first year of tuition and a few hundred dollars. I did not learn to fully appreciate his vision and expectation until the moment I passed the oral exam. I also owe my wife, Wen Guo, more than I can ever repay. Wen sacrificed a promising career and went through all the barriers and difficulties to ensure my success. At times, her confidence in me was the only force pushing me through.

The staff at Calibre Strategic Services Inc., especially Mr. C Arthur Battiste and Ms. Anne T. Ballantyne, also deserve my gratitude. Their unconditional support and
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CHAPTER 1

THE EMPIRICAL PROBLEM

1.1. Introduction

This research is a comparative study of the occupational patterns and entrepreneurship of overseas Chinese in Thailand, Indonesia and Canada before the Second World War. In this study, the term "overseas Chinese" is defined as people of Chinese origin residing outside of China.¹ There are many different kinds of Chinese all over the world, depending on the definition of the term. Many Chinese do not speak Chinese; many do not consider themselves Chinese; and many do not have Chinese citizenship. The term “overseas Chinese” used in this dissertation stresses the ethnic aspect of the Chinese. It refers to any person of Chinese ancestry, including Chinese immigrants and their descendants residing outside of China, regardless of the language they speak, their self-consciousness of their ethnic identity, or their country of citizenship.

Overseas Chinese have been one of the major discussion topics of contemporary studies of human migration and ethnic relations. According to a study conducted by
Poston and Yu (1987:480), more than 26.8 million people of Chinese origin resided in over 130 countries outside of China in the 1980s.

The history of Chinese emigration from China can be divided into four major periods. The first covered the time before the first half of the nineteenth century when Chinese emigrated primarily to other Asian countries, particularly Southeast Asian nations (Purcell, 1965:xii). The majority of these Chinese emigrants was traders who carried on trading between China and various nations; others were labourers, political refugees and pirates (Purcell, 1965:24). The second period was from the mid-nineteenth century to the late 1940s, when Chinese immigrated to many parts of the world. The emigrants during this period were mainly peasants who were forced to make their living overseas due to the corrupt economic system, the unstable political atmosphere and continuous natural disasters in their home country (Campbell, 1969:xvii; Irick, 1982:6). The period between the late 1940s and 1970s was the third stage. Because of the restrictive emigration policy of the Chinese government in Mainland China, emigration of Chinese was primarily limited to Hong Kong, Taiwan and Macao, and the number of Chinese emigrants was very small (Purcell, 1965:30). The last period is from the early 1980s to the present. Because of the open-door policy introduced in late 1970s and the hand-over of Hong Kong, Chinese emigrants have increased steadily compared to the previous period.

One area of academic focus of overseas Chinese is on their economic position in
their host countries (Cator, 1936; Wichberg, 1965; Light, 1972; Yang, 1984; Li, 1988; Wang, 1989; Redding, 1990). It is commonly believed that overseas Chinese have been successful in private business, in the sense that they tend to be concentrated in business ventures more often than many other ethnic groups. To be more specific, Chinese are often found to be over-represented in the product circulation and service sectors (Cator, 1936; Freedman, 1979; Light, 1972; Li, 1988; Redding, 1990). Research so far has focused on why overseas Chinese generally have been successful in business. Little attention, however, has been devoted to the different sectors of business they tend to be concentrated in (Light, 1972, Waldinger, Aldrich, Ward, et al., 1990). This problem, in many cases, is associated with the methodologies that have been used in previous studies. Many of these studies focus on the Chinese in a single country, and are thus unable to identify and explain the different degree of business concentration and success of the Chinese in different countries.

This study will examine the economic position and entrepreneurship of Chinese in Thailand, Indonesia and Canada before the Second World War. Empirical evidence collected in my study suggests that despite their tendency to be concentrated in the circulation and service sectors, the economic position of the Chinese varied from country to country. In different countries, the Chinese participated in different kinds of commercial activities at different scales and achieved different degrees of success. The objective of this study is to identify the major factors that influenced the
business concentration of overseas Chinese in different countries.

1.2. A Comparison Of The Occupational Patterns And Entrepreneurship Of The Chinese In The Three Countries

This section is devoted to the analysis of data obtained from Census of Thailand (1937), Census of the Netherlands East Indies (1930) and Census of Canada (1931) and other statistics that related to the occupational patterns of the Chinese and their general economic position in the economic structure of the three countries. The purpose of this section is to raise the empirical question as to what were the differences among the Chinese in Thailand, Indonesia and Canada in terms of their economic positions and entrepreneurship. I will first examine the occupational patterns of the Chinese as compared to other major ethnic groups to find out where the Chinese were located in the economies of their host societies. Then, I will focus on the sectors in which the Chinese were concentrated, and study the importance of the Chinese in these sectors.

1.2.1. The occupations of the Chinese in Thailand, Indonesia and Canada

In the 1930s, the Chinese in Thailand, Indonesia and Canada accounted for only a very small proportion of the labour force in these countries. In Thailand, the number
of Chinese nationals in the labour market was 321,518, accounting for 4.8 percent of the country's labour force (Statistical Yearbook of Thailand, No.21: 75). In Indonesia, the number of Chinese in the labour market was 469,900 or 2.3 percent of the total labour force (Statistics Pocket Book of Indonesia, 1941:20). In Canada, Chinese labour made up 1.0 percent of the total labour force (Census of Canada, 1931. Vol. 7, Table 49: 430-43).

Table 1.1. is a breakdown of the occupations of the Chinese in the 1930s compiled from data from Census of Thailand (1937), Census of the Netherlands East Indies (1930) and Census of Canada (1931). In this table, the occupations are grouped into three major categories. The first one is raw materials production, including agriculture, forestry, fishing, mining and quarrying. The second category is industry and construction, including the production of industrial and domestic commodities, construction of public and private roads and buildings. The last category is commerce and personal services, including trading, import & export, wholesaling, retailing, hotels, restaurants, cafés, barbershops, laundry shops and domestic service.
### Table 1.1
Occupations of the Chinese in Indonesia, Thailand and Canada in the 1930s

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Indonesia (1930)</th>
<th>Thailand (1937)</th>
<th>Canada (1931)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chinese</td>
<td>Indonesian</td>
<td>Chinese</td>
</tr>
<tr>
<td>Production of Raw Materials&lt;sup&gt;b&lt;/sup&gt;</td>
<td>30.8</td>
<td>70.0</td>
<td>27.7</td>
</tr>
<tr>
<td>Industry &amp; Construction</td>
<td>20.0</td>
<td>13.4</td>
<td>17.9</td>
</tr>
<tr>
<td>Commerce&lt;sup&gt;c&lt;/sup&gt;</td>
<td>36.7</td>
<td>5.4</td>
<td>34.8</td>
</tr>
<tr>
<td>Personal Services&lt;sup&gt;d&lt;/sup&gt;</td>
<td>1.0</td>
<td>9.7</td>
<td>14.1</td>
</tr>
<tr>
<td>Others</td>
<td>11.5</td>
<td>11.2</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on nationality rather than ethnicity. Ethnic Chinese who had Thai nationality were not included.

<sup>b</sup> Production of raw materials included agriculture, forestry, fishing, mining and quarrying.

<sup>c</sup> Commerce included trading, import & export, wholesale and retailing.

<sup>d</sup> Personal services included occupations in hotel, restaurant, cafeteria, barber shop, laundry shop and house keeping.

### Sources:

The first finding is that the occupational patterns of the Chinese were very distinctive from those of other major ethnic groups in each of these three countries. In Thailand, for example, the vast majority of Thai nationals (92.0 percent) was occupied in raw materials production while the Chinese were concentrated in commerce and personal services (48.9 percent). Similarly, in Indonesia, the most important sector of occupation for the Indonesians was again raw materials production, which occupied for 70.0 percent of the Indonesian labour force. A high percentage of the Chinese (37.7 percent), however, were engaged in commerce and personal services. In Canada, raw materials production again employed the highest percentage (32.9 percent) among the non-Chinese labour force. The Chinese, on the other hand, were concentrated in commerce and personal services (58.6 percent).

Therefore, we find a very similar pattern of occupation among the Chinese in Thailand, Indonesia and Canada, which was characterized by their disproportionate concentration in commerce and personal services sector, as compared to other major ethnic groups in the countries. In other words, as confirmed by many other studies, overseas Chinese in general did have the tendency to be concentrated in the tertiary industry featuring commerce and service (Landon, 1941; Skinner, 1957; Light, 1972; Li, 1976 & 1988; Redding, 1990).
1.2.2. The Chinese in commerce in Thailand, Indonesia and Canada

Statistics shown in the preceding discussion indicate that the largest proportion of the Chinese labour force in each of the three countries before the Second World War was in the commerce and personal services sectors. The figures for Thailand, Indonesia and Canada were 48.9 percent, 36.7 percent and 43.0 percent respectively. However, if we separate commerce from personal services, we can notice the occupational differences among the Chinese in different countries.

Statistics obtained from Census of Thailand 1937 indicate that 34.9 percent of those with Chinese nationality were engaged in commerce. The figure for ethnic Chinese should be much higher when the Chinese with Thai nationality are also taken into consideration. Various estimates suggest that over 70 percent of the ethnic Chinese in Thailand were occupied in commerce (Skinner, 1959:4; Overseas Chinese Affairs Commission, 1956:107; Editing Committee Of Annuals Of Overseas Chinese, 1959:39; Overseas Chinese Affairs Commission. 1963a:70).³

The categorization used in censuses of Indonesia (1930) and Canada (1931) provided more direct information about the Chinese in commerce in these countries. According to the Census of the Dutch East Indies 1930, 36.7 percent of the ethnic Chinese were engaged in various forms of commercial establishments, which
accounted for the vast majority of the Chinese in commerce and personal services sectors (Statistical Pocket Book of Indonesia, 1941:14). In Canada, however, there were many more Chinese occupied in personal services sector than in commerce. Statistics showed that only 6.7 percent of the Chinese in Canada were actually engaged in commerce (Census of Canada, 1931. Vol. 7, Table 49: 432-443).

Thus, as indicated by these data, there was a significant difference in the percentage of Chinese in commerce in the three countries. The Chinese in Thailand had the highest percentage in commerce (over 70 percent), followed by their counterparts in Indonesia (36.7 percent). The percentage of the Chinese in commerce in Canada, however, was only 6.7 percent, falling far below the respective figures for Thailand and Indonesia. Therefore, while commerce in Thailand and Indonesia absorbed a higher percentage of the Chinese labour force than other sectors, it was virtually unimportant for the Chinese in Canada as an occupational category.

Not only were the percentages of the Chinese in commerce varied, the importance of the Chinese in the sector was also different in the three countries. Statistics and previous studies suggest that the Chinese in Thailand dominated the whole sector of commerce, from retailing to wholesaling, and from import to export (Ministry of Commerce and Communication of Thailand, 1930:264; Skinner, 1950:4; Akira, 1989:100).
The importance of the Chinese in commerce in Indonesia had to do with the fact that they were indispensable intermediate traders and merchants for the Europeans. However, it was the Europeans, especially the Dutch, who dominated the sector by controlling import and export and wholesaling, while only 2 percent of the Chinese merchants engaged in these kinds of businesses (Yang, 1984:29-31). According to a study on the investments in large concerns in Indonesia in the 1930s, Chinese capital accounted for only 10.6 percent of the total investment in the Netherlands East Indies, while Dutch capital accounted for 73.4 percent (Overseas Chinese Affairs Commission, 1963:90). The role played by the Chinese was only as a bridge between the Europeans and the native Indonesians. They supplied raw materials that were collected from the Indonesians to the Europeans, and distributed industrial products that were provided by the European wholesalers to the native Indonesians.

The position of the Chinese merchants in commerce in Canada was not comparable to that of their counterparts in Thailand and Indonesia. With only 6.7 percent of the Chinese labour in commerce, they accounted for less than one percent of the total labour force in the sector (Census of Canada, 1931. Vol. 7, Table 49: 430-443). Table 1.2 is a breakdown of the occupations of the Chinese in commerce in Canada. As shown in the table, among the Chinese in commerce, most of them were small retailers, hawkers and peddlers (68.7 percent). Only a very small proportion were owners, managers and dealers in import, export and wholesaling (1.5 percent), and they accounted for less than 0.5 percent of the total number of
importers/exporters/wholesalers in Canada.

Table 1.2
The Occupations of the Chinese in Commerce in Canada, 1931

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners - Retailing</td>
<td>1,407</td>
<td>51.5</td>
</tr>
<tr>
<td>Owners - Wholesale/Import/Export</td>
<td>42</td>
<td>1.5</td>
</tr>
<tr>
<td>Hawkers and Peddlers</td>
<td>470</td>
<td>17.2</td>
</tr>
<tr>
<td>Sales Clerks</td>
<td>773</td>
<td>28.3</td>
</tr>
<tr>
<td>Other</td>
<td>41</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,733</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Compiled from Census of Canada, 1931. Vol. 7, Table 49, pp.440-441.

The foregoing comparison indicates that Chinese traders and merchants varied from country to country in terms of their position and importance in commerce. The Chinese in Thailand not only had the highest percentage in commerce, but also exerted firm control on the whole sector, from retailing to wholesaling to import/export. The Chinese in Canada, on the contrary, had the lowest percentage of labour force in commerce, and had little influence on the sector. The situation of Chinese traders and merchants in Indonesia fit right between their counterparts in Thailand and in Canada. On the one hand, their percentage in commerce was lower than that in Thailand, but higher than that in Canada. On the other hand, they were not as dominant in commerce as those in Thailand, yet they were not as insignificant as those in Canada. In general, the Chinese in Indonesia were indispensable only as intermediate traders.
1.2.3. The Chinese in personal services in Thailand, Indonesia and Canada

As far as the Chinese in Indonesia were concerned, the personal services sector was a relatively unimportant sector of employment. The Census of Indonesia 1930 indicates that only one per cent of the Chinese in the country were in personal services. In Thailand, according to Census 1937, 14.1 percent of the Chinese compared to 1.4 percent of the Siamese were engaged in hotel and other personal services (Statistics Yearbook of Thailand, No. 21: 75). Not only were a high percentage of the Chinese occupied in the sector, they also dominated the sector by controlling 90 percent of the capital in restaurant and 80 percent in hotel businesses (Overseas Chinese Affairs Commission, 1956:2). However, compared to the commerce sector, personal services was less important with regard to its contribution to the general economic position of the Chinese in Thailand.

Unlike the situation in Thailand and Indonesia, personal services was the most salient sector for Chinese employment and self-employment in Canada. According to Census of Canada, 1931, more than 52 percent of the male Chinese were in personal services, as compared to 8.8 percent for the general population (Census of Canada, 1931. Vol. 13: 714). A large proportion of the Chinese was in restaurants, cafeterias and laundry shops. In 1931, 22,635 people in Canada were employed in laundry service, of which 6,361 or 28.1 percent were Chinese (Census of Canada, 1931.
This comparison of the Chinese in personal services again shows that differences existed in the occupational patterns in the three countries. For the Chinese in Canada, personal services provided the most important employment opportunities, and the number of Chinese in this sector was disproportionately high as compared with the general population. For those in Indonesia, the personal services sector was of little importance, with very few Chinese being employed in the sector. For the Chinese in Thailand, the personal services sector absorbed a relatively large proportion of the Chinese labour force. The Chinese in the sector were as dominant as those in trade and commerce before the Second World War.

To conclude, despite the similar concentration of the Chinese in the three countries in the commerce and personal services, there were significant differences with respect to the kinds of businesses they were concentrated in, and the degrees of importance they had in these sectors. Specifically, the Chinese in Thailand, Indonesia and Canada were actually concentrated in different kinds of business and located in different positions in the economic structure of the host societies. The question for this dissertation, empirically stated, is: why were the Chinese in the three countries before the Second World War different in terms of their degree of concentration and achievement in businesses?
My study suggests that certain historical and structural factors of the host country largely influenced the economic position and entrepreneurship of overseas Chinese. In this study, I will explore the question from three major aspects: immigration patterns and the nature and composition of population, social stratification of the host country, and the policies of the governments. The next chapter will discuss the theoretical debate on the formulation and development of ethnic business and entrepreneurship. In Chapter 3, I will discuss the validity and limitations of data sources, as well as the research methods used in this study. Chapters 4, 5 and 6 are devoted to a detailed examination of the occupational patterns and entrepreneurship of Chinese in each of the three countries. After the discussion of individual countries, a comparison will be made in Chapter 7 among the Chinese in the three countries. The objective is to identify the factors that affected the occupational patterns of the Chinese and how these factors exerted influence in the historical context. Besides this, I will also take a closer look at various theories about ethnic business and entrepreneurship to examine their validity. Finally, a short chapter 8 will summarize the findings of this study. Direction for further research will also be suggested.
Chapter 1: Endnotes

1. China includes Hong Kong, Macao and Taiwan.

2. The reason behind this was that ethnic Chinese in Thailand had predominantly engaged in trade and commerce since the sixteenth and seventeenth centuries (Sarasin, 1977; Skinner, 1957; Editing Committee of Overseas Chinese Annuals, 1959). Under the corvée system that had been in practice in Thailand since the thirteenth century, Siamese were required to provide three to six months of compulsory labour for the monarchs each year (Terwiel, 1983). While few Thai peasants could afford to buy exemption from corvée labour, the Chinese were never included in the system. They could enjoy the freedom to trade and travel by paying a small amount of head tax each year which was much lower even than the amount for a Siamese peasant to buy one month's exemption (Terwiel, 1983). Under this circumstance, social mobility for the Siamese was low in Thailand up to the Second World War. It was very unlikely that Chinese merchants and their descendants would give up their freedom to be peasants (Smyth, 1898). In fact, according to the Ministry of Commerce and Communication (1930), there were few Chinese engaged in rice growing. Therefore, it is safe to assume that a vast majority of the descendants of Chinese traders continued to hold occupations in trade and commerce. Chapter 4 will provide a more detailed discussion on this subject.
CHAPTER 2

THE THEORETICAL PROBLEM

2.1. Existing Theoretical Debate

In many multi-ethnic societies, different ethnic groups are often found to have different employment or self-employment patterns (Light, 1972; Wilson, 1978; Li, 1978, 1988). In Canada, for example, occupational patterns of various ethnic groups have been persistently different during the past several decades. Porter's analysis of the 1931, 1951 and 1961 census data indicated that the Jewish, Scottish, English and Irish groups were continuously over-represented in professional and financial occupations. At the other end of the scale, French, Italian, Eastern European, Scandinavian and the Aboriginal people were disproportionately concentrated in primary and unskilled jobs (Porter, 1965:87). Li's study (1978:39) of the ethnic groups in Toronto also revealed significant occupational differences among various ethnic groups there in the 1970s. According to Li, English, Jewish, and German people enjoyed the highest occupational status, while Polish and Italian were at the bottom. Other ethnic groups were positioned in between. This stratification in the labour market continued in the 1980s not only in Toronto, but in Canada as a whole.
In Li's later work, Ethnic Inequality in a Class Society (1988:90), Jews again were found to be over-represented in managerial and professional occupations; the French, Italian, Greek, and Croatian were over-represented as workers. Similar results were also yielded in Lautard and Guppy's study (1990).

Another interesting economic aspect of ethnicity is the concentration of some ethnic minorities and immigrants in private business (Skinner, 1957; Purcell, 1965; Light, 1972; Bonacich & Modell, 1980; Wong, 1987; Li, 1988, 1992; Aldrich & Waldinger, 1990; Merger & Hoffman, 1993; Uneke, 1996). For example, the Chinese in North America before the Second World War were highly concentrated in personal services, especially in restaurant and laundry businesses (Li, 1988, 1998; Boswell, 1986). In Southeast Asia, Chinese were more likely than other ethnic groups to be in trading business (Skinner, 1957; Purcell, 1965; Kunio, 1988; Chun, 1989; Redding, 1990). Similar business concentration was also found among Jews and Japanese in the United States. (Glazer & Moynihan, 1970; Bonacich & Modell, 1980).

Contemporary literature offers two major explanations for the occupational patterns and business concentration of ethnic groups and immigrants in the economic structure: the transplanted cultural thesis and the blocked mobility thesis. The transplanted cultural thesis stresses the importance of the cultural traits of an ethnic group in their success or failure in the economic structure. (Light, 1972; Freedman, 1979; Wong, 1987; Waldinger, 1989; Redding, 1990; Uneke, 1996). For example,
Wong's study of the Chinese garment factories in New York City suggests that the success of enclave businesses is determined by the abilities to use kinship and informal network relations for financing and organization and to use traditional cultural values and personal relationship to reduce labour-management conflict (1987:128). In contrast, the blocked mobility thesis (or disadvantaged theory) focuses on the historical experience of a minority group in their host society. It holds that historical and structural factors, such as the socio-economic structure, the policies of the state, and racial discrimination, have an important impact on the economic performance of an ethnic group (Bonacich, 1973; Bonacich & Modell, 1980; Boswell, 1986; Li, 1988; Hein, 1988; Fong, 1991).

2.2. The Transplanted Cultural Thesis

The transplanted cultural thesis refers to a broad category of theories that argues that traditional values and relationship structure of an ethnic group play a crucial role in the development of ethnic entrepreneurship and the formulation of ethnic occupational patterns in their host society. Transplanted cultural theorists understand occupational patterns and economic performance of an ethnic group in terms of its cultural and social characteristics (Light, 1972; Freedman, 1979; Wong, 1987; Waldinger, 1989; Redding, 1990; Uneke, 1996). From their perspectives, primordial factors, such as traditional values, beliefs and internal social organization
determine an ethnic group’s position in the economic structure.

The arguments of transplanted cultural thesis are amplified in Redding’s study of the "spirit of the Chinese capitalism", which emphasizes the impact of traditional Chinese culture on the economic success of overseas Chinese. According to Redding (1990:3-4), ethnic business of overseas Chinese is a special form of family business organization which differs from those of Japanese or Jews. Chinese businesses tend to be small in scale and relatively simple in structure, and they link to the rest of society with personal networks rather than formal associations. Redding argues that these characteristics of Chinese business organizations have their roots in ancient Chinese culture.

Redding credits the formulation of this special form of family business to the fundamental beliefs and values of the Chinese derived from Confucianism, Taoism and Buddhism. These fundamental beliefs and values, according to Redding, help to shape the social structures of the Chinese society as well as the relationship rules of the Chinese. For example, contrary to the western value of individualism and freedom, Confucianism considers the state as "an enormous but nevertheless united group". On the other hand, an individual finds dignity and meaning only "in the maintenance of harmony in his/her own social context" (Redding, 1990:44). This belief is embedded in the social structures of the Chinese society in the sense that Chinese society is traditionally family-centered and personal networks are of extreme
importance for the Chinese. It also can be tracked in the relationship rules of the Chinese such as filial piety, collectivism, limited and bounded trust. Under the influence of these social structures and relationship rules, business development among overseas Chinese follows a unique path which is characterized by an emphasis on family, personal credit, and networking.

Even though it may not be Redding's intention to over-play the importance of cultural factors on economic behavior and undermine the significance of non-cultural factors, he fails to provide sufficient discussion on the latter. At a result, it is impossible for the reader to determine whether cultural or structural determinants are more salient to account for the entrepreneurship of overseas Chinese. Unavoidably, Redding reaches the conclusion that "Culture ... is a determinant of economic behavior" (1990:238).

Another problem with Redding's theory is the assumption that the overseas Chinese is a homogenous group. He fails to provide solid evidences for the argument that the overseas Chinese are universally under the influence of Confucianism, Taoism and Buddhism regardless of their history of settlement in the host societies and their place of birth. The author's discussion seems to suggest that Chinese businessmen in Southeast Asia are identical with respect to their internalized values, beliefs, and norms. He even goes so far as to portray the daily life of a "typical" Chinese businessman (1990:17-18). Even if we assume that the foundation of Chinese
culture is a combination of values and beliefs embedded in Confucianism, Taoism and Buddhism, we still have to wonder first whether every aspect of this culture is equally internalized in the process of an individual's socialization; and second, whether this cultural tradition is equally effective in different Chinese communities and individuals in China and abroad?

Redding admits "Confucian education is not universal for overseas Chinese, especially given the powerful influence made by Christianity via schools" (1990:48). If this aspect of Chinese culture is not universal and it may not survive the impact of western education system, then why should other aspects of the Chinese culture, such as family values, personal ties and work ethics, be universal and immortal? In reality, overseas Chinese are different in terms of country of residence, occupation, language, and religion. Besides, different Chinese communities overseas usually show different characteristics. For example, before the Second World War, Chinese in Southeast Asian countries were found to be a merchant class in general (Skinner, 1957); those in North America, however, were more likely to be laundrymen and cooks (Mei, 1984:378; Li, 1988:48). Therefore, the term "overseas Chinese" can only be used generally to refer to people residing outside of China who originated from China. It does not imply a universal cultural identity and homogeneity of overseas Chinese.

When trying to associate cultural characteristics with economic behavior, some of
the evidence presented by Redding is also problematic. For example, Redding suggests that the Chinese village is only "the geographical location where rival families and lineage groups come to accommodate to each other.... [I]t would appear to lack the 'sense of community' which can offer to the individual a viable and not necessarily contradictory alternative identity to that of family membership" (Redding, 1990:55). This suggestion, however, is contradictory to his later argument that clan associations and kinship networks play an important role in the development of Chinese business (Redding, 1990:108-109).

While Redding (1990) tends to stress the influence of general cultural background on ethnic entrepreneurship. Freedman (1979) and Light (1972) concentrate on the impact of specific cultural elements on ethnic Chinese enterprises.

Freedman (1979), in his study of rural communities in Southeastern China, attributes the general economic success of the Chinese in Southeast Asia to their highly sophisticated ways of handling money. According to Freedman, the vast majority of Chinese emigrants did not have any special training in China. However, a distinctive form of money loan association existed in rural areas of southeastern provinces of China, which helped the Chinese to learn money-handling skills. This type of informal money loan association usually consisted of a small group of people who "paid regular (usually monthly) sums into a pool which was placed at the disposal of the individual members in turn" (Freedman, 1979:23). During the course of this
simple, informal capital accumulation, mutual trust was achieved and skills of money management were taught. For Freedman, this custom had significant importance on the business establishment of the Chinese in Southeast Asia:

"The Chinese were economically successful in Southeast Asia not simply because they were energetic immigrants, but more fundamentally because in the quest for riches they knew how to handle money and organize men in relation to money" (Freedman, 1979:26).

The major problem of this study is that the linkage is missing between the practice in rural China and the economic behavior of Chinese in Southeast Asia. In order to argue that traditional money loan practice in China led to the success of overseas Chinese in private business, one must provide proof for each of the following statements:

- money loan associations commonly existed in rural China;
- Chinese emigrants had participated in these associations before immigrating to Southeast Asia;
- Chinese businessmen in Southeast Asia utilized the principles of the traditional money loan system; and
- Chinese were successful in business.

However, Freedman shows little intention of discussing the second and third
statements. In other words, he gives no evidence that Chinese businessmen had been involved in this kind of money loan association before they emigrated from China, and that overseas Chinese utilized these financial and managerial skills in their capital accumulation and investment.

Light's comparative study of ethnic enterprise among Chinese, Japanese and the blacks in America has avoided the previously mentioned problems by focusing on the behavior of the ethnic entrepreneurs themselves instead of the cultural practices in their home countries (1972:36). Light's study is an attempt to explain the over-representation of Chinese and Japanese compared to the under-representation of the blacks in business. According to Light, an institution that the Japanese and Chinese brought from their home countries, the rotating-credit association, enabled them to raise capital to finance their enterprises and thus ensured their success in business. The blacks, on the contrary, lacked this kind of cultural institution to assist them in the discriminatory market and were thus unsuccessful in business.

Light's comparative study provides valid evidence for the argument that the rotating credit association played an important role in the development of Chinese and Japanese small business before the Second World War. The rotating-credit system enabled the Chinese and Japanese to be successful in small business operation in harsh economic conditions and hostile social structure. However, with the removal of discriminative policies and the changes in immigration policies, Chinese business
in North America has experienced significant diversification. As shown in Li's study of Chinese investment and business in Canada during the post-World War II period, the traditional type of small scale family-operated and individual-owned business is no longer the dominant form of Chinese entrepreneurship (1993:242). With the emergence of Chinese-owned businesses in the professional services sector and the development of capital-intensive investments by recent Chinese immigrants, Light's theory of rotating-credit system, and the transplanted cultural thesis as a whole, become incapable of accounting for ethnic Chinese enterprise (Li, 1992:135, 1993:243).

To avoid the problem of ignoring contextual factors for ethnic business development, a modified and more comprehensive version of the transplanted cultural thesis is introduced by Waldinger, Aldrich and Ward et al. (1990) in their study of ethnic entrepreneurship in the United States and Europe. They attempt to explain the development of immigrant entrepreneurship by emphasizing the interactions between the structural opportunities of the host society and the group characteristics of the immigrant society. They argue that ethnic business strategies are shaped by both situational and cultural factors.

According to Aldrich and Waldinger (1990:115-131), structural opportunities that affect ethnic entrepreneurship include:
- market conditions — the availability and demand for ethnic consumer products and the accessibility of the non-ethnic or open markets;
- access to ownership — business vacancies, competition for vacancies and government policies.

Group characteristics also consist of two major parts:

- predisposing factors — selective migration, culture and inspiration levels; and
- the ability to mobilize business resource — ethnic social networks and inner-group solidarity.

According to Waldinger, Aldrich and Ward et al. (1990:5), the mobility of immigrants is usually blocked by the host society because of their unfamiliarity with the language of the host country, inadequate or inappropriate skills, age, and societal discrimination. Under this circumstance, predisposing factors, such as nature of their immigration, and the socio-economic conditions in home countries, affect their economic behavior. For example, voluntary immigrants tend to be better prepared and more inclined to take risks compared to non-voluntary immigrants. Besides, immigrants perceive their job status and economic rewards in comparison with those of the home societies rather than those of others in their host society. Their relative economic status thus determines their aspiration level, which in turn exerts an effect
on their entrepreneurship. Another part of ethnic group characteristics is the ability to mobilize business resources, which according to Waldinger, Aldrich and Ward, is determined by three factors: 1) close ties to co-ethnics; 2) ethnic social networks; and 3) government policies. Therefore, ethnic groups with closer ties and stronger inner-group solidarity tend to be better prepared for business venture.

Waldinger, Aldrich and Ward's study adopts the argument that ethnic business strategies are influenced not only by cultural determinants, such as traditional values and social structure of the immigrants and ethnic groups, but also by economic forces such as market situation and government economic policies.

While we have to credit Waldinger, Aldrich and Ward et al. for their effort to combine contextual and cultural factors in explaining ethnic entrepreneurship, their interactive model is still unable to fully explain the phenomenon of ethnic enterprise. The first problem of Waldinger et al.'s theory is that its focus on non-cultural elements is limited to economic factors only, with little attention being devoted to the effect of social structural factors on ethnic entrepreneurship. Economic factors alone cannot always account for the development of ethnic entrepreneurship. As shown in many studies of the Chinese in North America in the early twentieth century, fundamental social structure, racist ideology and the stratification in the labour market played a more important role in Chinese employment and self-employment (Li, 1976, 1982, 1998; Morton, 1974; Boswell, 1986; Fong, 1991).
Furthermore, even though the non-cultural elements, such as the demand and supply of commodity, service and labour, and government economic policies, are categorized as "structural opportunity", they have little to do with the fundamental structure of the economy or the mode of production. While these micro-economic factors may have some impacts on the development of ethnic entrepreneurship and occupational patterns, they are insufficient in explaining the *persisting* concentration of certain ethnic groups in certain kinds of business or occupations. To understand the development of ethnic business, we must look beyond these situational factors and examine structural factors, such as the characteristics of the social system, class stratification and labour market structure. These structural factors, unlike the situational ones, consistently and fundamentally affect the ways in which a society is organized for production. During the twentieth century, especially after the Second World War, the Canadian economy has been significantly changed by the transition from traditional industrialism to corporate capitalism (Li, 1996:17). However, as shown in Porter’s study of occupational stratification among various ethnic groups in Canada, occupational patterns of many ethnic groups had experienced few changes between the 1930s and the 1960s (Porter, 1965:87). Therefore, Waldinger et al.’s structural opportunity model cannot fully account for the employment and self-employment differences among ethnic groups.

The foregoing discussion shows that the transplanted cultural thesis interprets the economic position of ethnic minorities in terms of their cultural heritage.
Transplanted cultural thesis pays insufficient attention to the context in which ethnic relations are defined and developed. Its emphasis on remote cultural elements of an ethnic group implies that ethnic inequality has little to do with racial domination, exploitation and oppression. Rather, ethnic groups are assumed to compete on equal footing. Since transplanted culture plays such an important role in the economic performance of an ethnic group, its members' positions in the labour market or business sector are pre-determined by their cultural background even before they enter labour market.

This assumption is problematic in three aspects. First, culture is developed through the interaction with the environmental and social surroundings, and therefore is constantly changing rather than being static. As Li (1992:121) points out, primordial culture is helpful in explaining the formation of Chinese business in Canada in the late nineteenth century and the early twentieth century, because the Chinese population was from a relatively homogeneous and cohesive background. However, it cannot account for the economic position of an ethnic group that is both demographically and economically diversified. Second, because of the lack of comparative studies between majority and minority businesses, cultural traits that are proposed by transplanted cultural theorists can hardly be validated. In other words, it is not certain that business strategies used by minority entrepreneurs are ethnically distinctive from those used by majorities (Cobas, 1987:469). Finally, as shown in the cases of Chinese in Thailand and Indonesia before the Second World War, an
ethnic group with similar cultural background could develop different forms of entrepreneurship under different social systems. As a result, traditional values and beliefs cannot be the only factor in the formation of ethnic entrepreneurship.

2.3. The Blocked Mobility Thesis

The blocked mobility thesis argues that the concentration of an ethnic group in certain sectors of employment or self-employment is determined by the unfavourable labour market conditions created by discrimination and racial barriers (Li, 1993:221). It focuses on the socio-economic condition of the host society. Contrary to the transplanted cultural thesis, the blocked mobility thesis rejects the claim that traditional culture brought by immigrants from the home countries is more important than situational and structural factors in the host country in the formation of ethnic business. The blocked mobility theorists argue that ethnic majorities and minorities are in constant conflict for power and domination. The conflict and its socio-economic consequences are the most important factors that affect the economic position of an ethnic minority. (Bonacich, 1973; Bonacich and Modell, 1980; Boswell, 1986; Li, 1988; Fong, 1991). In general, the blocked mobility theorists view social stratification of ethnic groups and the development of ethnic entrepreneurship as consequences of harsh economic conditions and discriminative social setting (Li, 1988:48-49; Boswell, 1992:368). Since the dominant group
controls most of the political and economic power, they are able to block the upward mobility of ethnic minorities, and push them into the peripheral labour market or ethnic businesses (Marger, 1990).

One of the foundations of the blocked mobility theory is the argument that race and ethnicity are social constructs. This means the formation of racial and ethnic relations involves a "racialization" process in which cultural traits of ethnic minorities are selected, exaggerated, and attached by the dominant group to physical characteristics (Wilson, 1973; Rex, 1983; Bolaria & Li, 1985). For example, Banton (1977:25) finds that the concept of "race" grew up "hand in hand with the scientific exploration of human origins" and offers a justification for the exploitation and subordination of "racial" minorities.

Based on the foregoing argument, the blocked mobility theorists refuse to accept cultural factors as the most important determinants for the economic position of a minority group. Valentine, in his critique of Lewis' notion of "the culture of poverty", argues that "subcultural disabilities are definitely not the whole problem and almost certainly not the principal problem" (Valentine, 1968:145). He agrees with the notion of dysfunctional sub-culture, and implies that the social structure should be altered so as to eliminate poverty. However, Valentine points out that the major problem for Lewis' study is that Lewis fails to distinguish those material conditions from culture itself. He goes on to criticize that many features described
by Lewis as cultural patterns are actually "externally imposed conditions or unavoidable matters of situational expediency, rather than cultural creations internal to the subsociety..." (Valentine, 1968:115).

By denying the influence of primordial culture on the economic position of an ethnic group, the blocked mobility thesis uses power and resources as their keys to interpret ethnic stratification in the economic structure. According to Wilson (1973), ethnic minorities tend to lack control of sufficient power resources to seriously challenge the racial order, since the dominant group is historically in control of economic and political power. As a result,

"Minority-group members may feel compelled to comply with the dominant group's norms, not because they identify with or have internalized these norms, but because they lack sufficient resources to openly challenge them." (Wilson, 1973:9)

However, Wilson (1973) considers the structural change of capitalism after the Second World War as an opportunity for minorities to challenge institutionalized racial or ethnic relations. He maintains that because of it members of minority groups are increasingly able to move into positions formerly occupied only by the dominant group, and they are in a better position than ever to undermine the foundation of social stratification of ethnic groups.

Miles' study (1982) of migrant labour provides another version of the blocked
mobility thesis. Unlike Wilson, Miles focuses not only on the economic basis of racism, but also on the role that ideological and political relations play in the generation and reproduction of racism. Miles contends that racism "was the result of an attempt to represent and understand the social consequences of real, material problems of production" (Miles, 1982:120). He goes on to argue that

"the idea of 'race' was materially grounded in the production relations of British capitalism and demonstrated simultaneously the inferiority of the colonial subjects and superiority of the British 'race' by reference to colonial exploitation. Racism was thereby available to be used by sections of all classes to interpret subsequent developments and relationships as they occurred" (Miles, 1982:120).

Because of the rejection of the notion of cultural determination, the blocked mobility thesis asserts that the economic position of an ethnic group is shaped primarily by the socio-economic structure. Boswell's analysis (1986) of Chinese-white labour relations in America during the second half of the nineteenth century shows how the Chinese were gradually segregated from the core labour market during capitalist development. According to Boswell's model of the essential dynamics of split labour markets (Boswell, 1986: 367-368), the earning difference between white and Chinese miners was initially produced because of different living standards. When capitalist-labour relations became predominant, ethnic competition in the labour market invoked racist ideology among the white dominant group. Consequently, the Chinese were pushed into self-employment where racial conflict was less intense.
Li's findings in his study (1982 & 1998) of the Chinese in Canada before the Second World War concur with Boswell's argument. According to Li (1998:48-50), Canadian labour market was racially segregated in the late nineteenth century and the early twentieth century. Chinese workers tended to occupy the labour-intensive and low-paid jobs that white workers had little intention of having. This split labour market system usually benefits both the employers and the working class within the dominant group. However, as soon as Chinese workers started to be considered by the white workers as a threat to their economic position, racial exclusion was used as a tool for the white working class to prevent the Chinese from entering the core labour market. Being restricted in the labour market, the Chinese entered personal services business where little investment and skills were required. The concentration of the Chinese in restaurant employment and self-employment, therefore, "represents a successful attempt on their part to adapt to the structural constraints of the labour market" (Li, 1982:538).

One of the most influential theories on ethnic entrepreneurship is the middleman minority theory that was first introduced by Blalock (1967) and later developed by Banacich (1973) and Bonacich and Modell (1980). According to Bonacich and Modell (1980), middleman minorities refer to minority groups with one or more of the following characteristics:
• their economic function is to be the bridge between elite and masses;
• they serve as the middleman between producers and consumers by being concentrated in trade and commerce; and
• they do not belong to either the major entrepreneurs of modern capitalism or the proletariat. Rather, they are "petite bourgeoisie" who have some control over the means of production and labour.

Based on this conceptualization, the Jews in Europe, the Chinese in Southeast Asia and the Japanese in America fit into this category. In their study of Japanese businesses in America, Bonacich and Modell (1980) argue that the first generation of Japanese immigrants in the U.S. was in a socio-economic position between the dominant and subordinate groups. They were "petty bourgeoisie" who performed economic duties that members of the dominant group found distasteful or lacking in prestige. On the other hand, they frequently supplied business and professional services to members of other ethnic groups who lacked such skills and resources.

According to Bonacich and Modell (1980), the reasons for the Japanese becoming a middleman minority were the discrimination and racial barriers that produced unfavourable labour market conditions that limited their access to the core labour market. In response to this situation, group solidarity was generated, which enabled them to mobilize ethnic resources to establish small businesses. Those businesses
served as an economic refuge for them to avoid discrimination and hostility.

Bonacich and Modell (1980) also argue that, being placed in the middle of social structure, ethnic minorities are vulnerable to hostility from both the top and the bottom. As a result, they tend to have an unusually strong in-group solidarity that leads to the success of their businesses. Thus, business achievement, in-group solidarity and out-group hostility are mutually influenced.

A revised version of the middleman minority theory is provided by Hein's (1988) study of Indo-Chinese refugees in the United State. One interesting finding of this research is that ethnic Chinese refugees from former Indochina are over-represented in intermediary social service occupations in contrast to Vietnamese, Laotian and Cambodian refugees. Bonacich and Modell's middleman minority theory is applied to explain this finding. Hein argues that state incorporation turned refugee immigrants into clients of host-society social service organizations. In order to satisfy the demand for low-level intermediary jobs in these organizations, ethnic Chinese, as a former middleman population, were selected by the state to fill the positions between the dominant and subordinate ethnic groups. In this study, some of the key elements in the original version of middleman minority theory are expanded. For example, societal hostility is replaced by state incorporation, ethnic solidarity is replaced by intra-ethnic conflict and work in the private sector is replaced by public sector work (Hein, 1988:474).
To conclude, the major argument of the blocked mobility thesis is that in order to maintain their dominant situation in economy, politics and social status, the majority group tends to separate minority groups by discrimination (Marger, 1991). In the process of racialization and marginalization, the majority group is able to maintain their domination as well as to recruit labour and capital for the marginal market. In response to hostility and discrimination, ethnic and immigrant groups enter into certain limited occupations and businesses.

The blocked mobility thesis is very helpful in understanding the low economic status of minority groups and the emergence of small ethnic businesses in North America, in the sense that it emphasizes the structural forces behind division of labour along racial and ethnic lines. One problem with this theoretical perspective, however, is that it tends to over-generalize the disadvantaged position of minority groups in the economic structure. While in many cases ethnic minorities were in the disadvantaged position, exceptions can be found among the Chinese in Thailand before the Second World War. As discussed in the previous chapter, instead of being marginalized in the labour market, the Chinese in Thailand were able to dominate the whole trade and commerce sector. Within the agrarian system of production, trade and commerce in Thailand had been a marginal sector of the economic structure. Nevertheless, it gained importance during capitalist development. With the decline of the noble class, the Chinese became the sole economic elite. Therefore, despite
serving the middleman function between the nobles and the masses, the Chinese were by no means the middle class in the economic structure of Thailand. This example clearly shows the limitation of the blocked mobility thesis, namely the insufficiency in understanding the mutual dependence between the ethnic majority and minorities. As a result, the blocked mobility thesis tends to over-emphasize the disadvantages of minorities in the economic structure.

2.4. The Theoretical Importance Of My Study

My historical comparative study focuses on the variety rather than the similarity of the economic behavior of the overseas Chinese, and on the historical and structural factors such as the patterns of immigration, the backgrounds of the Chinese immigrants, the mode of production and the policies of the host countries.

Previous studies on ethnic employment and self-employment tend to focus on a single ethnic group in a single country (Bonacich & Modell, 1980; Li, 1998). The major problem with this type of research is that the influences of cultural and structural factors co-exist, which makes it difficult to focus on the analysis of one of the factors. As a result, neither the transplanted cultural thesis nor the blocked mobility thesis has sufficient empirical grounds to support their arguments in a single-country or single-group study.
This historical comparative study has two major advantages. First, since Chinese in the three countries were originated from the same region in China, there are reasonable grounds to argue that these Chinese had similar cultural backgrounds. However, the Chinese in the three countries had different patterns of occupation and entrepreneurship. Therefore, the argument that traditional values are transplanted to the host societies, and have an important influence on the economic position of the Chinese is not empirically supported. In addition, culture is the product of interactions between people and their surrounding environment, which means that traditional values cannot survive without their material basis. Since the Chinese had settled in Thailand and Indonesia for over 600 years before the Second World War, differences in the occupational patterns and entrepreneurship between the Chinese and the native population cannot be explained by primordial cultural factors. For this reason, the historical approach used in this study enables me to focus on the influence of non-cultural factors on the occupational patterns and entrepreneurship of the Chinese.

Second, the comparative nature of my study allows me to examine if structural disadvantage, which is proposed by the blocked mobility thesis, is a universal phenomenon that affects ethnic employment and business. Since the blocked mobility thesis has strong roots in research of ethnic minorities in North America (Bonacich & Modell, 1980; Boswell, 1986; Li, 1988; Hein, 1988), it would be interesting to find out if it is applicable in different historical and structural contexts.
This study will examine not only the general principles of the blocked mobility thesis, but also the applicability of different versions of the thesis, such as the middleman minority theory and the split labour market theory, in explaining the occupational patterns and entrepreneurship of the Chinese in different historical and structural contexts. Because the three countries in this study had different socio-economic structures, we can explore how certain structural and historical factors became more important than others in affecting the occupations and enterprises of the overseas Chinese.
CHAPTER 3

SOURCES OF DATA AND RESEARCH METHODOLOGIES

3.1. Sources Of Data

The materials and data presented in this study are gathered primarily from three sources:

- census data, government documents and chronicles;
- books, reports and manuscripts written by former government officials, travelers, and commissioners; and
- literature written by scholars of ethnic relations and Southeast Asian studies.

These materials provide the empirical bases of my arguments; however, these sources have limitations. This chapter discusses the validity and problems of these data, as well as some methodological issues in handling them.
3.1.1. Census data, government documents and chronicles

First of all, censuses from the three countries will be used primarily to show the demographic and economic characteristics of the Chinese, as well as their relationship with the majority groups. Census data in this study primarily come from Census of Canada, 1931. Census of Thailand, 1937, and Census of the Dutch East Indies, 1930.

While scientific and systematic census methods had long been used in Indonesia and Canada, the 1937 Census of Thailand marked the first application of modern technologies in Thailand's census system. These census data were proven to be valid and relatively reliable and were used widely by many scholars (Skinner, 1956).

However, the availability of census information varies from country to country. For instance, Census of Indonesia, 1930, contains more than 400 pages of statistical information about the socio-economic aspects of the Chinese in the countries. It is considered to be one of the richest and the most accurate sources about the Chinese in Indonesia (Mackie, 1990:5). Census of Canada, 1931 does not have as much on the Chinese as does the Indonesian census. However, ethnic Chinese is also an independent category, and statistics about the population and occupations of the Chinese are available. Besides, the categorization of occupations is very detailed.
For example, the personal services sector is divided into food service, laundries, domestic services, and so on, and management and labour are also separated. Therefore, it provides great flexibility for re-categorization and analysis. On the contrary, Census of Thailand, 1937, has only fragmented data on the subject, such as population, sex and occupations. These materials are even less useful because of the methods used in the categorization. For example, Chinese nationals instead of ethnic Chinese is the more commonly used category used in the census. While the term “Chinese national” refers to people with Chinese citizenship, “ethnic Chinese” refers to people of Chinese origin. In the case of the Chinese in Thailand, the majority of native-born Chinese in Thailand had Thai citizenship. As a result, Census of Thailand, 1937 presents little information on the ethnic Chinese who had Thai citizenship. Even though materials collected from other sources provide some basic solutions for the problem, the richness of materials for other countries is to some degree sacrificed when comparison among countries is drawn.

This study also uses other government publications and documents in English language. For Thailand, one of the most important sources is Thailand: Nature and Industry, published in 1930 by the Ministry of Commerce and Communications of Thailand. This book was written by a group of Thai government officials or advisors who had in-depth understanding of Thailand’s economy and access to information regarding the various sectors of Thailand. It provides detailed and relatively reliable information about the economic structure of the country before the Second World
War, and includes some information on the participation of Chinese in various sectors. The limitation of this book, however, is its lack of statistical data. Among other official materials about Thailand are a number of statistical yearbooks published between 1920 and 1937. Nevertheless, statistics regarding the Chinese obtained by the Thai government have a considerable degree of inaccuracy. This is caused by a number of factors. First, the Chinese in Thailand had a general tendency to avoid contact with Thai government officials for fear of government attempts to control the Chinese society. Consequently, the Chinese population figures recorded in Thai censuses conducted between 1920 and 1937 are lower than many experts believe them to be (Skinner, 1962:184). Second, only those whose father had Chinese nationality were considered to be Chinese. This definition excluded those who had resided in Thailand for more than two generations, and thus the actual number of Chinese in the country was underestimated. Finally, only those who had alien physical appearance were asked whether their father was a Chinese national. Otherwise, they were counted as Thais (Skinner, 1962:187). For these reasons, there is limited census information from Thailand regarding ethnic Chinese that can be used in my study.

For Indonesia, *Census of the Dutch East Indies, 1931* is the primary official source of data because of its richness of information. Another major source is *Indonesia: Selected Documents on Colonialism and Nationalism* edited by C. Penders (1977), which contains speeches, reports and correspondence written by Dutch colonial
officials. They provide valuable illustrations about the socio-economic issues in the Indies from the colonial government’s perspectives. An official report prepared by the American commerce commissioner J. Fowler (1920) is also used in this study. Titled *The Chinese in the Dutch East Indies*, the report contains some general information about the commercial activities of the Chinese, but lacks statistical information.

Government publications of Canada are the richest among the three countries. Because these documents are well organized and preserved, there is little problem in searching for materials related to the Chinese in the country before the Second World War. Two of the most important sources of information are the Royal Commission reports prepared in 1885 and 1902. During this period of time, the Canadian government was under tremendous pressure from politicians and labour in the Province of British Columbia who were lobbying for restrictions on Chinese immigration and employment. As a result, investigations were conducted on the population, occupations, and living conditions of the Chinese in British Columbia. The reports present evidence collected from various sources, and summarize the results of the investigations. They contain a large number of testimonies of politicians, lawyers, and business owners, as well as statistics from various government agencies. Therefore, not only general information, but also detailed descriptions about the Chinese can be obtained. The benefit of the Royal Commission reports is that different perspectives regarding the economic importance
of the Chinese are presented. The major limitation, however, is that the data are in some cases not reliable because of different experiences, observations and judgment of the interviewees. This is evident in the different estimates of the Chinese population in British Columbia in 1884 given by different interviewees. For example, the Mayor of Victoria, Joseph Westrop Carey, indicated that there were 25,000 Chinese in the province around 1884, while the Attorney-General, A.E.B. Davie estimated the Chinese population at 18,000 (Royal Commission of Canada, 1885:43 & 53).

Other Canadian government documents are also used in this study. Among them, Statutes of Canada (1885, 1903 & 1923), Statutes of British Columbia (1875, 1884, 1890, 1895, 1896, 1897, 1899, 1903 & 1920), Statutes of Ontario (1914) and Statutes of Saskatchewan (1912) are cited for the study of policies towards the Chinese. In addition, House of Common Debates, which discussed issues relevant to the Chinese, are also included in my primary sources about the Chinese in Canada.

Among other official materials, a large quantity of Chinese materials is used in this study. For the period before the twentieth century, Chinese chronicles such as Ming Shi (Ming History), Ming Shi Lu (Ming Records), Qing Shi Gao (Qing History) and Qing Shi Lu (Qing Records) are the major sources of information. These chronicles, written by official scholars under the direct supervision of the emperors, are considered to be the most important source for the reconstruction of the history of
Chinese emigration. While Ming Shi and Qing Shi Gao devote different volumes to politics, geography, economy, significant people, and foreign relations, Ming Shi Lu and Qing Shi Lu provide daily records of the emperors' official activities. In these chronicles, China's diplomatic or trading interactions with Thailand and Indonesia are usually compiled from government minutes and are thus often reliable. However, geographical descriptions of foreign countries and descriptions of the condition of overseas Chinese were often quoted directly from travelers' books without verification. As I shall discuss later in this chapter, information contain in some of the travelers' books is not reliable.

For the period after the twentieth century, there have been intensive studies conducted by the Taiwan government in the 1950s and 1960s concerning the condition of overseas Chinese. Sponsored by the Overseas Chinese Affairs Commission and assisted by local Chinese embassies, these studies were intended to provide accurate information for the purpose of making policies regarding overseas Chinese. Under these circumstances, these materials have been cited by many overseas Chinese scholars. Among these publications, Yinni Huaqiao Zhi (Records of the Chinese in Indonesia) (1961), Taiguo Huaqiao Zhi (Records of the Chinese in Thailand) (1959), Yinni Huaqiao Jingji (The Economy of the Chinese in Indonesia) (1963), Taiguo Huaqiao Jingji (The Economy of the Chinese in Thailand) (1963), and Huaqiao Jingji Chankao Ziliao (Reference Materials on the Economy of Overseas Chinese) (1956) are of great importance for this study. They contain
invaluable information about the history of the Chinese, their population composition, their occupational patterns and their activities in different industries and businesses.

3.1.2 Books, reports and manuscripts written by former government officials, travelers, and commissioners

One of the secondary data sources is travelers' reports and diaries. Since the Europeans first reached Southeast Asia in the fifteenth century, and especially after colonies were established in the region, many travelers and commissioners have recorded their impression of Thailand and Indonesia. These articles, diaries, reports, and correspondence are of great importance to this study. While census data provide basic statistical information, this kind of material provides rich descriptive information about the economic position of the Chinese. These writings include, but are not limited to, the following: A. Brown's *The Expedition of Siam* (1925), J. Campbell's *Siam in the Twentieth Century* (1902), A. Carter's *The Kingdom of Siam* (1904), J. Child's *The Pearl of Asia* (1932), H. Cort's *Siam or the Heart of Further India* (1886), De La Loubere's *A New Historical Relations of the Kingdom of Siam* (1693), F. Neale's *Residence in Siam* (1852), W. Smyth's *Five years in Siam* (1898), G. Tachard's *A Relation of the Voyage to Siam* (1688), P. Thompson's *Lotus Land* (1875), and E. Young's *Kingdom of the Yellow Robe* (1932).
Many Chinese travelers' writings are also important sources of information for this study. As Chinese had resided in Thailand and Indonesia long before the Europeans, some of these Chinese materials are vital for the period before the arrival of the Europeans to Southeast Asia. Among them are Zhu Fan Zhi (Records of Foreign Peoples) written by Rukuo Zhao in 1225, Yingyai Shenglan (The Overall Survey of the Ocean's Shores) by Ma Huan in 1433, and Hai Yu (Writings about the Oceans) by Chong Huang around 1536. All of them provide valuable accounts about overseas Chinese. Later writings of Chinese travelers provide even more detailed information about the Chinese in Southeast Asia. Examples of these books include Shuyu Zhongzi Lu (Knowledge about Foreign Countries) by Congjian Yan around 1583, Dong Xi Yang Kao (A Study of the Eastern and Western Oceans) written by Xie Zhang in 1617, Haiguo Wenjian Lu (Knowledge about Oceanic Countries) written by Lunjong Chen in 1722, and Haiguo Tuzhi (Records and Maps of Oceanic Countries) by Yuan Wei in 1843. Most of these books were written by or on behalf of travelers who had first-hand experience in Southeast Asia, and have been considered by Chinese historians as highly valuable and reliable materials. Some of them were even used by government officials in compiling Ming Shi and Qing Shi Gao.

Both the writings by Chinese and European travelers present a methodological challenge for my research. Depending on the skills of observation, length of
residence and knowledge about the local societies of the writers, the validity and reliability of their writings vary. Some obvious errors can be found in these materials. For instance, the French traveler De La Loubere (1693) estimated between three and four thousand Chinese resided in Siam by the end of the seventeenth century. However, he was actually referring to the city of Ayutthaya while he used the word Thailand. On the other hand, because of the lack of geographical knowledge, mistakes exist about the locations of the countries they visited. Furthermore, it is not easy to find a match between the current names and the places they visited. This is because that no standard translations were available at that time and that the names of many places were changed throughout history. Fortunately, some of the newer editions of these writings include geographical surveys that reveal the current locations and names mentioned in the travelers' records. For example, Ma Huan's *Yingya Shenglan* was edited by an experienced editor Feng Chengchun, and was later translated into English in 1970 by J.V.G. Mills. The English version is able to identify the precise locations of most of the places mentioned in Ma's work.

3.1.3 Literature written by scholars of ethnic relations and Southeast Asian studies

The last major source of secondary materials comes from literature written by scholars of Southeast Asian studies. Some of the authors of these books are former colonial government officials and diplomats. Because of their relatively long
residence in Thailand and Indonesia, their ability to gather relevant materials, and their positions in the government, information in their works tends to be much richer and more reliable than those written by travelers. For example, J. Bowring, author of *The Kingdom and People of Siam* (1857), was the chief negotiator who exerted great contribution to the signing of Bowring Treaty between Thailand and Britain. Similarly, T. Raffles, author of *History of Java* (1817), was the former Governor-General of Indonesia during the brief British occupation of the early nineteenth century. Other materials written by former government officials and diplomats include *The Dutch in Java* by C. Day (1904), *Netherlands India: A Study in Plural Economy* by J. Furnivall (1944), *History of the Indian Archipelago* (1820) and *Journal of An Embassy from the Governor-General of India to the Courts of Siam and the Cochin China* (1828) by J. Crawfurd, and *Siam* by W. Graham (1924). These insightful writings provide invaluable detailed information about the Siamese and Indonesian society, culture and economy, and cannot be replaced by any other source of materials.

Another important source of information is literature written by renowned scholars who had spent decades on the studies of the Chinese in Thailand, Indonesia or Canada. Many of these works are considered to be classic studies. These writings include R. Coughlin's *Double Identity: The Chinese in Modern Thailand* (1960), M. Freedman's *The Study of Chinese Society* (1979), V. Purcell's *The Chinese in Southeast Asia* (1965), G. Skinner's *Chinese Society in Thailand* (1957) and

In China, there have been intensive studies on the subject of overseas Chinese since the early 1980s. Taking advantage of their access to archival information regarding the history of Chinese emigration, scholars in China are often able to produce research papers that use newly discovered materials. For example, Dingbang Yu's (1989) article about rice trade between China and Thailand during the eighteenth and early nineteenth centuries casts new light on the background and nature of the commercial relations between the two countries; Nanyang Huaqiao Shi (History of Overseas Chinese in Southeast Asia) (1987) by Xuemin Li and Kunzhang Huang discusses a wide range of materials about the social and economic activities of Chinese in Indonesia.

Contemporary western scholars also present some very impressive works about overseas Chinese. For instance, S. Akira's Capital Accumulation in Thailand: 1855-1985 (1989) contains detailed analysis about the economic structure of Thailand, the process of capitalist development in the country, and the positions and functions of

### 3.2. Research Methods

This is a historical study of the economic position and entrepreneurship of the Chinese in Thailand, Indonesia and Canada before the Second World War. However, only certain aspects of the history of the Chinese that relate to their economic position are analyzed. These aspects include the occupational composition of the Chinese immigrants, the socio-economic conditions for Chinese immigration and the policies of the ruling classes. Therefore, even though the period being studied in my research is as long as three hundred years, it is not my intention to write a general history of the Chinese in Thailand, Indonesia and Canada. Rather, I am attempting to use historical materials to illustrate how the economic position of the Chinese has been shaped, changed or maintained within the socio-economic structure of their host societies.
In this study, the histories of Chinese settlement in their host countries are divided into several phases according to the changes in the socio-economic structure of the countries. By so doing, we can examine how the economic position of the Chinese changed in response to the structural changes in social system. As a result, the effect of structural factors on the economic position and entrepreneurship of the Chinese can be shown.

This study is also a comparative study. The objective of comparing the economic position of the Chinese in different countries is to find out how and why they differed. For much of the history of Chinese settlement in Thailand, the country was a feudal society, with a small number of elite ruling more than 90 percent of the agricultural population (Crawfurd, 1828:327). Unlike many other countries in Southeast Asia, Thailand had never lost its independence, despite the presence of Europeans since the early seventeenth century. Under these circumstances, the fundamental social structure of the country had experienced little change during the period from the thirteenth century to the early twentieth century before the Second World War.

The social structure of Indonesia before the seventeenth century was very similar to that of Thailand, in the sense that Indonesia was composed of a number of feudal kingdoms in which nobles and tenants were the two major social classes. Economic production in such societies was based on the satisfaction of individual needs instead
of the demand of the market (Boeke, 1953:37). This system, however, was replaced by the colonial system brought to the region by the Dutch in the early seventeenth century. Under the colonial system, the Dutch and other Europeans had become the ruling class, and a dual economic structure was created. A large proportion of the native population continued to maintain their primitive mode of production, whereas the Europeans and Chinese were in the commercial capitalist system (Boeke, 1953:83). As Chinese immigration to Indonesia occurred both before and after the colonization of the region, they had experienced the influence of the feudal as well as the colonial systems.

Chinese immigration to Canada started in the second half the nineteenth century. During this period, Canada was in its early stage of industrial capitalist development (McDonald, 1996:1-2). The development of Canada at that time, especially in the province of British Columbia, relied on the processing of raw materials. Consequently, the major industries were lumbering, fish canning, and mining (McDonald, 1996:2). Under these circumstances, a large labour force and a free labour market emerged. The two major classes in this society were the capitalists and the working class (McDonald, 1996:90-91).

Therefore, the three countries selected in this study had three different socio-economic structures. During the period of Chinese immigration, Thailand was primarily a feudal society; Indonesia, however, experienced the transformation from
a feudal society to a colonial society; Canada, on the other hand, was an industrial capitalist country. These variations allow me to compare how different socio-economic structures affect the economic position of the Chinese.
CHAPTER 4

THE OCCUPATIONAL PATTERNS AND ENTREPRENEURSHIP OF THE CHINESE IN THAILAND

4.1. The Concentration And Domination Of The Chinese In Trade And Commerce In Thailand

For centuries, people originally from other Asian countries, including Laos, Burma, India and the Arabs, had resided in Thailand. Since the second half of the nineteenth century, due to the introduction of free trade the European population had also increased dramatically. However, Siamese and Chinese still made up over 99 percent of the population in Thailand according to the 1937 Census. Table 4.1 shows the ethnic composition of Thailand's population.¹
Table 4.1
Ethnic Composition of Thailand's Population, 1937

<table>
<thead>
<tr>
<th>Ethnic Origin</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siamese</td>
<td>13,723,888</td>
<td>94.9</td>
</tr>
<tr>
<td>Chinese</td>
<td>618,791</td>
<td>4.3</td>
</tr>
<tr>
<td>Europeans</td>
<td>1,591</td>
<td>---</td>
</tr>
<tr>
<td>Others</td>
<td>119,833</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,464,105</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


Census of Thailand, 1937, provides some valuable information about the occupational patterns of Chinese and Siamese nationals before the Second World War. Table 4.2 indicates a significant difference between the occupational patterns of Siamese nationals and that of Chinese nationals. While more than 90 percent of the Siamese labour force were engaged in agricultural activities, only 25.4 percent of the Chinese nationals were in agriculture, forestry and fishing. The Chinese were predominantly in non-agricultural occupations. Despite the fact that Chinese nationals constituted less than 5 percent of the total labour force, they made up more than 30 percent of the non-agricultural labour supply in Thailand. Among those non-agricultural occupations, the trade and commerce sector absorbed 34.9 percent of the Chinese labour force, compared to only 2.8 percent of the Siamese.

One problem with this table is that the statistics are categorized by nationality and
not ethnicity. It is possible that the occupational patterns of the Chinese nationals did
not reflect that of the ethnic Chinese. This would happen if 1) a large proportion of
Chinese nationals were not ethnic Chinese; or 2) a large proportion of ethnic Chinese
were not of Chinese nationality.

Table 4.2
Occupations of the Chinese and Siamese Nationals in Thailand, 1937

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Chinese</th>
<th></th>
<th>Siamese</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>81,817</td>
<td>25.4</td>
<td>5,931,211</td>
<td>91.9</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>7,551</td>
<td>2.3</td>
<td>8,966</td>
<td>0.1</td>
</tr>
<tr>
<td>Manufacturing Industry</td>
<td>46,748</td>
<td>14.5</td>
<td>61,201</td>
<td>0.9</td>
</tr>
<tr>
<td>Building and other Construction</td>
<td>10,963</td>
<td>3.4</td>
<td>11,156</td>
<td>0.2</td>
</tr>
<tr>
<td>Transport and Communications</td>
<td>12,505</td>
<td>3.9</td>
<td>44,142</td>
<td>0.7</td>
</tr>
<tr>
<td>Trade and Commerce</td>
<td>112,150</td>
<td>34.9</td>
<td>183,811</td>
<td>2.8</td>
</tr>
<tr>
<td>Hotel and Personal Services</td>
<td>45,078</td>
<td>14.0</td>
<td>91,465</td>
<td>1.4</td>
</tr>
<tr>
<td>Public Services</td>
<td>3,996</td>
<td>1.2</td>
<td>101,860</td>
<td>1.6</td>
</tr>
<tr>
<td>Clerical Services</td>
<td>710</td>
<td>0.2</td>
<td>16,957</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>321,518</td>
<td>100.0</td>
<td>6,450,769</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Fortunately, the census does provide some information about the relation between
ethnicity and nationality. Among the 524,062 Chinese nationals, 463,012 were
ethnic Chinese, while most of the rest were ethnic Siamese. It is interesting to note
that 95.8 percent of the 60,229 ethnic Siamese who gained Chinese nationality were
women who married Chinese nationals. These women made up one-third of the
women who had Chinese nationality, and ethnic Chinese women were the remaining
two-thirds. On the other hand, women accounted for less than 20 percent of the
labour force of Chinese nationality. It is very unlikely that the inclusion of Siamese women who had Chinese nationality would have altered the occupational statistics of Chinese nationals.

We now shift our focus to the ethnic Chinese who gained Siamese nationality. Census data indicated that there were 154,119 ethnic Chinese with Siamese nationality, which was about one-fourth of the ethnic Chinese population. According to Siamese law, native-born Chinese were automatically granted Thai citizenship. On the other hand, the naturalization of immigrants had never been in effect, with less than two hundred Chinese applying for naturalization each year before the Second World War (Skinner, 1957:275). Therefore, it is safe to assume that the majority of ethnic Chinese with Siamese nationality was local-born Chinese. Social status was mostly ascribed in Thailand up to the Second World War because of the feudal system that restricted mobility between generations. Kings and nobles were born to be kings and nobles, and peasants were born to be peasants (Terwiel, 1983). Since early Chinese immigrants were mostly traders or artisans, it is unlikely that their descendants would have been engaged in agricultural activities, which meant that they would have lost their freedom to travel and they would have had to provide compulsory labour for the monarchs. Therefore, the 154,119 ethnic Chinese with Siamese nationality did have an effect on the difference between the occupational patterns of the Siamese and the ethnic Chinese. They served to weaken the contrast between the the Siamese and Chinese nationals. In other words, taking these ethnic
Chinese with Siamese nationality into consideration, the gap between the occupational patterns of the ethnic Siamese and the Chinese would be even wider than it appeared when comparing the occupations of the Siamese nationals and the Chinese nationals.

In fact, many of the previous studies do support this argument. For example, Graham notices that while Siamese were cultivators and office clerks, "the manual labourers, the rickshaw pullers, road-menders, rice-mill hands, carpenters, boot-makers, builders, etc., as well as most of the shop-keepers, are nearly all Chinese" (Graham, 1924, Vol.1:149). In his report on the Chinese in Southeast Asia, Skinner estimates that "approximately 70 percent of the non-agricultural labour supply in Thailand is Chinese" (Skinner, 1950:4). Skinner is a little bit on the conservative side when his estimation is compared to Coughlin's. Coughlin estimates that "at least 70 percent of Thailand's Chinese, immigrants and their immediate descendants, are engaged in some form of commerce and industry"(Coughlin, 1960:121). Similarly, the Overseas Chinese Affairs Commission suggests that 70 percent of the Chinese were in trade and commerce (including finance and personal services); 16 percent of them were in industry; 6 percent in mining and only 8 percent in agricultural activities (Overseas Chinese Affairs Commission, 1956:2). As Huang puts it, "The Siamese, being averse to manual labour, confined themselves only to the cultivation of rice fields, leaving all other labour to the Chinese, who would do everything but the purely agricultural work" (Huang, 1954:60).
Therefore, Table 4.2 may not be precise enough to reflect the occupational situation of the ethnic Chinese in Thailand, because it underestimated the actual difference between the occupational patterns of the Chinese and the Siamese. However, it does raise the question as to why the Chinese and the Siamese were so different in their choice of occupation.

Even though more than 35 percent of the Chinese and less than 3 percent of the Siamese were engaged in trade and commerce, there were actually more Siamese than Chinese in this sector (183,811 and 112,150 respectively) because there was a much larger Siamese population. Consisting of less than 40 percent of the labour force in the sector of trade and commerce, the Chinese were nevertheless able to dominate the whole sector, from import to export and from wholesaling to retailing. Various studies have proved that the Chinese were the dominant force in trade and commerce in Thailand before the Second World War.

In his report on the Chinese in Thailand, Skinner asserts with no hesitation,

"[T]he Chinese control commerce and retail trade in almost every city and town of the country. Furthermore, they have a large share of the import-export and wholesale business centering in Bangkok" and "... dominate labour, as well as business, commerce and artisan industry" (Skinner, 1950:4)
According to a document published by the Overseas Chinese Affairs Commission in Taipei, the majority of commercial businesses in Thailand before the Second World War was owned by the Chinese (Editing Committee Of Annuals Of Overseas Chinese, 1959: 48-49). Even after the war when restrictions were applied to Chinese businesses, Chinese share in various businesses remained as follows:

**Table 4.3**

*Chinese Shares in Various Businesses in Thailand, 1950s*

<table>
<thead>
<tr>
<th>Business</th>
<th>%</th>
<th>Business</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remittance</td>
<td>99</td>
<td>Retailing</td>
<td>80</td>
</tr>
<tr>
<td>Jewelry</td>
<td>95</td>
<td>Import &amp; Export</td>
<td>75</td>
</tr>
<tr>
<td>Restaurant</td>
<td>90</td>
<td>Medicine</td>
<td>75</td>
</tr>
<tr>
<td>Rice</td>
<td>90</td>
<td>Forest</td>
<td>70</td>
</tr>
<tr>
<td>Rubber</td>
<td>90</td>
<td>Clothing</td>
<td>60</td>
</tr>
<tr>
<td>Imported Goods</td>
<td>90</td>
<td>Mining</td>
<td>25</td>
</tr>
<tr>
<td>Insurance</td>
<td>80</td>
<td>Shipping</td>
<td>20</td>
</tr>
<tr>
<td>Hotel</td>
<td>80</td>
<td>Banking</td>
<td>15</td>
</tr>
</tbody>
</table>


Another publication of the Overseas Chinese Affairs Commission states that among the 60,000 registered companies of various sizes, 70 percent were owned or invested in by ethnic Chinese. A survey conducted by Akira (1989:101) of about 164 registered limited companies during 1912-33 also produces similar findings. In terms of nationality, the largest group was Chinese-controlled companies (65 of 164 companies), followed by Thais (46) and Europeans (41). As mentioned before, some ethnic Chinese might have adopted Thai nationality; therefore the actual figure for
ethnic Chinese could be even higher, and that for ethnic Siamese lower.

Akira (1989:71-90) also categorizes Chinese capitalists before the Second World War into three major groups: Chinese tax farmers, Chinese merchants and rice millers, and compradore and educated Chinese. According to Akira (1989:72-83), as early as the Ayutthaya period (1350-1767), the kings started to entrust the collection of taxes on liquor and other major commodities to business-minded people. The system was expanded during the same period to include a total of 76 items, such as gambling, lotteries, major exportable products (i.e., pepper, sugarcane), and commodities (i.e., opium, raw silk, iron and tin ore). Almost all the tax farming duties fell into the hands of Chinese merchants, with over 250 Chinese and only 51 Thais appointed as tax farmers during 1851-68.

The second group of Chinese capitalists included the rice millers and merchants. While rice growing was exclusively carried out by Thai peasants, rice processing and trading were monopolized by the Chinese before the Second World War (Skinner, 1957:104). Four major Chinese rice mill groups processed 46 percent of the rice; other smaller Chinese rice mills and several European rice mills processed the rest (Akira, 1989:85). Chinese rice traders usually had branches in China and Singapore. They were engaged in export of rice and other local products, and imported manufactured goods from China and Europe. In this way, they were able to control the import and export of Thailand (Akira, 1989:83).
The third group were those educated Chinese who were employed as compradores by European trading houses, commercial banks and shipping companies. Besides a commission, these compradores received a monthly salary of from 6,000 to 8,000 baht in 1935, which is almost 100 times the average salary of a skilled labourer (Akira, 1989:68; Skinner, 1957:102). The dependence of the European companies on the Chinese compradores certainly had brought down their profit and strengthened the economic position of the Chinese merchants in Thailand.

I shall discuss further these three groups of Chinese capitalists later in the chapter. The argument here is that the Chinese not only were concentrated in, but also dominated the sector of trade and commerce before the Second World War. By the end of the twentieth century, as Akira puts it, "... the overseas and local-born Chinese... were probably more important than either the European or indigenous capitalists for their role in the process of capital accumulation in Thailand..." (Akira, 1989:71).

4.2. The Nature And Composition Of The Chinese Population

This section examines the patterns of Chinese immigration and the composition of the Chinese population in Thailand. My argument is that most Chinese settlers in Thailand had been traders and artisans before the second half of the nineteenth
century. Even after the mass immigration of labourers in the late nineteenth century and the early twentieth century, the majority of the Chinese population in Thailand was traders and artisans, while unskilled labourers constituted a relatively smaller part. This composition of the Chinese in Thailand provides a partial explanation for the concentration and domination of the Chinese in trade and commerce.

4.2.1. Chinese immigration before the eighteenth century

Chinese immigration to Thailand before the eighteenth century was primarily the result of state and private trade between Thailand and China. Earlier connections between the two countries were mainly political and diplomatic in nature. State trade, in the form of tributary mission, reached its height during the Ming Dynasty (1368-1644), when Siamese kings started to employ Chinese merchants and sailors in their fleet. Private trade also played a significant role in the immigration of the Chinese to Thailand, especially during the late sixteenth century and the first half of the seventeenth century when the official ban on private foreign trade had been removed. There were three major groups of Chinese in Thailand during this period: 1) merchants and sailors employed by the monarchs of Thailand; 2) private traders who conducted Sino-Siamese trade; and 3) pirates or political refugees. The vast majority of Chinese settlers, therefore, had a commercial background. They came to and stayed in Thailand with only one purpose in mind: to conduct trade.
Many historians, such as Wood (1924:32), Smith (1966, vol. 1:11) and Wyatt (1984:41), believe that the Siamese originated from Southwest China. Historian W.A.R. Wood is so amazed by the physical and cultural similarities between the Yunnanese people in Southwest China and the Thai that he asserts that "the Thai and Chinese are cognate races. Long before the dawn of history they must have had a common origin" (Wood, 1924:32).

Whether or not the Siamese and the Chinese share a common ancestor, the connections between the two regions does have a long history. As early as between 226-231 A.D., the Wu government sent Zhu Ying and Kang Tai to visit twelve of the states in South China Sea area. The fleet sailed along the coastal states, and one of the states called Lin-yang is believed to be the southern region of Thailand (Zheng & Zheng, 1983:238). Meanwhile, the king of Su sent General Kong Ming to conquer the tribes in northern Thailand. Six Thai states fell consequently. In the year 607 A.D., the Chinese emperor sent Chang Jun and Wang Junzheng for a goodwill mission to Chi Tu Guo (now Thailand). Chang and Wang started their trip from Canton, and reached the territory of Chi Tu Guo four or five days later. The Siamese king warmly welcomed them by escorting them with some 30 junks. Chang and Wang returned to the Chinese court with a letter and many gifts from the Siamese king (Zheng & Zheng, 1983:238-239).
During the Tang Dynasty (618-907), there was a state called Nanchao situated in what is now approximately the Chinese province of Yunnan and the Shan States of Burma. Some scholars suggest that the state was actually a Siamese state (Wyatt, 1984:44; Smith, 1966:11). If this is the case, then Princess An Hua could be one of the first Chinese to immigrate to Thailand. She was sent in 877 A.D. by the Chinese emperor to marry the prince of the Nanchao kingdom for the purpose of ending a long lasting war between the Chinese empire and the southern kingdom. (Ouyang & Song, 1060: Juan 222, 6292).

Chinese immigration to Thailand prior to the eighteenth century is closely related to the official and private trade between China and Thailand. Since the Mongolians established the Yuan Dynasty (1279-1368), the Siamese kingdom of Sukhothai had become a tributary state of the Chinese court. In 1294, King Rama Khamheng visited China and proclaimed his kingdom as a vassal of the Mongolian king, followed by a series of tributary missions in 1296, 1297 and 1299 (Zhang, 1739: Juan 324, 8396). Thai legend claims that the king visited China again in 1300 and Chinese potters were brought back to Thailand when he returned. Archeological discovery shows that in Thailand, pottery of a new and superior quality, very similar to that produced in China during the same period, began to be produced shortly after the visit. Therefore, the legend is very credible (Smith, 1966:38).

During the Ming Dynasty (1368-1644), the Siamese states maintained close political
and economic relations with the Chinese Empire. In 1370, Ming commissioners were sent to Suphanburi and required the Siamese king to send tributes to the capital of Ming. The request was quickly answered, and a tributary mission was sent to China in the following year. During the next two years, four missions were sent to the Ming capital by the king and the royal family of Thailand (Zhang, 1739: Juan 324, 8396). The tributary missions were so frequent that the Ming emperor had to ask the minister of foreign relations to send a letter to the tributary states, asking them to send missions only once in every three years (Zhang, 1739: Juan 324, 8396). According to my calculation of the records in Ming Shi and Ming Shi Lu, there were a total of 52 tributary missions sent to the Ming court from the Siamese states between 1368-1644. In other words, there was one mission in every five years.

The tributary mission was never one-way traffic. The Ming government also sent envoys to Thailand several times. It was recorded that Thailand received silk and porcelains as gifts from China in 1384. During 1404-1428, several Chinese envoys had visited Ayutthaya, one of the Siamese states (Zhang, 1739: Juan 324, 8399). It is not clear exactly how many Chinese traders were brought back to Thailand on these tributary missions during the Yuan (1279-1368) and Ming (1368-1644) Dynasties. However, a Chinese chronicle (Zhang, 1739: Juan 324, 8400) records that in 1482, Siamese commissioners were found to be taking Chinese residents back to Thailand. If this tradition started in the fourteenth century when Chinese potters were brought back to Thailand, then it is reasonable to assume that this was not the first time, and
would not be the last time.

The principal way for the Chinese to immigrate to Thailand, however, was through private trade. Even though private trade with foreign countries was officially banned by the Ming government before the early seventeenth century, the policy was never effectively implemented, and private trading with Thailand was active. Chinese traders brought silk, tea, porcelain etc. to Thailand, and took pepper, elephant teeth, sapanwood and lead back to China. According to Ming Shi (Zhang, 1739: Juan 324, 8397), the local official of Wenzhou, Fujian province reported to the emperor that Siamese goods were found being sold in local markets. In 1522, Niu Rong, a government official in Guangdong province was sentenced to death for allowing his family to trade Siamese goods privately (Zhang, 1739: Juan 324, 8400).

With the development of Sino-Siamese trade, the number of Chinese settlers in Thailand increased steadily in the fifteenth and sixteenth centuries. There are no statistics available about the number of the Chinese in Thailand at that time. Nevertheless, it was mentioned in a Ming traveler's book, Hai Yu, that Chinese communities already had been established in Thailand, and that their houses had tile roofs which were much better than those of the local people's (Huang, 1536:6). Dong Xi Yang Kao, a book written by Zhang Xie around 1617, also mentioned in its description of a Siamese port that "The Chinese there are numerous, their toes following one another's heels" (Zhang, 1617:59). Campos, in his accounts about
Thailand in the early sixteenth century, mentions that Chinese merchants had established themselves everywhere that the Portuguese had reached Thailand (Skinner, 1957:7). A Frenchman, de la Loubere, (1693) estimates that there were between three and four thousand Chinese in Thailand at the close of the seventeenth century. Skinner points out that by Thailand de la Loubere actually meant the city of Ayutthaya. He goes on to estimate that Chinese population in the whole kingdom should be around 10,000 by the end of the seventeenth century (Skinner, 1957:13).

One of the eminent immigrants among these merchants was Xie Wenbin. He was a resident of Dingzhou, Fujian province. After years of trading with Thailand, Xie emigrated and became a Thai official. Even more interestingly, somewhere around 1477, he was appointed as a commissioner and led a tributary mission to the Ming capital (Zhang, 1739: Juan 324, 8400).

Xie Wenbin might be one of the best known traders employed by the king, but he was by no means the first or the only one. As early as in the fifteenth century, the Chinese held exclusively all the most important positions in the fleet of Ayutthaya. This is evident from a Siamese law which mentioned all the positions and titles of the personnel on Ayutthaya royal junks in Chinese terminology (Charnvit, 1976:82). It is very possible that the Chinese had become an indispensable force in the Siamese maritime expansion during this period.
The Chinese settlers in Thailand during this time period were not merely merchants, but also pirates or political refugees, as well. When the Mongolians conquered the Song Dynasty (960-1279), a Chinese named Chen Yizhong fled to Thailand and died there later (Editing Committee of Annuals of Overseas Chinese, 1959:20). The chapter in Ming Shi about Thailand also mentioned a political refugee named He Baguan. He fled to Siam in the fifteenth century, and was returned by the Siamese king at the request of the Chinese court (Zhang, 1739: Juan 324, 8399). During 1522-1630, it is also recorded that as many as two thousand Chinese, who were the descendants of pirates from Fujian and Guangdong, resided in Dani, one of the Siamese states (Zhang, 1739: Juan 324, 8415). Therefore, the Chinese immigrants might have had not only economic power, but also military control.

It is clear then that Chinese immigrants to Thailand before the eighteenth century were predominantly merchants who carried on trading between China and Thailand. On the one hand, due to the low social mobility under the feudal system, these early Chinese settlers exerted a long lasting effect on the occupational patterns of the Chinese because they passed their businesses on to their descendants. On the other hand, by getting involved in the royal trade, they laid the foundation for the economic position of the Chinese in Thailand during the next several centuries.
4.2.2. Chinese immigration between 1700-1850

Even though the Chinese in Thailand had begun to establish their economic power in the sixteenth and seventeenth centuries, Chinese settlers did not reach large numbers until the beginning of the eighteenth century. Chinese immigration during this time period featured again a large number of merchants and artisans, and unskilled labourers were only a very small proportion (Editing Committee of Annuals of Overseas Chinese, 1959:24).

This characteristic of Chinese immigration was primarily the result of two major events: 1) the expansion of Sino-Siamese trade, especially rice trade; and 2) the reconstruction of Bangkok as the capital of Thailand after the Burma-Siamese war in the mid-eighteenth century.

Soon after the Manchus defeated the Ming resistance and establish the Qing Dynasty (1644-1911) in 1644, trading with overseas countries was banned, and Chinese residing overseas were required to return (Kun, 1900: Juan 776, 14951). Consequently, there was no recorded formal relationship between China and Thailand during the period from 1708 to 1722. However, due to overpopulation in the southern provinces, a rice shortage forced the Chinese empire to open her door again to Thailand where rice was plentiful and cheap. In 1722, the emperor Kangxi
issued an imperial edict. It stated that Thailand had plenty of rice, and "if 100,000 piculs of rice can be transported to each of the Fujian, Guangdong and Ningbo provinces, it would be very beneficial to those places." (Qing Shi Lu, Shengzhu Shilu, Juan 298:3954)

To encourage the rice trade, several measures were imposed. First of all, the ban on overseas trading was loosened, and the provinces of Fujian, Zhejiang and Guangdong were allowed to trade with Nan-yang countries (Yu, 1989:204-211). Second, duties were lowered for more than a definite amount of rice. For example, an edict issued in 1747 ordered that for Siamese rice traders who came to Fujian and Guangdong provinces, "if the amount (of rice) is more than 10,000 piculs, 50 percent of the duties and fees would be waived; for more than 5,000 piculs, 30 percent would be exempted" (Zhao, 1927:1661). Third, those Chinese traders who went to Thailand and shipped back rice would be granted official ranks. The more rice one shipped, the higher the ranks he/she could get (Zhao, 1927:1661).
Table 4.4
Percentage of Ships Frequenting Thailand, 1825-1850

<table>
<thead>
<tr>
<th>Place of Origin</th>
<th>1825</th>
<th>1827</th>
<th>1836</th>
<th>1843</th>
<th>1850</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>69.4</td>
<td>67.6</td>
<td>66.9</td>
<td>66.6</td>
<td>65.4</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>29.8</td>
<td>32.4</td>
<td>32.1</td>
<td>32.5</td>
<td>33.7</td>
</tr>
<tr>
<td>Others</td>
<td>0.8</td>
<td>--</td>
<td>1.0</td>
<td>1.0</td>
<td>0.90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.1</td>
</tr>
<tr>
<td></td>
<td>(265)</td>
<td>(275)</td>
<td>(302)</td>
<td>(314)</td>
<td>(332)</td>
</tr>
</tbody>
</table>


Table 4.5
Foreign Vessels from the Eastern Seas Trading to Shanghai, Ningbo & Suzhou in a Certain Year, 1830s

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>89</td>
<td>48.9</td>
</tr>
<tr>
<td>Japan</td>
<td>20</td>
<td>11.0</td>
</tr>
<tr>
<td>Other Southeast Asian Countries</td>
<td>73</td>
<td>40.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>182</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Thailand took the advantage of these policies by quickly responding to the request of the Chinese court. Sino-Siamese trade developed rapidly between the mid-eighteenth century and the mid-nineteenth century. Ten Siamese tributary missions were recorded for the 57 years between 1710-1767 (Skinner, 1957:18). Table 4.4 and 4.5 show the situation of private trade.
Table 4.4 shows the importance of Sino-Siamese trade for Thailand in the first half of the nineteenth century. During the period between 1825-1850, Chinese junks constituted two-thirds of the ships frequenting Thailand. On the other hand, Table 4.5 shows that half of the ships frequenting Shanghai, Ninbo and Suzhou were from Thailand. It is worth noting that these three ports were not the most important ones in Sino-Siamese trade, but Guangzhou (Canton), Shantou and Fuzhou were. There were three reasons for this. First, their geographical distance to Thailand was much shorter than that of the ports of Shanghai, Ninbo and Suzhou. Therefore, during the Qing Dynasty (1644-1911), all tributary missions from Thailand were required by the Qing court to enter from Guangzhou (Kun, 1900: Juan 39, 0408). Second, Guangdong and Fujian provinces had the greatest rice shortage (Sarasin, 1977), and ban on foreign trade was first loosened in these two provinces (Yu, 1989: 204). Third, Chinese settlers in Thailand were predominantly from the two provinces, and they were more familiar with Guangzhou, Shantou and Fuzhou rather than Shanghai, Ninbo and Suzhou (Skinner, 1957:115). Therefore, we can expect that the volume of goods traded between China and Thailand would have been huge.

The Chinese actively took part in the Sino-Siamese trade, publicly or privately. The growth of trade also provided large amount of employment opportunities for the Chinese in Thailand. As recorded in Hai Guo Wen Jian Lu, a traveler's book written in 1722, the Siamese kings "employed Chinese as officials, as administrators, and as
finance and tax comptrollers" (Chen, 1722:131). The Chinese also worked for the kings as factors, warehousemen, accountants and sailors. Therefore it was no accident that in 1722, 156 Chinese crew members on a missionary junk were all natives from Guangdong and Fujian provinces (Qing Shi Lu, Shengzhu Shilu, Juan 295:3922). Two years later, 96 Chinese were found on a Siamese junk loaded with rice. In order to encourage the rice trade, the emperor Yongzheng decreed that they could continue to stay in Thailand because they had been in Thailand for generations (Qing Shi Lu, Shizong Shilu, Juan 25:386).

Many Europeans travelers, merchants and commissioners in Thailand during the seventeenth and eighteenth centuries were also impressed by the Chinese involvement in Sino-Siamese trade. Among them, a French commissioner named Gervaise, wrote in his geographical work,

"The Chinese, who conduct most of the trade that is done with Thailand, ... bring fifteen or twenty sommes, which is the name they generally give to their ship, laden with all the finest goods of China and Japan, with which they have very well-established relations" (Gervaise, 1688:63).

It is also recorded in Siamese chronicles that,

"The greatest revenues in that era came from the Chinese junk trade. There were Chinese junks built like the Chinese style tuakang ships, with a rahu demon head at the bow.... The junks measured each from five to seven wa across the beam. There were a large number of them.
Some belonged to the Crown, some to members of the royal family, some to government officials, and some to merchants.... They were loaded with merchandises to be sold in China every year. Some ships sold only their cargoes of merchandises; some ships sold both their cargoes of merchandise and the ships themselves as well. The profits of this junk trade were tremendous." (Cited by Terwiel, 1983:113)

The other incentive for Chinese immigration to Thailand during this period was the massive reconstruction of Thailand in the second half of the eighteenth century after the long Burmese-Siamese War (1765-1767) that destroyed the Siamese economy. The Siamese king Taksin, who ruled the country from 1767-1782, was a descendant of a Chinese merchant. He recruited a large number of Chinese skilled labourers to rebuild Bangkok as the nation's capital. Chinese labourers were employed to build temples, palaces and markets, and they took most of the skilled work. By the early nineteenth century, as observed by Young,

"There are of course, many Siamese employed in various kinds of domestic or official work, but in the streets nearly every workman is Chinese.... Carpenters, blacksmiths, butchers, bakers, and scavengers are all Chinese". (Young, 1982:103-104)

On the other hand, Chinese merchants were also active in the economy by becoming tax farmers and the middlemen between the nobles and the mass. As a French missionary points out, the rehabilitation of Siamese economy after the Siamese-Burmese War in the second half of the eighteenth century was almost impossible without the Chinese.
"The Chinese have put gold and silver into circulation in Thailand; it is to their industry that one owes that prompt recovery of this kingdom. If the Chinese were not so eager for gain, there would today be neither silver nor money in Thailand" (Cited by Skinner, 1957:21).

The recovery of the economy of Thailand stimulated the growth of Sino-Siamese trade during the eighteenth and early nineteenth centuries. Tremendous amounts of saltpeter, mortar, silver, copper, Chinese bricks, tiles, and stone slabs were needed for construction. Therefore, when rice was shipped to China, these building materials were brought back to Thailand. Hall and Fizroy provide a vivid account of the Chinese fleets at the ports of Bangkok: "Rows of Chinese junks, some of them of several hundred tons, extend two miles along the middle of the stream, retailing their cargoes." (Hall & Fizroy, 1837:9). A study conducted by Sarasin finds "apart from the 20-odd junks owned by the Siamese court, nobility and officials, Chinese residing there also owned a fleet of some 136 junks, 32 of which operated in the trade with China, while 54 traded to other parts of Southeast Asia" (Sarasin, 1977:186).

The Sino-Siamese trade and the reconstruction of Thailand thus served as incentives for Chinese immigration to Thailand. Chinese population in the country thus grew tremendously. According to Skinner's estimation based on various observations by European explorers in Thailand, the Chinese population numbered 10,000 in 1700, and had grown to 300,000 in 1850. This meant the size of population had increased 29 times in 150 years. Immigration was obviously the determining factor for the
rapid growth. The foregoing discussion has already shown that Chinese immigration to Thailand had increased steadily, and that the majority of these immigrants was merchants of various levels, artisans and skilled labourers. Their settlement and their economic activities in Thailand explain their domination in trade and commerce. The situation was not altered even after the mass immigration of labourers between 1850-1930, which I shall discuss in the next section.

4.2.3. Chinese immigration between 1850-1930

Thailand was not the only country that experienced the impact of mass immigration of Chinese peasants between 1850-1930. During this period, many Chinese in rural southeastern provinces were forced by natural disasters and political turmoil to emigrate to North America, South America, the Oceanic countries and Southeast Asian countries. Thailand was only one of many of their destinations. According to a study conducted by Skinner (1957:61 & 173), during the period between 1882-1892, 177,500 Chinese came to Thailand to seek their fortune. In the 13 years between 1893-1905, 455,100 Chinese were reported to have arrived in Thailand. Between 1906-1917, 815,700 Chinese were recorded at various ports of Thailand. From 1918-1931, a total of 1,327,600 Chinese had landed at Siamese ports. The situation might be exaggerated slightly by those who made multiple arrivals and departures. However, it is still interesting to find out how Thailand, an agricultural
country, could provide so many employment opportunities for the Chinese during 1850-1930.

First, The Siamese kingdom had been engaged in a series of wars against the Burmese, Cambodia and Laos for centuries until the early nineteenth century. Death through war and forced emigration contributed to the under population problem of Thailand. By the end of the eighteenth century, it is estimated that Thailand had a relatively small population of between 3,000,000 and 4,500,000 (Skinner, 1957; Chen, 1989:21). As observed by A.J. Brown, Secretary of the Presbyterian Board of Foreign Missions of the United States,

"With less than seventeen inhabitants to the square kilometer, with rich soil, immense forests and innumerable waterways in rivers and canals, several times the present population could be supported (Brown, 1925:33-34).

Therefore, as Skinner points out,

"Thus, just as south China was ending a period of peace and prosperity -- in a state of overpopulation -- and beginning a series of foreign wars and internal rebellions, Thailand was ending a period of continual war -- in a state of under-population -- and entering a period of peace and prosperity. In this general situation, immigration from Fukien (Fujian) and Kwangtung (Guangdong) to Thailand was almost certain to increase." (Skinner, 1957:30)

On the other hand, during the period between 1850 and 1930, Thailand experienced a
major change in its social-economic system. Soon after the Bowring treaty was signed with the British in 1856, a series of treaties with other European and American powers followed. These marked the beginning of the era of open-door and free trade (Skinner, 1957:100; Terwiel, 1983:196). Economic development had provided tremendous amount of new opportunities for the Europeans, and Chinese as well as the Thais. "[L]abor was in great demand for the prospering tin mines of South Thailand, for the expanding steam rice mills and power sawmills, for the lighters and docks in the booming port of Bangkok, and for the construction of canals and railroads..." (Skinner, 1957:32). However, the Siamese peasants continued to be engaged in cultivation because of corvéé duties, patronage ties and slavery, factors which I shall discuss in further detail later. Therefore, labour demand for non-agricultural sectors was high. Under these circumstances, Chinese labourers were introduced to satisfy the needs for unskilled labour.

Unlike those merchants who immigrated before the second half of the nineteenth century, these peasants often came to Thailand with not even a penny in their pocket and no specific skills. They were willing to take whatever jobs available to them, such as construction labourers, port workers, rice mill boys.... Campbell's description of the Chinese labourers in Bangkok provides a vivid picture of their daily lives:

"In Bangkok all the hard labour is done by Chinese. The coolies in the
rice mills and in the private houses of the Europeans, those who make and mend the roads, who pull the rickshaws, carry burdens, and water the streets, are all Chinamen. Hard work of this kind no Siamese would look at..." (Campbell, 1902:125)

Child's impression of the rice mills in Thailand provides another account for the Chinese mill workers:

"Many of the mills are lighted with electric lights and have all the modern improvements, employing hundreds of Chinese coolies at two salungs a day, about twenty cents American money. They work hard for that, unloading and loading vessels, but they work with great willingness and seem contented." (Child, 1982:188)

Certainly not many Chinese labourers were working under such good conditions. The Chinese miners, for example, worked under harmful conditions and in a dangerous environment:

"The work was arduous, especially the stripping of the overburden preliminary to washing. Miners also took turns manning the pumps and the smelter bellows --- the latter at night after up to ten hours of steady labour in the sun and rain. Miners working the hill outcrops fell victim to fevers, and those who lived through them suffered from enlarged spleens and livers" (Skinner, 1957:110)

This might contribute to the high departure rate of these Chinese labourers during this period, a feature I would like to emphasize when analyzing the occupational patterns of the Chinese in Thailand.
Table 4.6 is a summary of the number of Chinese who arrived at and departed from Thailand during 1882-1934. This table indicates that while a large amount of Chinese entered Thailand every year, a considerable number left the country. During 1882-1934, a total of 2,713,000 Chinese entered and 1,811,000 departed. Therefore, the arrival/departure ratio was about 67 percent. In other words, not more than 33 percent of the Chinese who entered Thailand had stayed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrivals ('000)</th>
<th>Departures ('000)</th>
<th>Departure/Arrival (%)</th>
<th>Net Gain ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1882-1889</td>
<td>126</td>
<td>71</td>
<td>56.2</td>
<td>55</td>
</tr>
<tr>
<td>1890-1899</td>
<td>269</td>
<td>150</td>
<td>55.9</td>
<td>119</td>
</tr>
<tr>
<td>1900-1909</td>
<td>472</td>
<td>292</td>
<td>62.0</td>
<td>180</td>
</tr>
<tr>
<td>1910-1919</td>
<td>714</td>
<td>563</td>
<td>78.8</td>
<td>151</td>
</tr>
<tr>
<td>1920-1929</td>
<td>910</td>
<td>555</td>
<td>61.0</td>
<td>355</td>
</tr>
<tr>
<td>1930-1934</td>
<td>223</td>
<td>181</td>
<td>80.9</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,713</strong></td>
<td><strong>1,811</strong></td>
<td><strong>66.8</strong></td>
<td><strong>902</strong></td>
</tr>
</tbody>
</table>


The high departure rate proved to be one of the key elements in understanding the impact of Chinese immigration on the occupational patterns of the Chinese in Thailand. It could imply that those who failed to achieve upward mobility or those labourers who were satisfied with their earnings returned to their home country, while those who wanted to expand their fortune stayed in Thailand. Mobility
opportunity among the Chinese in Thailand between 1850 and 1937 was very good, with many Chinese immigrants improved their economic position from unskilled labourers to skilled workers, and from store prentices to store owners, and from labourers to foremen. This argument is supported by two separate studies regarding the marriage of Chinese immigrants. First, a study shows that for the labourers, becoming married signaled the improvement in their economic status. According to Skinner, "the great majority of the mining and plantation labourers did not marry so long as they remained in that occupational status. The same could be said of urban wage earners, though apparently a somewhat larger minority did marry in Thailand" (1957:127). Second, another study estimates that at the end of the nineteenth century, about half of the Chinese immigrants who stayed in Thailand for more than five years had married local women (Smyth, 1898:136). Since getting married indicated an improvement in the economic status of the Chinese immigrants, it is safe to assume that at least 50 percent of the Chinese immigrants achieved higher economic status after several years of residency in Thailand.

Upward mobility was made possible by the relatively high wages of the Chinese labourers. Unlike the situation in colonial countries such as Indonesia or Malaysia, a "contract labour system" was not practiced in Thailand. This meant that the Chinese were mostly free labourers, and they could move from job to job. On the other hand, because rice growing continued to be the most important part of Thailand's economy, the Thais remained in the agricultural sector. As a result, the mass immigration of
Chinese peasants was not able to satisfy the huge demand for wage labour for the construction of railways, private enterprises, and mining industries (Skinner, 1957:117). With this situation, a wage labourer in Bangkok earned much more than needed to support himself and his family. In late 1820s, according to Crawfurd,

"[T]he rate of common day labour at Bangkok, which is very scarce, is equal to about eleven-pence, and that of a common house carpenter is full on shilling and three-pence. These are extraordinary rates in a country where a hundred weight of rice may always be had for two shillings, and very often for half the amount. Other necessaries of life, such as salt, palm-sugar, spiceries, vegetables, fish and even flesh, are proportionally cheap. The price of good pork, for example, is two-pence half penny per pound. A duck may be had for seven-pence, and a fowl for three-pence" (Crawfurd, 1828:453).

Wages of non-agricultural labourers actually increased considerably during the second half of the nineteenth century. For example, in 1850 a carpenter could earn six times as much as a coolie earned. Forty years later, however, he got only one-third more (Skinner, 1957:117).

Finally, even though a Chinese coolie might not be able to earn much more than a Thai peasant, the former, as a wage earner, received all cash, while the latter, as an agricultural labourer, had hardly any cash on hand (Landon, 1941:68). This enabled the Chinese to have a better chance than the Siamese to engage in trade and commerce.
The situation for the descendants of Chinese traders was certainly better than that for unskilled immigrants. In a feudal society like Thailand in the nineteenth century, the great majority of the Siamese were bonded to their lands and landlords by the corveé system. It was almost impossible for them even to change their status. The Chinese traders or merchants, on the other hand, were given all the freedom to travel and trade. It is very unlikely that the descendants of the Chinese merchants would give up their privileges and become peasants. It is reasonable to assume that most of the descendants of the Chinese traders would continue to be traders, or at least they would engage in non-agricultural jobs. As observed by Smyth during the last decade of the nineteenth century,

"The Chinese in Thailand have always been exempt from corveé, and have only had to pay a triennial poll tax of about six shillings. Considering the money they make out of the country, and the freedom of action they enjoy when compared with the native Siamese, it is no wonder that the children of mixed marriages adopt the pigtail when they can" (Smyth: 1898:322).

The change in the Chinese population in Thailand between 1850-1930 is as shown in Table 4.7. It is interesting to note that the contribution of immigration to the growth of Chinese population was even slightly lower than that of that of natural population growth. There were more native-born Chinese than foreign-born Chinese in 1932, as it was in 1850. As has been shown, on the one hand, Chinese labourers who stayed in Thailand were most likely to attain upward mobility several years after their immigration; on the other hand, the native-born descendants of Chinese traders most
likely continued to be in trade and commerce. Therefore, it is not surprising that the occupational patterns of the Chinese in Thailand were only slightly altered after the mass immigration of unskilled labourers between 1850-1930.

Table 4.7  

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign-born</th>
<th>Native-born</th>
<th>Total</th>
<th>% Chinese in Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># ('000)</td>
<td>%</td>
<td># ('000)</td>
<td>%</td>
</tr>
<tr>
<td>1825</td>
<td>100</td>
<td>43.5</td>
<td>130</td>
<td>56.5</td>
</tr>
<tr>
<td>1850</td>
<td>110</td>
<td>36.7</td>
<td>190</td>
<td>63.3</td>
</tr>
<tr>
<td>1860</td>
<td>118</td>
<td>35.0</td>
<td>219</td>
<td>65.0</td>
</tr>
<tr>
<td>1870</td>
<td>131</td>
<td>34.2</td>
<td>252</td>
<td>65.8</td>
</tr>
<tr>
<td>1880</td>
<td>146</td>
<td>33.6</td>
<td>289</td>
<td>66.4</td>
</tr>
<tr>
<td>1890</td>
<td>166</td>
<td>33.4</td>
<td>331</td>
<td>66.6</td>
</tr>
<tr>
<td>1900</td>
<td>222</td>
<td>36.5</td>
<td>386</td>
<td>63.5</td>
</tr>
<tr>
<td>1910</td>
<td>325</td>
<td>41.0</td>
<td>467</td>
<td>59.0</td>
</tr>
<tr>
<td>1917</td>
<td>349</td>
<td>38.5</td>
<td>557</td>
<td>61.5</td>
</tr>
</tbody>
</table>


To sum up this section, I have shown that Chinese immigration to Thailand went through three stages. The first stage was from about the fourteenth century to the seventeenth century, when most of the Chinese settlers were traders and merchants who formed the foundation for Chinese in trade and commerce. The second period was between the early eighteenth century and the mid-nineteenth century, when Chinese immigrants were predominantly traders, merchants and artisans who reinforced their superiority in business. The final stage was from the mid-nineteenth century to the Second World War. Even though the vast majority of the immigrants
came as unskilled labourers, most of those who stayed were able to raise their economic status. As a result, the Chinese in the country continued to be concentrated in and dominant in trade and commerce until The Second World War.

4.3. The Socio-Economic Conditions For Chinese Concentration And Domination In Trade And Commerce

This section discusses the two major factors that determine the concentration and domination of the Chinese in trade and commerce. The first one is the trading relations between China and Thailand before the second half of the nineteenth century. Before the eighteenth century, Sino-Siamese trade was primarily carried out in form of tributary missions. Private trade started to grow in the second half of the seventeenth century. These early contacts brought Chinese traders to Thailand. Between the eighteenth century and the mid-nineteenth century, Sino-Siamese trade grew tremendously, which provided the Chinese with employment opportunities in external and domestic trade. Besides, skilled workers and artisans were also recruited to make junks and manage warehouses. With the encouragement of the Siamese monarchs, the Chinese gained control of trade and commerce in Thailand. During the second half of the nineteenth century, Europeans gained a small share in Thailand's import and export, banking and transportation, but the Chinese continued to be dominant in trade and commerce.
The second factor was the mode of economic production and Thailand's policy towards the Chinese. Thailand had been a feudal society with the monarch and nobles at the top and the peasants at the bottom. As the peasants were bonded to agricultural work and to their landlords, they did not gain the freedom to become traders. Under the tax farming system, the Chinese fit right between the two social classes and functioned as middlemen. On the one hand, they carried on external trading for the king, and helped to distribute imported goods to the peasant on the other. Furthermore, as the Europeans failed to control political power in the eighteenth and nineteenth centuries, they were in a disadvantaged position when competing with the Chinese who gained many privileges from the king. The social-economic system of Thailand before the Second World War thus enabled the Chinese to be concentrated in and dominating in the country's trade and commerce.

4.3.1. Sino-Siamese trade before the second half of the nineteenth century

Thailand's contact with China started primarily in the form of tributary missions long before the Europeans reach Thailand in the early sixteenth century. From the Sui Dynasty (581-618 A.D.) on, it is recorded in Chinese chronicles that Siamese states like Chi-Tu-Guo and Dani had sent missions to the Chinese courts (Zheng & Zheng, 1983:239).
While earlier missions had symbolic functions and profit was not a major concern, they had political as well as economic implications during the Ming Dynasty (1368-1644). Politically, even though China had never directly intervened with the affairs of the tributary states, its influence was well known by many of the Siamese rulers. For example, during the reign of Boromoraja I (1370-1388) in Ayudhya, at least one mission was sent to China each year. Some of these missions were not sent by the king himself but by his family members, his son and his sister. The political reason behind this, according to Charnvit (1976:111), was to win support from the Chinese court for the power struggle within the royal family. Meanwhile, the Kingdom of Ayudhya waged a successful war (1371-1378) against another Siamese kingdom Sukhothai. The frequency of the tributary missions may also reflect an attempt of Ayudhya to show Sukhothai its power and control (Wood, 1959:71). Because of their intimate diplomatic relations with China, the Siamese states obtained influence in the region. According to Ming Shi, Thailand was chosen to be the middleman between the Chinese Empire and other tributary states in several occasions. For example, the emperor of China asked the Ayudhyan mission to transfer an imperial letter to Java (Zhang, 1739: Juan 324, 8407).

Economic profits for the formal missions were limited, due to the indifferent and cautious attitude of the Chinese court toward foreign trade. However, the Siamese seemed to be able to maximize the financial gains within the constraining
framework, and China became the biggest trading partner for Thailand as early as in the fourteenth century (Charnvit, 1976). In addition to the high frequency of missions, it was not unusual for the Siamese missions to have the longest gift lists among the tributary states (Huang, 1520). Siamese states were given advantages in their trade with China compared to other Southeast Asian countries. A Chinese source indicates that during the Ming Dynasty (1368-1644), while tributary missions from other states had to pay up to fifty percent duties, Siamese and Javanese tributes were duty-free (Zheng & Zheng, 1983:1926). The trade most probably helped to produce much needed revenue for the maintenance of the power of the kings.

Private trade also played a significant role in economic relations between Thailand and China. Various writings during the Ming Dynasty (1368-1644) have mentioned not only the commercial activities of the Chinese traders, but also their settlement in Thailand as well.

According to Gong Zhen,

"There is a town called Shang Shui situated about 20 li (10 km) northwest of the country.... Five to six hundred foreigners were residing there.... When Chinese junks reach Thailand, they also send small boats to Shang Shui to trade." (Cited by Zheng & Zheng, 1983:432)
According to Zhang Xie,

"Very many Chinese have moved over to this place, one following
upon the other. When Chinese ships arrive, the sailors offer fruit and
money like they do in other countries they visit. Originally they treated
us to a banquet, but gradually this custom has been abolished. When
we sell them merchandise they do not dare to levy taxes, only if we
sell goods to the Dutch, then these have to pay five chin (pounds) in
tax for every 100 chin of silk they purchase, the Chinese pay three
silver coins. The other taxes are levied in the same way. If Chinese
buy the products of Pattani to ship them home, then they have to pay
taxes like before." (Zhang, 1617:59)

Because of the superior marine technology of the Chinese, they were also recruited to
operate ships of various kingdoms. It was believed that by the end of the fifteenth
century, the most important positions on a Siamese junk were occupied almost
exclusively by Chinese (Charnvit, 1976:82). These economic activities of the
Chinese thus had provided the foundation for the domination of the Chinese in
Thailand's foreign trade, which was one of the most important revenue for the
Siamese kingdom. The Chinese were also appointed to the official ranks of various
government positions. Li Qingxing (1372), Chen Xuecheng (1373), Chen Ziren
(1982), Zhang Sidao (1392), Chen Yanxiang (1392), Zheng Shouxian (1405), Huang
Zishun (1427), Xie Wenbin (1477) and Li Luo (1497) were among those most
famous (Editing Committee Of Annuals Of Overseas Chinese, 1959:22). It was no
wonder that the Dutch commissioner Van Neck, who was sent to Thailand in 1601,
was astonished by the fact that the Chinese had already played a predominant
economic role in towns (Blussé, 1984:14).
Despite the development in the fifteenth and sixteenth centuries, Sino-Siamese trade did not reach its height until the second half of the seventeenth century, when the Siamese kings monopolized the import and export business and economic profits became a priority. According to Sarasin (1977:19), "the court-managed trade covered such areas as the acquisition and disposal of goods for foreign markets, the handling of imports, the assessment and collection of commercial duties, as well as the construction and staffing of royal junk's. A study of the Sino-Siamese trade shows that in 1689, about 14-15 Chinese ships from Guangzhou, Changzhou, and Xiamen reached Thailand. In 1695 8 ships were recorded to have arrived in Thailand. In 1697, at least four had called at Ayudhya. In the following year, 7 Chinese ships were reported. Finally in 1699, 6 Chinese junks came to Thailand (Sarasin, 1977:55).

The expansion in Sino-Siamese trade resulted in the concentration of wealth in the hands of the monarchs. A Dutchman in Ayudhya in the 1630s, Joost Schouten, asserted that the Siamese monarch was "one of the richest Princes of India" (Sarasin, 1977:18). It also resulted in the increasing domination of the Chinese in Thailand's foreign trade as they were employed at all levels of the system. They were the royal factors, warehouse managers, foremen, accountants, captains, seamen and customs officials (Sarasin, 1977:160).
Sino-Siamese trade grew even more tremendously from the early eighteenth century on, when southeastern provinces in China were threatened by a rice shortage and the Qing government was forced to seek rice imports from Thailand. In 1722, the emperor Kangxi was informed that Thailand's rice was plentiful and the price was cheap. Therefore, he requested the import of 3,000 piculs rice from Thailand without levying taxes. To encourage rice shipment, the emperor later granted tax exemption to all Siamese goods being shipped together with rice (Zhao, 1927: 1661). Sarasin (1977:90) assesses that rice transported from Thailand to China could have reached several hundred thousand, or even one to one and a half million piculs a year during the 1720s. According to Wei Yuan, a Qing official and writer, several hundred thousand piculs of rice were imported to Guangdong and Fujian annually (Wei, 1843, Juan 5, Vol. 1:365-366).

The rice trade certainly stimulated the trading relation as a whole between Thailand and China during the second half of the eighteenth century. At the port of Thonburi alone, about 20 Chinese vessels were reported to be calling annually. Dr. Jean Koenig, a Danish botanist gave a vivid picture of the royal monopolized trading system in 1780:

"The most important trade is made by the Chinese living there, the king himself favoring it... The king wants to be the first seller of the products of the country, and buys the best goods imported at very low price, selling them again to the merchants of the town at one hundred percent interest." (Cited by Sarasin, 1977:172).
Not only the external trade was controlled by the Chinese, the same also was true for internal trade. The reason behind this also was related to the Sino-Siamese trade. As Lysa (1988:47) points out, Chinese goods brought into Thailand were not only luxury articles, they also were intended for the general consumption at all level of society. Once the king received these goods, he always had to "rely on the Chinese in the country who had the mobility, links, patience, and retail outlets which made it possible for them to reach the consumers, even those in the more remote provinces" (Lysa, 1988:20).

On the other hand, the Chinese who came to Thailand were not only rich traders, but also petty merchants who did not have much capital to invest. The pattern of their emigration was as follows: every junk was usually led by one or two rich traders who had been engaged in Sino-Siamese trade, the rest were small paddlers who put up a small amount of goods to be sold in Thailand (J. Li, 1982:5). As Siamese peasants were bonded to agricultural activities, these petty paddlers found little competition but more freedom to retail commodities for daily use. As time progressed, they became an indispensable part of Thailand's economic system. Finlayson, who accompanied Crawford's embassy to Thailand in 1821, observed that,

"It is to the Chinese nation that the Siamese are indebted for whatever knowledge they possess of the advantages of commercial intercourse....[T]he benefits which the Chinese emigrants have
conferrred on this rude nation are of obvious and striking utility, and of no ordinary importance. They have sown the seeds of commercial enterprise. They have created commerce where none previously exited, and with their hands they have, as it were called into existence some of the more valuable objects of commerce" (Cited by Neale, 1852: 68-69).

The hegemony of the Chinese in Thailand's economic life was not without challenges. The Portuguese, Japanese, English, French and Dutch each had attempted to establish their own commercial connections in Thailand since the early seventeenth century. The problem for them, first of all, was that they all failed to gain political control over the Siamese kings due to competition among themselves. For example, the Dutch had opened their first factory in Thailand in 1608. They were able to impose an unequal treaty as early as 1664 in an attempt to control Thailand's export and eliminate the Chinese influence. According to the treaty, the Dutch were granted the privilege to trade between China and Thailand, and the Siamese government were not allowed to employ Chinese sailors on Thai junk (Smith, 1967:59). However, the treaty got little strict enforcement and was soon abolished because of the importance of Sino-Siamese trade for the Siamese monarchs. In the 1688 revolution, French subjects were either being driven out of Thailand or executed after an attempt of the French to control Thailand's trade (Smith, 1967; Wyatt, 1984). Consequently, European influence was almost completely eliminated while their shares of Thailand's trade fell to the hand of the Chinese (Skinner, 1957). Thus, Chinese traders were given all the privileges rather than the Europeans before the second half of the nineteenth century. As Captain Burney pointed out,
"The British merchant who pays an import duty of 8 percent and heavy export duties cannot compete with the Chinese, who have brought up British cottons and merchandise from Singapore and the Eastern Island, until the market at Bangkok is over-stocked and many articles of British manufacture are now selling here at much lower prices than what they bring at Singapore and other parts to the Eastward" (Sarasin, 1977:193).

An American commissioner also complained on the Singapore Chronicle in 1886.

"It is evident that a new treaty with Thailand is required... The English have a right to trade with Thailand on the same footing as other Indian nations; - the Chinese, Javanese, and even the Portuguese, pay scarcely any duties, and the English, because perhaps, they have befriended the Siamese on several occasions, must pay more than any other nation! Unless they are allowed to trade with Thailand on a more moderate scale of duties, they can never compete with the Chinese, the difference being so great in favor of the latter" (Singapore Chronicle, 1886:3).

Sir Bowring, the head negotiator of the Bowring Treaty with Thailand in 1856, summarized the handicaps of British merchants as follows (Lysa, 1988:66):
Table 4.8
Comparison of the Trading Position of the Chinese and British Merchants in Thailand, 1850s

<table>
<thead>
<tr>
<th>British Disadvantages</th>
<th>Chinese Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Heavy duties imposed on the export of sugar, iron &amp; steel, iron pans, pepper, oil, stick lac, etc.</td>
<td>1. Exemption from measurement duty</td>
</tr>
<tr>
<td>2. Farming of trade to single persons, who held the monopoly of sale</td>
<td>2. Permission to build junks</td>
</tr>
<tr>
<td>3. Prohibition of the export of teakwood, bullion, &amp; salt</td>
<td>3. Permission to use their own junks</td>
</tr>
<tr>
<td>4. Imposing of heavy import duty on foreign iron and steel</td>
<td>4. Permission to charter any vessel they pleased</td>
</tr>
<tr>
<td>5. Refusal to recover debts due by Siamese officers &amp; people to British subjects</td>
<td>5. Permission to purchase lands or houses</td>
</tr>
<tr>
<td>6. Forbidding of British subjects to charter private vessels or Chinese junks</td>
<td>6. Permission to manufacture certain articles</td>
</tr>
<tr>
<td></td>
<td>7. Permission to hold farms of exclusive sale of articles</td>
</tr>
<tr>
<td></td>
<td>8. Permission to grow &amp; manufacture sugar</td>
</tr>
<tr>
<td></td>
<td>9. Permission to grow rice &amp; other produce</td>
</tr>
<tr>
<td></td>
<td>10. Permission to proceed to any distance into the interior to purchase produce</td>
</tr>
</tbody>
</table>


Due to these different treatments received from the Siamese government by the Chinese and the Europeans, the latter had never been able to become a serious threat for the Chinese before the second half of the nineteenth century. As observed by various European commissioners, travelers and traders, "all the active business appears to be in their [the Chinese] hands" (Bowring, 1857:85).
4.3.2. Commercial competition against the Europeans after 1850

The tension between the Europeans and the Siamese court finally resulted in the Bowring Treaty and other treaties during the second half of the nineteenth century, and the rights held by the Chinese were given to the Europeans.²

As soon as free trade began, the Europeans realized that they could not survive without the help of their common enemy: the Chinese. Their major obstacles were the lack of knowledge about the local market and the language barriers (Skinner, 1957). As a result, the compradore system was introduced in Thailand and Chinese merchants were hired as middlemen to handle day-to-day business. It is difficult to estimate how many Chinese were hired by European firms as compradores. However, as Thompson points out, "the European merchant at almost all the Eastern ports finds it indispensable to have in his employment a Chinese compradore, or treasurer" (Thompson, 1875:11).

There were reasons as to why the Chinese were chosen by the European firms to be the compradores. On the one hand, as discussed in previous sections, the Chinese had been engaged in trade and commerce in the country of Thailand long before the arrival of the Europeans. Consequently, they had established their connections with both the Thai authorities and the ordinary peasants. In other words, every Chinese merchant had his/her own commercial network that could not then be set up by the
Europeans. On the other hand, unlike the Chinese, the Siamese were confined to
cultivation and were not given the freedom to trade by the kings. Under this
situation, the Siamese were certainly not as knowledgeable as the Chinese with
respect to commercial activities. Therefore, the Chinese, being called "the Jews of
Thailand" (Smyth, 1898:322), were the ideal candidates to be the "bridges between
the West and the East" (Hao, 1970:1). Indeed, the success of a European firm owed
much to its Chinese compradore (Thompson, 1875:13).

Akira provides the most insightful account about the function of a compradore in
Thailand,

"[A] compradore employed by a foreign firm was recognized as
permanent staff and received a regular salary and sales commissions.
He sought out local customers for European firms and guaranteed their
trade with the foreign firm by a "security deposit.... In turn he
frequently provided valuable information on foreign markets and
commodity prices to local customers. Through these activities he
established a network of sales and customers tied to the international
trade." (1989:87-88)

Obviously, a significant difference between compradore and broker in terms of
economic rewards was that a compradore received a fixed salary as well as
commissions, while a broker received only commissions. Because European
employers had to rely heavily on compradores, and also because compradores had to
guarantee gains for the firms, the salary for a compradore was as high as a hundred
times the income of a skilled labourer, not to mention their sizable commissions. As
a result, the Europeans had to give a big share of their profit to their competing Chinese compradores. In other words, the free trade era provided even more opportunities for the Chinese than before.

While the practice of compradore system had provided more commercial opportunities for the Chinese, the importance of rice export to Southeast Asian countries in Thailand's economy had protected the domination of Chinese in Thailand's trade and commerce. Rice had been the principal product of Thailand since the Nanchao period (650-1253), and it had been the major export product of Thailand. During the nineteenth and early twentieth centuries, hundreds of thousands of tons of rice were exported annually (See Table 4.9). Rice export accounted for around 70 percent of the total export trade of Thailand (Ministry of Commerce and Communications of Thailand, 1930:204). During 1925-1930, the average annual value of the principal articles exported is as shown in Table 4.10:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1857</td>
<td>60,000</td>
<td>1883</td>
<td>158,000</td>
</tr>
<tr>
<td>1860</td>
<td>95,000</td>
<td>1890</td>
<td>475,100</td>
</tr>
<tr>
<td>1870</td>
<td>152,000</td>
<td>1900</td>
<td>414,400</td>
</tr>
<tr>
<td>1880</td>
<td>205,000</td>
<td>1905</td>
<td>813,000</td>
</tr>
</tbody>
</table>

### Table 4.10
Annual Value of Principal Export Products, Thailand, 1925-1930

<table>
<thead>
<tr>
<th>Product</th>
<th>Amount (Million Ticals)</th>
<th>% of Total Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>169.60</td>
<td>75.6</td>
</tr>
<tr>
<td>Tin Ore</td>
<td>22.06</td>
<td>9.8</td>
</tr>
<tr>
<td>Teak</td>
<td>9.25</td>
<td>4.1</td>
</tr>
<tr>
<td>Rubber</td>
<td>5.53</td>
<td>2.5</td>
</tr>
<tr>
<td>Salt Fish</td>
<td>3.48</td>
<td>1.6</td>
</tr>
<tr>
<td>Sticklac</td>
<td>3.00</td>
<td>1.3</td>
</tr>
<tr>
<td>Swine</td>
<td>2.52</td>
<td>1.1</td>
</tr>
<tr>
<td>Other Woods</td>
<td>2.40</td>
<td>1.1</td>
</tr>
<tr>
<td>Copra</td>
<td>2.23</td>
<td>1.0</td>
</tr>
<tr>
<td>Hides</td>
<td>1.72</td>
<td>0.8</td>
</tr>
<tr>
<td>Bullocks</td>
<td>1.43</td>
<td>0.6</td>
</tr>
<tr>
<td>Poultry</td>
<td>1.12</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>224.34</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


Because of the importance of rice in Thailand's export during the eighteenth and the first half of the nineteenth centuries, whoever controlled rice export would also control Thailand's export. Before 1850, the Chinese monopolized the rice mills in Thailand. On the one hand, they collected harvest from Siamese peasants for the kings; on the other hand, they had the connections with China and other Southeast Asian countries to export the processed rice. Since the second half of the nineteenth century, Europeans had attempted to compete with the Chinese in rice processing and
rice export. By 1867, five Western-owned steam rice mills were established. However, the Chinese soon adopted the advanced technique of the Europeans and the number of Chinese rice mills continued to grow. According to Skinner (1957:104), there were over 50 Chinese rice mills in Thailand and only three mills were owned by Westerners. The Ministry of Commerce and Communication of Thailand (1930:212) reports in 1930 that rice mills in Thailand were almost completely monopolized by the Chinese. On the other hand, the destinations of rice export were mostly China, Hong Kong, Singapore and other Southeast Asian countries, and only a very small proportion of the export was to the European countries (The Ministry of Commerce of Thailand, 1930:216). The rice millers handled the export of rice themselves, as well as the import and export of other commodities from and to China and Southeast Asian countries (Akira, 1989:83). As a result of the domination of the Chinese in the rice industry, the Chinese enjoyed the largest share in Thailand's trade and commerce. In 1890, a comprehensive study by the British Consul showed that Chinese nationals had approximately 62 percent of Bangkok's trade, the British had 26 percent and other nationals had the remaining 12 percent (Skinner, 1957:102). This situation changed little until the Second World War (Akira, 1989:110).

The domination of Chinese in domestic trade experienced only minimum challenge from either the Westerners or the Siamese after 1850, as the European companies had little interest and few connections in retailing, and the Siamese had little intention of abandoning rice growing. Under these circumstances, the Chinese in Thailand
continued to enjoy their domination in trade and commerce despite the effort by Europeans to gain control from 1850-1930.

4.3.3. Mode of economic production in Thailand up to the early twentieth century

The most important factor within the social-economic system in Thailand that affected the concentration and domination of the Chinese in trade and commerce was the corveé system which was introduced long before the recorded history of Thailand and was not completely abolished until the early twentieth century.

Under the corveé system, Siamese society was divided into two major classes: the nobles, and the corveé and their families. All adult males were obligated to provide several months of free service (corveé service) for the state every year. They were supervised by government administrators called "nai" or masters who assigned work for the corveé (Campbell, 1904:76).

Corveé service usually included public works, making bricks, or helping to provide building material by cutting and sawing wood, or providing the king with minerals by working in the mines. They also provided military services by joining the army. All these services had been provided at the expense of the corveé, and the term of service had been six months per year until the late eighteenth century (Terwiel,
Exemption from corveé was only granted to the Chinese, to members of the Sangha, to slaves, to government civil servants, to men who had three sons already serving, to those who could provide another person to serve instead, and to those who had been able to purchase a certificate of exemption from the government (Terwiel, 1983:116). However, according to Crawfurd, the certificate would cost six to eight baht for an exemption of one month's work which was totally out of reach of the vast majority of ordinary peasants (Terwiel, 1983:116).

After the war against the Burmese, King Taksin decided to reduce the term of service to four months per year, because the prolonged corveé service might worsen the rice shortage after the war by leaving only six months for male adults to cultivate their rice crops. However, the corveés still had to pay for their service. It was until the mid-eighteenth century that those who served as permanent civic servants were paid by the government a small sum each year and provided with other benefits such as housing and food. An affordable poll tax was finally introduced in 1890s to reduce the burdens of corveé service on Siamese peasants. In the case of a master not needing manpower, a person might pay a small amount of money to be exempted from corveé service (Terwiel, 1983:270).

It is interesting to note that the Chinese had never been included in this system. In other words, Chinese in Thailand were not assigned to a master and were not
required to provide free labour for the state. All they needed to do was to pay a head tax of two baht and one-and-a half fuang each year. This was even much lower than the amount a Siamese peasant needed to pay to buy a month of exemption (Terwiel, 1983:116; Skinner, 1957:97).

According to the foregoing analysis, the implication of the corveé system on the economic activities of the Chinese was obvious. While the Siamese peasants could be called by the king at any time of the year to provide corveé service at their own expense; the Chinese were granted the right to be exempted by paying an affordable head tax, so they were given the freedom to concentrate on their occupations.

The function of the Chinese as middlemen was two-fold. On the one hand, they were appointed tax farmers who collect various taxes for the king. On the other hand, commodities imported by the king were being distributed to the general public by the Chinese. Thus, the Chinese had advantages over the Siamese in pursuing trade and commerce.

Furthermore, the Chinese were also given advantages over the Europeans in providing the middlemen function. Before the second half of the nineteenth century, the Europeans were not allowed to travel in Thailand without a special permission, and the length of their stay was also regulated. The Chinese, however, enjoyed full freedom to travel, which was of extreme importance for a merchant. Under these
circumstances, the Chinese in Thailand were able to gain the upper hand over European merchants before 1855, when the Bowring Treaty was signed.

4.4. Conclusion

This chapter has focused on the occupational patterns of the Chinese in Thailand before the Second World War. The discussion shows that while most of the Siamese were engaged in agriculture, the Chinese were predominantly engaged in trade and commerce. Their domination in import and export, wholesaling, and retailing is supported by the data presented in this Chapter. The purpose of this chapter, then, is to provide explanations for the distinctive occupational patterns of the Chinese by examining their immigration patterns, composition of population and the social-economic structure of Thailand during the period between 1368-1930.

The patterns of occupation and business concentration had gone through three stages. From the thirteenth century to the seventeenth century was the initial stage when tributary missions and private trade brought Chinese settlers to Thailand. These earlier immigrants were predominantly merchants. Meanwhile, Chinese traders began to be involved in Siamese foreign trade.

The second stage was between the eighteenth century to the first half of the
nineteenth century. Sino-Siamese trade grew tremendously during this period and
the involvement of Chinese traders in the royal-monopolized system became
significant, and they dominated in both internal and external trade. On the other
hand, being exempted from corvéé service, the Chinese were provided with the
freedom to function as middlemen between the nobles and the peasants. They
collected taxes for the kings and distributed commodities to the peasants.

The third stage was from the mid-eighteenth century onward. Mass immigration of
unskilled labourers from China had only very limited impact on the occupational
patterns of the Chinese. Because of the high departure rate, primarily only those who
did well stayed in Thailand. Upward mobility was common among the Chinese
unskilled labourers due to the absence of a contract labour system. Even though the
Europeans eventually gained the right of free trade, they had to rely heavily on the
Chinese compradores. As Chinese firmly controlled retailing, Europeans failed to
gain a large share in trade and commerce.

Various theories have attempted to provide explanations for the concentration of
certain ethnic groups in business. Middleman minority theorists argue that in
traditional society, trade and commerce were considered to be dirty jobs which
neither the dominant class nor the subordinated class would take. In such a situation,
foreigners or strangers become the ideal groups of people to carry on the work. In
other words, traditional values against commercial activities lead to the emergence of
middleman minorities (Bonacich & Modell, 1980). The transplanted cultural thesis, on the other hand, attempts to explain the emergence of middleman minority groups by focusing on the characteristics of the minority themselves. For example, in Freedman's study (1979) of overseas Chinese entrepreneurship, the ways rural Chinese handled money and loans are credited for the concentration of overseas Chinese in trade and commerce. The study of Chinese in the United States by Light (1972) also emphasizes the importance of the rotating-credit system practiced by the Chinese in capital accumulation.

These approaches, however, are not convincing in explaining the concentration and domination of the Chinese in Thailand before the Second World War. There was little evidence to support the first approach since traders and moneylenders were not looked down upon in the feudal society of Thailand. In fact, the Siamese kings during the fourteen and the nineteenth centuries had been fascinated by the Sino-Siamese trade which provided them tremendous wealth (Sarasin, 1977:2). There were several specific reasons why the kings relied on the Chinese. First, as discussed earlier in the chapter, the Chinese in Thailand were mostly professional traders, who were more knowledgeable than the Siamese in commerce. Second, Thailand's population was small during the fourteenth and the early twentieth centuries because of wars against her neighbor states. Therefore, Siamese monarchs had to depend on the corvéé service provided by the Siamese peasants. Because of this, the Siamese peasants were not granted the freedom to engage in commercial activities. As a
result, the Chinese were chosen to be the middlemen between the kings and nobles and the peasants.

The transplanted cultural thesis is also questionable in explaining the situation of the Chinese in Thailand. Chinese immigration to Thailand lasted for several centuries. It is hard to imagine that the immigrants in the fourteenth century could share the same social values or customs with those in the nineteenth century. As well, earlier Chinese settlers usually married Siamese women. After generations of settlement, whether their offspring would be culturally similar to the new immigrants is questionable. In fact, Chinese descendants in Thailand usually adopted the Siamese language, customs and religion within several generations (Skinner, 1957). It is amazing that even though the Chinese were culturally assimilated, their economic position remained different from the nobles and the peasants.

My conclusion, therefore, is that the occupational patterns of the Chinese and their domination in business in Thailand before the Second World War were primarily the results of the composition of Chinese population, and the social-economic environment of the host country. Their success in trade and commerce cannot be explained by the social value of the host country, in this case, Thailand, or by the cultural traits of the Chinese immigrants. Rather, the social gap between the nobles and peasants before 1850 provided opportunities for the Chinese, who had the connections with both the dominating class and the subordinated class, to fit in
between. The commercial gap between the Europeans and the native Siamese between 1850-1930 enabled the Chinese to act as middlemen.
Chapter 4: Endnote

1. As mentioned in Chapter 3, *Census of Thailand*, 1937 failed to include a large proportion of the Chinese population in the country because of the tendency of the Chinese population to avoid contact with the Thai government, the problematic definition of the term “Chinese” and the lack of quality control in conducting the survey. Skinner (1956:183) estimated that Chinese population accounted for about 11.8 percent of Thailand’s population in 1937.

2. In early 1855, Bowring was chosen as the British envoy to negotiate a treaty with Thailand. His correspondence with King Mongkut showed that the British government was prepared to protect its interest in free trade with Thailand by military force if necessary. As a result, an agreement was reached between the two governments. According to the treaty, British subjects were allowed to reside and trade in Thailand under the protection of the British government; import and export duties were restricted to a low level; and Thailand government’s commodities and trading monopolies were limited to a few items. Similar treaties were signed with the United States, France and other European and American powers in the succeeding years. Please see Smith (1966) for details.
CHAPTER 5

THE OCCUPATIONAL PATTERNS AND

ENTREPRENEURSHIP OF THE CHINESE IN INDONESIA

5.1. The Concentration Of The Chinese In Intermediate Trade And Retailing Businesses

5.1.1. Population composition of the Dutch East Indies

Before the Second World War, Indonesia's population was primarily composed of three major ethnic groups: the native Indonesians, the Chinese and the Dutch. While native Indonesians were always numerically predominant, the population of the Europeans and that of the Chinese did enjoy tremendous growth during the period from 1860 to 1930. The increase of the Chinese and European population was the direct result of the abolition of the forced labour system and the implementation of the liberal system. The liberal system opened up the Indonesian market to other European countries and encouraged free competition. These dramatic changes led to the flourishing of trade, manufacture, plantation and mining, and thus attracted many
European entrepreneurs and Chinese labourers (Li & Huang, 1987:23). The European population increased from 44,000 in 1860 to 240,000 in 1930. The Chinese population, on the other hand, rose from 221,000 to 1,233,000 during the same period (Central Bureau of Statistics of the Dutch East Indies, 1941:5).

According to the Census of the Dutch East Indies, 1930, the total population of the Indies was 60,727,000, of which 97.4 percent were native Indonesians, 0.4 percent Europeans, 2.0 percent Chinese, and the remaining 0.2 percent were categorized as "other Asiatics", including Indians, Arabians and ethnic groups originated from other Asian countries (Table 5.1).

Table 5.1
Population Composition of the Dutch East Indies by Ethnicity, 1930

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesians</td>
<td>59,138,000</td>
<td>97.4</td>
</tr>
<tr>
<td>Europeans</td>
<td>240,000</td>
<td>0.4</td>
</tr>
<tr>
<td>Chinese</td>
<td>1,233,000</td>
<td>2.0</td>
</tr>
<tr>
<td>Arabs</td>
<td>71,000</td>
<td>0.1</td>
</tr>
<tr>
<td>Other Asiatics</td>
<td>45,000</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60,727,000</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


Obviously, in spite of the growth in Chinese and European population, native Indonesians still outnumbered others. However, with regard to economic power, the picture was totally different. The following section will discuss the occupational
differences among the Dutch, the Indonesians and the Chinese; I will also examine the differences between Chinese and European entrepreneurs.

5.1.2. Occupational differences among the Dutch, the Indonesians and the Chinese

The major source of data comes from the Census of the Dutch East Indies, 1930 conducted by the colonial government. This census provided 430 pages of detailed information on the population, distribution, occupation, and many other social-economic aspects of the Chinese and the other foreign Asiatics in Indonesia. Many scholars considered this body of information as the richest and the most comprehensive ever obtained by the colonial government, and they used these data extensively in many studies (Cater, 1936; Li & Huang, 1987; Mackie, 1990).

Table 5.2 illustrates the occupational patterns of the Dutch, the Indonesians, the Chinese and other Asiatics in 1930. A huge occupational difference existed between the Indonesians and the Chinese and Europeans. First, the Indonesians constituted the vast majority of the labour force, which was nearly forty times the size of the Chinese and Europeans combined. As a result, even in the occupations in which Indonesians were least engaged, there were far more Indonesians than Chinese and European combined. Second, a much larger number of the Indonesians, compared with the Chinese and the Europeans, were engaged in raw materials production
occupations, such as agriculture, horticulture, sugar cultivation, the fishery, hunting and forestry. While 70.0 percent of the Indonesians were engaged in raw materials production (mainly agriculture), only 22.0 percent and 30.8 percent of the Europeans and the Chinese were in this category respectively. On the other hand, the Europeans and the Chinese were more likely to be concentrated in commerce when compared to the Indonesians. As shown in the table, 36.6 percent of the Chinese and 13.4 percent of the Europeans pursued commercial activities. Therefore, a major difference between the occupational patterns of the Indonesians and those of the Chinese and Europeans was that the Indonesians were predominantly in the raw materials production sector, while the Chinese and the Europeans were primarily engaged in non-agricultural and non-mining sectors.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Indonesians</th>
<th>Europeans</th>
<th>Chinese</th>
<th>Other Asians</th>
<th>All Ethnic Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials Production</td>
<td>70.0</td>
<td>22.0</td>
<td>30.8</td>
<td>19.3</td>
<td>68.8</td>
</tr>
<tr>
<td>Industry</td>
<td>10.4</td>
<td>5.5</td>
<td>20.0</td>
<td>14.1</td>
<td>10.6</td>
</tr>
<tr>
<td>Transportation</td>
<td>1.4</td>
<td>12.9</td>
<td>2.7</td>
<td>4.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Commerce</td>
<td>5.4</td>
<td>13.4</td>
<td>36.7</td>
<td>52.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Liberal professions</td>
<td>0.7</td>
<td>13.3</td>
<td>1.5</td>
<td>2.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Public administration</td>
<td>2.4</td>
<td>24.3</td>
<td>0.6</td>
<td>1.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Other</td>
<td>9.7</td>
<td>8.7</td>
<td>7.7</td>
<td>5.5</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td></td>
<td>(20,279,600)</td>
<td>(85,300)</td>
<td>(469,900)</td>
<td>(36,200)</td>
<td>(20,871,000)</td>
</tr>
</tbody>
</table>


The table also indicates that the major occupations for the Indonesians were raw
materials production (70.0 percent) and industry (10.4 percent). Only a small percentage of Indonesians had occupations other than in these two major sectors. This implied that in spite of a long colonial history, the vast majority of native Indonesians had remained in cultivation, and only a small fraction of the native population was available in the wage labour market. Because the major exports of the Indies were raw materials (tin, copper, coal, and rubber) and agricultural products (sugar, coffee and tobacco), the Dutch colonial government encouraged native Indonesians to shift from traditional agriculture to market-oriented cultivation, rather than from the agricultural sector to the non-agricultural sector. In other words, most of the Indonesians were involved in the capitalist system by supplying raw materials to European processors or exporters.

For Europeans, however, the largest occupational category was public administration (24.3 percent), followed by raw materials production (22.0 percent). The distribution of Europeans in other occupational categories was as follows: 13.4 percent in commerce, 13.3 percent in liberal professions, 12.9 percent in transportation, and 5.5 percent in industry. Given the size of the population, it is understandable that a large administrative body had to be in place in order to maintain the operation of the colonial system.

Unlike the Europeans, most Chinese were in three major categories: commerce, raw materials production, and industry. Commerce was the primary occupation for the
Chinese, which occupied more than one third of the total Chinese labour force (36.7 percent). Raw materials production followed closely at second, absorbing 30.8 percent of the Chinese in the labour market. Industry was the third biggest occupation for the Chinese, which employed 20.0 percent of the Chinese labourers. Only about 12.6 percent of the Chinese were engaged in occupations other than in these three categories.

5.1.3. The roles of Chinese in commerce

In the 1930s, native Indonesians in trade and commerce accounted for 85.6% of the total labour force in the sector. The respective percentage for the Chinese was 13.5% and that for Europeans was 0.9%. However, it was the Europeans, the smallest group in this sector, who dominated most areas in commerce and had the most economic power. The Chinese, on the other hand, were the dominant force in intermediate trade.

As mentioned before, the Chinese in the Dutch East Indies were more concentrated in commerce than the Indonesians and the Europeans. This sector not only employed the most Chinese, but also absorbed the most Chinese investment. As indicated in Table 5.3, Chinese investment in trade and commerce reached 413 million florins (guilders) in the 1930s, which made up 63.1 percent of the total Chinese investment.
In other words, nearly two-thirds of the Chinese investment went into the sector of commerce. Therefore, commerce was the most important sector for the Chinese before the Second World War, as far as employment and investment were concerned.

Table 5.3
Chinese Investment in Indonesia in the 1930s

<table>
<thead>
<tr>
<th>Sector</th>
<th>Amount (Million Florins)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>200.0</td>
<td>30.5</td>
</tr>
<tr>
<td>Mining</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td>Industry</td>
<td>15.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Commerce</td>
<td>413.0</td>
<td>63.1</td>
</tr>
<tr>
<td>Others</td>
<td>26.0</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>654.8</strong></td>
<td><strong>99.9</strong></td>
</tr>
</tbody>
</table>


This concentration of Chinese labour and capital in the commerce sector did not necessarily imply the domination of the Chinese in this area. As pointed out by several writers (Fowler, 1920:2; Cater, 1936:68; Liem, 1952:3; Yang, 1984:40), the most important role played by the Chinese in the Dutch East Indies was that of the middlemen. With respect to commerce, this role of the Chinese middlemen was reflected by their domination in intermediate trade and retailing. According to Fowler, the American trade commissioner, "The Chinese have entered the field (of trade and commerce) as both importers and exporters, but as jobbers and retailers they are the one predominant factor in trade in almost every part of the archipelago" (Fowler, 1920:2). This claim was well supported by statistics obtained from Census.
of Indonesia, 1930.

Table 5.4
Sizes of Chinese Businesses by Capital in Indonesia, 1930

<table>
<thead>
<tr>
<th>Amount of Capital (Florins)</th>
<th>Number of Businesses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;10,000</td>
<td>28,000</td>
<td>91.7</td>
</tr>
<tr>
<td>50,000 - 100,000</td>
<td>2,350</td>
<td>7.7</td>
</tr>
<tr>
<td>&gt;500,000</td>
<td>140</td>
<td>---</td>
</tr>
<tr>
<td>&gt;10,000,000</td>
<td>50</td>
<td>---</td>
</tr>
<tr>
<td>&gt;100,000,000</td>
<td>8</td>
<td>---</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30,548</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


Table 5.4 shows the amount of capital owned by Chinese businesses in Indonesia in 1930. As indicated in the table, 91.7 percent of the Chinese businesses had less than 50,000 florins of capital, while another 7.7 percent of the Chinese businesses had capital between 50,000 and 100,000 florins. This implies that only a very tiny fraction of the Chinese businesses were large ones that carried a huge amount of capital, and the majority of these businesses was small. Table 5.5 also shows that Chinese investment in large concerns in 1930 was only 10.6 percent of the total amount invested in large concerns by all groups. The Europeans, primarily the Dutch, had more than 80 percent of the share in large corporations. Obviously, Chinese merchants did not play a dominant role in the sector of commerce as a whole. Instead, the Europeans did, even though less than one percent of the labour force in commerce were Europeans.
Now, let us look at the commercial activities of the Europeans. In general, European commercial establishments in the Dutch East Indies were characterized by large-scale concerns and heavy capital flow. According to Cater, Europeans had occupied the front position in trade and commerce with the help of their large amount of capital. During the colonial period, large-scale agriculture, major industries, wholesale trade and large transport undertakings were all dominated by the Europeans (Cater, 1936: 56-57). Among these large concerns, five international corporations, Borsunij, Ges Wehry, Jacobson, Internatis and Amsterdam, almost monopolized the whole import & export (Editing Committee of Annuals of Overseas Chinese, 1961:74).

Table 5.5
Investments in Large Concerns in Indonesia, 1930

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Amount (Million Florins)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch</td>
<td>2,350</td>
<td>73.4</td>
</tr>
<tr>
<td>Chinese</td>
<td>340</td>
<td>10.6</td>
</tr>
<tr>
<td>English</td>
<td>300</td>
<td>9.4</td>
</tr>
<tr>
<td>Japanese</td>
<td>36</td>
<td>1.2</td>
</tr>
<tr>
<td>Belgian</td>
<td>40</td>
<td>1.2</td>
</tr>
<tr>
<td>American</td>
<td>35</td>
<td>1.1</td>
</tr>
<tr>
<td>Other Europeans</td>
<td>75</td>
<td>2.4</td>
</tr>
<tr>
<td>Other Asiatics</td>
<td>24</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,200</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


While the Europeans dominated import, export and wholesaling, the Indonesians
were almost exclusively concentrated in small retailing. While no detailed statistics are available on the number of large corporations operated by the Indonesians, it is safe to assume that native investment in large corporations was almost non-existent. According to Cater (1936:64), with more than 1,000,000 Indonesians being engaged in trade and commerce, less than 0.7 percent of the investment in large concerns was made by the Indonesians. Furthermore, a very large number of the Indonesians in trade and commerce were vendors and street peddlers, as illustrated in Table 5.6. As we can see, nearly 90 percent of the small retail stores, vendors and street peddlers were Indonesians. Among the Indonesians who were engaged in commerce, close to 80 percent were street peddlers.

Table 5.6
Number of Retail Stores, Food and Tobacco Peddlers in Indonesia, 1930

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Retail Stores</th>
<th></th>
<th>Food &amp; tobacco Peddlers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Indonesians</td>
<td>146,898</td>
<td>59.4</td>
<td>724,231</td>
<td>94.9</td>
</tr>
<tr>
<td>Chinese</td>
<td>92,583</td>
<td>37.5</td>
<td>37,279</td>
<td>4.9</td>
</tr>
<tr>
<td>Other Asiatics</td>
<td>5,788</td>
<td>2.3</td>
<td>2,022</td>
<td>0.3</td>
</tr>
<tr>
<td>Europeans</td>
<td>1,889</td>
<td>0.8</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>247,158</strong></td>
<td><strong>100.0</strong></td>
<td><strong>763,532</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


Therefore, it was the Europeans who occupied the high level of the commerce sector and dominated import, export and wholesaling, and it was the Indonesians who filled the low level of the commerce sector, concentrating in small retailing, vending and
street peddling. The role of the Chinese in Indonesia's commerce sector was the intermediate traders who were the bridge between the Europeans and the Indonesians.

According to Liem, intermediate trade was defined as "that branch of trade which forms the link between wholesale trade and/or industry on the one hand and retail trade and/or the consuming or producing population on the other" (Liem, 1952:1). Intermediate trade could be further divided into two categories: collecting intermediate trade (buying products from producers or retailers and selling them to wholesalers or exporters) and distributive intermediate trade (buying manufactured goods, groceries, household wares and indigenous agrarian products from wholesalers or importers, and selling them to retailers or consumers).

Chinese intermediate traders usually carried on both the functions of distributive and collecting trade. They collected raw materials, such as copra, tobacco leaves, rice and sugar, from Indonesian producers and sold them to the European exporters, and they also distributed manufactured goods, such as cigarettes, foods and drinks, to smaller retailers, vendors or consumers. They could sometimes carry on the role of wholesaler (when they sold products to smaller retailers), and sometimes that of retailer (when they sold products directly to consumers). Therefore, Chinese intermediate trade was an efficient way to link European entrepreneurs and Indonesian consumers (Liem, 1952:4).
A breakdown of the Chinese in commerce in the 1930s into various branches is shown in Table 5.7. The table is somewhat confusing due to poor categorization. According to Liem (1952:8-9), categories 1 to 7 in fact refer to both distributive intermediate and distributive retail trades, while the category "wholesale and intermediate trade" referred only to collecting intermediate trade. After sorting out the categories, the table gives a general picture of the Chinese commercial businesses in Indonesia. The total number of the Chinese in intermediate trade and retailing included the numbers in Categories 1 to 7 and part of category 9 (collecting intermediate trade). Therefore, the Chinese in wholesale/import/export includes only part of the category 8 & 9. Another statistic provided by the Overseas Chinese Affairs Commission in early 1950 also showed similar results. According to the Committee, 76.5 percent of the Chinese businesses were in retailing, 22.8 percent were intermediate companies, and only 0.7 percent were importers/exporters/wholesalers.
Table 5.7
Chinese in the Commerce Sector in Java and Madura, 1930

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mixed Retail Trade</td>
<td>49,397</td>
<td>46.8</td>
</tr>
<tr>
<td>2. Foodstuffs</td>
<td>23,559</td>
<td>22.3</td>
</tr>
<tr>
<td>3. Textiles</td>
<td>16,875</td>
<td>16.0</td>
</tr>
<tr>
<td>4. Means of Transportation</td>
<td>1,029</td>
<td>1.0</td>
</tr>
<tr>
<td>5. Clothing &amp; Leatherwork</td>
<td>804</td>
<td>0.9</td>
</tr>
<tr>
<td>6. Wood &amp; Bamboo</td>
<td>692</td>
<td>0.7</td>
</tr>
<tr>
<td>7. Ceramics</td>
<td>496</td>
<td>0.5</td>
</tr>
<tr>
<td>8. Other Trade</td>
<td>5,365</td>
<td>5.1</td>
</tr>
<tr>
<td>9. Wholesale &amp; Intermediate Trade</td>
<td>1,892</td>
<td>1.8</td>
</tr>
<tr>
<td>10. Credit &amp; Loans</td>
<td>5,336</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105,445</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


To conclude, the Chinese in the Dutch East Indies were more likely to be concentrated in commerce than Europeans and Indonesians. However, the domination in the sector of commerce belonged to the Europeans, who controlled almost all the import/export and wholesale businesses. The Indonesian commercial activities, to a large extent, were limited to street peddling and vending. The Chinese fit right between the Europeans and the Indonesians. The vast majority of the Chinese in commerce was engaged in intermediate trade and retailing (93-99 percent), and only a very small proportion of the Chinese businesses were big wholesale or import/export companies (about 1-7 percent). The following sections will attempt to explain this finding by examining the history of Chinese immigration, the composition of the Chinese population, the economic policies of the Dutch
colonial government, and the social structure of the Indonesian society.

5.2. The Nature And Composition Of The Chinese Population

This section will try to explain why the Chinese were over-represented in the business sector. It is my argument that historically the Chinese came and immigrated to Indonesia for commercial purposes. Chinese traders made up the vast majority of Chinese immigrants before the second half of the nineteenth century, and the Chinese in Indonesia were traditionally commerce-oriented. Even though a large number of unskilled labourers came to Indonesia to make a living during the period between 1850-1930, they constituted a relatively small part of the Chinese population, and they were not able to alter the historical concentration of the Chinese in commerce before the Second World War.

5.2.1. The Chinese in Indonesia before the seventeenth century

The first stage of Chinese settlement in Indonesia was the period before the Dutch East Indies was established in 1602. During this period, Chinese settlement in Indonesia was primarily the result of state and private trade between China and the Indonesian states.
The earliest contacts between China and the Indonesian states possibly were made even before Christianity. They were characterized by political missions between the Chinese court and the Indonesian kingdoms. Annual of Han Dynasty mentioned a country called Duyuan which was located on Sumatra (Ban, 92 A.D.:Juan 28, 1671). This suggested that the existence of Indonesian states was already known by the Chinese court. The first recorded mission from Java to China was in 131 A.D., when the king of Yetiao (now Java) sent a tributary mission to Han Shun Di, the Chinese emperor. In return, the Chinese gave the king a gold seal and violet ribbon to celebrate the friendship between the two countries (Zheng & Zheng, 1983: 236).

During the following centuries, several Indonesian states were mentioned in Chinese sources. Around 226-231 A.D., the kingdom of Wu, which occupied central eastern China, sent commissioners Zhu Ying and Kang Tai to visit the states in South China Sea area. Among these states, Zhubuo (Palembang), Mawuzhou (Ban Ka), Biluzhou (Billiton) and Juyanzhou (Borneo) were known to be ancient Indonesian states (Zheng & Zheng, 1983, Vol. 2:237). Besides government officials, Chinese Buddhist monks were also recorded to have visited Indonesia. At about 413 A.D., on his way back to China from India, a Buddhist monk name Fa Xian reached the kingdom of Yepuotí (now Java) because of a severe storm on the sea. He stayed there for five months, and was considered to be one of the first Chinese residents in Indonesia (Zhou, 1993: 525). It is not clear whether there were Chinese immigrants in Indonesia before the seventh century. However, even if there were, the number of
Chinese must have been very small and quickly integrated with the local residents.

As mentioned before, early contacts between China and the Indonesian states were mostly diplomatic in nature, and the establishment of trading relations was totally out of consideration. As Purcell (1965:389) points out, Chinese governments had always been very cautious in foreign trade. They usually visited abroad only when they received regular diplomatic missions. It was not until the Tang Dynasty (618-907) that regular relationships between China and the Indonesian states started to be established when several Indonesian states sent frequent missions to the Chinese court. During this period, several Indonesian kingdoms on southeast Sumatra and east Java, such as Srivijaya and Bali, became powerful maritime states that at one time controlled a vast area of Cambodia. Thus, they were able to send missions to China on a relatively regular basis. According to Xin Tang Shu (Ouyang & Song, 1060: Juan 222) and Song Shi (Tuo, 1345: Juan 489), a combined total of more than fourteen tributary missions were sent to the Chinese court from the kingdoms of Keling and Zhuiheluo located on Java, and the kingdom of Shilifuoshi and Sanfuqi located on Sumatra.

This official relationship between China and the Indonesian states continued to grow during the Song Dynasty (960-1279). As far as the Indonesian states were concerned, its diplomatic nature was gradually weakened and it became more profit oriented. This was first reflected in the increase in the number of missions. During
the first 73 years of the Song Dynasty, there were 17 tributary missions from the kingdom of Sanfuogi (Srivijaya) alone recorded (Tuo, 1345: Juan 489:14088-14090). Among these missions, four were sent in the first four years of the Song Dynasty. Given the fact that a round trip From Srivijaya to China would take more than half a year, the frequency of tributary missions was much too high for diplomatic purposes. Not only were the tributary missions more often than before, there also was a longer list of "gifts" being exchanged in each mission as well. During the early Tang Dynasty, there were usually only one or two items presented to the Chinese court, and the same amounts of gifts were brought back to the Indonesian states. These items were, in most cases, luxury goods such as exotic Indonesian birds and Chinese horses. However, since the early Song Dynasty (960-1279), the gift lists became much longer, and marketable goods were exchanged. For example, in 997, the kingdom of Shepuo (Java) sent an envoy to the Chinese court. Some twenty items were presented to the Chinese emperor as gifts, including sandalwood, pearls, clove oil, and bamboo handicrafts. On the lists of Chinese products being returned, gold and silver handicrafts, porcelains and silk clothing were usually found. Sometimes the Indonesian messengers even asked the Chinese emperors for these goods (Tuo, 1345: Juan 489, 14090). Obviously, tributary missions had become the most important part of state trade during the Song Dynasty (960-1279).

For unknown reasons, there were few tributary missions mentioned during the Yuan Dynasty (1279-1368) (Song, 1369: Juan 210, 2238-2239). It seemed that state trade
between China and Indonesian states was nearly abandoned after the early twelfth century when the Chinese emperor launched an unsuccessful attempt to conquer Java (Song, 1369: Juan 210, 2238-2239). However, the Sino-Indonesian relationship quickly recovered in the Ming Dynasty (1368-1644), when the number of tributary missions between the two reached a new high. My calculation based on Ming Shi (Zhang, 1739, Juan 324-325) suggests that during the 136 years between 1368-1504, more than 31 missions from Java, Shepuo and Sanfuqi, and more than 21 missions from Buoli, Sumendala (Sumatra) and Sulu were recorded. The total number of missions from these states could be well over 52 because during the period 1343-1390, Java had sent tributary missions either once every two years, or once or twice a year. If we were to take once a year as the average, then it would add another 47 missions to the total. The tributary missions from Java and other Indonesian states were so frequent that the Chinese emperor, who had little interest in making profits from Sino-Indonesian trade, once asked them to send one mission only every three years.

As official relations between China and the Indonesian states became stable, private trade between them also started to grow. Because of the commanding position of the Indonesian states on the Straits of Malacca and Sunda (Chatterji, 1967:40), they became the center of the route linking China and the Middle-East countries, and the exchanging market for Chinese and Middle-Eastern goods. Arabians, Persians and Indians were attracted to there to trade for Chinese goods such as silk, tea and
porcelain.

Private trade between China and Indonesia was different than that between China and Thailand. In Sino-Siamese trade, state trade and private trade often overlapped, in the sense that many of Chinese traders who were employed by the Siamese king to handle the state trade were also active in private trade. However, state and private trade between China and Indonesia were basically separate during the same period. As the Indonesian states were maritime powers, their advanced marine technologies allowed them to carry on their trade without the helping hands of Chinese sailors. Therefore, private trade between China and Indonesian states was at first almost exclusively handled by the Indonesians (Cribb, 1992:77). However, with the increase in demand for Chinese products, Chinese private traders gradually started to be involved in the Sino-Indonesian trade.

The first Chinese immigrants were known to be the traders and crew members of a Chinese junk which sank near Semarang in 924 A.D.. According to Li (1934: 171), "the goods manager submitted treasures to the king of Zhige (Tegal). With the permission of the king, (they) resided there and received fairly good treatment. This was the beginning of Chinese settlement in Java". A few decades later, the Arab merchant Masuti mentioned in his travel diary that there were many Chinese on Sumatra, especially in the area of Palembang (Zhang, 1982:14). It was at this time that the Chinese began to immigrate to Indonesia in relatively larger numbers,
formed their owned communities, and started to make their mark on the economic history of Indonesia.

During the Song (960-1279) and Yuan (1279-1368) Dynasties, private trade continued to grow as traveling between China and Indonesia became safer and more convenient (Zhang, 1982:15). On the other hand, private trade with foreign countries were also encouraged by the Song and Yuan governments. Since the second half of the tenth century, the Song court had established three customhouses in Guangzhou, Mingzhu and Hangzhou to supervise foreign trade and collect customs duty. The Chinese emperors were so pleased with the profits collected by the customhouses that they even sent officials to the South China Sea states, and asked them to pay tributes (Tuo, 1345: Juan 186, 4559). During the Yuan Dynasty (1279-1368), more ports were opened by the government for foreign trades (Song, 1369: Juan 94, 1171). Chinese private traders quickly took advantage of the policy and became very active in trading with Indonesia. According to Yinni Huaqiao Zhi (1961: 34), in the Yuan Dynasty (1279-1368), there were junks departing monthly from the Chinese ports of Quanzhou and Guangzhou for the Indonesian ports of Duban and Gersik. Consequently, the number of Chinese residents in Indonesia experienced a modest increase. It was estimated that more than two thousand Chinese resided in Duban, Gersik and Surabaja in the thirteenth century (Editing Committee of Annuals of Overseas Chinese, 1961).
Earlier in the Ming Dynasty (the late fourteenth and early fifteenth century), in order
to enhance the prestige of the Chinese court, the emperor sent the famous Grand
Eunuch, Zheng He, to visit the countries in West Sea (Southeast Asia & Indian
Ocean). Zheng He and his fleet made a total of seven voyages during the period
from 1405-1431. It might not have been the objective of the voyages to promote
trade. However, trading with Southeast Asian countries did experience steady grow
after Zheng's visits. As Zhang Xie (1617, Juan 7:153-154) points out, "The
establishment of customhouses started in the Tang (618-907) and Song (960-1279)
Dynasties. It led to a large number of foreigners trading in China. However, there
have never been so many Chinese trading in foreign countries."

In his description of trading in Sumatra, Zhang writes,

"Whenever junks are coming, it was reported to the king. The king
then sent elephants to pick up the merchants. They presented fruits
and money to the king, while the king treated them foods. Custom duty
was fair there, and as the country was so far away, the profits doubled
compared to trading in other countries.... The country is even more
flourish than before." (Zhang, 1617, Juan 4:77)

Another important trading port was Java. According to Ming Shi, the Chinese came
to Java in "an endless stream", and "there was a new village where was the richest
place in the country. Junks from China and other foreign countries were all
concentrated in there, and treasures and goods were everywhere" (Zhang, 1739: Juan
324: 8405).
The activities of the Chinese traders in Indonesia were recorded not only in Chinese sources but also in western materials. In the earliest Dutch reports, the Chinese were considered to be the most important pepper traders of Bantam (Fernando & Bulbeck, 1992:7; Meilink-Roelofsz, 1962:242). One very interesting story about the relations between Chinese traders and western Asian merchants was that whenever Chinese junks arrived, western Asians bought up the pepper and other goods needed by the Chinese so that they could trade with the Chinese traders for silk, porcelain and other Chinese wares (Meilink-Roelofsz, 1962:242).

The increase in the activities of the Chinese traders in Indonesia led to an increase in the number of Chinese settlers in the region. It was mentioned in various Chinese sources that there were Chinese communities on the islands of Sumatra, Java and Borneo. Among these Chinese settlers, Liang Daoming and Chen Zhuyi were better known than the others. The former was a Cantonese who had resided in Srivijaya for a long time. According to Ming Shi (Zhang, 1739: Juan 324, 8408), by the end of the fourteenth century, Srivijaya was defeated by Java. However, Java was not able to control the whole country, and many Chinese settlers thus separated and occupied many parts of the country. Among them, Liang Diaoming was named by some thousand Chinese families to be their leader and became a very influential local power. Chen Zhuyi, on the other hand, was a pirate who made his living by robbing junks traveling between China and the Indonesian archipelago. He was later
captured by the Zheng's troops and received the death penalty.

The vast majority of Chinese settlers in the Indonesian states, however, was only ordinary merchants who stayed there to conduct trade. The role of the Chinese settlers was to collect pepper from the growers and resell it to the international traders. In most cases, the growers were to bring the pepper to the Chinese communities after harvest. However, Chinese merchants sometimes did go to the countryside to get a better deal (Meilink-Roelofsz, 1962:246). According to the Dutch observers, the Chinese in Bantam were already dominant in the intermediate trade before the arrival of the Dutch (Meilink-Roelofsz, 1962:246). The Chinese were not only active in private trade, they were also employed by the local kings as accountants, brokers, interpreters, and weighters (Chen, 1722: 131; Meilink-Roelofsz, 1962:247).

There were several major Chinese communities in the ports of Indonesia. A Ming writer, Ma Huan, mentioned that more than one thousand Chinese families resided in a new village in Gersik. According to Ma, "foreigners from every place come here in great numbers to trade. Gold, all kinds of precious stones, and all varieties of foreign goods are sold in great quantities. The people are very wealthy"(Ma, 1433: 90). Ma also mentioned that there were three classes of residents in Java. The first class was the Muslims, "who have migrated to this country as merchants; in all matters of dressing and feeding everyone is clean and proper"; the second one was the Chinese,
who were "from Kuangtung (Guangdong) and Chang (Changzhou) and Chuan (Quanzhou) and other such places, who fled away and now live in this country; the food of these people, too, is choice and clean"; and finally, the third one was the natives (Ma, 1433: 93).

Another Chinese community mentioned in Chinese sources was in Duban, where about one thousand Chinese families resided (Yan, 1583:417). These Chinese residents all originated from Guangdong and Fujian, and had been settled there for a long time. Besides Gersik and Duban, Bantam was yet another important place of Chinese settlement. Towards the end of the sixteenth century, the first Netherlands navigators described the Chinese community in Bantam "surrounded by a strong palisade, and that the Chinese there possessed the most beautiful houses" (Cater, 1936:6). It was mentioned in a British account that more than 300 Chinese died while caulking an English junk in the port (Meilink-Roelofsz, 1962:245). This suggested that the Chinese community in Bantam was already very large.

To conclude, Chinese immigration to Indonesia had started long before the arrival of the Europeans in the late sixteenth and early seventeenth centuries. The primary cause of Chinese immigration was the rapid growth in private overseas trade during the Ming Dynasty (1368-1644). The Indonesian states, because of their important geographic position between China and India and other western countries, had attracted numerous merchants from China as well as India, Arab and Persian
countries. Chinese communities were formed when some of the merchants chose to stay. Therefore, Chinese immigrants before the seventeenth century were mostly traders. As we shall discover in the following discussion, Chinese merchants were utilized by the Dutch colonial government as middlemen between them and the native Indonesians. Therefore, even though the number of the Chinese in Indonesia before the seventeenth century was small, their commercial potential had provided the foundation for the roles played by the Chinese during the colonial period, and their influence on the concentration of the Chinese in commerce in the first half of the twentieth century should not be ignored.

5.2.2. The Chinese in Indonesia between 1602-1850

Until the Dutch colonized the region in the early seventeenth century, the scale of Chinese immigration to Indonesia was small, and the influence of Chinese immigrants on the economy of Indonesia was relatively insignificant. This section will discuss how and why Chinese immigration increased during the period between 1602 and 1850, and what was the impact of the Chinese immigration on the economy of Indonesia, known at that time as the Dutch East Indies. My argument is that Chinese immigration during this period increased, even though not constantly, due to the encouragement of the Dutch colonial government. Chinese immigrants in this period had a wide range of occupations, including traders, artisans and farmers and
even unskilled labourers. However, the majority of them was still commerce-oriented, either traders or petty merchants. This occupational composition of the Chinese immigrants helped to shape the occupational patterns of the Chinese, which was characterized by the concentration in commerce before the Second World War.

Toward the end of the sixteenth century, a number of the European countries, including Britain, Portugal and the Netherlands had reached the Indonesian archipelago. However, it was the Dutch who established their colony first in the region when the Dutch East India Company was formed by several private corporations in 1602. During the early years of the Dutch East India Company, the Chinese were considered by the Dutch to be one of their major competitors, and the relations between the Dutch and the Chinese were principally hostile. There were reports of Chinese junks being robbed or driven away by the Dutch (Purcell, 1965:392-393). In 1622 alone, 80 Chinese junks were destroyed by the Dutch on the coast of China (Meilink-Roelofsz, 1962:267). The Chinese, by the same token, reacted in the same manner. The early attempt of the Dutch to monopolize pepper exports faced heavy opposition from the Chinese exporters and intermediate traders. Because the Chinese were traditionally the biggest buyers of pepper, they used their influence on the local kings to prevent the Dutch from buying too much pepper (Meilink-Roelofsz, 1962:247). They once even suggested to the king of Jambi that he should attack the Dutch lodge (Meilink-Roelofsz, 1962:261). It was the Dutch, however, who finally won the battle by forcing the kings to give up with a show of
force. Thus, the Dutch gained control of the pepper trade, and the domination of Chinese pepper exporters quickly disappeared.

Despite the earlier conflicts, the Dutch soon realized that the Chinese could be used in their colony. As the objective of the Dutch East India Company was not to expand the territories but to extract as much of the local products as it could for the European market, the Dutch had no intention of controlling the native Indonesians or of getting involved in their internal affairs. Therefore, Indonesians were left to their own devices and their traditional ways of life were not disturbed to a large extent.

However, the Dutch was facing a problem of labour shortage. First of all, there was only a very small Dutch population in Indonesia in the seventeenth century. While earlier data are not available, statistics showed that in the 1870s there were only 27,000 Dutch subjects, including Europeans, Chinese and Indonesians with Dutch nationality (Rush, 1990:13), which made up 0.15 percent of the total population. This population was too small to handle the whole trading process, especially intermediate trade, on its own. Therefore, according to Coen, the first Governor-General, the policy of the Dutch East India Company was that the Dutch themselves should focus on wholesaling, while retailing trade should be left to the Chinese (Purcell, 1965:397). Second, the establishment of sugar, tobacco and coffee plantations also required a large number of labourers. As a result, the Chinese, who had "a keener economic sense and greater powers of resistance" were much needed by the Dutch
colonial government during the seventeenth century (Furnivall, 1944: 41). In 1618, Governor-General Coen wrote:

"In locations where it is necessary, such as here in Batavia, Chinese and other groups of people should be settled for the benefit of those places and for the purpose of gathering spices like cloves, nutmeg and mace" (Quoted by Fernando & Bulbeck, 1992: 9)

Coen's successor Pieter de Carpentier also advised:

"As many Chinese men, women and children as possible should be sent to populate Batavia, Amboina and Banda, [which are] large and fertile areas [sufficient] to support one million Chinese" (Quoted by Fernando & Bulbeck, 1992: 9)

Under this policy guideline, Chinese immigration to the Indies was encouraged by the Dutch. Hogendorp, who served seven years in the Dutch East India Company, suggested that "the Chinese in Java should be allowed to remain, and ... further arrivals of them should be permitted; care being taken... (Raffles, 1817:227)". As Raffles observed, "the favourite policy of the Dutch seems to have been to depress the native inhabitants, and give ever encouragement to the Chinese (Raffles, 1817:224)". When the Dutch captured Jakarta (Batavia) in 1619, the goal was to make Batavia quickly become "the largest commercial town of the entire Indies" (Cator, 1936: 11). However, this was impossible without the immigration of the Chinese merchants. With this situation, the Chinese were granted permissions to sail to Batavia from other part of the Indies, and the taxation in Batavia was lowered to
attract Chinese merchants (Meilink-Roelofsz, 1962:257). Chinese junk traders, who had been victimized in the competition against the Dutch for a short period of time, were again welcomed to carry on trade between China and the Indies, as long as the monopoly of the Company was not threatened (Meilink-Roelofsz, 1962:268; Purcell, 1965: 296).

Besides these measures, illegal means were also used to increase the Chinese population in the Indies during the early decades of the East India Company. Using their superior marine power, the Dutch robbed Chinese junks, seizing not only the peppers, but also the Chinese merchants and sailors (Meilink-Roelofsz, 1962:254). They even went so far as to arrange piratical attacks on the coasts of Fujian and Guangdong, in order to capture a large number of Chinese labourers for the Indies (Purcell, 1965:397).

As a result of the encouragement given by the Dutch, Chinese immigration experienced a considerable increase during the seventeenth and early eighteenth centuries. According to Raffles (1817:74), the number of Chinese that came directly from China was a thousand or more annually. Despite some returning to their homeland, the total Chinese population reached almost a hundred thousand by the early nineteenth century. An account mentioned that,

"...[T]he Chinese ... come to Java every year in such vast numbers, in
the junks from China or in other vessels from neighboring places...; they add, therefore, so many more to the population...; they are, particularly at first, very active, industrious, inventive, and frugal. At Batavia they exercise almost every useful art, trade, and handicraft, they cultivate and produce the best vegetables, they work the sugar-mills, and appear therefore to be uncommonly useful and perhaps indispensable...." (Raffles, 1817:226)

Due to the favourable treatment of Chinese immigrants by the Dutch East India Company, the Chinese were very active in the economy of the Indies and they started to hold great economic power. As Raffles pointed out, "They are the life and soul of the commerce of the country" (1817:75). A report prepared by Hogendorp mentioned that "The trade in the interior, wholesale and retail; the trade to sea, to the opposite shores, and elsewhere in the Straits, is entirely in their (Chinese) hands, and is almost wholly carried on by them...." (Raffles, 1817:227).

The increase of the economic power of the Chinese had generated fear of the Dutch. This was the most important cause of the massacre of Batavia in 1740. By the mid-eighteenth century, there were 2,500 Chinese houses in Batavia, and the Chinese population reached more than 15,000 in Batavia and the surrounding areas (Ricklefs, 1981:87). In October 1740, among the Europeans, there were rumors of a possible Chinese rebellion against the Europeans in the city; while among the Chinese, there were suspicions that the Dutch would throw the Chinese in the city into the open sea. Under this pressure, the Dutch burned the Chinese quarter, and killed more than 10,000 Chinese (Ricklefs, 1981:87).
This massacre and a series of wars between the Dutch and the native kingdoms severely damaged the economic power of the Chinese and brought Chinese immigration to a standstill for several decades. Chinese immigration and their economic activities were not able to recover until the late eighteenth century, when the East India Company was in a serious financial crisis and was forced to farm out taxation to the Chinese in order to increase revenues (Yang, 1984:5). By the early nineteenth century, according to Raffles (1817:74), there were close to 100,000 Chinese in the Netherlands Indies who were engaged in commerce and commercial cultivation.

The immigration policy of the Dutch during the East India Company period was full of contradictions. On the one hand, the Dutch had to rely on Chinese immigration for the operation of their commerce system. On the other hand, they were afraid that the Chinese would be a threat to their domination. Under these circumstances, Chinese settlement in the Indies was encouraged or even forced at one time, and strictly limited at another. Despite the inconsistency of the colony’s immigration policy, the Chinese had in general received favorable treatment from the Dutch East India Company during its two-hundred-year rule. Chinese immigration experienced a significant increase, and the Chinese population in the Indies reached 221,438 in 1860 (Central Bureau of Statistics of the Dutch East Indies, 1941:5).
Not only did the Chinese in the Indies increase in population, they continued to be active in the economy of the colony, especially in commerce. Unlike the situation before the seventeenth century, Chinese immigrants during this period included a certain amount of labourers. However, the majority of the immigrants remained merchants. As a result, the Chinese in the Indies continued to be concentrated in commerce, and the most important role played by them was intermediate/retailing merchants and tax farmers. In other words, up to the second half of the nineteenth century, commerce had been the most important sector for Chinese employment. This feature of the occupational patterns of the Chinese was so strong that it was not even altered by the large immigration of Chinese unskilled labourers after 1850.

5.2.3. The Chinese in Indonesia between 1850-1930

This section will focus on the immigration of Chinese labourers to Indonesia during 1850-1930 and how it affected the occupational patterns of the Chinese in Indonesia. During the 80 years, the Chinese population in Indonesia increased 4.6 times from 221,000 in 1860 to 1,233,000 in 1930. A major factor that contributed to the rapid growth of Chinese population was immigration. Chinese immigration during this period featured large numbers of unskilled labourers who came to Indonesia as contract workers, employed on the tobacco estates and in mines. The impact of these immigrants on the occupational patterns of the Chinese was that there were more
Chinese engaged in raw materials production than before. Commerce, however, still remained the most important sector for Chinese employment because the Chinese had traditionally been concentrated in commerce. Also, upward mobility for the Chinese labourers enabled many of them to engage in trading activities.

The period between 1850 and 1930 witnessed the greatest emigration of Chinese to North America, South America, Southeast Asia and the Oceanic (Skinner, 1957; Purcell, 1965; FitzGerald, 1972; Li, 1988). Indonesia, like many other Southeast Asian countries, was one of the destinations of this huge immigration wave.

The major factor that pushed Chinese unskilled labourers to the Indies, as discussed by many scholars (Skinner, 1957; Irick, 1982; Li, 1988), was the poor social and economic conditions in China, caused partially by a series of unsuccessful wars against the European and Japanese powers, partially by the struggle between the Qing government and the Taiping Tianguo movement, and partially by natural disasters. The coastal provinces of Guangdong and Fujian were struck especially hard by this breakdown of the socio-economic system, and peasants in these provinces were forced to venture abroad for a living. According to a survey conducted by the Chinese Pacific Study Society in 1934, 70 percent of the Chinese emigrated because of economic pressure (Chen, 1939:48).

On the other hand, economic development in the Dutch East Indies was the primary
attraction for Chinese immigration. In the 1870s, with the abolition of "Force Cultivation" system and the adoption of the "Liberal Policy", the monopoly of several trading companies was broken and replaced by free competition among private investors. As a result, the number of private mining companies, tobacco estates and manufacturers grew tremendously (Li & Huang, 1987:230-231). In 1900, the total value of foreign trade, including import and export, exceeded 450 million guilders, which was about ten times that of 1825 (Day, 1966:380).

The combined pushing and pulling forces were the primary factors that led to the influx of Chinese immigrants to the Dutch East Indies during 1850-1930. As no statistics were available on the number of immigrants, I have to rely on my own estimation. Table 5.8 shows the effect of immigration on the growth of Chinese population from 1860 to 1930.

First, this period witnessed a dramatic increase in the Chinese population. In 1860, there was a total of 221,438 Chinese in the Indies. The number of the Chinese in 1930, however, topped 1,233,000, which was almost 5.6 times of the total 70 years ago. The annual rate of increase for the Chinese ranged from 1.55 percent during 1900-1905 to 4.72 during 1920-1930, which was impossible through natural growth alone. In other words, immigration must have contributed to the growth of the Chinese population in the Indies. Second, the Chinese in the Indies were traditionally concentrated in major cities in Java and Madura because most of them
were merchants (Raffles, 1817:74). Chinese immigrants during this period, however, were mostly labourers who worked in mines and on tobacco estates on the outer islands. Therefore, the increase of the Chinese population in the outer islands would, to a large extent, reflect the scale of Chinese immigration. As we can see, in 1860 there were twice as many Chinese residing in Java and Madura as on the outer islands. In 1930, however, the Chinese population on the outer islands was 12% more than that in Java and Madura. Since internal immigration of the Chinese from Java and Madura to the outer islands was not common, it is safe to suggest that immigration had contributed more than natural growth to the increase of Chinese population.

Table 5.8
Growth of Chinese Population in Indonesia, 1860-1930

<table>
<thead>
<tr>
<th>Year</th>
<th>Java &amp; Madura</th>
<th>Other Islands</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>149,000</td>
<td>72,000</td>
<td>221,000</td>
</tr>
<tr>
<td>1870</td>
<td>175,000</td>
<td>85,000</td>
<td>260,000</td>
</tr>
<tr>
<td>1880</td>
<td>207,000</td>
<td>137,000</td>
<td>344,000</td>
</tr>
<tr>
<td>1890</td>
<td>242,000</td>
<td>219,000</td>
<td>461,000</td>
</tr>
<tr>
<td>1900</td>
<td>277,000</td>
<td>260,000</td>
<td>537,000</td>
</tr>
<tr>
<td>1905</td>
<td>295,000</td>
<td>268,000</td>
<td>563,000</td>
</tr>
<tr>
<td>1920</td>
<td>384,000</td>
<td>425,000</td>
<td>809,000</td>
</tr>
<tr>
<td>1930</td>
<td>582,000</td>
<td>651,000</td>
<td>1,233,000</td>
</tr>
</tbody>
</table>

Table 5.9
Population of Native-Born and Foreign-Born Chinese in Indonesia, 1930

<table>
<thead>
<tr>
<th></th>
<th>Java &amp; Madura</th>
<th>Outer Island</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Native-born</td>
<td>462,000</td>
<td>294,000</td>
<td>756,000</td>
</tr>
<tr>
<td>Foreign-born</td>
<td>117,000</td>
<td>311,000</td>
<td>428,000</td>
</tr>
<tr>
<td>Local/Foreign Ratio</td>
<td>3.95/1</td>
<td>0.95/1</td>
<td>1.77/1</td>
</tr>
</tbody>
</table>


However, the effect of immigration should not be over-estimated. The number of native-born Chinese (Peranakan) exceeded that of the immigrants (Totok) in 1930 (see Table 5.9). In other words, the majority of the Chinese in the Indies was descendants of the Chinese immigrants before 1850. As I have discussed in the last section, the Chinese in Indonesia before 1850 were mostly merchants. Since the Chinese were separated from the Indonesians by the Dutch, social mobility for the Chinese as well as the Indonesians was low. Therefore, a descendent of a Chinese merchant in most cases was still a merchant. This point can be shown when we compare the occupations of the Peranakan and the Totok in Table 5.10. As we have expected, the Peranakans had a much higher percentage in trade as compared to the Totoks (45% and 32% respectively). The percentage of Totoks in raw materials production was 36 percent, while that of the Peranakans was only 21 percent. This coincided with the fact that new immigrants came to the Indies as unskilled labourers who were then employed in plantations and mines. Therefore, there was a clear distinction between the occupational patterns of the native-born Chinese and those of the foreign-born Chinese. For the former, trade and commerce were the most
concentrated sector for employment; for the latter, however, raw materials production was more important than other sectors.

Table 5.10
Sector of Employment of the Peranakan and the Totok, 1930

<table>
<thead>
<tr>
<th>Sector of Employment</th>
<th>Peranakan (%)</th>
<th>Totok (%)</th>
<th>All Chinese (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials Production</td>
<td>20.6</td>
<td>36.0</td>
<td>30.9</td>
</tr>
<tr>
<td>Industry</td>
<td>15.5</td>
<td>22.0</td>
<td>19.8</td>
</tr>
<tr>
<td>Trade and Commerce</td>
<td>45.2</td>
<td>32.2</td>
<td>36.7</td>
</tr>
<tr>
<td>Other</td>
<td>18.1</td>
<td>9.9</td>
<td>12.6</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>(155,000)</td>
<td>(314,000)</td>
<td>(469,000)</td>
</tr>
</tbody>
</table>

Source: Compiled from Census of the Dutch East Indies, 1930, VII, Table 14.

Nevertheless, we should also note that the percentage of Totoks in trade and commerce was still very high as compared to that of the Indonesians. Table 5.10 shows that 32.2 percent of the Totoks were in commerce as compared to only 5.4 percent of the Indonesians (See Table 5.2). In addition to the fact that some of the immigrants were merchants from other Southeast Asian countries or directly from China, high social mobility among the Chinese immigrants also contributed to the difference.

As I mentioned before, a large proportion of the Chinese immigrants during 1850-1930 came to the Indies as "coolies" or "contract labourers". The nature of "coolie" or "contract labour" was that the Chinese labourers were recruited on contract usually with a one to three year term. The contractors often paid the fares for the labourers
to come to the Indies. In order to pay back the debts, the labourers had to work for six months without wages or one year with deducted wages. Furthermore, the employers were given every right to exploit the workers and to restrain their freedom. According to the 1880 Dutch East Indies' Coolie Regulation, labourers had to work for three months without pay before they were employed, while the employers were allowed to terminate the contract at any time. Furthermore, the employers were allowed to arrest, try and punish their employees. As Li & Huang point out, "the means used to labour coolies were as cruel as those on slaves" (1987:274).

A report written by Qing official, Nu Haihuan, after his visit to the Indies in 1901, described:

"Those Chinese growing tobacco in Deli were often traded or cheated to come abroad. Their prices were sometimes 50-60 Yuan, sometimes 80-90 Yuan and sometimes 30-40 Yuan. They signed three years contract. After they were in the plantations, they were not allowed to leave freely. Even father and son or brothers could not see each other. Besides, their wages were seriously deducted and exploited. The Chinese had to quietly suffer as there were no places to appeal." (Zhao, 1927:583)

The contract labourers were badly treated and even abused by their employers. They were well under-paid, as employers often deducted their wages for any excuse, and they worked under poor and sometimes dangerous conditions. Because of the lack of safety measures, accidents happened often and many Chinese lost their lives.
The number of Chinese contract labourers declined in the early twentieth century when the Indonesians themselves started to enter the labour market. In 1930, only 15.0% of the coolies in the Indies were Chinese (Central Bureau of Statistics of the Dutch East Indies: Table 96). A large number of Chinese contract labourers became peddlers or petty shop-owners after their contracts expired. This transition of the Chinese immigrants was made possible due to the fact that they were wage earners, while the majority of the Indonesians was engaged in traditional agriculture and did not earn wages. According to a study by Cater (1936), the average annual wage of a Chinese coolie ranged from 250-500 guilders. As food, accommodation and medical care were provided by the employers, the wages were the part of income that they could actually spend or save. On the other hand, unlike the Indonesians, the Chinese were not allowed to possess land. Therefore, the Chinese labourers could not invest their savings in agriculture, but could invest in commerce. According to Census of the Dutch East Indies, 1930 (See Table 5.6), there were 92,583 Chinese in small retailing stores, and 37,279 were street peddlers. In other words, a total of 129,862 Chinese were small retailers or street peddlers, which comprised more than 75 percent of the Chinese in commerce.

The foregoing analysis clearly shows that even though the immigration of unskilled labourers did have an impact on the occupational patterns of the Chinese in the Dutch East Indies, the concentration of Chinese in commerce was not changed.
There were two major reasons for this. First of all, despite the huge wave of immigration, the total of native-born Chinese (Peranakans) still outnumbered immigrants (Totoks). As Peranakans were traditionally concentrated in commerce, it was still the most important sector for Chinese employment. Second, as upward mobility was higher among the Chinese than the Indonesians, large numbers of Chinese immigrants were able to start their own businesses after their contracts as labourers expired.

To summarize, Chinese immigration to Indonesia occurred in three stages. The first one was prior to the seventeenth century, when the Dutch had not colonized the region. During this period, the number of Chinese settlers in Indonesia was very small, and the Chinese settlers were almost exclusively traders who were in either international trade or intermediate trade. Their commercial activities provided grounds for the intermediate role they played in the next stage — the first two hundred and fifty years of Dutch domination. Under the domination of the Dutch, the Chinese in Indonesia had to confine their commercial activities to intermediate trade and retailing. Immigrants during this period were engaged in different occupations. However, merchants were still the biggest group. The third stage was from 1850-1930 when about 500,000 Chinese immigrated to the Indies as unskilled labourers. In spite of the increase in unskilled labour population, commerce was still the sector which absorbed the highest percentage of Chinese.
5.3. The Social-Economic Structure Of The Dutch East Indies And The Role Of Chinese In Trade And Commerce

The previous section has provided only a partial answer for the concentration of the Chinese in commerce; the question as to why the Chinese dominated the intermediate trade, cannot be explained by demographic factors alone. The Dutch East Indies was fundamentally a society with three separated classes: the Europeans at the top, the Indonesians at the bottom and the Chinese in the middle. It was a colonial system, in which different classes were so separated that mobility among classes was almost impossible.

In such a society, the function of the middle class was to bridge the upper and the lower classes by acting as the agents of the dominant class. On the one hand, they collected raw materials from the Indonesians for processing or export, and they collected taxes for the Dutch colonists; on the other hand, they distributed manufactured goods to the Indonesians, and they also provided loans for their production needs. The operation of the colonial system was made possible through the intermediate activities of the Chinese middlemen.

5.3.1. The Chinese in intermediate and retail trade
As discussed before, Chinese settlers in Indonesia were almost exclusively traders before the Dutch colony was established in the early seventeenth century. They had two major characteristics. First, the Chinese were the most important traders at Indonesian ports. They were the biggest buyers of the Indonesian products, such as sandalwood and pepper. Second, they had already established their commercial network with the Indonesian producers as well as with the nobles. It was this superiority in commercial knowledge and in connections that enabled them to play the role of middlemen in the Dutch colony.

Long before the Europeans reached the Indonesian Archipelago, the Chinese had been very active in trade between China and the Indonesian kingdoms. Chinese traders usually came to Indonesia with silk, porcelain and pottery, and brought back pepper, cloves and sandalwood. By the end of the sixteenth century, the Chinese were dominating commerce in the important ports of Sumatra and Java. Statistics from a Dutch source considered the Chinese the principal traders of Bantam, and indicated that in 1598, 18,000 bags of pepper were shipped by the Chinese, compared to 9,000 bags by the Dutch (Meilink-Roelofsz, 1962:243). There were various estimates about the volume of Chinese trade in the port of Bantam. While the first Dutch voyage mentioned that 8 to 10 50-ton-load junks came to Bantam every year, another report said that 5 to 8 eighty-ton-load junks arrived annually (Meilink-Roelofsz, 1962:245). According to Yang (1984:2-3), wholesaling of all kinds of products in Bantam, Yortan, and Grisik was already controlled and operated
by the Chinese.

The Chinese were not only active in import and export, they were also intermediate traders who were well connected to the producers and to the local nobles. In order to be the first to acquire pepper, Chinese traders sometimes went to the countryside themselves to purchase it. Even though the quantity collected by each individual buyer was very small, there were many Chinese buyers who could collect a large amount of pepper in a very short time (Meilink-Roelofsz: 246). Obviously, intermediate trade had never been an unfamiliar task for the Chinese on the Indonesian Archipelago, and the Chinese pepper collectors had never been strangers for the native Indonesians.

Not only were the Chinese familiar with the Indonesian producers, they also maintained very intimate relations with the local authorities. As mentioned by a Ming writer, Yan Congjian, the local heads of Duban and Gresik were both from Guangdong and Fujian provinces (Yan, 1583:417). Chinese merchants were also employed by the local kings. According to Zhang Xie (1617:48), Chinese officials were working as accountant, assistant accountant, and interpreter for the king of Shepuo. Dutch sources also indicated that the Chinese were very close to the king in Bantam:

"The Chinese wholesale merchants established in the town were very
influential. The ruler chose some of his advisers from among them and their prestige increased as the economy of Bantam became more and more dependent upon them. The Chinese occupied official positions as well, and the administration of Bantam was largely in their hands." (Meilink-Roelofsz, 1962:247)

The domination of Chinese in trade in Indonesia during the fifteenth and sixteenth centuries was not a unique phenomenon. As has been shown, the Chinese also controlled commerce in Thailand. However, while the Chinese in Thailand continued to do well in the succeeding centuries, those in Indonesia were being constrained by the colonization of the Archipelago.

It was because of the domination of the Chinese in trade that when the Dutch first arrived the Chinese were considered to be one of the most important competitors. Due to the lack of state support and the lack of concentration of capital, the Chinese were defeated by the Dutch, and the latter established their monopoly on import and export. However, because of their experience in trade and their connections with the Indonesian producers, the Chinese were of great value to the Dutch. As Day pointed out,

"[T]hey (the Chinese) live by their brains, not by their hands....Their steadiness and intelligence put them on a plane above the natives, who have never shown the ability to compete with them on equal terms in trade or industry. They seem to lack the breadth and boldness of conception that would enable them to enter large enterprises as rivals of the Europeans, but between the two races they have an assured position." (Day, 1904:361)
This middleman position was exactly where the Dutch wanted to place them. During the period of the Dutch East India Company (1602-1798), the purpose of the Company was to extract as much as possible from the Indies instead of developing the Indies into a province of Holland. For the Company, the exclusive right of export was better than being the ruler of the colony. Therefore, the Company had no intention whatsoever of intervening in the internal affairs of native Indonesians. Under this policy, the Indonesians were left to their own, and were not involved in the operation of the Company. It was not until the Dutch government took control from the bankrupt East India Company that a large part of outer islands was under the control of the colonial government (Drake, 1989:28).

While the Dutch were not willing to involve the Indonesians in their export system, they were not able to handle it themselves because of their small population. As a result, the Chinese who had already been active in intermediate trade were used to fill up the positions by carrying out intermediate and retail trade.

At the very beginning, the Chinese were not expected to play a major role in intermediate trade, but only in retailing. In a letter written by the Governor-General, Coen, it was stated that the Company must limit its trade to that of a "mighty wholesale dealer", and the "burghers" (Dutch colonists) should be active as middlemen, whereas retail trade should be left to the Chinese (Cator, 1936:7). For a short period of time, the "burghers" were allowed to collect products themselves.
However, they were unable to compete with the Chinese. The major problem for them was that the Chinese who had good connections with the producers and who were satisfied with scanty profits, were able to operate at a much lower cost (Meilink-Roelofsz, 1962:234). On the other hand, the High Government of Netherlands considered intermediate trade to be "dirty work", and it was not the Dutch character "to forage around in every hole and corner like the Chinese and to see what profit can be done there" (Meilink-Roelofsz, 1962:237). As a result, there were all sorts of limitations on the freeburghers, and the Chinese had obtained the upper hand on intermediate trade.

In order to maintain the intermediate role played by the Chinese, the Dutch colonial government separated them from the native Indonesians. The Indonesians were subjects of their native chiefs. As stated in J. van den Boost's report on his activities in the Indies during 1830-33, "[W]hen the native chiefs were left in control of internal affairs, ...not a trace of rebellion or riot could be found in the areas under government control, because ... the principle of non-interference in the internal affairs of the people was consistently adhered to" (Penders, 1977:9). Under this situation, the Indonesians were almost exclusively concentrated in the cultivation of land.

On the other hand, the Chinese were governed by their own laws, and administered by their own chiefs (Raffles, 1817:75), and they were even restricted to residing in
their own communities (Yang, 1981:289). According to the Dutch regulation issued in 1821, Chinese had to reside in a designated area in cities and towns. In order to leave their residence, they had to apply for permission. These policies were effective in the sense that the activities of the Chinese were being monitored so that they would not become an economic or political threat to the Dutch. Furthermore, the separation of the Chinese from the Indonesians helped to keep the Chinese focused on their intermediate trade, and prevented them from integrating with the Indonesians.

Because of ethnic segregation of the colonial society, the Chinese were placed in the middle between the Dutch and the Indonesians. The Chinese were the agents of the Dutch, who had to rely on them for the distribution of imported goods and for the collection of native produce. The Indonesians also found them indispensable as sources of supplying manufactured goods and as channels for distributing their agricultural produce. Therefore, the Chinese took control of the intermediate trade. The observation made by Raffles best describe the economic function of the Chinese,

"Almost all the inland commerce, beyond what is thus carried on through the medium of bazars, is under the direction of the Chinese, who possessing considerable capital, and frequently speculating on a very extensive scale, engross the greater part of the wholesale trade, buy up the principal articles of export from the native grower, convey them to the maritime capitals, and in return supply the interior with salt, and with the principal articles imported from the neighboring islands, or from foreign countries." (Raffles, 1817:199-200)
5.3.2. The role of Chinese tax farmers

From the late eighteenth century to the mid-nineteenth century, besides being intermediate and retail traders, the Chinese were also tax farmers.

A tax farm was a monopoly concession for selling a certain kind of goods, such as liquors, cigarettes or providing a certain kind of service. A tax farmer, then, was the concessionaire who was granted monopoly by the government for a period of time and in a designated region.

If we were to use the term "the agents of the Dutch colonial government" to describe the Chinese intermediate traders, then it would be more precise to use it to describe the Chinese tax farmers. During the early nineteenth century, in order to increase government revenue, several goods and services were farmed out to private merchants. Again, because of the experience of the Chinese in commerce and their willingness to deal with the Indonesians, they were chosen to be the tax farmers. Even though it was not the original intention of the Dutch government to farm out the sales and services to the Chinese, Chinese merchants monopolized almost all the tax farms. They collected taxes, including those for sales of opium, cigarettes, salt, and liquor; and for services, such as entertainment tax, market tax, head tax and bridge tax. This tax farming system provided the Chinese tax farmer with the monopoly, and enabled them to become a very powerful force in the economy of the
Indies. This was evidenced in Hogendrop’s speech,

"Finally, they (the Chinese) have exclusively all the farms of the government taxes and revenues, both in the Company’s districts and in the dominions of the native princes: by which means they are complete masters of all trade, internal and foreign; and are enabled to make monopolies in everything, which they do accordingly in the most extensive manner. The burthens they have to bear are, on the contrary, very trifling; in fact, almost nothing...." (Raffles, 1817:227)

The tax farming system was abolished around the 1870s (Yang, 1984:7). However, many of the Chinese merchants had already benefited greatly from the collection of taxes. The economic power of the Chinese middlemen was strengthened.

5.4. Conclusion

This chapter analyzes the occupational patterns of the Chinese in Indonesia before the Second World War. Statistics showed that the Chinese were concentrated in commerce. They dominated intermediate trade and retailing.

In explaining the economic position of the Chinese in Southeast Asia, the transplanted cultural theory considers cultural characteristics of the Chinese, such as work ethics and interpersonal relationships, as determinant factors for their middlemen position (Redding, 1990; Freeman, 1979; Light, 1972). The blocked
mobility thesis, on the contrary, emphasizes the importance of contextual factors such as government policies, and the socio-economic structure. Accordingly, it was usually not the traditional culture of the ethnic group, but the discriminative treatment they received from the dominant class, that prevented them from entering into the core labour market. In response to this situation, members of these ethnic groups tended to mobilize ethnic resources to establish themselves in the peripheral market. As a result, they were able to avoid discriminative treatment and competition from the dominating group (Li, 1998; Bonacich & Modell, 1980).

The transplanted cultural thesis is certainly unable to explain satisfactorily the middleman role of the Chinese in the Dutch East Indies. First, as I have mentioned, the Chinese dominated commerce before the arrival of the Dutch. It was only after the colony was established that the position of the Chinese was changed. Therefore, the Chinese did not immigrate to Indonesia as middlemen. They were in the middlemen position during the colonial period because they lost their domination in trade and commerce to the Dutch. As well, the decline of the economic position of the Chinese after the arrival of the Dutch further illustrates the lack of influence of the cultural traits of the Chinese during the colonial period. Second, the Chinese in Indonesia were not a socially and economically homogeneous group. To be more specific, even though they were segregated from the Dutch or the Indonesians, there were upper-class, middle-class and lower-class Chinese within the group. As shown in Table 5.2, the Chinese in Indonesia were primarily employed in two major sectors:
raw materials production and trade and commerce. The majority of the Chinese employed in the production sector was labourers, while those in commerce were primarily merchants and traders. Since the Chinese in Indonesia originated from the same area of China with a similar cultural background, the transplanted cultural thesis is unable to explain the internal differences among the Chinese in Indonesia.

The blocked mobility thesis has its virtue in explaining the economic position of the Chinese in Indonesia, in the sense that it recognizes the importance of structural factors such as racial stratification in the labour market, and government regulations. However, in order to apply this theory to the study of the Chinese in Indonesia, modifications have to be made. First, in the case of Indonesia, the social environment for the Chinese and the treatment received from the Dutch were not always hostile. Even though the activities of the Chinese were limited to areas that were not threatening to the Dutch, the Chinese were given the encouragement and protection they needed to be the middlemen between the Dutch and the Indonesians. Second, the role played by the Chinese should not be considered to be marginal or peripheral. As a matter of fact, it was one of the key positions in the circulation of capital and commodities. On the contrary, the native Indonesians, who were engaged in traditional cultivation instead of being involved in the colonial system, were in the peripheral market. Finally, the Chinese in the Dutch East Indies were a middle class not only in the economic, but also in the social sense. While the term "middlemen" usually refers to the economic function of a minority group, it was more than just an
economic status for the Chinese in the Indies. Only after all these adjustments are made can the middlemen minority theory then be applied to the analysis of the Chinese before the Second World War.

In order to explain the concentration of the Chinese in trade and commerce occupations, I have analyzed two major sets of factors: demographic factors (the composition of the Chinese population and the immigration patterns of the Chinese); and historical structural factors (the social structure and the government policies of the host country).

My analysis suggests that the formation of the occupational patterns of the Chinese has experienced three stages. In the first stage, before the seventeenth century, the number of Chinese immigrants was small, and the immigrants were almost exclusively traders. Because of their experience in commerce and their connections with the Indonesian producers, they provided the basis for the role played by the Chinese during the successive stages. In the second stage, from the seventeenth century to the mid-nineteenth century, the Chinese population continued to grow because of steady immigration of Chinese traders and artisans. Their settlement in the Indies further solidified their middlemen position. Finally, in the third stage, from the 1850s to the 1930s, a large number of Chinese unskilled labourers immigrated to the Indies. This had a certain impact on the occupational patterns of the Chinese. However, commerce was still an important sector for Chinese for two reasons. First,
the number of native-born Chinese who were very likely to be in commerce still outnumbered the immigrants who were more likely to be in primary production. Second, there was high social mobility for the Chinese immigrants.

With respect to the historical and structural factors, it is my argument that the policies of the Dutch government placed the Chinese in the middle between the Dutch and the Indonesians. These policies socially and economically separated the Chinese from the Indonesians, and constrained the Chinese's ability to challenge the Dutch. As a result, the Chinese became a middle class that carried out the function of bridging the dominant class and the subordinate class.
CHAPTER 6

THE OCCUPATIONAL PATTERNS AND
ENTREPRENEURSHIP OF THE CHINESE IN CANADA

6.1. The Concentration Of The Chinese In The Food And Personal Services Sectors

Unlike the situation in Thailand and Indonesia where Chinese dominated trade and commerce, the Chinese in Canada before the Second World War were concentrated disproportionately in the food and service sectors, with a high percentage of Chinese being engaged in restaurant business, laundry shops and domestic service.

6.1.1. Chinese population and distribution in Canada

According to Census of Canada, 1931, the Canadian population was composed of four major ethnic groups: the Europeans (British, French and other Europeans), the Native people, the Asiatics and others. The total population and their percentage of each of the ethnic groups are shown in Table 6.1.
Table 6.1
Population of Canada by Ethnic Origin, 1931

<table>
<thead>
<tr>
<th>Ethnic Origin</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europeans</td>
<td>10,134,313</td>
<td>97.7</td>
</tr>
<tr>
<td>Chinese</td>
<td>46,519</td>
<td>0.5</td>
</tr>
<tr>
<td>Japanese</td>
<td>23,342</td>
<td>0.2</td>
</tr>
<tr>
<td>Other Asians</td>
<td>14,687</td>
<td>0.1</td>
</tr>
<tr>
<td>Native People</td>
<td>128,890</td>
<td>1.2</td>
</tr>
<tr>
<td>Other</td>
<td>29,035</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,376,786</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


As indicated in the table, the total population in Canada in 1931 was 10,376,786. The Europeans, consisting of 97.7 percent of the total, were no doubt the vast majority in demographic terms. The Natives were the second largest group, but made up only 1.2 percent of the population. The population of the Asiatics, primarily Chinese and Japanese, was 84,548, or 0.8 percent of the total. Among them, 46,519 were Chinese who made up 0.5 percent of the Canadian population. The remaining 29,035, or 0.3 percent of the population were Argentineans, Australians, Brazilians, and others.

The majority of the Chinese in Canada resided in the Province of British Columbia. According to the census, about 60 percent of the Chinese were residents of British Columbia in 1931, which accounted for nearly 4 percent of the total British Columbia population. This figure was 8 times higher than the national percentage.
As a matter of fact, the Chinese had been a significant part of the province’s population since the end of the nineteenth century (See Table 6.2). In 1901, there were 14,885 Chinese in British Columbia, consisting of 8.3 percent of the population in the province (Census of Canada, 1901, Vol. 2, pp.340-341 & 368-369). The percentage of the Chinese in British Columbia declined only after the completion of the Canadian Pacific Railway (C.P.R.) in 1885, which enabled a large number of white settlers to immigrate from eastern Canada and the Chinese to move east.
<table>
<thead>
<tr>
<th>Year</th>
<th>Province</th>
<th>Chinese Population</th>
<th>% of Chinese in Total Population</th>
<th>% in Chinese Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>B.C.</td>
<td>14,885</td>
<td>8.30</td>
<td>86.02</td>
</tr>
<tr>
<td></td>
<td>Alberta</td>
<td>235</td>
<td>0.32</td>
<td>1.36</td>
</tr>
<tr>
<td></td>
<td>Saskatchewan</td>
<td>41</td>
<td>0.04</td>
<td>0.24</td>
</tr>
<tr>
<td></td>
<td>Manitoba</td>
<td>206</td>
<td>0.08</td>
<td>1.19</td>
</tr>
<tr>
<td></td>
<td>Ontario</td>
<td>732</td>
<td>0.03</td>
<td>4.23</td>
</tr>
<tr>
<td></td>
<td>Quebec</td>
<td>1,037</td>
<td>0.06</td>
<td>5.99</td>
</tr>
<tr>
<td></td>
<td>N.B.</td>
<td>59</td>
<td>0.02</td>
<td>0.34</td>
</tr>
<tr>
<td></td>
<td>N.S.</td>
<td>106</td>
<td>0.02</td>
<td>0.61</td>
</tr>
<tr>
<td></td>
<td>P.E.I.</td>
<td>4</td>
<td>-</td>
<td>0.02</td>
</tr>
<tr>
<td>1911</td>
<td>B.C.</td>
<td>19,568</td>
<td>6.00</td>
<td>70.45</td>
</tr>
<tr>
<td></td>
<td>Alberta</td>
<td>1,787</td>
<td>0.48</td>
<td>6.43</td>
</tr>
<tr>
<td></td>
<td>Saskatchewan</td>
<td>957</td>
<td>0.19</td>
<td>3.45</td>
</tr>
<tr>
<td></td>
<td>Manitoba</td>
<td>885</td>
<td>0.19</td>
<td>3.19</td>
</tr>
<tr>
<td></td>
<td>Ontario</td>
<td>2,766</td>
<td>0.11</td>
<td>9.96</td>
</tr>
<tr>
<td></td>
<td>Quebec</td>
<td>1,578</td>
<td>0.08</td>
<td>5.68</td>
</tr>
<tr>
<td></td>
<td>N.B.</td>
<td>93</td>
<td>0.03</td>
<td>0.33</td>
</tr>
<tr>
<td></td>
<td>N.S.</td>
<td>134</td>
<td>0.03</td>
<td>0.48</td>
</tr>
<tr>
<td></td>
<td>P.E.I.</td>
<td>6</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>1921</td>
<td>B.C.</td>
<td>23,533</td>
<td>4.50</td>
<td>59.45</td>
</tr>
<tr>
<td></td>
<td>Alberta</td>
<td>3,581</td>
<td>0.61</td>
<td>9.05</td>
</tr>
<tr>
<td></td>
<td>Saskatchewan</td>
<td>2,667</td>
<td>0.35</td>
<td>6.74</td>
</tr>
<tr>
<td></td>
<td>Manitoba</td>
<td>1,331</td>
<td>0.22</td>
<td>3.36</td>
</tr>
<tr>
<td></td>
<td>Ontario</td>
<td>5,625</td>
<td>0.19</td>
<td>14.21</td>
</tr>
<tr>
<td></td>
<td>Quebec</td>
<td>2,335</td>
<td>0.10</td>
<td>5.90</td>
</tr>
<tr>
<td></td>
<td>Maritimes</td>
<td>514</td>
<td>0.05</td>
<td>1.30</td>
</tr>
<tr>
<td>1931</td>
<td>B.C.</td>
<td>27,139</td>
<td>3.91</td>
<td>58.34</td>
</tr>
<tr>
<td></td>
<td>Alberta</td>
<td>3,875</td>
<td>0.53</td>
<td>8.33</td>
</tr>
<tr>
<td></td>
<td>Saskatchewan</td>
<td>3,501</td>
<td>0.38</td>
<td>7.53</td>
</tr>
<tr>
<td></td>
<td>Manitoba</td>
<td>1,732</td>
<td>0.25</td>
<td>3.72</td>
</tr>
<tr>
<td></td>
<td>Ontario</td>
<td>6,919</td>
<td>0.20</td>
<td>14.87</td>
</tr>
<tr>
<td></td>
<td>Quebec</td>
<td>2,750</td>
<td>0.10</td>
<td>5.91</td>
</tr>
<tr>
<td></td>
<td>Maritimes</td>
<td>602</td>
<td>0.06</td>
<td>1.29</td>
</tr>
</tbody>
</table>

6.1.2. Occupational features of the Chinese as compared to the rest of the population

The major source of data on Chinese occupations came from the Census of Canada, 1931. Table 49 in Vol. 7 of the census provided detailed occupation figures for the population in different provinces in Canada based on sex and ethnic origin.

As shown in Table 6.3, About one-third of the labour force in 1931 was in raw materials production, especially agriculture, another one third in industry and the remaining one-third in other sectors. The high percentage in raw materials production indicates that Canada was still in the middle of industrialization, as agricultural labourers had yet been transferred into industrial wage earners. The Chinese accounted for only a very small proportion of the labour force. Only 40,253 or 1 percent of the total number in labour market were Chinese. The Chinese contributed less than 1 percent in all sectors except personal services (5.9 percent), but more than 85 percent of the Chinese were engaged in occupations in non-agricultural sectors.

As indicated in the table, 14.4 percent of the Chinese were in raw materials production. This included agriculture, logging, fishing, hunting and trapping, and mining. 24.5 percent were in various industries, 1.4 percent in transportation and
communication, 0.3 percent were in professional service, 0.6 percent in other services. Strikingly, the Chinese in public service were almost non-existent, with only 7 persons listed as public service officials, and 4 in the police force.

**Table 6.3**

*Sector of Employment by Ethnic Origin in Canada, 1931*

<table>
<thead>
<tr>
<th>Sector of Employment</th>
<th>Europeans</th>
<th>Chinese</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials Production*</td>
<td>32.5</td>
<td>14.4</td>
<td>67.6</td>
<td>32.7</td>
</tr>
<tr>
<td>Industry</td>
<td>29.4</td>
<td>24.5</td>
<td>20.9</td>
<td>29.3</td>
</tr>
<tr>
<td>Transportation &amp; Communication</td>
<td>6.9</td>
<td>1.4</td>
<td>2.3</td>
<td>6.8</td>
</tr>
<tr>
<td>Trade &amp; Finance</td>
<td>9.0</td>
<td>6.8</td>
<td>2.3</td>
<td>8.9</td>
</tr>
<tr>
<td>Public Services</td>
<td>0.8</td>
<td>0.0</td>
<td>0.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Professional Services</td>
<td>6.2</td>
<td>0.3</td>
<td>0.6</td>
<td>6.1</td>
</tr>
<tr>
<td>Personal Services</td>
<td>8.7</td>
<td>52.0</td>
<td>5.8</td>
<td>9.1</td>
</tr>
<tr>
<td>Other</td>
<td>6.5</td>
<td>0.6</td>
<td>0.5</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

* including agriculture, logging, fishing, hunting, trapping, mining

**Source:** Compiled from *Census of Canada, 1931.* Vol. 7, Table 49, pp.430-443.

The percentage of Chinese in personal services was extremely high. Table 6.4 provides a breakdown of the Chinese in this sector. The table shows that the number of Chinese restaurant owners, cooks and waiters/waitresses was 12,285, accounting for more than 30 percent of the Chinese labour force as a whole. Chinese laundry owners and workers numbered 6,361, which made up 15.8 percent of the Chinese labour. Nearly 6 percent of the Chinese were engaged in occupations in other personal services, such as domestic servants and caretakers. The total number of Chinese in personal services, therefore, reached 20,925, which was more than 50
percent of the Chinese gainfully occupied. This number is extraordinarily high when we compare it with that of the Canadian labour force as a whole. As we can see in Table 6.3, the percentage in personal services for the whole labour force was only 9.1 percent.

Therefore, there were significant differences between the occupations of the Chinese and the rest of the population in Canada. First, the Chinese tended to be engaged in non-agricultural sector, while a large proportion of the general population was in raw materials production. Second, there were almost no Chinese in public service. Among the 40,253 Chinese in the labour market, only 11 of them were in public service. Finally, the Chinese were disproportionately engaged in personal services.

**Table 6.4**  
**Chinese in Personal Services in Canada, 1931**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number</th>
<th>% of Chinese Labour Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant, Cafe &amp; Tavern</td>
<td>12,285</td>
<td>30.5</td>
</tr>
<tr>
<td>Laundry Shop</td>
<td>6,361</td>
<td>15.8</td>
</tr>
<tr>
<td>Domestic Service</td>
<td>1,539</td>
<td>3.8</td>
</tr>
<tr>
<td>Other</td>
<td>740</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,925</td>
<td><strong>52.0</strong></td>
</tr>
</tbody>
</table>

Source: Compiled from Census of Canada, 1931. Vol. 7, Table 49, pp.430-443.

As mentioned before, the majority of the Chinese in Canada resided in the province of British Columbia up to the 1930s. For this reason, it is necessary to discuss the occupational patterns of the Chinese in the province so as to compare them to the general conditions in Canada. Table 6.5 is a summary of the occupations of the
Chinese as compared to the Europeans and other ethnic groups, and Table 6.6 is a breakdown of Chinese in personal services in British Columbia.

**Table 6.5**

Sector of Employment by Ethnic Origin in British Columbia, 1931

<table>
<thead>
<tr>
<th>Sector of Employment</th>
<th>Europeans</th>
<th>Chinese</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials Production</td>
<td>22.9</td>
<td>22.7</td>
<td>56.3</td>
<td>24.9</td>
</tr>
<tr>
<td>Industry</td>
<td>31.9</td>
<td>40.2</td>
<td>24.0</td>
<td>32.0</td>
</tr>
<tr>
<td>Transportation &amp; Communication</td>
<td>10.2</td>
<td>2.0</td>
<td>3.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Trade &amp; Finance</td>
<td>10.5</td>
<td>8.3</td>
<td>5.3</td>
<td>10.0</td>
</tr>
<tr>
<td>Public Services</td>
<td>1.2</td>
<td>0.0</td>
<td>0.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Professional Services</td>
<td>7.0</td>
<td>0.4</td>
<td>0.9</td>
<td>6.1</td>
</tr>
<tr>
<td>Personal Services</td>
<td>9.2</td>
<td>25.7</td>
<td>8.5</td>
<td>10.4</td>
</tr>
<tr>
<td>Other</td>
<td>7.1</td>
<td>0.6</td>
<td>1.1</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

N  
(263,902) (23,192) (19,169) (306,263)


**Table 6.6**

The Chinese in Personal Services in British Columbia, 1931

<table>
<thead>
<tr>
<th>Business</th>
<th>Number</th>
<th>% of Chinese Labour Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant, Café &amp; Tavern</td>
<td>3,782</td>
<td>16.3</td>
</tr>
<tr>
<td>Laundry Shop</td>
<td>752</td>
<td>3.2</td>
</tr>
<tr>
<td>Domestic Service</td>
<td>998</td>
<td>4.3</td>
</tr>
<tr>
<td>Other</td>
<td>425</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,957</td>
<td><strong>25.7</strong></td>
</tr>
</tbody>
</table>


When we compare the occupations of the Chinese in British Columbia to the Chinese in Canada in general, we find some major differences. First, while Chinese made up less than one percent of the total labour force in Canada, the respective figure for British Columbia was 7.6 percent. Even though this percentage was low, the
Chinese played a much more significant role in the labour market in British Columbia as opposed to Canada as a whole. Second, a high percentage of the Chinese in British Columbia were in various industries (40.2 percent). Industry, instead of personal services, was the most important sector for Chinese employment in British Columbia in 1931. Third, the Chinese in British Columbia were also concentrated in personal services, with more than one-quarter of the occupied Chinese were engaged in personal services occupations. However, the degree of concentration in the province (25.7 percent) was much lower than the national level (52.0 percent).

Compared with the general population in Canada, the Chinese tended to be concentrated in the personal services sector, taking jobs in restaurants, laundry shops and cafeterias. As the Chinese were initially recruited to Canada to work in various industries such as mining, railroad construction, canning and other manufacturing companies, we have to ask why they experienced a dramatic shift from these industries to personal services. The following sections will attempt to answer these questions by investigating the effect of the history of Chinese immigration to Canada, social stratification in the Canadian society, and the policies of the federal and provincial governments.
6.2. Chinese Immigration To Canada, 1858-1924

6.2.1. Social upheaval and economic harshness: the pushing force for the Chinese emigration

Chinese emigration, especially from the coastal provinces of Guangdong and Fujian, to neighboring countries has a long history of more than ten centuries (Purcell, 1965). However, it was only after the second half of the nineteenth century that emigration to other countries experienced a dramatic increase in these two provinces (Irick, 1982). During the period from 1850s to 1930s, many people left their homeland and emigrated to every corner of the world — Southeast Asia, Europe, North America, South America and Australia.

Both internal and external factors contributed to the emigration wave between 1850s and 1930s. First, during the nineteenth century, the European industrial nations as well as Japan and the United States underwent dramatic capitalist expansion. Backed by their superior military power, they were looking for overseas markets for their industrial products and sources of raw materials. The declining Chinese Empire was one of their biggest targets. Since the 1839-42 Opium War against the British, the Chinese empire had been forced to be engaged in a series of wars against the British, the French, the German, Austrians, the Japanese, the Americans and the Russians
(Li, 1988). The Chinese were defeated in every single war, and were compelled to give up trade and territory rights to these industrial powers. International intervention accelerated the breakdown of China's agrarian economy, especially in the coastal provinces that were opened for free trade.

The rural areas of Guangdong and Fujian were over crowded due to a rapid increase in population during the eighteenth century. According to Con, et al. (1982:9), in the second half of the nineteenth century the average density in the Pearl River Delta in Guangdong province was about 600 persons per square kilometer, and land available for cultivation was about one third of a hectare for every family. Under this circumstance, the population burden for agricultural production was extremely heavy. According to the Qing chronicle, Guangdong and Fujian's supply of foodstuff had depended on imports since the late eighteenth century (Qing Shi Lu, Shengzhong Shilu, Juan 298:3). By the second half of the nineteenth century, food shortage became more serious. In 1878, a report prepared by Qing official Deng Huaxi mentioned that

"Gungdong's food production can not satisfy the demand, and thus buy (rice) from Guangxi province....Since rice import from Guangxi is not enough, Guangdong have to import rice from overseas, and the import is increasing annually" (Qing Shi Lu, Dezong Shilu, Juan 63:5-6).

The already serious population pressure was further strengthened by a series of natural disasters. According to Li (1988:15), the county of Taishan, one of the major
sources of emigration, suffered "fourteen major floods, seven typhoons, four earthquakes, two droughts and four plagues, and five famines" from 1851-1908. The frustration among the starving peasants fueled the longest peasants' revolt in Chinese history — the Taiping Tianguo Movement. The movement lasted for fourteen years from 1850-1864, with most of the southern provinces in China being affected. More than 20 million people perished (Con, et al., 1982:6).

Therefore, it was the social instability caused by the collapse of the feudal system, the intervention of capitalist powers, and the strikes of natural disasters in the overpopulated Guangdong and Fujian provinces that led to the emigration wave of the peasants from the two provinces. Part of this wave reached Canada in late 1850s.

6.2.2. The Chinese in Canada, 1858-1879

The first wave of Chinese immigration to Canada was from the west coast of the United States in 1858, when rumors of gold discovery in Fraser Valley spread through the Chinese community in San Francisco (Lai, 1988:15). On June 24, 1858, the first group of Chinese miners was shipped to Victoria, which marked the starting point of the history of the Chinese in Canada (Lai, 1988:15). Two years later, Chinese immigrants began to come directly from China (Yee, 1988:12). In April 1860, 265 Chinese reached Victoria from Hong Kong. By 1863, it was estimated
that about 4,000 Chinese labourers were working in the Cariboo region (Con, et al., 1982:15). The process of Chinese immigration seemed to be slow before the 1880s. As indicated in *Census of Canada*, 1881, there were only 4,383 Chinese in the country (*Census of Canada*, 1881, Vol. 1: 206-303).

Apart from a small number of merchants, a large proportion of the Chinese was peasants who came to British Columbia as general labourers. They initially worked at various gold mines in the region of Cariboo. According to Lai (1988:25-26), nearly two-thirds of the 1,900 Chinese in British Columbia between 1867 and 1870 resided in the Cariboo and Lower Fraser Regions, and over half of the Chinese were engaged in mining in 1879.

Initially, conflicts between Chinese labourers and white workers were absent except for a few minor incidents. This might have to do with the approach used by the Chinese miners. As Yee (1988:12) points out, while the white miners tended to rush to newly discovered mining sites and deserted the old ones, the Chinese usually reworked the abandoned ones. C. Wilson, a Victoria barrister, testified,

"They (the Chinese) follow what miners call lazy labor. Where they get gold they leave nothing behind. The white miner is the pioneer for discovery, the Chinaman following him, cleaning everything up -- what the white miner leaves in search of richer diggings and what he would fall back on in case of a rainy day. The white man is always seeking for something better; the Chinese always follow after and clean up everything." (Royal Commission of Canada, 1885:60)
However, the gold rush in British Columbia was short lived and the yield of the gold mines in the colony quickly declined in the 1860s, despite a few smaller gold discoveries in the 1870s. Even more unfortunately, economic recession followed as soon as the gold rush was over (Lai, 1988:27). Large numbers of Chinese labourers then moved back to China or down to California. According to Census of Canada, 1871, 1,548 Chinese were reported to be in British Columbia. This was considerably lower than the Chinese population in the early 1860s in British Columbia, which was estimated at 6,000 (Con, et al., 1982:19). Obviously, many Chinese had departed from Canada after the gold rush.

Table 6.7.
Occupations of the Chinese in British Columbia, 1879

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Miners</td>
<td>1,974</td>
<td>47.5</td>
</tr>
<tr>
<td>Cooks &amp; Servants</td>
<td>434</td>
<td>10.5</td>
</tr>
<tr>
<td>Coal Miners</td>
<td>347</td>
<td>8.4</td>
</tr>
<tr>
<td>Other labourers</td>
<td>286</td>
<td>6.9</td>
</tr>
<tr>
<td>Other Occupations</td>
<td>1,113</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,154</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Those who stayed in the province had to find jobs in coal mining, manufacturing and domestic service. By the end of the 1870s, while about half of the Chinese in British Columbia still stayed in good mines looking for their fortune, about 10 percent of the Chinese became domestic cooks and servants, 8.4 percent became coal miners, and
6.9 percent were general labourers working in various firms (See Table 6.7).

6.2.3. The Chinese in Canada, 1880-1885

In the late 1870s, British Columbia recovered from the economic recession. The establishment and development of the canning industry, lumber industry and coal mining, required a large supply of labour. The province of British Columbia, however, was well under-populated at that time. According to Census of Canada, 1881, the territory of British Columbia was larger than Quebec and Ontario combined; its population of 49,500, however, was barely more than one percent of the combined population of Quebec and Ontario (Royal Commission of Canada, 1885: LXXIX). The shortage of labour was made even more acute when the construction of the Canadian Pacific Railway commenced. It was estimated that three to four thousand labourers were needed for the construction, while there were only some 10,000 people in the entire labour force of British Columbia, most of whom were occupied in mining, fishing and commerce (Morton, 1974:79). This shortage of labour was reflected in an article in the Victoria newspaper, the Colonist,

"Never in the history of the province has labor, both white and Chinese been so difficult to procure as at the present. Railroad contractors at Yale, canning establishments on the Fraser, the drydock at Esquimalt, to say nothing of farmer's wants, are all calling out for labor." (Quoted by Morton, 1974:85)

Under these circumstances, the second wave of Chinese immigration started in 1881,
the second year of the construction of the Canadian Pacific Railway. According to British Columbia's Customs report, a total of 2,326 Chinese immigrants entered the province at the port of Victoria from 1876 to 1880. In 1881 alone, however, the figure was already 2,939. Then, in 1882, the number of Chinese immigrants reached a record high of 8,083. Among them, 7,508 came directly from China on 18 vessels. In 1883, 3,223 Chinese immigrants were recorded; and in the first ten months of 1884, 2,762 Chinese entered at the port of Victoria (See Table 6.8).

**Table 6.8**
Chinese Passengers Entering the Port of Victoria, 1876-1884

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1876-1880</td>
<td>2,326</td>
</tr>
<tr>
<td>1881</td>
<td>2,939</td>
</tr>
<tr>
<td>1882</td>
<td>8,083</td>
</tr>
<tr>
<td>1883</td>
<td>3,223</td>
</tr>
<tr>
<td>1884</td>
<td>2,762 *</td>
</tr>
</tbody>
</table>

\* For the ten months from January to October.

Source: Royal Commission of Canada, 1885, pp.396 & 398.

With the influx of these Chinese labourers, the Chinese population in British Columbia increased steadily during the first half of the 1880s. Data provided by Census of Canada, 1881, indicated that there were 4,350 Chinese in the province (Vol. 1: 206-303). However, various estimates suggested that in 1885 there were more than 10,000 Chinese in British Columbia, and the number ranged from 12,000 to 25,000 (Royal Commission of Canada, 1885: VIII, pp.43, 53, 83, & 363-365).
Among the Chinese in British Columbia in the mid-1880s, about 9,870 were adult males in the labour force. Considering the fact that the estimated total population of British Columbia was only 60,000 at this time (Royal Commission of Canada, 1885: LXXIX), the Chinese made up a very important part of the labour force in the province.

The most important sector of employment during these years was without doubt the railway construction. In fact, the construction of the railway relied so heavily on Chinese labourers that Prime Minister MacDonald had to admit that there was a “no Chinese, no railway” situation (Canada, House of Commons, Debates, May 12, 1882: 1477). According to Lai (1988:32), almost the entire railway line in British Columbia was graded by Chinese labourers under the supervision of white foremen. Lai indicates that by 1882, among the 9,000 railway workers, 6,500 were Chinese (Lai, 1988:32). This figure is supported by the testimony of J. Robson, the provincial secretary during the early 1880s. Robson estimated that the number of Chinese railway labourers was about 6,000 (Royal Commission of Canada, 1885:64). According to a Chinese compilation made in 1884, 3,510 of the Chinese labourers worked on construction sites of the Canadian Pacific Railway (Royal Commission of Canada, 1885:364). Chinese workers turned the Canadian Pacific Railway into reality. As Commissioner Gray put it in his report.
"... [W]hen (the Canadian Pacific Railway) completed will have advanced the maturity of British Columbia by fifty years, and without Chinese labor to complete it, it would have been delayed fifty" (Royal Commission of Canada, 1885: LXXVIII).

Besides railway construction, the Chinese in British Columbia also played an important role in salmon canning, coal mining and vegetable gardening. According to a report submitted by the Department of Marine and Fisheries, British Columbia Agency, the number of Chinese in the canning industry in British Columbia was about 1,157 in 1884, as opposed to 273 whites and 1,280 native peoples (Royal Commission of Canada, 1885:395). This figure might not be very accurate as salmon canning was highly seasonal, and the number of workers varied from low season to high season. Dr. McInnis, M.P. for British Columbia, mentioned in an interview that during the salmon fishing season, the number of Chinese employed related to canning ranged from 1,200 to 1,500 in the city of New Westminster alone (Royal Commission of Canada, 1885: XXV). Chief Justice of British Columbia, Sir M. Begbie suggested that the Chinese "constitute three-fourths of the working hands about every salmon cannery" (Royal Commission of Canada, 1885:75).

In coal mining, Chinese labourers were also indispensable. According to the report of the Royal commission, 2,206 Chinese were employed in the mining industry (1885:363-365), which formed a majority of the labour force in the industry in British Columbia. As Mr. Dewdney, M.P. for British Columbia, pointed out,
"...[O]n that western coast it (the Chinese) is a desirable class of labor. [I]n a country where there are mining operations starting up in every direction, [y]ou cannot depend on the white labor; they run off to the mines and leave the employer in the lurch, and the only labor they can depend upon is the Chinese labor" (Royal Commission of Canada, 1885: XLI).

As indicated in Table 6.9, 75.2 percent of the male Chinese in the province of British Columbia were general labourers working on mining and construction sites and various industries, and 13.4 percent in farming and fishing. The figure in commerce was 4.6 percent, followed by 4.5 percent in personal services. Only 1.7 percent of the Chinese were engaged in laundry service, and 0.5 percent in professional services. Therefore, the vast majority of Chinese immigrants during this period was labourers in railway, milling, canning and farming.

Table 6.9
Occupation of Male Chinese in British Columbia, 1885

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services</td>
<td>50</td>
<td>0.5</td>
</tr>
<tr>
<td>Trade &amp; Commerce</td>
<td>423</td>
<td>4.6</td>
</tr>
<tr>
<td>Personal Services</td>
<td>407</td>
<td>4.5</td>
</tr>
<tr>
<td>Industry &amp; Mining Labour</td>
<td>6,873</td>
<td>75.2</td>
</tr>
<tr>
<td>Farm &amp; Fishing Labour</td>
<td>1,227</td>
<td>13.4</td>
</tr>
<tr>
<td>Laundry Service</td>
<td>156</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,136</strong></td>
<td><strong>99.9</strong></td>
</tr>
</tbody>
</table>

* Some people might have two occupations in the original table, and the first-mentioned ones are taken as these people's occupations in this table.

Source: Compiled from Royal Commission of Canada, 1885, pp.363-365.
6.2.4. The Chinese in Canada, 1885-1931

Chinese immigration after the completion of the Canadian Pacific Railway continued despite the imposition of a head tax on Chinese immigrants in 1885 (Con et al., 1982:296; Li, 1988:60). One feature of Chinese immigration was that a year of slow immigration might be followed by a year of great influx. In other words, the number of immigrants could change dramatically for one year to another. This to some degree related to the social conditions in China. For example, Chinese immigration reached its high in 1911-13, when more than 6,000 Chinese arrived annually on average (Li, 1988:60). It was also in these years that China experienced the collapse of the imperial rule and the rise of the nationalist movement led by Sun Zhongshan. The transition involved long-lasting wars among numbers of warlords that had seriously threatened the livelihood of the peasants. Consequently, the numbers of Chinese immigrants to Canada increased significantly during these years.

Another feature of the Chinese immigrants was the striking imbalance of sexes. According to a study by Li (1985:92), the ratio for those immigrated between 1906 and 1924 was 3,578 males per 100 females. Census of Canada, 1931 revealed that among the 46,519 Chinese in the country, 43,051 were males (Census of Canada, 1931,Vol. 1:782-785), which suggested the sex ratio was 1,241 males per 100 females. Due to the small female population, the Chinese population in Canada was
heavily affected by immigration.

Table 6.10 presents the changes in Chinese population in Canada from 1881 to 1931. As indicated in the table, the Chinese population in Canada increased ten times from 4,383 in 1881 to 46,519 in 1931.

Table 6.10
Chinese Population in Canada, 1881-1931

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>% of increase from previous census year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1881</td>
<td>4,383</td>
<td>-</td>
</tr>
<tr>
<td>1891</td>
<td>9,129</td>
<td>108.3</td>
</tr>
<tr>
<td>1901</td>
<td>17,312</td>
<td>89.6</td>
</tr>
<tr>
<td>1911</td>
<td>27,831</td>
<td>60.8</td>
</tr>
<tr>
<td>1921</td>
<td>39,587</td>
<td>42.2</td>
</tr>
<tr>
<td>1931</td>
<td>46,519</td>
<td>17.5</td>
</tr>
</tbody>
</table>


As far as the occupations of the Chinese were concerned, a major change can be observed during the period from 1858 to 1931, which was characterized by the switch from the industrial, mining and construction sectors to food and personal services (Li, 1988:48). According to a report submitted by the Chinese Board of Trade of Victoria in 1902, the Chinese in the industrial, mining and construction sectors accounted for nearly 60 percent of the Chinese labour force. Chinese who worked as domestic servants and cooks accounted for 18.5 percent; and Chinese employed in laundry service represented 6.9 percent of the Chinese labour force.
In 1931, however, no more than 30 percent of the Chinese were in the industrial, mining and construction sectors. The number of Chinese in food and personal services increased dramatically to 52.0 percent (Census of Canada, 1931, Vol. 7, Table 49: 430-443). Table 6.11 shows the changes in the occupational patterns of the Chinese in Canada from 1885 to 1931.

Table 6.11
Occupations of the Chinese in Canada, 1885-1931

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1885</th>
<th>1901</th>
<th>1921</th>
<th>1931</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services</td>
<td>0.5</td>
<td>---</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Trade &amp; Commerce</td>
<td>4.5</td>
<td>9.2</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Industry &amp; Mining</td>
<td>75.1</td>
<td>48.3</td>
<td>29.0</td>
<td>25.1</td>
</tr>
<tr>
<td>Farm &amp; Fishing</td>
<td>13.3</td>
<td>6.5</td>
<td>9.7</td>
<td>9.3</td>
</tr>
<tr>
<td>Personal Services</td>
<td>6.2</td>
<td>33.2</td>
<td>48.1</td>
<td>52.0</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
<td>2.8</td>
<td>6.0</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.1</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>N</strong></td>
<td><strong>(9,198)</strong></td>
<td><strong>(3,042)</strong></td>
<td><strong>(34,042)</strong></td>
<td><strong>(40,253)</strong></td>
</tr>
</tbody>
</table>


This change in the occupational patterns of the Chinese can be explained only by examining the situational changes in their host country, including the struggle among various interest groups and its effect on the policies of Canadian governments. The following section is devoted to the analysis of structural factors that had a significant effect on the occupational patterns of the Chinese in Canada.

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6.3. **Institutional Racism Against The Chinese**

6.3.1. **Initial reaction towards Chinese immigration**

When the Chinese first came to the province of British Columbia in the late 1850s and early 1860s, they were considered to be a huge boon for many employers. As commented by B.M. Pearse, the former surveyor-general,

“They [The Chinese] supplied a want deeply felt by all householders, i.e., cooks and laundrymen. They were found invaluable in the coal mines, in the fisheries when established, and in the saw-mills. Their coming was both encouraged and welcomed, by the ready employment which was given to them.” (Commission of Canada, 1885:95)

The reaction of the general public was mixed, but was not overtly hostile to the Chinese. The press, in general, had portrayed the Chinese in a curious but positive manner. As reported in an issue of the British Colonist in 1861,

"We have plenty of room for many thousands of Chinamen. And notwithstanding they may not bring their wives with them to settle permanently in the country, nor build school-houses, churches, or acquire our language, but continue to live and work among themselves, yet there can be no shadow of a doubt but their industry enables them to add very largely to our own revenues and our circulating medium" (British Colonist, July 6, 1861, cited in Li, 1988:23).
In the early 1860s, even De Cosmos, one of the major advocators of anti-Chinese policies in the 1870s and 1880s, was cautiously positive about the immigration of Chinese labour. When an attempt was made by the U.S. government to exclude Chinese from California in 1862, De Cosmos commented,

"... [W]e see no substantial reason why this country --- these colonies and the territory ... may not provide an asylum for at least 50,000 Chinamen .... No one, perhaps, can be found in this country who would prohibit Chinese coming here at this early stage in our history; and whilst we are willing to invite them to this country to engage in every kind of employment, we cannot but foresee that a similar agitation must eventually rise in this country... if we do not watch, guide and control the Chinese immigration from the beginning" (Cited by Morton, 1974:13)

While there were minor incidents of conflict between the whites and the Chinese, the Chinese were not treated differently by the public. A report in the Victoria newspaper, the Colonist, in early 1860s illustrated this point clearly:

"On Saturday an inoffensive Chinaman, while passing along Government street near O'Dwyer's bakery, was knocked from the elevated sidewalk into the street, and severely injured by a young white ruffian, who unfortunately made his escape although pressed by an eye-witness. The poor Celestial was assisted to his feet by passers by. It is to be regretted that the dastardly fellow cannot be traced and punished as he deserves" (Cited by Morton, 1974:19).

6.3.2. Hostility against the Chinese among white working class
Agitation against the Chinese started in the late 1860s and early 1870s when economic recession struck British Columbia (Con et al., 1982:44). Because of the decline in gold production, Chinese gold miners started to seek employment in other industries. It was at this point of time that some white labourers felt threatened by the presence of their Chinese counterparts.

According to Li (1998: 47-48), the working class in British Columbia in the late nineteenth century was stratified along racial and gender lines, with white women, racial minorities and Indian men and women being marginalized. In the split labour market, Chinese workers generally accepted lower wages than the white labourers. Table 6.12 is a comparison of wages for Chinese and white labour based on testimony and evidence provided in the Report of the Royal Commission, 1885. As shown in the table, the biggest margin between the wages of the Chinese and the whites was in public work, where Chinese earned 15-20 dollars a month while white labourers received 40 dollars. In other occupations, wage differences were also obvious. In general, the average wage for Chinese ranged from 50 percent to 75 percent of that of white labourers. The low wages of Chinese labourers contrasted to white workers had changed little up to the early 1900s (Li, 1988:44).
### Table 6.12
Wages of Chinese and White Labour in Selected Occupations in British Columbia, 1870s - 1880s

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Wage Period</th>
<th>Wage for Chinese</th>
<th>Wage for Whites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Labourers</td>
<td>Month</td>
<td>$20-25</td>
<td>$30-40</td>
</tr>
<tr>
<td>Cannery Workers</td>
<td>Month</td>
<td>$40-50</td>
<td>$80.91</td>
</tr>
<tr>
<td>Coal Miners</td>
<td>Day</td>
<td>$1.25</td>
<td>$3-4</td>
</tr>
<tr>
<td>Lumber Workers</td>
<td>Day</td>
<td>$1.25</td>
<td>$2.25-3.75</td>
</tr>
<tr>
<td>Sewing-Machine Operators</td>
<td>Month</td>
<td>$10-25</td>
<td>$40</td>
</tr>
<tr>
<td>Single Workers</td>
<td>Day</td>
<td>$1.67</td>
<td>$2.58</td>
</tr>
</tbody>
</table>

Source: Compiled from *Royal Commission of Canada*, 1885, pp.44-197.

One of the factors that contributed to the low wages of Chinese labour was the “contract labour system” which was the major approach to recruit Chinese labour directly from China between the 1880s and the 1900s. Under this system, companies in Canada advanced fares and a small amount of money to the Chinese to come to Canada. In return, those recruited would work for the companies for a period of time, with deductions from their wages to pay off their debts. According to Li (1988:17), 6,500 of the estimated 15,701 Chinese entered Canada between 1881 and 1884 were recruited on behalf of A. Onderdonk, the contractor for building the Canadian Pacific Railway. Chinese labourers usually were employed as a group under the supervision of a Chinese foreman who also served as an interpreter between the employers and the Chinese labourers (Li, 1988:16). As illustrated by Dyer, a English journalist,
"I know how the people are engaged over there to come here, at Hong Kong and Singapore. There are certain houses that are known as barracoons houses. They are emigration agencies in a sense. ... The keeper of the house is usually a servant of a Chinese Company. He from time to time procures by means of sub-agents sent into villages or cities where labour is congested, to get emigrants. The coolie enters into a written contract for two years that he shall serve at a certain rate of wages, and that the advance of his employer ... be deducted. He is then free, if he is clear of debt, to enter into a fresh agreement" (Royal Commission of Canada, 1902:11).

Under this situation, the Chinese immigrants might not even know where they were going, let alone have any knowledge about the labour market in Canada. With the involvement of middle agencies, Chinese labourers were under double exploitation.

As pointed out by McKague,

"While non-Asian workers were hire individually by an employer, Chinese workers were usually hired under labour contractors. The labourer contractor mediated language barriers, hired and disciplined the workers, provided food and other essentials, all at a profit, and retained a portion of their wages" (McKague, 1991:35).

Chinese labourers made a tremendous contribution to the development of British Columbia during the second half of the nineteenth century. As indicated in both Royal Commission Reports of 1885 and 1902, industries in British Columbia such as mining, lumbering, canning, and vegetable gardening all heavily relied on the supply of Chinese labour, not to mention the construction of the Canadian Pacific Railway. J. Crease, Judge of the Supreme Court of British Columbia, alleged,
"[W]ithout the Chinese in any event the province could never have been developed as far as it has at present progressed. The best test of that is that we cannot, at present at all events, do without them. Their presence is not only necessary but in many respects desirable for the simple reason that the work must be done, and can only be done - in a province and by people still very poor - through the agency of the Chinese or some similar labor. There is none other procurable at present which can do the work well" (Royal Commission of Canada, 1885:144).

However, while the Chinese were taking jobs at low wages, white labourers refused to accept the wages given to their Chinese counterparts. As Senator MacDonald put it, the white labourers "prefer to be idle unless they are starving, rather than take less than the sum of $2 a day" (Royal Commission of Canada, 1885: XXX).

Because of the availability and the low cost of Chinese labour, they were often hired "as a weapon with which to settle the dispute" between owners and labour (Royal Commission of Canada, 1885:xvi). The conflicting interests of the employers and the white labour class were thus intensified when Chinese labourers were hired as strike breakers. For example, in 1877 during a coal miner's strike, disputes occurred between white and Chinese labour. As the Chinese were indentured labourers, they could not afford to violate the contracts. As a result, while the white workers were on strike, the Chinese continued to work. When the company hired more Chinese labour to replace the white, the Chinese were attacked and beaten (Baureiss, 1985:250).
The first anti-Chinese organization, The Workingmen’s Protective Association (W.P.A.) was formed in Victoria in 1878 (Roy, 1989:48). The objective of the organization was "the mutual protection of the working classes of British Columbia against the influx of Chinese, and the use of legitimate means for the suppression of their immigration." (Cited by Lai, 1988:29). A couple of public meetings held by the organization in October and November 1878 vowed to impose restrictions on Chinese immigration and employment (Daily Colonist, Oct. 1 & Nov. 5, 1878). The hostility against the Chinese became so strong that politicians started to use the Chinese issue to gain support from the white working class. As Senator Cornwall put it,

"I should think that the feeling against the Chinese is widely spread. The employers of labor and the better classes in British Columbia recognize the advantage of having the Chinese there; but the working classes, aided by politicians, have raised the cry against them" (Royal Commission of Canada, 1885:XLVIII).

6.3.3. Restrictions on Chinese immigration

In a provincial Act passed in 1884, an attempt was made for the second time to levy an annual tax on the Chinese in British Columbia. According to Section 3 of the Act,

"From and after the passage of this Act there shall be payable and paid by every Chinese in British Columbia above the age of fourteen years,
unto and for the use of Her Majesty, Her heirs and successors, the sum of ten dollars, and thereafter on the 1st day of June in each and every year there shall be likewise payable and paid by such Chinese person a further sum of ten dollars". (Statutes of British Columbia, 1884; C.4).

Under the pressure of white labour unions and merchants, the parliament of British Columbia passed an Act to restrict the immigration of Chinese in the same year (Statutes of British Columbia, 1884; C.3). This Act, however, was disallowed by the Dominion Government because provincial governments were not granted legislative authority regarding immigration issues (Li, 1988: 27).

Despite the dismissal of the Immigration Act of British Columbia, 1884, the Dominion government did appoint a commission to investigate the "Chinese problem" in British Columbia. In 1885, when the construction of the Canadian Pacific Railway was nearly finished, the federal government launched the first legal Act to regulate Chinese immigration by imposing a head tax. Section 4 of the Act stated that Chinese labour immigrants "shall pay into the Consolidated Revenue Fund of Canada, on entering Canada, at the port or other place of entry, the sum of fifty dollars" (Statutes of Canada, 1885; C71). In addition, the number of Chinese immigrants was also limited on any vessel that carried them. Section 5 said that "No vessel carrying Chinese immigrants to any port in Canada shall carry more than one such immigrant for every fifty tons of its tonnage" (Statutes of Canada, 1885; C71).

This Act did not deter the immigration of Chinese labour, which was not what the
federal government wanted. As suggested in the Report of Royal Commission, 1885, as far as the labour shortage in British Columbia continued, Chinese "had supplied and still supply a want" (Royal Commission of Canada, 1885:100). The compromising nature of this Act certainly did not satisfy the British Columbia labour organizations and merchants. They continued to pressure local politicians and send petitions to Ottawa (Morton, 1974). As a result, the Chinese Immigration Act, 1900, was passed and the head tax was raised to $100. However, the anti-Chinese organizations were not yet satisfied. As mentioned in Report of Royal Commission, 1902,

"They are unanimously in favor of exclusion, and this applies to both skilled and unskilled labour. Traders of all kinds in the cities, towns and villages are also largely in favor of exclusion. Farmers ... are in favor of high restriction or total prohibition" (Commission of Canada, 1902: 269).

As a result of this pressure, the head tax on Chinese immigrants was increased again to $500 in 1903 (Statutes of Canada, 1903; C.8). Considering the highest wages for Chinese labour were no more than $500 a year, the head tax was so high that it was impossible for them to pay the tax on their own, or even with the help of their relatives. The ultimate restriction on Chinese immigration came in 1923, when the Chinese Immigration Act, 1923 was passed. According to Section 5 of the Act, only Chinese government officials, children born in Canada of Chinese parents, Chinese merchants and students were allowed to enter Canada (Statutes of Canada, 1923;
6.3.4. Restrictions on employment opportunities of the Chinese

While immigration regulations controlled and finally prevented Chinese immigration to Canada, legislative attempts were also made to limit the employment opportunities of the Chinese in Canada. The first attempt was made in 1875 by the Victoria City Council to exclude Chinese from the city's public works (Victoria Colonist, July 23, 1875). This city bylaw was duplicated by the provincial government in the Alien Labour Act, 1897, which eventually prohibited the employment of Chinese in any projects related to bridge building, railway construction and other public works (Statutes of British Columbia, 1897: C.1).

Another Act which directly affected the occupational patterns of the Chinese in British Columbia was the Coal Mines Regulation Act, 1890. In accordance to the Act, Chinese labourers were not allowed to work underground (Statutes of British Columbia, 1890; C.33). This Act seemed to have a significant impact on the Chinese in mining. According to the Royal Commission Report, 1885 (pp.363-366), 2,206 Chinese were engaged in mining in 1885. In 1902, however, only 568 of the 3,701
mining workers were Chinese (Royal Commission of Canada, 1902:71). In 1903, the Act was further amended, and Chinese were not allowed to hold certain positions in mines (Statutes of British Columbia, 1903; C.17).

Numerous other government regulations also had an effect on the employment opportunities of the Chinese. For example, in 1884, the British Columbia parliament passed an Act to prevent the Chinese from acquiring Crown lands (Statutes of British Columbia, 1884; C.2). The Chinese Regulation Act passed in the same year required Chinese residents in the province to possess a license issued under the provisions of the Act. Those who failed to produce their licenses were not allowed to be employed (Statutes of British Columbia, 1884; C.4). Section 36 of the Liquor License Act, 1899 stated that "No license under this Act shall be issued or transferred to any person of the Indian, Chinese, or Japanese race" (Statutes of British Columbia, 1899; C.39).

Legislation was also passed in other provinces other than British Columbia to restrict the economic activities of the Chinese. For instance, in the name of protecting white women, Saskatchewan prohibited the employment of white females in restaurants and other businesses kept or managed by a Chinese in 1912 (Statutes of Saskatchewan, 1912; C.17). Similar Acts were put in force by the Ontario government in 1914 (Statutes of Ontario, 1914; C.40).
As early as 1875, the Chinese in the province of British Columbia were disenfranchised. According to an Act regulating the qualification and registration of voters (No. 2, Statutes of British Columbia, 1875), "no Chinaman or Indian shall have his name placed on the Register of Voters for any Electoral District, or be entitled to vote at any election of a Member to serve in the Legislative Assembly of this Province (British Columbia)." Subsequently, British Columbia statutes passed in 1895, 1896 and 1920 continued to deny the political rights of the Chinese in the province (Statutes of British Columbia, 1895:C.20; 1896:C.38 & 1920:C.27). In 1885, the Chinese were disenfranchised by the Canadian government, and were automatically disqualified for occupations in law, pharmacy, or accounting (Baureiss, 1985:247).

Even though the Chinese were not barred from naturalization, the process was extremely slow. As indicated in Census of Canada, 1931, among the 40,901 Chinese who were born in China, only 2,521 were naturalized. In other words, only 6.16 percent of the China-born Chinese population were naturalized by the year of 1931, which was less than 2 percent increase compared to the figure for 1921 (Census of Canada, 1931, Vol. 1: 1004).
6.3.5. Institutional racism and its effect on the occupational patterns of the Chinese

Immigration restrictions against the Chinese, disenfranchisement of the Chinese, and regulations to limit their employment opportunities, together constituted what was defined as "institutional racism" (Bolaria & Li, 1988:29). Institutional racism, according to Bolaria and Li, was

"A structural imperative when production and accumulation, and hence the privileges of the dominant class, are dependent on the subjugation of subordinate members to performing dirty work. Racism serves as a justification, and in the long run, a means of social control" (Bolaria & Li, 1988:29).

Unlike individual racism involving personal prejudice that exists separately in the minds of individuals, institutional racism is a systematically rationalized form of racism which is justified by legal sanction of a state.

Returning to the question of why the Chinese were concentrated in the food and personal services sectors as indicated in Census of Canada, 1931, my argument is that institutional racism was the structural factor that shaped the occupational patterns of the Chinese. According to these regulations, the Chinese were not allowed to be engaged in a wide range of occupations such as public works, underground mining and some other mining positions, liquor selling and occupations related to law, pharmacy and accounting. Under this situation, the Chinese were
marginalized in the labour market.

As I mentioned before, the Chinese were initially employed in mining, construction and various industries. However, these restrictions had eliminated their chance of engaging in the first two sectors, and this factor significantly reduced the chance of the Chinese to participate in the core labour market. A study of the oral history of the Chinese by Li (1982) indicates that many Chinese went into restaurant businesses because they could not find a job elsewhere.

My analysis of the employer/employee ratio agrees with Li's finding. Table 6.13 shows the different employer/employee ratio in restaurants and laundry shops owned by Chinese and non-Chinese, compiled from data obtained from Census of Canada, 1931.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Chinese</th>
<th>Non-Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant, Cafe &amp; Tavern Keepers</td>
<td>3,574</td>
<td>7,509</td>
</tr>
<tr>
<td>Cooks, Waiters &amp; Waitresses</td>
<td>8,711</td>
<td>40,959</td>
</tr>
<tr>
<td>Employer / Employee Ratio</td>
<td>1 / 2.4</td>
<td>1 / 5.5</td>
</tr>
<tr>
<td>Laundering Owners</td>
<td>899</td>
<td>1,001</td>
</tr>
<tr>
<td>Laundering Workers</td>
<td>298</td>
<td>8,120</td>
</tr>
<tr>
<td>Employer / Employee Ratio</td>
<td>3.0 / 1</td>
<td>1 / 8.1</td>
</tr>
</tbody>
</table>

Source: Compiled from Census of Canada, 1931. Vol. 7, Table 49, pp.442-43.

As indicated in the table, in the food services sector, the employer/employee ratio for
Chinese-owned restaurants was 1 / 2.4, while that for restaurants owned by non-Chinese was 1 / 5.5. This implied that the Chinese businesses were smaller in scale, and that the Chinese owners were more likely to have to work in the business themselves, in contrast to the non-Chinese owners. In laundry service, the difference was even more striking. The employer/employee ratio for the Chinese was 3.0 / 1, while that for non-Chinese was 1 / 8.1. Obviously, in many Chinese laundry shops, the owner was also the only employee in the business. This comparison, therefore, shows that Chinese businesses in food and personal services sectors were labour intensive. Consequently, the profits for these businesses were low, but they provided the Chinese a place to live and work. Therefore, the concentration of the Chinese in food and personal services sectors was a response to the constrained labour market created by the legislative controls of the government. In other words, these businesses provided them shelters to avoid the harsh reality of institutional racism.

6.4. Conclusion

This chapter first examines the occupational patterns of the Chinese in the 1930s. Data obtained from Census of Canada 1931 suggest that the Chinese in Canada were disproportionately concentrated in the food and personal services sectors in the 1930s, despite the fact that most of the earlier Chinese immigrants were engaged in various industries, mining and construction work.
The economic position of the Chinese in Canada before the Second World War was shaped by a number of structural factors, such as the labour market condition, a well-developed racist ideology, and a well-organized white working class. The split labour market theory and the dual labour market theory are the best tools to understand the concentration of the Chinese in the food and personal services sectors. When the Chinese first immigrated to Canada, they entered a split labour market in which the cost of white labour was substantially higher than that of the Chinese. As indicated in the 1885 Royal Commission of Canada report, the system of unequal wages benefited both the employers and the white working class (Li, 1998:49).

However, the split labour market could not be maintained when a larger number of cheap labourers became available due to structural changes in the economic system, or when a smaller number of positions were available due to poor economic conditions. When the white working class felt that their superior position was threatened by the Chinese labourers, they exerted pressure on the federal and provincial governments to restrict the immigration of the Chinese and to constrain their employment opportunities. Consequently, numerous laws were passed for these purposes. In response to institutional racism, the Chinese went into food and personal services businesses to avoid direct competition with the white labour class. Thus, the labour market was re-formulated. Instead of the whites and the Chinese working in the same industries with different wages, they occupied different sectors.
of employment. The whites were concentrated in the core industries, while the Chinese occupied peripheral sectors, such as restaurants and personal services.

This transformation in the occupational patterns of the Chinese cannot be explained by the transplanted cultural thesis. The transplanted cultural thesis holds that traditional culture traits of the Chinese (e.g., industriousness, thriftiness, and familism) and elements in the traditional social structure of Chinese society (e.g., kinship and clanship ties, and mutual trust) facilitate their successes in business ventures in their host countries (Light, 1972; Limlingan, 1986; Wong, 1987; Redding, 1990; East Asia Analytical Unit, 1995). However, as shown in my analysis, the concentration of the Chinese in the food and personal services sectors occurred only after immigration and employment restrictions were imposed upon the Chinese. In the development of institutional racism, however, certain cultural traits of the Chinese were selected, exaggerated, distorted, and associated with their economic status by the white working class and Canadian politicians. The white working class developed, consolidated and used the ideology of Chinese being culturally inferior to justify the unequal treatment of the Chinese and to maintain their superiority in the labour market. The politicians also benefited from exploiting the racism ideology. By advocating restrictions on Chinese immigration and employment, many politicians were able to advance their political careers (Li, 1998:43).
The case of the Chinese in Canada before the Second World War, as discussed in this chapter, clearly illustrates how the split labour market was maintained and reproduced in the rise of racist ideology among the well-organized white working class and politicians, and the development of institutional racism.
CHAPTER 7

A COMPARISON OF THE OCCUPATIONAL PATTERNS AND ENTREPRENEURSHIP OF THE CHINESE IN THAILAND, INDONESIA AND CANADA

7.1. Introduction

This chapter focuses on the different historical experiences of the Chinese in Thailand, Indonesia and Canada. The objective of this chapter is to examine the effects of certain historical and structural factors on the occupational patterns of the Chinese. To be more specific, I will take a closer look at how different their immigration patterns were throughout history, how different their economic positions were when they immigrated to the host societies, how different the social structures in the three countries were, and how different the treatment by the dominating classes was.

In order to include all the possible explanations for the economic position and entrepreneurship of the Chinese, the effects of the policies of the Chinese
governments towards emigration and foreign settlement will be examined in the first part of this chapter. My findings indicate that the Chinese governments had traditionally ignored the issues of overseas Chinese settlement to a large degree. Consequently, they had little intention before the second half of the nineteenth century to intervene into matters regarding overseas Chinese. During the period from the 1850s to the 1930s, China experienced the breakdown of the feudal system and the struggle for power among various warlords and political parties. As a result, the Chinese governments were so occupied by internal affairs that they made scarcely any effort to provide support and protection for overseas Chinese. Under these circumstances, the Chinese in the three countries were left to their own, and the policies of their home countries, thus, had little effect on their economic position and entrepreneurship.

In the second part of the chapter, certain historical and structural factors will be examined and theoretically analyzed. The argument to be developed in this analysis is that historical and structural factors play a determining role in shaping the position of the Chinese in the economic structure of the host societies.

7.2. The Ming And Qing Governments' Policies Towards Chinese Emigration And Foreign Settlement (1368 - 1911)

In an effort to find out the factors that determined the economic positions and
entrepreneurship of the Chinese in the three countries, I will first examine the policies of the Chinese governments towards Chinese emigration and foreign settlement. If the policies of the Chinese governments had had a strong influence on the governments of the host societies and on the overseas Chinese communities, then they would have played an important role in the process of business development of the overseas Chinese, and thus influenced the socio-economic position of the Chinese in their host countries. My findings, however, indicate that the policies of the home country had little practical effect on overseas Chinese business before the Second World War.

7.2.1. The Policies of the Ming Dynasty (1368-1644)

Chinese governments did not have a systematic, let alone a consistent policy towards emigration and foreign settlement until the end of the nineteenth century. While Chinese emigration started as early as the beginning of the Christian years, it was never a significant issue for the Chinese Empire until the late Ming Dynasty (1368-1644), because the number of emigrants was so small that it was completely ignored by the government.

After the Yuan Dynasty (1279-1368) was overthrown and the Ming Dynasty (1368-1644) was established in the second half of the fourteenth century, private foreign
trade and emigration became illegal under the policy of Haijin (prohibition of sea-going). As recorded in Ming Shi Lu, Taizhu Shilu, the Hongwu emperor decreed in 1371 that "coastal residents are prohibited to go overseas (for trade or emigration)" (Ming Shi Lu, Taizhu Shilu, Juan 7, Vol. 1:78). Ten years later, the emperor repeated his decree that "it is prohibited for the residents living on the coast line to communicate with foreign countries" (Ming Shi Lu, Taizhu Shilu, Juan 139, Vol. 5:2197). A more detailed version of the prohibition was announced in 1394. The decree said,

"...[T]he private use of foreign spice and foreign goods is prohibited. Before, the emperor allowed only Liuqiu, Zhenla and Sianluo to send tributary missions, and cut the relations with other nations because they were very sinister. People living on the coast, however, often go abroad privately to trade. These activities led to the foreign nations committing crime. Thus (the emperor) orders the Minister of Foreign Relations to absolutely prohibit this. Whoever trades privately with foreign nations will be severely punished...." (Ming Shi Lu, Taizhu Shilu, Juan 231, Vol.8:3373)

This decree showed the concern of the emperor about the security of the coastal provinces. The Ming Dynasty (1368-1644) was in its early years of rule, after overthrowing the Yuan Dynasty (1279-1368). The Ming rulers were afraid that nations in Southeast Asia would not accept their domination and thus be associated with the Ming dissidents. Consequently, in order to secure their power, they placed restrictions on private foreign trade and emigration, and sent missions to the surrounding nations to establish authority.
While the emperors decreed sea-going to be illegal, the decrees were not seriously enforced by the local officials in the coastal provinces, except in the early years. In the first half of the fifteenth century, when Zhenghe was sent to visit the nations in the South China Sea area, Chinese settlements in these nations were already found to be well developed. Ma Huan, an assistant of Zhenghe, recorded that

"From Tu-pan, after travelling toward the east for about half a day, you reach New Village, the foreign name of which is Ko-erh-his (Gresik), originally it was a region of sandbanks; [and] because people from the Central Country came to this place and established themselves, they therefore call it New Village; right down to the present day the ruler of the village is a man from Kuangtung (Guangdong). There are something more than a thousand families [here]. Foreigners from every place come here in great numbers to trade. Gold, all kinds of precious stones, and all varieties of foreign goods are sold in great quantities. The people are very wealthy" (Ma, 1433: 89-90)

A report filed by the commander of Fujian coast guard in 1449 also implied that Haijin was difficult to execute in the region. In response to this report, the emperor said,

"According to the law, it is the most serious crime for the coastal residents to connect with foreign countries, to trade for foreign goods, to betray military secrets, and to rob local properties with pirates. While the criminals will be beheaded, their families will be exiled to remote regions... In recent years, however, residents often forget the prohibition because of the huge profit. The emperor thus makes it clear that these activities are not allowed." (Ming Shi Lu, Yingzong Shilu, Juan 179, Vol. 30:3474-3475)
Despite the intention of the Ming emperors to prohibit sea-going, private foreign trade and emigration could not be terminated. Under these circumstances, some Ming mandarins started to suggest that private trade should be allowed and duties should be levied for both official and private trades. As recorded in *Ming Shi Lu, Wuzong Shilu*.

"...[P]eople in Guangdong and Guangxi provinces privately trade for foreign goods, connect with foreign nations, and mix with those tributary missionaries to make profit.... Vice Minister of Internal Affair, Wu Tingju, argues that regulations should be established to make profit (for the government by collecting duties for private trade)." (*Ming Shi Lu, Wuzong Shilu*, Juan 149, Vol. 68:2911-2912)

The Ming government finally withdrew the prohibition on sea-going in 1567 (*Zhang Xie*, 1617, Juan 7:131). As a result, private foreign trade and emigration experienced significant increase (*J. Li*, 1982:1-17). Even though the Ming court was well aware of the increase of overseas Chinese population, it tended to ignore their existence and considered them to be abandoned subjects. According to the Ming rulers, people who were engaged in overseas trading

"...abandoned their families and went abroad, they didn't return for years. (Thus), their parents and relatives all look down upon them. There is nothing to be regretted by abandoning them, and there is no need to send troops to catch them" (*Quoted by Li Jinming*, 1982:10).
7.2.2. The Policies of the Qing Dynasty (1644-1911)

Soon after the Qing government established its domination in China in 1644, maritime restrictions were again imposed. According to Da Qing Lu (Statutes of Qing) issued in 1647,

"All officers of government, soldiers, and private citizens, who clandestinely proceed to sea to trade, or who move to foreign islands for the purpose of inhabiting and cultivating the same, shall be punished according to the law against communicating with rebels and enemies, and consequently suffer death by being beheaded" (Da Qing Lu Li Quan Chuan, Juan20, Binglu Guanlu. Translated and Quoted by Irick, 1982:11)

In 1656, the emperor Sunzhi decreed that

"Our coast has not gained peace yet, as there are people secretly providing information and food to the dissidents. If regulations are not made to eliminate this, how can the coast be cleared! From now on, whoever goes to sea privately and trades food and goods to dissidents will be beheaded, regardless or not if they are government officials or private citizens." (Gang Kun, 1900: Juan 776, Vol.19:14951)

These statutes coincided with the fear of the Qing government for Ming loyalists. When the Manchurians first came to power, the military power of Ming was not completely eliminated. Many of Ming’s military leaders fled to Southeast Asian countries and some stayed close to the coast of southeastern provinces (Wu, 1984:35). The Qing government considered those settled in foreign countries as a
serious threat to their power, and it was understandable that a restrictive policy on emigration and foreign settlement was adopted.

The restrictions on private foreign trade were abandoned in 1723 when Guangdong was opened and private traders in the province were allowed to go abroad for trade (Wu, 1984:36). However, emigration was still restricted according to the law. As mentioned in a decree issued by emperor Yongzheng in 1728, "regulations have to be enforced strictly so that people in the country will not stay abroad for profits" (Kun, 1900: Juan 776, Vol.19:14953). These policies, however, had little effect on deterring Chinese subjects from settling abroad. The opening of Guangdong and later Fujian province for private trade, in effect, provided greater opportunities for Chinese emigration. As quoted by Wu (1984:37), "People go to Nanyang (Southeast Asia) like groups of migrating wild geese". As a result, Chinese communities in Southeast Asia developed rapidly during this period of time (See Chapter 4 & 5 for details).

The Qing's court tried to stop emigration and attempted to decrease the Chinese population offshore by forcing or luring them to come back. An edict issued by emperor Kangxi in 1717 stated that "As for those who go abroad and live for a long time, the said governor general shall communicate with the foreign countries ordering them to send our people living there back in ropes for beheading" (Huang Chao Tong Dian, Juan 80, Xingzhi. Translated and quoted by Irick, 1982:12). This
edict certainly could not gain any result as it relied wholly on the voluntary assistance of foreign governments.

The emperor then decided to "pardon" those overseas Chinese by ordering that "[p]eople who go abroad for trade are allowed to return in three years. Those who left after the fifty-sixth year of Kangxi (1717), will never be allowed to come back" (Qing Shi Lu, Shizong Shilu. Juan 58, Vol. 2:911). However, this method did not work and only some two thousand people came back (Wu, 1984:38). The emperor was angered by the result and decreed in 1727,

"We believe that most of those who go abroad to trade are malcontents. If we allow them to come and go arbitrarily, not taking note of the length of time they are away, they will increasingly lose their scruples, leave their native places, and [the number] drifting around abroad will be even greater. Hereafter, we should set a time limit, and if this limit is exceeded and they have not returned, then those people are willing to drift about in foreign places and they cannot be pitied. It is my opinion that we cannot allow them to return to their motherland." (Qing Shi Lu, Shizong Shilu. Juan 58. Translated and quoted by Irick, 1982:13)

This decree was not always enforced. For example, in 1722, 1724 and 1807, Chinese traders and crew members were found in Siamese tributary missions. In order to encourage rice import from Thailand, the Qing court decided to allow them to return to Thailand instead of punishing them (Qing Shi Lu, Shengzhu Shilu, Juan 295, Vol. 6:3922; Shizong Shilu, Juan 25, Vol. 1:386; Renzong Shilu, Juan 185, Vol.4:2688). These incidents indicated that despite the negative attitude of the Qing government
towards Chinese emigration and their settlement in foreign places, its policies were seldom effectively enforced. Therefore, Chinese emigrants were generally left to their own. This point is best illustrated by the response of the Qing government to the 1740 Batavia massacre. In this accident, some ten thousand Chinese were killed in the conflict with the Dutch colonial government (Purcell, 1965:405-406). The Chinese government, however, was not touched by the massacre, saying that "these people disobeyed the decree that ordered them to return; they stayed there for a long time at their own decision. They themselves are to be blamed for their own death." (Quoted by Wu, 1984:39).

Beginning around the 1840s, due to the development of capitalism and colonialism in European, Southeast Asia, North and South America, the "coorie trade" was initiated in order to satisfy the huge demand for cheap labour (Guo, 1989:122-123). Chinese people, especially those in the coastal provinces, were cheated, lured and even kidnapped by emigration houses to immigrate to foreign countries. The Qing government was somehow reluctant to place any regulations on the coorie trade during the 1840s and 1850s. In fact, the Qing court did not even pay any attention to the issue (Irick, 1982:14). In 1860, the British and French allies invaded China, and forced the Chinese government to sign a treaty acknowledging the right for its subjects to emigrate (Irick, 1982: 396). It was not until then that the prohibition on emigration was formally abolished. An edict signed by the emperor Tongzhi in 1866 ordered that only voluntary emigration would be allowed, and kidnapping of Chinese
labourers would be prohibited. As well, Chinese authorities and consuls abroad were
given the power to modify conditions in the emigration houses and aboard the ships.
Also, Chinese consulates abroad were given the responsibility to protect the Chinese
and their safety in returning to China (Irick, 1982:402).

These regulations effectively eliminated the kidnapping of Chinese labourers within
a few years (Irick, 1982:405). However, they could do little to deter the other form
of involuntary emigration which was the emigration of those being cheated or lured
by emigration agencies (Guo, 1989:124). Because of the corruption of the Qing
government, the Chinese abroad were provided with little protection when they were
unfairly treated. For instance, in order to investigate the unfair treatment of Chinese
labourers in the Outer Islands of the Dutch East Indies, the Qing government sent
officials to the Indies in 1901. The report written by these officials indicated that
Chinese labourers in the Indies were subjected to unreasonable deductions from their
wages, and were treated as slaves working under terrible conditions (Zhao, 1927,
Juan 160:1937-38). The officials thus urged the government to set up a consulate
general in the Indies to protect the well being of the Chinese labourers. However, the
Qing government was too busy handling internal affairs to pay attention to this
(Zhao, 1927, Juan 160:1937-38). Even though the Chinese officials protested to the
Dutch government, nothing was changed as the result of this diplomatic effort. As
the Consul General of China in the United States put it, "China is not militarily
powerful enough to be a threat to them. Relying on our pens and mouths, it is hard
to get fair results in foreign relations" (Quoted by Yang Guobiao, 1988:170).

7.3. The Historical and Structural Factors that Affected the Occupational
Patterns and Entrepreneurship of the Chinese in the Three Countries

This section of analysis is devoted to the examination of the effect of the patterns of immigration of the Chinese, the composition of the Chinese population, the socio-economic structure and government policies of the host societies on Chinese economic position and entrepreneurship in Thailand, Indonesia and Canada before the Second World War. My argument is that both the history of Chinese settlement and the mode of social stratification of the host countries helped to shape the different economic position and forms of entrepreneurship of the Chinese in the three countries.

These two major sets of factors, however, did not exert their influence separately. Rather, it was a combination of the two sets of factors that determined the role of the Chinese in the economies of their host societies. Therefore, in response to the question as to why the Chinese in the three countries occupied different economic positions and were concentrated in different sectors of employment, my answer is that it was due to their different histories of settlement and the different treatments they received from the majority groups.
7.3.1. The "entrance status" of the Chinese: their immigration patterns and occupational patterns

The history of settlement varied among the Chinese in Thailand, Indonesia and Canada. While Chinese communities in the two Southeast Asian countries were formed as early as the fifteenth century (Purcell, 1965:16), Chinese immigration to Canada did not occur until the second half of the nineteenth century (Morton, 1974:5). However, there is no reason to suggest that the longer the settlement is, the higher the economic position of an ethnic group will be.

As illustrated by the case of the Blacks in the United States, the length of immigration history does not necessarily relate to the social mobility of an ethnic group. The different economic positions occupied by the Chinese in Thailand and those in Indonesia also indicate this point. As mentioned in Chapter 4 and 5, the histories of Chinese immigration to Thailand and Indonesia were very similar. However, while the Chinese in Thailand enjoyed their dominance in the whole commerce sector, their counterparts in Indonesia were important only as intermediate traders. Therefore, as well as the length of settlement, other historical and structural factors have to be closely examined, in order to explain the variations in the occupational patterns of the Chinese.
Chinese immigration to Thailand before the Second World War could be separated into three phases. The first period is from approximately the fifteenth century to the seventeenth century. During this period, Chinese immigrants to Thailand were predominantly private traders who were engaged in Sino-Siamese trade. They brought copper pots, silks, rock salt, tinsel and lace to Thailand, and took back to China copper, ivory, horns, and tea (Purcell, 1965:86). During the second period, which was from the eighteenth to the first half of the nineteenth century, the Chinese in Thailand became more and more actively involved in the blossoming trade between China and Thailand. The rice shortage in Southeastern China and the reconstruction of the Thai capital were the two major incentives for the growth of Sino-Siamese trade. The immigration of Chinese traders and artisans increased in this period. The third phase was from 1850s to 1930s, when unskilled Chinese labour made up the majority of Chinese immigrants. However, despite the huge influx of labourers, native-born Chinese who were traditionally engaged in commerce still outnumbered those immigrants who were predominantly unskilled labourers.

Chinese immigration to Indonesia before the Second World War could also be separated into three stages. The initial stage was before the arrival of the Dutch in the seventeenth century. During this period, Chinese traders came to Indonesian kingdoms with silk, tea, and porcelain in exchange for pepper and sandalwood.
Chinese settlers in Indonesia, therefore, were primarily traders. The second stage was from the seventeenth century to the first half of the nineteenth century, when Chinese traders continued to immigrate to the Indies and unskilled labourers started to arrive to work at various mine sites and in plantations. From the second half of the nineteenth century onwards, a huge influx of Chinese immigrants came to the Indies, with the vast majority of them being unskilled labourers.

The immigration of large number of unskilled labourers certainly exerted an impact on the occupational patterns of the Chinese. According to Census of the Dutch East Indies, 1930, 36 percent of the immigrants, as compared to 21 percent of the native-born Chinese, were in raw materials production. On the other hand, only 32 percent of the immigrants, as compared to 45 percent of the native-born Chinese, were in trade and commerce (Census of the Dutch East Indies, 1930. Vol. 7, Table 14). However, as the number of native-born Chinese still outnumbered that of the immigrants, the general pattern of Chinese being concentrated in commerce remained unchanged.

Chinese immigration to Canada, however, started only 80 years before the Second World War. During the whole period, the majority of immigrants was unskilled labourers. In the first twenty years of Chinese immigration, the Chinese came, initially from the west coast of the United States and later directly from China, in response to the discovery of gold mines in British Columbia. They generally worked
as gold miners. The second wave of Chinese immigration started when labour was badly needed for the construction of the Canadian Pacific Railway in the early 1880s. Again, Chinese immigrants were almost exclusively unskilled labourers.

Therefore, there was a significant occupational difference among the Chinese immigrants in Thailand, Indonesia and Canada in terms of their entrance status. During the period from the 1850s to the 1930s, most of the Chinese immigrants came to all of the three countries similarly as unskilled labourers. However, unlike the situation in Thailand and Indonesia, Canada did not have a prolonged period of immigration of Chinese traders. On the other hand, when we compare the entrance status of the Chinese in Thailand and Indonesia, a notable difference appears in the second stage of Chinese immigration. While semi-skilled and unskilled labourers made up a significant part of the Chinese immigrants to Indonesia, traders and skilled labourers dominated Chinese immigration to Thailand.

This difference among the Chinese in the three countries seemed to coincide with the different economic position occupied by the Chinese in the three countries. The Chinese in Thailand had the longest period of immigration of Chinese traders and skilled labourers. Chinese in Indonesia had a shorter period of immigration of traders, and a longer period of immigration of unskilled labourers. Chinese in Canada did not have a period of immigration of traders, but only a period of immigration of unskilled labourers. Respectively, the Chinese in Thailand occupied
the highest level of economic structure, the Chinese in Indonesia took the middle level, while those in Canada were only marginally positioned in the country's economy.

However, the study of the different "entrance status" of the Chinese in the three countries was only the starting rather than the end point of the analysis. As we are dealing with a history of some five hundred years, in order to relate "entrance status" to the economic position and patterns of entrepreneurship, we have to explore the question "why and how did the "entrance status" of the Chinese change in the countries of study?". The next section is devoted to the analysis of the socio-economic structures of the host societies under which the economic position and patterns of entrepreneurship of the Chinese were shaped.

7.3.2. Socio-economic structure of the host societies

7.3.2.1. Thailand

Thailand had a prolonged history of feudalism. From as early as the establishment of the Nan Chao in the seventh century to the abolition of absolute monarchy in 1932, Thailand had been a typical feudal society (Wood, 1959; Moore, 1974; Terwiel, 1983). Under the feudal system, the nobles and the peasants were the two major classes of people in the social structure. While the peasants cultivated on
lands belonged to their masters, they also had to provide compulsory public service for a period of from three to six months each year (Terwiel, 1983:17-19).

Since the peasants were bonded to their masters and were tied to cultivation activities, it was impossible for a merchant class to emerge from within the native social structure. The immigration of Chinese traders thus became the primary source for the development of a middle class between the nobles and the peasants. The function of these Chinese traders was to generate wealth for the kings through foreign trade, primarily with China. They also bridged the nobles and peasants by acting as tax collectors, loan providers and merchants. They provided basic articles of daily use, and, if necessary, credit and loan service to the peasants, and collected taxes for the kings.

To ensure the function of the Chinese as middlemen between the nobles and peasants, the kings gave them freedom to be engaged in trading activities. First, the Chinese were exempted from corveé service as long as they paid a small exemption fee. Second, they were allowed to travel to every corner of the kingdom without any restrictions (Skinner, 1957:10 & 143; Lysa, 1988:66).

Under these circumstances, the Chinese in Thailand became a distinct class of people that functioned in the economic structure of the country as middlemen between the nobles and the peasants. As long as the feudal system remained, Siamese peasants
were bonded to their lands and their masters. Consequently, the Chinese faced little competition from the Siamese, and their domination in trade and commerce was well established before the arrival of the Europeans in the seventeenth century (Skinner, 1957:10).

The early attempts to compete with the Chinese came from the Portuguese and the Dutch. Even though the Dutch opened their first factory in Thailand as early as 1608, they made little progress in the next several decades because of the overwhelming economic power of the Chinese (Skinner, 1957:11). In 1664, a daring military attempt was made by the Dutch to gain control over the Siamese monarch. With a show of force, the Dutch successfully imposed an unfair treaty on the king, which granted them the privilege to trade between Thailand and China and restricted the employment of Chinese on Siamese junks (Smith, 1967:59). However, the treaty was never strictly enforced because of the unwillingness of the Siamese king to give up the profitable Sino-Siamese trade. The tension between the king and the Europeans grew to such a height that in the 1688 revolution, European subjects were either executed or driven out of the country (Smith, 1967:65-66; Wyatt, 1984:117). As a result, not only were the Chinese able to retain their domination, but they also benefited from what the Europeans left behind. During the next two hundred years, the English, French, and Japanese all attempted to get the upper hand in commerce in Thailand, but all their efforts resulted only in the consolidation of the Chinese domination (Skinner, 1957:11).
It was not until the mid-nineteenth century that the door of Thailand was opened wide to the Europeans. After signing the Bowring Treaty with the British in 1856 and a series of treaties with other European countries, Thailand finally agreed to give the Europeans the same privileges that were given to the Chinese, and thus allowed the European merchants to conduct free trade in the country (Skinner, 1957:100). Nevertheless, the open door of Thailand to the Europeans did not imply the colonization of Thailand in any way. The importance of this, as far as the Chinese were concerned, was that Thailand did not lose its independence and the Europeans did not gain political control of the country. Under these circumstances, the rights that the Europeans gained through the treaties were nothing more than those granted to the Chinese for centuries. In other words, European traders were finally allowed to compete with the Chinese on equal terms. However, as the economic power of the Chinese was so well established, the Europeans soon realized that they would never be able to challenge their domination. Instead, they found themselves heavily dependent on the Chinese because of their very limited knowledge of the country and limited access to the local market (Akira, 1989:87-88).

First, Chinese merchants were hired as compradores in European firms. These compradores had a good knowledge of Thailand's market conditions, a good command of both Western and Siamese languages, and good connections with the Siamese authorities and producers. Their function was to establish the connections
to the local producers or retailers for their European employers, to provide valuable
information about the market conditions, and to negotiate deals with their suppliers
(Skinner, 1957:102; Akira, 1989:87-88). Given the power of the Chinese
compradores, they were rewarded with high salaries as well as a portion of the
profits. The use of Chinese compradores in European firms thus undermined the
power of the European traders, and provided more opportunities for the Chinese
merchants.

Second, the most important export of Thailand was rice, during the second half of the
nineteenth century and the first half of the twentieth century (Ministry of Commerce
and Communication of Thailand, 1930:267). In terms of both volume and value, rice
export was more than 70 percent of Thailand's export (Ministry of the Commerce and
Communications of Thailand, 1930:204). This meant that whoever controlled rice
export would also control Thailand's export. Despite the attempt of the Europeans to
get into the business, only three of the over fifty rice mills in Thailand were owned
by Westerners in the 1930s (Skinner, 1957), and rice export was almost exclusively
in the hand of the Chinese (Ministry of Commerce and Communication of Thailand,
1930:211-216). Clearly, the domination of the Chinese in rice trading was not
threatened by the Europeans.

In other aspects of the commerce sector, the Chinese also did better than the
Europeans with few exceptions. According to the data provided by the Overseas
Chinese Affairs Commission in Taipei, most of the commercial businesses in Thailand before the Second World War were owned by the Chinese (Editing Committee Of Annuals Of Overseas Chinese, 1963a:70). Even after the War when some restrictions were imposed on Chinese businesses, the Chinese were dominant in almost all commercial businesses except banking and shipping (Overseas Chinese Affairs Commission, 1956:2).

The foregoing analysis shows that the domination of the Chinese in commerce was shaped during the period from their early immigration in the fourteenth century to the open door of Thailand to the Europeans in the mid-nineteenth century. Because of the low social mobility of the Siamese peasants under the feudal system, the immigration of Chinese traders provided a primary source for the emergence of a business class in Thailand. The Chinese came to Thailand as traders, and stayed in the country for generations as traders. With the absence of competition from the Siamese peasants, and the protection from the noble class, the domination of the Chinese in commerce was well established. The Chinese as a whole were an economic class that were positioned between the nobles and the peasants. The formulation of such an economic class was the result of the demand for a merchant class that could not have emerged within the native social structure of Thailand. Thai peasants were bonded to their lands and masters, so that they could not be engaged in any non-agricultural activities. The nobles were not willing to lower their social status to pursue trading, especially internal trading which had to deal with the
peasants. Under this situation, the Chinese were introduced to the country as merchants, functioning as the bridge between the nobles and the peasants. This role of the Chinese as middlemen ensured the domination of the Chinese in Thailand's economy. As long as the feudal system remained, their economic functions could not be performed by the Siamese peasants.

Socially speaking, however, the Chinese were not a middle class in Thailand. The Chinese were not considered to have respectable status by the Thai peasants. Because of the high productivity of their land and the low population density, Thai peasants were easily self-sufficient and had little desire to be engaged in trading, which required intensive traveling and hard work (Brown, 1925:33-34). On the other hand, in spite of the irreplaceable function of the Chinese in Thailand's foreign trade, their position in Thailand's economy was only marginal because of the superlative importance of agriculture. Therefore, the Chinese in Thailand did not have a higher social status compared with the Thai peasants under the Thai feudal system.

During the period from the 1850s to the 1930s, the position of the Chinese was not weakened by the competition from the European merchants. Instead, as Skinner (1957:109) points out, it possibly even solidified, because of the competition which opened up more business opportunities for the Chinese. The problem for the Europeans was that, unlike the situation in their colonies, they had absolutely no political power in Thailand to limit the commercial activities of the Chinese. Rather,
they were forced to compete with the well-established Chinese traders on equal terms, while at the same time they were heavily dependent on them. As a result, the Chinese were even able to take advantage of the dependence of the Europeans and gained the upper hand in commerce.

These above-mentioned historical and structural factors, thus, preserved and solidified the "entrance status" of the Chinese as traders from generation to generation, and determined the concentration and domination of the Chinese in commerce before the Second World War.

7.3.2.2. Indonesia

The history of Indonesia before the Second World War could be separated into two stages: the early and medieval period, from 200 B.C. to the sixteenth century, and the colonial period from the 17th century to the 1930s. During the first period, Indonesian kingdoms were feudal societies with monarchs and nobles at the top and their tenants at the bottom (Drake, 1989:16-24). This social structure was very similar to that of Thailand's. However, some of the Indonesian kingdoms were maritime nations, where people who lived in the coastal areas had a long history in foreign trade. Due to the geographic importance of these kingdoms, they became a paradise for international trade. Merchants from Middle East, China and Japan started to exchange their goods here as early as the thirteenth century (Chatterji,
Chinese immigration to Indonesia increased gradually during the Song (960-1279), Yuan (1279-1368) and Ming (1368-1644) Dynasties. By the late fourteenth and early fifteenth century when the famous Grand Eunuch, Zheng He, visited Indonesia, several major Chinese communities were well established in the Indonesian kingdoms (Zheng & Zheng, 1983: 607). As the vast majority of the Chinese settlers was traders, the areas where they resided became prosperous market places for Eastern, Western and Indonesian goods (Zhang & Zhang, 1983: 607).

Some of the Chinese settlers were involved in international trade. They shipped Chinese products such as silk, porcelain and tea to Indonesia and traded with the Arab merchants. Others were engaged in internal trade in the Indonesian kingdoms. They collected Indonesian goods, mainly pepper, from the native producers in exchange for Chinese goods to be distributed within the kingdoms (Meilink-Roelofsz, 1962). When the Dutch arrived in the Indonesian Archipelago in the early seventeenth century, the Chinese were already dominant in intermediate trade as well as foreign trade (Meilink-Roelofsz, 1962:242 & 246).

Not only were the Chinese dominant in trade, they were also employed by the local authorities as officers. According to both Chinese and Western sources, Chinese served for the kings as accountants, brokers, interpreters and weighers (Chen, 1722.
The social structure in Indonesia was very similar to that in Thailand prior to the seventeenth century. However, the interest and involvement of the Indonesian kings in foreign trade were not as high as that of the Siamese kings. This was because in Thailand, the kings monopolized foreign trade and the major form of trade was state trade, while in Indonesia, private trade seemed to be the more important form (Meilink-Roelofsz, 1962:13-26).

This difference might have to do with the different volume of foreign trade in the two countries. In Thailand, China was almost the exclusive partner for Siamese foreign trade, and the kings monopolized the trading. However, Indonesia was an international trade center, as merchants from both Eastern and Western Asia came to the region to trade. The volume of trade could be well beyond what the kings could handle; thus, collecting duties might be the easiest way to make profits. Another reason was that the merchant class did not exist in Thailand's social structure; therefore, the kings had to manage foreign trade, and rely on the Chinese merchants.

During this period of time, the Chinese in Indonesia and Thailand played similar roles, in the sense that they were the middlemen between the Indonesian nobles and the mass. The only difference was that the Indonesian nobles were not officially engaged in trade. Because of the trading orientation of the Indonesian states, there
was no need for the nobles to monopolize trade. Rather, they could accumulate their wealth by collecting duties. This unofficial involvement of the Indonesian nobles made the middleman role of the Chinese in Indonesia less distinctive as compared with the role of the Chinese in Thailand. Furthermore, traders from other nations also occupied the same position as the Chinese in Indonesia, even though they were less powerful than the Chinese. Therefore, unlike the situation in Thailand, the Chinese in Indonesia made up only a part, instead of the whole, of the middlemen class.

The economic position of the Chinese in Indonesia changed after the Dutch established their colonial government on the archipelago in 1602. The original objective of the colonists was not to intervene in the lives of the native people, but to extract as much of the local products as possible for the European market by monopolizing the Indies' foreign trade (Broek, 1942:8; Day, 1904:45). The outcome of this objective was two-folded. The Indonesians were left to their own, because the Dutch colonial government minimized their intervention in the internal affairs of the native population. And, in order to monopolize the foreign trade, military forces were used to suppress the economic power of the Chinese. After many conflicts, the Dutch won the battle. Consequently, the monopoly of the Dutch in foreign trade and wholesale was firmly established (Purcell, 1965:396). Under this situation, a dual economy system was generated: the Europeans were concentrated in trade and commerce, while the native Indonesians in rural areas were engaged in traditional
cultivation.

Soon after the colony was established, the Dutch realized that the Chinese merchants should play an intermediate role in the trade system. With less than 0.1 percent of the total population in the 1700s, the Europeans were not able to handle the whole process of trade single-handedly. As a result, the guideline of economic policies of the colonial government was that the Dutch themselves should concentrate on wholesale, while intermediate trade and retailing should be left to the Chinese and other Asiatics (Purcell, 1965:395).

The reason for the Chinese to be chosen to be the middlemen in trade was based on the fact that the Chinese in Indonesia had long been in the trading business, and thus had extensive experience in trade. In addition, they had established good networks with both the native producers and authorities. Therefore, they were obviously the best choice for the role between the European wholesalers/exporters/importers and the producers and native retailers. Within this system, the function of the Chinese was to collect raw products from the native producers and sell them to the European export houses, and to buy processed products from the European manufacturers or importers, and distribute them to the native retailers or directly to the native consumers (Raffles, 1817:199-200).

Besides being intermediate traders, Chinese merchants also served as tax farmers
Raffles, 1817:149; Day, 1904:201). Tax farmers were the concessionaires who were granted monopoly of a certain kind of product or service by the colonial government for a period of time and in a designated region. Among the products and services were opium, tobacco, liquor, gambling, pawn shops, etc. This system was in operation until the mid-nineteenth century and was almost monopolized by the Chinese (Raffles, 1817:227). The role of tax farmers, again, was the bridge between the Dutch colonists and the native Indonesians.

Here, we see a significant change in the middleman role of the Chinese. While during the pre-colonial period, the Chinese had little in direct relations with the noble class, a bond between them and the Dutch colonists was developed during the colonial era. This bond was generated because of the dependency of the Dutch on the Chinese. The Dutch had to rely on the Chinese in the trading process, because of the unwillingness of the European merchants to deal directly with the native Indonesians, and also because of the disability of the natives to be engaged in capitalist-style trading. On the part of the Chinese, they were not able to challenge the Europeans, due to the lack of support from their home country. As a result, the Chinese had to carry on the role that was designated to them by the Dutch.

This relationship between the Europeans and the Chinese was very similar to that between the Chinese and the Siamese nobles. In both cases, the Chinese were under the direct control of the ruling class, and were promoted to serve the latter by
pursuing commercial activities.

Differences, however, did exist between the two cases. In Thailand, the nobles were interested only in the profit, rather than the process, of trade. Consequently, the Chinese were active in every aspect of the trading process. In the Dutch East Indies, however, the Europeans controlled wholesale and import/export to make profit. As a result, the economic activities of the Chinese were limited to intermediate trade only. Therefore, even though both the Chinese in Thailand and Indonesia served as middlemen, their functions and importance varied significantly.

Unlike the situation in Thailand, not only were the economic activities of the Chinese in Indonesia concentrated in the area of circulation between producers and consumers, they also were shaped by the colonial policies to be a distinctive class in the social sense. In order to ensure the Chinese to function as middlemen, the Dutch colonial government used legislative means to prevent the Chinese from integrating with the native Indonesians during the eighteenth and nineteenth centuries. First, while the Indonesians were governed by their native states, the Chinese were governed by their own chiefs. Second, the Chinese were allowed to reside only in the Chinese quarters. Residing or opening stores in rural areas was restricted. Third, the Chinese had to apply for permission whenever they traveled in the Indies (Shen, 1984:289). Under these circumstances, the Chinese in the Indies became a distinctive class which was located between the Dutch and the native Indonesians. The Chinese
were the middle-class, not just because of their intermediate economic position, but also because of their social and political separation from both the Europeans and the natives. It was exactly this social and political separation that enabled the Dutch to keep the Chinese in the middle of the economic structure for generations.

Therefore, my conclusion is that despite the Chinese loss of their domination in Indonesia's foreign trade to the Dutch and other Europeans, their entrance status as traders and merchants was well preserved over time.

7.3.2.3. Canada

Canada is a much younger country than Thailand and Indonesia. The aboriginal people of North America had been the only significant non-white racial group on the continent until the arrival of the Europeans in the seventeenth century. With the expansion of European settlement in the next two centuries, a federation was established and developed in the eastern regions of the continent. Meanwhile, capitalist production replaced hunting, fishing and cultivating as the primary mode of production in the country.

The development of British Columbia could not keep pace with the eastern Canadian provinces, because of its geographical separation by the Rocky Mountain System from the rest of the nation (Morton, 1974:1-2). While labour supply in the East could
rely on immigration directly from Europe, it was much more difficult for European immigrants to reach British Columbia. As a result, while the fundamental structure of capitalism was formed in British Columbia in the second half of the nineteenth century, the lack of labour obstructed its development.

Chinese immigration to Canada started in the late 1850s, when gold mines were discovered along the Fraser Valley in British Columbia. Chinese gold miners came initially from the west coast of the United States and later directly from China (Li. 1988:11). However, the gold rush was short-lived and gold production declined rapidly during the 1860s and the 1870s. By the early 1870s, many of the Chinese returned to China or to the western United States, while only a small proportion of them stayed.

During the period between the 1850s and the 1870s, there was little evidence of racial conflict between the whites and the Chinese. My study suggests that this was because of the lack of direct competition between the two groups. First, while the white miners tended to rush to newly discovered mines and deserted the old ones, the Chinese usually reworked the abandoned ones (Royal Commission of Canada, 1885:60). Therefore, the Chinese were seldom in direct conflict with the white miners. Perhaps because of this approach, when the gold mining industry declined in the 1870s and many white labourers entered other industries, almost half of the Chinese labourers stayed in gold mining, while only some 600 became coal miners.

The second wave of Chinese immigration started in the late 1870s when British Columbia recovered from economic recession. The rapid development of canning, lumbering and mining industries was severely hindered by the lack of labour power. The decision to construct the Canadian Pacific Railway made the labour shortage situation even worse. Consequently, Chinese labourers were recruited from the Guangdong and Fujian provinces to satisfy the demand for general labourers. The Chinese population increased significantly from some 4,000 in the late 1870s to over 12,000 in the mid-1880s (Census of Canada 1881, Vol. 1: 206-303; Royal Commission of Canada, 1885: 43,53,83,363-365). Considering the fact that the total population of British Columbia was only 60,000 at the time, Chinese labour became an indispensable part of the labour force in the province. By 1884, the Chinese formed the vast majority of the labour force for the Canadian Pacific Railway construction, and played an important role in the construction, salmon canning, and coal mining industries and vegetable gardening.

However, towards the end of the Canadian Pacific Railway construction in the mid-1880s, agitation against the Chinese started to grow among white workers. Since Chinese construction workers started to seek employment in other sectors, many white labourers felt threatened by the Chinese. My study indicates that the major reason for the conflict between the white working class and Chinese labourers was
the breakdown of the split labour market system. As discussed in Chapter 6, the labour market in British Columbia was segregated by race. The white working class occupied the high-paid, semi-skilled and skilled positions, while the Chinese and other Asians were concentrated in low-paid and unskilled jobs. The white labourers maintained their superior position before the mid-1880s because the peripheral labour market was able to accommodate the Chinese labour. The completion of the Canadian Pacific Railway in 1885, however, accelerated the shrinking of the peripheral labour market. Chinese labourers, therefore, were forced into the sectors of employment that were dominated by the white working class.

Another feature of the split labour market was the power imbalance between the white workers and the Chinese labourers. While the white workers were well-organized and had the legal power to negotiate with their employers, Chinese labourers were given absolutely no right to express their interests. Consequently, the Chinese were used by white employers as strike-breakers to counter the demands of white workers. Unavoidably, the Chinese became the target of hatred among white workers. In order to maintain their supremacy in the labour market, the white working class had to minimize the ability of the Chinese to compete with them.

The ideology that the Chinese were a culturally inferior and socially inassimilable race was the major weapon of the white working class. As Morton points out, the development of racist ideology against the Chinese started with the negative
perception about the corrupt Qing government. The restrictions on Chinese immigration and employment imposed by the Australian and the United States government further enforced the perception. When Chinese labourers started to enter the core labour market, the establishment of anti-Chinese organizations immediately provided the mechanism for the spread of anti-Chinese ideology. With the acceptance of the ideology by the white working class, it became politically justifiable and rewarding for politicians to advocate restrictions on the Chinese. Under these circumstances, the federal and provincial governments passed numerous laws to restrict Chinese immigration and employment. Consequently, Chinese immigration was restricted. The Chinese were denied employment opportunities in many sectors. The superior position of the white working class was secured at the expense of the Chinese working class. The development of institutional racism against the Chinese before the Second World War, therefore, involved the structural changes in the labour market, the spread of racial ideology and the organization of anti-Chinese movements.

Unable to find employment in the core labour market, the Chinese were forced into the personal services sector where competition with the whites was minimal. The characteristics of Chinese self-employment and employment in the personal services sector were as follows. First, personal services businesses usually required little investment. As indicated in Li's study, Chinese restaurants were generally "small in scale, poorly decorated and labour-intensive" (Li, 1982:534). My study of the
difference in employer/employee ratios between Chinese and non-Chinese businesses also supports Li's argument. Second, Chinese personal services businesses, especially Chinese restaurants, provided services which could not be replaced by non-Chinese businesses. Third, Chinese business in personal services often involved extended work hours and low profits, which white entrepreneurs would not be willing to be engaged in. Last but not least, Chinese business created an environment where only Chinese were involved in the business operation. In other words, it provided a shelter for co-ethnics against racial discrimination.

When we compare the economic position and entrepreneurship of the Chinese in Canada to those of the Chinese in Thailand and Indonesia, we notice that while the Chinese in Thailand and Indonesia played a middleman role between the ruling class and the subordinated class, those in Canada gained little success in trade and commerce and were marginalized in the labour market. Why were the Chinese in Canada unable to become a middleman class? The answer has to be found within the economic structure of the country. First, Canada in the nineteenth century was in the early stage of industrialization. Unlike the situations in Thailand and Indonesia, trade and commerce were not vital for the country, especially the province of British Columbia. Instead, industries in raw material processing were the backbone of the country's economy. Into this situation, the Chinese were not introduced to the country as traders or merchants, but only as cheap labourers. This entrance status thus had a significant effect on the under representation of the Chinese in commerce.
Second, while in Indonesia and Thailand, the Chinese had the advantage of being familiar with the local market and the people, in Canada, however, the Chinese were total strangers. Not only did they face language and cultural barriers, they were also considered to be inassimilable by both the ruling class and the working class. When the demand for labour was satisfied, the Chinese became unwelcome and unnecessary. Therefore, there were no conditions for the emergence of Chinese middlemen in Canada.

7.4. Conclusion

In this chapter, I have discussed several factors that relate to the occupational patterns and entrepreneurship of the Chinese in Thailand, Indonesia and Canada before the Second World War.

My findings indicate that despite the fact that the Chinese in the three countries originated from the same region of China, their positions in the economic structure of their host societies varied from country to country. In general, Chinese in all of the three countries tended to be concentrated in business. However, a closer examination reveals significant differences among the Chinese in these countries in terms of their primary sector of employment and degree of achievement. First, while the Chinese in the two Southeast Asian countries were concentrated in trade and commerce, those
in Canada were heavily engaged in personal services, such as restaurants and laundry stores. Second, while the Chinese in Indonesia were important only as intermediate traders, those in Thailand dominated the whole commerce sector, from import/export to intermediate trade to retailing.

Therefore, the Chinese in Thailand were the backbone of the market economy of the country; the Chinese in Canada, on the other hand, occupied only a marginal position in the economy. The Chinese in Indonesia fit in between the two in terms of their economic position. These differences could not be explained by their cultural background, as the Chinese in the three countries originated from the same region. In other words, if cultural factors did play a determinant role in the formulation of Chinese occupational patterns and entrepreneurship, then the economic positions of the Chinese in these countries should be similar rather than different. Therefore, transplanted culture could not account for the variation among the Chinese in different economic structures.

Finally, I examined certain historical and structural factors that might have influenced the economic position of the Chinese. My study of the immigration and demographic patterns suggests that the early immigration of Chinese traders to Thailand and Indonesia did have some effects on the occupational patterns of the Chinese and their entrepreneurship before the Second World War. Their commercial activities provided a necessary grounding for the roles they played in the early
twentieth century. However, we have to be cautious, because this entrance status of the Chinese was only one factor affecting their economic positions before the Second World War. This factor had to be combined with the structural conditions to shape the position of the Chinese in the economy of Thailand and Indonesia. In other words, the economic status of the Chinese was never static. Instead, it transformed over time under the influence of the socio-economic structure of the host societies.

In fact, changes were found in all of the three countries under close examination. In Thailand, for example, while Chinese immigrants before the nineteenth century were mostly traders who were engaged in Sino-Siamese trade, Chinese before the war were dominant in almost every section of commerce. In Indonesia, the Chinese had immigrated as traders before the Dutch East Indies was established, after which they continued to be engaged in commercial activities. Nevertheless, their importance was limited to intermediate trade. In Canada, Chinese immigrants came as unskilled labourers working in various public works, mining and industries; yet they transferred to the personal services sector over time.

These changes, as revealed by this study, were part of the process of shaping the economic position and entrepreneurship of the Chinese. The forces behind these were not the transplanted culture, or the policies of the Chinese government towards overseas Chinese, or the entrance status of the Chinese immigrants, but the socio-economic structure of the host society.
My study illustrates how different socio-economic structures determined the economic position of the Chinese and patterns of entrepreneurship. Thailand was primarily a feudal society during the whole history of Chinese immigration, with the monarchs and nobles at the top, the tenants at the bottom of the social structure, and no middle class. Economically, Siamese tenants were engaged in cultivation of the lands belonging to the nobles and kings. Besides submitting part of the harvest to their masters, they were obligated to provide public service for them. Under this situation, it was impossible for a merchant class to emerge from the tenants. The immigration of Chinese traders thus filled the position of a middle class between the two major classes. With the support from the kings, and facing no competition from the tenants, the commercial activities of the Chinese were able to expand to every area of the country and to every aspect of the commerce sector.

Unlike the situation in many other Southeast Asian countries, such as Vietnam, Burma, Malaysia and Indonesia, Thailand did not have a colonist history. The Portuguese, English, Dutch and French, attempted to take control of the country's economy, and failed. As a result, the Europeans had to compete with the already well-established Chinese traders who were given many privileges by the monarchs. On the other hand, rice production and export was the most important part of Thailand's economy. The Chinese were able to dominate this sector for two reasons: they had good connections with the Siamese peasants and government officials, and
the major markets for rice export were the Southeast Asian countries and China, with which the Chinese traders were very familiar. For these reasons, the Chinese were able to defeat the Europeans, and to maintain and reinforce their domination in the commerce sector.

In the case of Indonesia, Chinese traders also had established themselves before the arrival of the Dutch. However, as soon as the Dutch arrived, they established a colonial system in which the native Indonesians continued to be engaged in their traditional cultivation, while the Dutch monopolized the commercial sector. Contrasted to the private nature of the Chinese traders, their Dutch counterparts were supported by the Dutch government with military forces. Consequently, the Chinese were not able to compete with the Dutch, and lost their domination in import/export to the latter.

However, given the lack of labour power and the unwillingness of the Dutch to deal with the native people, a middle class had to be formed to bridge the two. The Chinese, who had had good connections with the Indonesians and were very experienced in commerce, were thus chosen to be the middlemen. In order to ensure that the Chinese would not mix with the natives and lose their function, the Chinese were politically and geographically separated from the natives by Dutch colonial policies. Under this structure, the Chinese became a distinctive class of people who were concentrated in intermediate trade, collecting raw materials from the natives for
export or process, and distributing manufactured products to the natives for retailing or consumption. They, thus, maintained their status as traders, but were constrained to intermediate trade only.

Finally, Chinese immigration to Canada occurred at the beginning of the development of industrial capitalism in Canada in response to the need for cheap labour. For this reason, Chinese immigrants came to Canada as unskilled labourers working on construction, in mining and timbering, and in other industries. Because they filled this basic and essential role, Chinese labourers made significant contributions to the development of the province of British Columbia.

However, as soon as white workers were available in the labour market, the importance of Chinese labourers started to decline. White workers found themselves competing with the under-paid Chinese. With the aid of local politicians, discriminative regulations were imposed on the immigration and employment of the Chinese. Unable to pursue employment in the highly restricted core labour market, more than half of the Chinese thus entered the personal services sector, establishing laundries and restaurants to avoid direct competition with white labourers. Institutional racism played a determinant role in this process by restricting Chinese immigration, denying the political rights of the Chinese, and denying them employment opportunities in many sectors.
Considering the foregoing analysis, it is my argument that the economic position and entrepreneurship of the Chinese in Thailand, Indonesia and Canada before the Second World War varied from country to country. These differences were neither the results of the cultural characteristics of the Chinese, nor the effects of the policies of the Chinese governments towards overseas Chinese; rather, they originated from the immigration patterns of the Chinese, and were shaped by the socio-economic structures of the host societies.
CHAPTER 8

CONCLUSION: TRANSPLANTED CULTURE OR BLOCKED MOBILITY?

8.1 Introduction

In this chapter, I will use the evidence presented in this study to discuss the two major theses of ethnic employment and self-employment: the transplanted cultural thesis and the blocked mobility thesis. The limitations of this study will be discussed and directions for future study will also be suggested.

8.2. The Limitations Of The Transplanted Cultural Thesis

The primary objective of my research is to examine the validity of the transplanted cultural thesis and the blocked mobility thesis in explaining the occupational patterns and entrepreneurship of the Chinese in Thailand, Indonesia and Canada before the Second World War. The results of this study indicate that transplanted culture did not play an important role in the formulation of the economic position and entrepreneurship of the Chinese in the countries studied. On the other hand, the blocked mobility thesis should be credited for its emphasis on the socio-economic...
contexts under which ethnic occupational patterns and entrepreneurship are shaped. However, it is still insufficient in explaining the phenomenon of Chinese employment and self-employment in the three countries.

Because the countries and the time period of this study are carefully selected, the effect of cultural factors is minimized. In other words, the Chinese in all of the three countries originated from the same region and shared the same cultural background. If cultural factors did have a determinant effect on the economic activities of overseas Chinese, then the Chinese in the three countries should have attained similar economic positions and achievements. However, my study shows that the experiences of the Chinese in these countries were actually very different, in the sense that they were concentrated in different kinds of business, achieved different levels of success, and occupied different positions in the economic structure of the host societies. This finding clearly indicates that the arguments of the transplanted cultural thesis are not supported. Obviously, transplanted culture cannot account for the economic position and business concentration of the overseas Chinese.

The problem of the transplanted cultural thesis is three-fold. First, it overemphasizes the influence of culture, by assuming that culture automatically transplanted to overseas Chinese societies with the emigration of Chinese people. According to this assumption, transplanted cultural theorists tend to look into the traditional values, customs and social relations, to find anything that might link to the economic
behavior of overseas Chinese. The link between the two, however, is often missing. For example, Freedman's study of the traditional ways of money handling in rural China comes to the conclusion that the credit system used by overseas Chinese originated from these traditional practices (Freedman, 1979:26). The problem with this claim is that there is little proof that the emigrated Chinese actually carried these traditions with them to their host societies. There is no substantial evidence that they learned and used money-handling methods before their emigration.

Second, Chinese culture is such a broadly used concept that it includes almost every aspect of human life in the country of China. However, because of its diversity, it is almost impossible to identify any universal cultural traits among the Chinese. In other words, the ways of life in China are so diverse in different regions that the term "Chinese culture" can have little substantial meaning. Even in the same region, the ways of life are also different among different social classes. Therefore, the influence of culture is highly uneven among different regions and social groups: we should not expect the overseas Chinese to be culturally homogeneous and to have common cultural traits. As shown in my study, the Chinese in different countries and in different historical periods had different occupational backgrounds. Some of them were traders and merchants, some were skilled or semi-skilled labourers, and some were peasants who had no experience in industrial production. The results of this study indicate that the variations in the occupational backgrounds of Chinese immigrants had a greater effect than traditional Chinese values on Chinese
employment and entrepreneurship in their host societies. This finding is supported by Li's study of Chinese investment and business in Canada in the 1880s and 1990s (1993:242). Obviously, the transplanted culture thesis can be useful to explain the employment and self-employment of a relatively homogeneous ethnic group, but it tends to overlook the diversities among the Chinese in different countries.

Finally, the transplanted cultural thesis also over-emphasizes the association between culture and economic behavior. According to the theory, the effect of transplanted culture would eventually be weakened in the host societies as it loses its material ground over a period of time (Skinner, 1957:365-372). Together with the decline of Chinese culture among the overseas Chinese, the economic distinctions between the Chinese and other ethnic groups would vanish in the long run. My research, however, suggests this is not always the case. For example, after centuries of settlement in Thailand, the Chinese in the country became culturally indistinguishable from the Siamese. They married Siamese women, shared the Buddhist religion, spoke the Siamese language, and adopted Siamese names. In other words, they lost most of the Chinese cultural characteristics, and the influence of traditional Chinese culture on them was minimized, if not eliminated (Skinner, 1963:1). Nevertheless, as shown in this study, the Chinese were economically distinct from the Siamese even after a long history of settlement and intermarriage. Therefore, the effect of traditional culture on the economic position and
entrepreneurship of overseas Chinese, if any, is very limited over a long period of time.

8.3. The Limitations Of The Blocked Mobility Thesis

While the notion of cultural determination is shown by this comparative study to be limited in explaining the formulation of economic position and business entrepreneurship of overseas Chinese, the blocked mobility thesis which stresses the impact of socio-economic structure is credited for focusing on the conditions of the host societies rather than on the cultural traits of an ethnic group. According to the blocked mobility thesis, the majority and minority groups are in constant conflict in their struggle for power and domination (Wilson, 1973:9; Boswell, 1986:367-368). As minority groups tend to lack control of sufficient power and resources to seriously challenge the racial order, the outcome of the conflict is often that minority groups become subordinated in the economic structure (Wilson, 1973; Bonacich & Modell, 1980; Li, 1988). The results of my study show the validity of this general claim. As shown in the case of Indonesia, the Chinese traders who had established their superiority before the arrival of the Dutch could not compete with the Europeans because of the lack of support from the Chinese governments. Consequently, they lost their domination to the latter and were limited to the area of intermediate trade.
The theoretical significance of this study, however, is not only to provide support to the general argument of the blocked mobility thesis, but also to illustrate how different structural factors affect the economic position of an ethnic group. For instance, in Thailand it was the persistence of a social system that provided the ground for the domination of the Chinese in trade and commerce. In Indonesia, on the other hand, the change of social system led to the loss of superiority of the Chinese traders. The case of Canada, however, shows that not only the fundamental social system, but also the conditions in the labour market, the development of a racist ideology, and the organizational nature of the white working class could have a significant impact on the economic role of an ethnic group.

In addition, this study shows that economic domination and social subordination of an ethnic group can coexist in a society where class relations are not wholly built on the basis of economic power. This argument is best illustrated in the case of Thailand. Under a feudal system, social class is ascribed rather than achieved, as nobles were born to be nobles, and tenants were born to be tenants. As a result, the accumulation of property for the nobles relied on the exploitation of the tenants, instead of the pursuit of commercial activities. Therefore, social class was separated from economic status and there was no conflict between the privilege of the noble class and the economic domination of the Chinese.
This comparative study also provides the best example for the middlemen minority theory. According to Bonacich and Modell (1980), because of racial discrimination which produces unfavorable labour market conditions, certain minority groups tend to be concentrated in small businesses in commerce. As mentioned in Chapter 2, these ethnic groups usually have one or more of the following characteristics:

- their economic function is to bridge between the elite and the masses;
- they serve as the middlemen between producers and consumers by concentrating in trade and commerce; and
- they do not belong to either the major entrepreneurs of modern capitalism or the proletariat.

All these three characteristics are found in my study of the Chinese in Thailand, Indonesia and Canada. While the Chinese in Thailand and Indonesia functioned as a bridge between the elite and the masses, and producers and consumers, those in Canada belonged to the petite bourgeoisie who had some control over means of production and labour, yet were distinctive from the major capitalists and the proletariat.

My study also identifies three different types of middlemen minority that are not addressed in the middlemen minority theory. The first type is merchant middlemen
in an agrarian society, which is represented by the Chinese traders in Thailand who conducted foreign trade for the kings. Their function was strictly limited to trading, which had little impact on the country’s economy, but was significant for the accumulation of wealth by the kings. Although the merchant middlemen occupied a marginal position in the agrarian economic system, they became the most important force behind the emergence of capitalist economy in Thailand.

The second type is compradore middlemen, which is manifested by the Chinese compradore in Thailand after the arrival of the Europeans. Unlike the partnership relationship between the Chinese and the Siamese nobles that was formed on the basis of mutual dependency, the relationship between the Europeans and the Chinese was originally competitive. However, unable to compete with the Chinese, because of language barriers and their lack of information about the local markets, the Europeans had to depend on the compradore system to gain some share of Thailand’s economy. Within this system, Chinese merchants were employed as middlemen in European firms to deal with the Siamese producers and consumers. Because of their important positions, Chinese middlemen were rewarded with significant shares of the profits. This kind of middleman involved only a small proportion of the Chinese population in Thailand. However, they helped the Chinese as a whole to preserve their domination in the economic structure of the country. This type of middleman was very common in many countries during the colonial period, even though the compradore middlemen often emerged from the native merchant class rather than
from a specific ethnic group (Hao, 1970:1). In the case of Thailand, however, the lack of a native Siamese merchant class led to the prevalence of Chinese compradores.

The third type of middlemen minority can be referred to as the social middlemen. As shown in the case of the Chinese in Indonesia after the Dutch colonial government was established, the Chinese social middlemen became the middle class between the European colonists and the indigenous Indonesians. Under the dual economy system of the Dutch East Indies, the Chinese belonged to the colonial system, but were also connected to the agrarian system. As far as the social status of the Chinese is concerned, they were placed above the indigenous Indonesians in the social hierarchy and served as the firewall for the Europeans against social antagonism. Because of their economic function and social status, the Chinese social middlemen were extremely vulnerable after the colonial system collapsed.

The evidence presented in my study also contradicts some of the other arguments of the middlemen minority theory. First, in their study of Japanese businesses in America, Bonacich and Modell (1980) suggest that racial discrimination is the primary cause for the concentration of the Japanese in small businesses. My study, on the other hand, indicates that conflict between ethnic groups does not necessarily play a major role in the formulation of middlemen minorities. For example, racial tension had never been present between the Chinese and the native Siamese until the
1930s, when the absolute monarchy was abolished. The cases of the Chinese in the three countries clearly show that the fundamental social structure, to a large degree, determines the existence of racial discrimination. In a feudal society such as Thailand, the interests of the masses, as well as those of the Siamese elite, were not contradictory to those of the Chinese. As a result, the formation of the Chinese middlemen class was due to the lack of a middle class between the nobles and the tenants, rather than the struggle for power among these groups.

Second, as shown in the case of Thailand, middlemen minorities under certain circumstances can become the major force behind the development of modern capitalism. In spite of the fact that modern capitalism was introduced by the Europeans to Thailand, the Chinese were able to defeat the Europeans in the marketplace, and became the most important force behind the development of capitalism in Thailand. Therefore, the conception that middlemen minorities are concentrated only in the marginal sections of small businesses is only a myth, and the argument that they belong only to petite bourgeoisie is invalid in some cases. In general, this study points out that racial discrimination is only one of the social conditions ethnic minorities may face, not the only one. Under certain situations, historical and structural conditions may be favorable for an ethnic group to be concentrated in certain sectors of the economic structure.
8.4 The Theoretical Implications Of My Study

This study illustrates the insufficiency of both the transplanted cultural thesis and the blocked mobility thesis in explaining the occupational patterns and entrepreneurship of the overseas Chinese. Evidence presented in this study suggests that the initial occupational patterns of the Chinese were determined by the economic backgrounds of the Chinese immigrants, which in turn, were determined by the historical contexts in which the immigration occurred. The immigration of Chinese to Thailand, Indonesia and Canada was selective, in which certain types of immigrants were chosen to satisfy the demands in the host societies. For example, because of the shortage of economic middlemen in Thailand's socio-economic system before the second half of the nineteenth century, Chinese immigrants to Thailand were mostly merchants. In contrast, the vast majority of Chinese immigrants to Canada was general labourers, who were in short supply in the province of British Columbia before the Canadian Pacific Railway was constructed in the mid-1880s.

The historical contexts of Chinese immigration and the economic backgrounds of the Chinese immigrants, however, cannot account for the variations in occupational patterns and entrepreneurship of the Chinese in difference countries. While there are grounds to argue that primordial culture played an role in the initial period, the
economic structure and social stratification in the host countries were the crucial factors in determining the economic position of the Chinese.

This study shows that instead of being structurally disadvantaged, the Chinese in Thailand and Indonesia were able to take advantage of the feudal system or the colonial system by concentrating in trade and commerce. Because of the importance of agriculture in Thailand, trade and commerce had been a marginalized sector which had little importance to the economy of the country before the second half of the nineteenth century. The Siamese peasants were both unwilling to and unable to be engaged in commercial activities. For this reason, the Chinese in Thailand, who were predominantly engaged in trade and commerce, were not a social middle class in spite of wealth they accumulated. However, with the development of modern economy, the purpose of agricultural production became market-oriented instead of self-consumption. As a result, trade and commerce became a vital part of Thailand's economy, and the Chinese became one of the most important drive forces behind Thailand's capitalism development.

Unlike the Chinese in Thailand, the Chinese in Indonesia had been included in the mainstream socio-economic system since the Dutch East Indies was established in the early seventeenth century. In contrast, the indigenous Indonesians, to a large extent, were excluded from trade and commerce because of the lack of control of the Dutch colonial government. In other words, the indigenous people were
marginalized in the economic structure. While the Chinese were not able to compete with the Europeans, their experience and knowledge about trade and commerce enabled them to perform intermedia trading. As a result, the Chinese not only had a more important economic position as compared with the Indonesians, but also had a higher social status.

Therefore, the economic structure and social stratification of the host societies have a significant impact on the occupational patterns and entrepreneurship of an ethnic group. As shown in the case of the Chinese in Canada before the Second World War, in an industrialized society where the native working class is well developed and well organized, an ethnic minority often faces structural disadvantages. A split labour market is often produced and reproduced to prevent ethnic minorities from entering the core labour market, and to maintain the superior position of native workers. Consequently, ethnic businesses were developed to avoid direct competition with the native working class in the labour market. However, the experiences of the Chinese in Thailand and Indonesia also show that certain socio-economic structures, such as the feudal system and the colonial system, can provide structural advantages for certain ethnic minorities to perform important socio-economic functions.
8.5. Directions For Future Studies

This study focuses on the occupational patterns and business entrepreneurship of the Chinese in Thailand, Indonesia and Canada before the Second World War. While the materials provided are supportive of my arguments, it would be interesting if comparisons were made for the post-war period. The three societies in this study have experienced tremendous changes since the Second World War. In Thailand, the absolute monarchy was abolished and replaced by republicanism. With the development of modern capitalism, a large proportion of the Thai labour force engages in non-agricultural occupations. While the Chinese in the country continue to be integrated with the Thais in many aspects (e.g. language, religion, and marriage), the perception of Chinese domination in commerce continues to exist. In Indonesia, the colonial period ended and the nation gained independence. With the collapse of the colonial system, the Chinese are accused of controlling the country's economy. Restrictions are imposed from time to time by the Indonesian government to weaken the economic power of the Chinese. The recent violent racial conflict in Indonesia again illustrates how ethnic tension can be explosive, even after centuries of cultural assimilation. In Canada, institutional racism was eliminated and multiculturalism was introduced. With the changes in the immigration system, the occupational patterns of the Chinese and the nature of Chinese business have changed significantly over the past few decades. However, because of the lack of comparable contemporary materials for these countries, and also because of time
constraints, this goal could not be achieved in this research project, and thus is left for future studies.

Nonetheless, this study has shown the potential of comparative study in exploring the economic position and business patterns of ethnic groups. As discussed before, the findings of a comparative study can be more convincing than those of a single-country study. Therefore, comparative study is an important tool, and more studies of this kind ought to be devoted to the study of race and ethnic relations.
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