



The Business of Politics and Ethnicity

A HISTORY OF THE SINGAPORE CHINESE CHAMBER
OF COMMERCE & INDUSTRY

新嘉坡中華總商會
SINGAPORE CHINESE CHAMBER OF COMMERCE

Sikko Visscher

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A History of the
Singapore Chinese Chamber of
Commerce and Industry

SIKKO VISSCHER



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Abbreviations

ACCCM	Associated Chinese Chambers of Commerce of Malaya
AFC	ASEAN Finance Corporation
AMCJA	All Malayan Council of Joint Action
ASEAN	Association of Southeast Asian Nations
BMA	British Military Authority
BOC	Bank of China
CAB	Chinese Advisory Board
CCCs	Citizens' Consultative Committees
CDAC	Chinese Development Assistance Council
CDL	China Democratic League
DP	Democratic Party
DBS	Development Bank of Singapore
EDB	Economic Development Board
EOI	export oriented industrialization
Exco	Executive Council
FDI	foreign direct investment
FEFC	Far Eastern Freight Conference
GSP	Generalized System of Preferences
GLCs	government-linked companies
ISI	import substitution industrialization
KMT	Kuomintang
Legco	Legislative Council
LF	Labour Front
LP	Labour Party
MAS	Monetary Authority of Singapore
MC	Management Committee
MCA	Malayan Chinese Association
MCP	Malayan Communist Party
MNCs	multinational companies
MP	Member of Parliament
NIDL	New International Division of Labour

NOL	Neptune Orient Line
NTUC	National Trade Union Congress
NWC	National Wages Council
OCBC	Overseas Chinese Banking Corporation
OUB	Overseas Union Bank
PAP	People's Action Party
PMCJA	Pan Malayan Council for Joint Action
PP	Progressive Party
PRC	People's Republic of China
RAS	Rubber Association of Singapore
SCBA	Straits Chinese British Association
SCCC	Singapore Chinese Chamber of Commerce
SCCCI	Singapore Chinese Chamber of Commerce and Industry
SCSSCA	Singapore Chinese School Staff Committee Association
SDF	Skills Development Fund
SFCCA	Singapore Federation of Chinese Clan Associations
SFCCI	Singapore Federation of Chambers of Commerce and Industry
SICC	Singapore International Chamber of Commerce
SMA	Singapore Manufacturers' Association
SMEs	small and medium enterprises
SMR	Standard Malaysian Rubber
SNSC	Singapore National Shippers' Council
SSR	Standard Singapore Rubber
TDB	Trade Development Board
UCB	United Chinese Bank
UMNO	United Malays National Organisation
UOB	United Overseas Bank
URA	Urban Redevelopment Authority

Introduction

So a guy like you comes all the way from Europe to study this Singapore Chinese Chamber; why?" (Singaporean taxi driver, January 1998)

DURING THE CHINESE NEW YEAR celebrations at the Chamber, an unforeseen scenario started to play out. Having come in to do academic fieldwork for my dissertation, to listen to the speeches, observe the festivities and perhaps take some pictures of SCCC celebrities, I found myself receiving unexpected attention. I had hoped to be able to approach some leaders and ask them whether they would agree to be interviewed, but all of a sudden the very individuals I was aiming to approach came up to me to ask me a favour. In the middle of the great hall of the Chamber building at 47 Hill Street stood a large mandarin orange tree, donated by the Bank of China to signify prosperity for the New Year, with the mandarin oranges symbolising lumps of gold. Standing at least two and an half meters tall, the tree provided a magnificent centrepiece. The people coming up to me had their cameras in hand and wanted to pose with me beside the tree. Being just over two meters, I was easily the tallest person in the crowd and this was the reason they wanted me to be in their pictures. "Such a big tree and such a tall man; this way our fortunes will also grow to heaven in the New Year", was what one man said to me.

While I have not received any news that these specific people experienced an exceptional year or struck it rich, this example serves to illustrate how academic work, similar to life in general, will present us with unexpected turns. Likewise, I had expected that the fruits of my scholarly work would have a restricted readership of fellow academics and perhaps a few family members. When the opportunity presented itself to rewrite my dissertation into a book for a wider audience, I jumped at it. Here was a chance to tell the remarkable story of the Singapore Chinese Chamber of Commerce (and Industry) (SCCC(I)),¹ to more people than I ever deemed possible, at a time when the Chamber was gearing up to celebrate its 100th anniversary in style.

First and foremost, this book is a history of the SCCC. Second, it also serves as an alternative reading of the history of Singapore, a history from the perspective of a leading civic institution rather than from the perspective of the state. On a third level, it is a story of how Chinese networks actually work. If the 21st century will be the century of China, an understanding of how the overseas Chinese organize themselves, link together across the globe and connect back to China and its burgeoning economy will be important to us all. But why and how did I end up in Singapore studying the Chamber in the first place? In this introduction, I will answer these questions and will explain why I think a book on the history of this organization is worth reading.

The heady mix of money, power and ethnicity has an irresistible lure to many. From the street cleaner to the marketing manager, from the tabloid journalist to the tall academic, we are all fascinated by the question how people become rich and powerful and whether ethnicity plays a role in the process. When I set out on the intellectual journey to answer these questions in the mid-1990s, my quest was to find an ethnic Chinese organization involved in business, culture and politics, in a country in Southeast Asia that had been at the centre of what was then described as the “Asian Miracle”. When using this term, the World Bank meant the remarkable economic growth and social transformation experienced by some societies in Asia after World War II. Because I wanted to look beyond companies and business deals, I searched for an institution that connected the economic, cultural and political arenas.

As the largest Chinese business organization of the region, the SCCC(I) was a logical choice. I was surprised to find that no one had written a substantial academic account on the post-1957 history of this organization despite its age, status, size and importance.² Founded in 1906, the Chamber immediately became the leading Chinese organization of Singapore. More than merely a business club, the Chamber was indeed a social, cultural, political as well as an economic organization. By membership size it was the largest Chinese as well as business representative³ and throughout its history the wealthiest and most influential businessmen of Singapore were its leaders.

This book will take the reader on a journey starting in 1819, first introducing the colonial and immigrant society that was Singapore and the role that Chinese merchants played in it. After recounting the founding of the Chamber and the turbulent decades before the Japanese occupation, the next five chapters will concentrate on developments after World War II. The story’s leading role will be played by the Chamber, and its theme will

be to detail internal developments of the Chamber as well as the changing fortunes it experienced in its external activities. The state is cast in the role of the main power the Chamber encountered in the outside world. This is an elusive character that takes on different guises: Colonial, Federal Malaysian and Singaporean. In these multiple forms it was the actor the Chamber co-operated with, was sheltered by and also sometimes fought against. I will make clear how the Chamber represented the Chinese community and the Chinese business sector during the journey of decolonization and state formation that Singapore experienced.

Money, power and ethnicity formed the three crucial ingredients of this journey and the Chamber embodied them all. Singapore, as had many young countries after World War II, had a specific and well-defined goal: establishing an independent, sovereign nation-state and a steady progress towards modernity. Generally speaking, modernity, in this context, was understood above all as sharing in the institutions and economic prosperity of the industrialized countries.⁴ But there are many ways in which such a history can be told. Some would focus on the market and on economic theories and developments, arguing that ultimately the economy produces society. The assumption, propagated by neo-liberal economics, that rational choices by economic actors are in accordance with economic “laws” and will lead to a coherent and logical economic system dominates this approach. Generally speaking, I do not think human behaviour is that easily explained.

Others would reverse the logic of the neo-liberal approach saying that culture, and the social order it gives life to, will result in an economic system in keeping with moral and cultural tenets. Ethnicity and identity are the central determinants in this system. The danger of this approach is that it could present ethnicity and identity as static and unchanging, creating the illusion of an essential stereotype. In contrast, in this book, I will view ethnicity and identity as strategic and pragmatic: as masks that people can switch between and chose to use in different situations.

A third way to write history would be to focus on the role of the state, which centres on the relationship between state, society and economy. The crucial variables in this approach are power and control in the political game and it emphasizes the central role of the state in initiating, shaping and controlling social and economic processes. The inherent danger of this approach is that it will underestimate or neglect the role of socially based networks and associations that are rooted in civil society. It is the relationship between state and society that should be the focus of attention. This representational relationship can be seen as a two-way street involving

three parties. At the top is the state, in the middle the elite and at the bottom the constituency connected to that elite, and information and communication flow back and forth along this street. The elite is the pivotal link in this communication process but the skills and services the former can offer must match the demands and expectations of both the state and the constituency. If these two other parties no longer feel the need for communication, have alternative channels or lose trust in the elite, the latter's middleman role can suddenly disappear.

All three of these approaches have their merits and demerits but a combination of the three will be able to enjoy the strengths of all while correcting their weaknesses. This is why the history of the SCCC(I) makes such a beautiful case, because market, culture and the relationship between state and society come together in one organization. The final ingredient of this enticing cocktail is "time". The Chamber's history of one century, and the fact that it has functioned under very different circumstances and within the context of numerous forms of the state, allow for a comparative perspective. Changes in the market, evolution of culture and shifts in power can all be understood over time and can be seen in comparison with earlier and later events. To understand the main dynamic of Singapore history, let us take a bird's eye view.

Singapore is an island of roughly 600 square kilometres in size, situated just north of the equator at the tip of the Malay Peninsula. Its modern history began in 1819 when the British established a port settlement on the island to exploit both the Straits trade of jungle and agricultural products of the region, and long distance commerce with Europe, India and China. The island was almost entirely populated by a wide variety of migrants, but from soon after its founding the Chinese constituted the majority. Its role was to be a trading entrepot and a centre of commerce and finance for the region, and the colonial *laissez-faire* policy upheld the free market principle for most of the economy.

Singapore has always been a very Chinese city: for most of its modern history 70 per cent of its inhabitants have been Chinese. On the other hand, however, Singapore has been very dependent on the region for its food, water, and, crucially, for its trading products. For an immigrant society and nation, the ambiguities of ethnicity within the regional and global context could be pressing. From the earliest days of the British settlement, ethnicity had been an organizing principle, both geographically (in planning and building the city) and socially, through a system of indirect rule placing communal responsibility on the leaders of an ethnic community. Social order in colonial Singapore was achieved along the

lines of ethnicity. Viewing ethnicity as political and strategic is therefore particularly important because individual ethnicity became a key political marker and even a prerequisite for participation in the political process, and a leader's ethnic identity included obligations in the eyes of his community constituency.

Due to the migrant nature of the community and the structural arrangements of colonial Singapore, the Chinese elite of the Chamber performed not one but multiple and mutually reinforcing tasks or roles: social, cultural, religious, political and economic. The leaders of the Chinese community constituted a multi-purpose elite. Attaining and maintaining a position within this elite depended on the magic triangle of power, status and money. The economic logic of Singapore as a trading entrepot, and the multi-purpose role expected from the elite, meant that merchants were the most successful individuals. They had the money to support and take care of a constituency and in return were accorded status and positions of power within the community. This status made them the likely candidates to be appointed by the British to be responsible for their ethnic community.

Ethnicity also played a highly politicized role in the decolonization of Singapore, both on the island itself, in the struggle of connecting ethnicity and political rights, and regionally, as the territory's short-lived independence through merger with Malaysia (1963–1965) encountered strong ethnic opposition both in Malaysia as well as in Indonesia. In the ideologized world of the Cold War, the spectre of ethnic collusion in the extension of the communist ambitions of the People's Republic of China (PRC) in the region loomed large. As a Chinese city in a Malay region, the Chinese ethnic profile of Singapore led it to be seen as a possible communist fifth column in Southeast Asia.

After it became a fully independent nation in 1965, Singapore achieved remarkable economic growth, becoming Asia's second most prosperous nation behind Japan and overtaking its former colonial master Great Britain in per capita income. The stereotypical view of Singapore is that of a free market centre for commerce, finance and manufacturing. As a majority Chinese city and playing a key role in the Chinese diaspora, Singapore is also seen as a successful hub in this so-called "bamboo network". In addition, it has the popular image of a squeaky clean and highly efficient managerial developmental state.

Along this historical path, a number of changes to economy, society and the political arena took place. The market, the trading and entrepot role of Singapore continued unabated after independence in 1965, but the country also managed to establish a role as a production site for multinational and

local industrial production within the global economy. Its comparative advantages of geographical position and a relatively cheap labour force meant Singapore could create a niche in the new international division of labour (NIDL) in the global capitalist system of the 1960s and 1970s. From the 1980s, Singapore developed its tertiary sector, and upgraded the educational level of its labour force and its industrial production to higher value-added activities for the information technology sector. Throughout, the state played a crucial role in shaping the market place and in creating and maintaining comparative advantages. The territory drew its life-blood from economic exchange, but was also vulnerable to changes in the regional and world market. In this respect it is interesting to consider that the Chinese in Southeast Asia, and certainly in Singapore, were citizens of the world market before they were citizens of a nation. Singapore has been forced to be sensitive to regional and world market logic, the supply and demand of goods and services, the shifts in trading routes and product flows.

In changes concerning ethnicity, the pattern of indirect rule through the leaders of ethnic communities, which had been the cornerstone of the colonial system, came under pressure in postwar Singapore with the advent of the developmental, interventionist state that redefined and limited the roles it wanted and expected the elite to play. However, the ethnic ordering principle prevailed after independence, as any resident of Singapore must be formally classified as Chinese, Indian, Malay or "Other". Ethnicity was much more than a classificatory aspect of an individual, because it was appropriated by the state as a defining factor of the political and social arena. Political authority was the key characteristic of the strong state, which demanded absolute loyalty to the nation-state, and commitment to the organic national community and the consensual goal of national economic development. The state elite, which in Singapore consisted of the leadership of the People's Action Party (the PAP; the only political party to have ever formed a government after independence), presented itself as the moral "guardian" as well as the expert-manager of society. This left very little room for civil society to continue to play a role, particularly the ethnically-based organization of the colonial era. The Singapore government expanded its power deep into the management of economy, society and ethnicity.

Changes in the political sphere occurred when the process of decolonization and state formation set in motion a process of redistribution of power and influence between state and society in Singapore. It entailed a development from a non-political (in the narrow sense) system of late-colonial petitioning and informal influence, via a highly politicized period of populist politics, to an authoritarian de-politicization by a dominant

party-state. From being an elite endeavour of informal co-optation, the basis of mobilization and power became rooted in ideologically informed, class based populist electoral politics, which was later transformed into a strong state authoritarian framework.

Two observations on the representational role of the Chinese elite are important. First, the British colonial system, in which the Chinese elite was anointed as the sole representative of the Chinese community with no alternative representational channels, was replaced by a populist-based political system of elections, which limited the elite roles expected of the Chamber and developed state-controlled representational alternatives. Second, throughout this transformation, constituency needs should be understood as multiple and changing. In the narrowest sense factions within the Chinese elite could represent their own elite interests, or at the broadest end of the spectrum the entire Chinese population could be the Chamber's constituency.

These changes in the characteristics of the state and state power were important because of their implications for the organization and orientation of society. The realities of political power defined the arena of representation, contestation and competition, and set the parameters within which mediating organizations such as the SCCC(I) could operate. Market, culture and state were highly integrated in Singapore. The free market context and the ethnic composition of Singapore had a significant influence on the formation and organization of the state, while the state had, on the other hand, a very visible role in managing aspects of the market environment as well as ethnicity and culture.

Two contrasting images can represent the dynamic change of postwar Singapore. The first is that of colonial, *laissez-faire* Singapore as a highly self-regulating entity, in which ethnic communities were responsible for their internal self-government. This organizational pattern was built on informal sources of power and representational channels, which reflected the limited reach and interest of the colonial state. The Chinese elite and the SCCC had a complementary relationship with the British rulers: politically and culturally because they controlled the Chinese community in lieu of the colonial authorities, economically because they gathered Straits produce through the entrepot, distributed imports over the region, and gave shape to local industrialization. The second image is that of the dominant, ever-present, corporatist PAP state in which the Chinese elite and the Chamber became incorporated and trimmed down. Politically the SCCC had lost its role of link between people and government, while its cultural and social roles had been shifted to other, state-approved,

organizations. Economically it had become a partner serving state interest in the small and medium enterprise sector, trade, and brokering business with China.

The process by which Singapore moved from the first to the second image is the story of decolonization and state formation, entailing a restructuring of market, culture and state. However, large historical processes such as these are seldom simple and never one-dimensional. By taking the history of the SCCC(I) as a focus, we can look at the various aspects of this journey in detail and begin to understand and appreciate the intricate and delicate forces at work.

A note on currencies

Originally the Indian rupee was the currency enforced by the East India Company until 1867. However, the Spanish silver dollar was the local currency of choice for a large part of this period. The Straits dollar was introduced in 1867, which was fixed to the pound sterling from 1903 until 1967. The name of this currency was changed in 1939 to Malayan dollar. In 1967 the first Singapore dollar was released by Singapore although the currency remained interchangeable at par with the Malaysian dollar (Ringgit). In 1973 the two currencies were completely disconnected and no longer interchangeable. Throughout this book, sums of money will be denominated in dollars (\$). It is implied that this refers to the currency valid and operational at the point in time described.

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