

Journal of Southeast Asian Studies, 33 (2), pp 279-296 June 2002. Printed in the United Kingdom.
© 2002 The National University of Singapore

The Kwik Hoo Tong Trading Society of Semarang, Java: A Chinese Business Network in Late Colonial Asia

Peter Post

The main argument of this article is that the middlemen paradigm which since the Second World War has come to dominate academic writings and popular perceptions of Chinese business in late colonial Indonesia is generally flawed, and has hindered the development of a more nuanced picture of the nature of Chinese economic activity in pre-war Southeast Asia.

One of the major premises regarding Chinese businesses in pre-war Indonesia is that after the turn of the twentieth century they came to hold a secondary position because they 'were unable to accumulate adequate liquid capital, and, in any case, avoided risks, eschewed long-term and outside investments, and favoured the exchange of goods over manufacturing or production. Even the remarkable exceptions, such as Oei Tiong Ham's Kian Gwan conglomerate or the Khaw Concern in Penang, only served to prove the general rule.'¹ Chinese enterprise in the economy of colonial Indonesia, after the entrance of private Dutch capital institutions and large trading houses and the abolition of opium farms and the pawnshop system, seemed to have been relegated to an intermediate position within the colonial economy, henceforth occupying the position of 'a middleman in an middlemen's economy'.²

Peter Post is a Senior Researcher at the Netherlands Institute for War Documentation in Amsterdam. His mailing address is Netherlands Institute for War Documentation, Asia Bureau, Herengracht 380, 1016 CJ Amsterdam, Netherlands. He can be reached by e-mail at p.post@oorlogsdoc.knaw.nl

Acknowledgements: I would like to thank the Directors of Bank Indonesia for granting me permission to do research in the Archives of the Bank of Java. I am extremely grateful to Dr Thee Kian Wie (Indonesian Institute of Sciences, Jakarta) for making it all possible. Moreover I am indebted to Ibu Rini H. Noerhadi (Head of the Central Archives Division of Bank Indonesia) and to Bu Lien and her staff for making my stay at the Bank Indonesia an extremely pleasant one. The archive materials used in this chapter were drawn from the inventory numbers 1855-1862 of the Archives of the Bank of Java. Only in certain cases do I refer to specific inventory numbers.

1 Michael Godley, *CASA Staff Seminar Lecture*, Amsterdam, 1996.

2 See, for example, John S. Furnivall, *Netherlands India: A Study of Plural Economy* (Cambridge: Cambridge University Press, 1939); George C. Allen and Audrey G. Donnithorne, *Western Enterprise in Indonesia and Malaya* (London: Allen & Unwin, 1962); Wilhelm F. Wertheim, *Indonesian Society in Transition: A Study in Social Change* (The Hague: W. ten Hoeve, 1964); *idem.*, 'Trading Minorities in Southeast Asia', in his *East-West Parallels: Sociological Approaches to Modern Asia* (The Hague: Nijhoff, 1964), pp. 39-82; and Mary Somers-Heidhues, *Southeast Asia's Chinese Minorities* (Hawthorn, Victoria: Longman Australia, 1974).

Whereas the ‘middlemen paradigm’ focused upon the economic role of Chinese business within the Dutch-controlled plural society of the Indies, its subjugating aspects gained a new meaning in the post-war period of decolonisation and nation-state building in Indonesia and elsewhere in Southeast Asia. In addition to being middlemen in pre-war Indonesia, the Chinese after independence became trading minorities under the Soekarno and Soeharto regimes. These two characterisations, one economic (middlemen) and the other socio-political (minorities), tended to reinforce each other and created a post-war image – a mindset – of Chinese ‘littleness’ and ‘insignificance’ in the historical creation of a modern industrialised economy in the Indonesian nation-state.

By the mid-1980s, when it became clear that Indonesia’s record of economic development was not only quite remarkable but indeed sustainable, placing the country in the ranks of ‘Aspiring Tigers’, the traditional ‘modernist’ mindset about the role and function of Chinese enterprise in the Indonesian economy was bruised. Far from being ‘middlemen in a middlemen’s economy’, new research showed that ever since the Benteng period the Chinese had been major players in the game and that Indonesia’s so-called ‘economic miracle’ rested largely upon the ‘capital, labour and technology’ networks of multinational ethnic Chinese business conglomerates in the country and the wider region.³ With this redefinition of the role of Chinese conglomerates in contemporary Indonesian economic development, a new ideological bias developed with serious repercussions for the Indonesian Chinese during the fall of the Soeharto regime. The sudden academic and public interest in the conglomerates, and a major emphasis on their ‘hidden’ networks, ‘ungrounded empires’, and liaisons within Soeharto’s ‘mandala’, gave the impression that *all* Chinese in Indonesia were rich, wealthy and powerful.

Understandable as this new research agenda might be, the consequence was that after the mid-1980s very little attention was given to the fact that *most* Chinese in Indonesia were not well connected and that the majority only ran small retail shops and small industrial undertakings, barely able to make a living and having no power whatsoever.⁴ It appears that in the post-war study of Indonesian Chinese, academic research programmes seem to have followed public interest, political agendas and Western modernisation theories. There is a similar kind of bias towards the study of Chinese business in pre-war Southeast Asia. In both cases there is a need to redress the balance in order to give a more nuanced picture of the complex nature and workings of Chinese business in Southeast Asia.

Some ten years ago when I first encountered the name ‘NV Handelmaatschappij Kwik Hoo Tong’ (Trading Society Kwik Hoo Tong Ltd, KHT), it seemed to be just another middle-sized Chinese trading company, of which there were hundreds in pre-war Java. But during my research on the history of Japan’s economic inroads into Southeast Asia, the name Kwik Hoo Tong appeared again and again, and I began

3 Richard Robison’s *Indonesia. The Rise of Capital* (Sydney: Allen & Unwin, 1986) and Twang Peck Yang’s original Ph.D. thesis, ‘The Transformation of Chinese Business Communities in Indonesia, 1940s-50s’ (ANU, 1987), were pioneering studies in this respect.

4 This point is particularly stressed by Mely G. Tan in ‘The Ethnic Chinese in Indonesia: Issues and Implications’, in *Southeast Asian Chinese: The Socio-Cultural Dimension*, ed. Leo Suryadinata (Singapore: Times Academic Press, 1995), pp. 13-27. Based on my own intermittent research and observations in Indonesia during the period 1987-95, I can only agree with her conclusions. See also Jamie Mackie ‘Economic Systems of the Southeast Asian Chinese’, in the same volume, pp. 33-65.

occasionally to collect the extremely scarce data on the company. It became clear that during the 1920s KHT had an extensive network of branches and agencies all over East and Southeast Asia.⁵ From other sources, it became clear that the company was one of the most important pre-war sugar firms.⁶ KHT proved to be closely affiliated with Japanese capital, but its bankruptcy in the early 1930s was apparently related to its complicated financial commitments to the Bank of Java (De Javasche Bank). These scarce data on Kwik Hoo Tong seemed to indicate that this was a multinational Chinese company in late colonial Java about which very few people were aware but which certainly did not fit the post-war picture of intermediate Chinese enterprise in inter-bellum Southeast Asia.⁷ Like Michael Godley, who is quoted in the first sentence of this article, I have become convinced that such a picture needs adjustment and that it is largely the result of a general lack of in-depth studies of pre-war Chinese business in Java.

Information on large-scale Chinese enterprise in the pre-war Indonesian archipelago is rather scanty and diffuse. For the late nineteenth and early twentieth centuries, there are some instructive monographs on Chinese business networks in Singapore and Penang, as well as case studies on the Oei Tiong Ham concern (Kian Gwan) of Semarang, and some pre-war Dutch studies dealing in a general way with large Chinese business in the Netherlands East Indies.⁸ Unlike analyses of famous Chinese enterprises and entrepreneurs in Siam and British Malaya, the study of large *peranakan* and immigrant Chinese business in the late colonial Indies is rather underdeveloped. Rajeswary Brown's *Capital and Entrepreneurship in Southeast Asia* is, to my knowledge, one of the first post-war studies in which large-scale Chinese (as well as Indian, Japanese and Arab) enterprise in pre-war Southeast Asia is placed on the same footing as Western capitalist enterprises. But, although her extensive data on Chinese business strategies and organisation in the region are impressive, one will look in vain for an in-depth study of individual Chinese enterprises in pre-war Indonesia.⁹

5 *Handboek voor cultuur- en handelondernemingen in Nederlandsch-Indië*, 44 (1932): 1065. In the late 1920s, KHT had agencies in Surabaya, Yogyakarta, Solo, Cilacap, Singapore, Xiamen (Amoy), Shanghai, Hankow, Tientsin, Chinkiang, Hong Kong and Taipei; it also had representative offices in Kobe and Osaka.

6 See *Jaarverslag Handelsvereniging Semarang*, the annual report of the Trade Association of Semarang, for 1922-33; and J. L. Vleming, Jr, *Het Chineesche Zakenleven in Nederlandsch-Indië* (Wetevreden: 's Landsdrukkerij, 1925).

7 The only pre-war Chinese multinational firm which so far has caught academic attention is Oei Tiong Ham's Kian Gwan conglomerate. See, for example, J. Panglaykim and Ingrid Palmer, 'A Study of Entrepreneurship in Developing Countries: The Development of One Chinese Concern in Indonesia', *Journal of Southeast Asian Studies* (henceforth *JSEAS*), 1, 1 (1970): 85-95; and *Oei Tiong Ham Concern: The First Business Empire in Southeast Asia*, ed. Yoshihara Kunio (Kyoto: Centre for Southeast Asian Studies, 1989).

8 On business networks, see Michael R. Godley, *The Mandarin-Capitalists From Nanyang: Overseas Chinese Enterprise in the Modernization of China, 1893-1911* (Cambridge: Cambridge University Press, 1981), and Carl Trocki, *Opium and Empire: Chinese Society in Colonial Singapore, 1800-1910* (Ithaca, NY: Cornell University Press, 1990); Dutch studies include Vleming, *Chineesche Zakenleven*; Ong Eng Die, *Chineezers in Nederlandsch-Indië, sociografie van een Indonesische bevolkingsgroep* (Assen: Van Gorcum & Comp., 1943); and W. J. Cator, *The Economic Position of the Chinese in the Netherlands-Indies* (Oxford: Basil Blackwell, 1936).

9 Rajeswary Ampalavanar Brown, *Capital and Entrepreneurship in Southeast Asia* (New York: St. Martin's Press, 1994); a wealth of data on pre-war Chinese business in Southeast Asia can be found in Twang, 'Transformation of Chinese Business Communities'; *Overseas Chinese Remittances from Southeast Asia, 1910-1940*, ed. George Hicks (Singapore: Select Books, 1993); and Fukuda Shozo, *With Sweat & Abacus. Economic Roles of Southeast Asian Chinese on the Eve of World War II*, ed. George Hicks (Singapore: Select Books, 1995). In these works, however, too little attention is paid to individual business strategies, people and personnel, and financial issues.

The aims of this article are actually quite limited and reflect the state of my research on the NV Kwik Hoo Tong Handelmaatschappij. The data are largely drawn from a Japanese report written in October 1942 for the liquidator of the Bank of Java, Yamamoto Hiroshi, at the request of Kwik Sian Go, heir to the Kwik family in Java.¹⁰ The article deals extensively with the multifaceted financial relations of the Bank of Java and KHT, and explains in detail the financial mechanisms behind the Java sugar trade and KHT's Asian business networks. As very little research has been done on the financing of trade of specific pre-war Chinese business enterprises, particular stress is placed on financial issues.

The first section gives an overview of the history of the KHT and the people behind the company. The second section details KHT's involvement in the Java sugar trade, whereas the third section focuses on the company's distribution and financial networks within Asia. In the final section these findings are placed within the contemporary discussion on the modern historical development of ethnic Chinese business in Southeast Asia.

History, finances and the people involved¹¹

The NV Kwik Hoo Tong Handelmaatschappij was established in Solo by Kwik Hong Biau, Kwik Ing Djie, Kwik Djoen Eng, Kwik Ing Sien and Kwik Ing Hio on 17 July 1894. The capital stock issued amounted to Netherlands Indies guilders (NIG) 200,000,¹² with each of the founders contributing one-fifth of the total. The Kwik brothers came from Taiwan, and in its early years, the principal business of the KHT was the import of tea from that island to central Java. Having lived in different parts of the Javanese Principalities (Solo and Yogyakarta), as well as Surabaya, the brothers also engaged in an important trade in native agricultural produce.

About the time when the Kwiks registered their trading society in Solo, Japan and China went to war, which resulted in Japan's colonisation of Taiwan in 1895. This event would have a large impact on the brothers' legal status in the Indies. After concluding a Treaty of Trade and Navigation in 1896, the Netherlands and Japan recognised each other as most favoured nations, and subsequently the Tokyo government pressed the Dutch to accord its migrants in their colonies the same legal status as Europeans. In 1899, Japanese citizens in the Indies acquired European status; this ruling applied not only to migrants from Japan proper, but also to inhabitants of its colonies. Although many Taiwanese Chinese in the Indies resented the Japanese takeover of their homeland, they were quick to recognise the advantages of registering as Japanese in the Dutch colony.

The Kwik brothers were among the first Taiwanese to make use of this set-up for purely pragmatic considerations. Kwik Hong Biau, the eldest brother, had probably come to Java by the mid-1870s. As the opium trade and opium farms were pillars of Chinese economic activity at the time, Hong Biau too became engaged in this line of business. When the Dutch colonial government tried to curtail Chinese involvement in the opium trade at the end of the nineteenth century, he continued his involvement,

¹⁰ 'Concise History of the Relation between the Bank of Java and the NV Kwik Hoo Tong Handel Maatschappij', Archives of the Bank of Java, inventory number 2975.

¹¹ Unless otherwise indicated, all information in this section comes from *ibid.*

¹² The Dutch guilders and the NIG had the same value; thus 'NIG' and 'guilders' are used interchangeably in this article.

though this was now considered 'smuggling'. In 1905, Kwik Hong Biau was arrested and sentenced to forced labour on public roads. After his release, he went to Singapore to get a Japanese passport and returned to Java as a 'European' citizen.¹³ Following Hong Biau's example, all the Kwik brothers registered in the Indies as Japanese nationals.

Having acquired European status, KHT started to prosper. In 1909, the seat of the company was transferred to Semarang, while the capital stock was increased to 700,000 and then 1,000,000 guilders two years later. Up to that point, Kwik Hong Biau had effectively controlled KHT, but Djoen Eng, the third brother, was appointed managing director in 1911, and became the 'great leader' of the firm for several decades.

During the First World War, KHT applied itself to the sugar export trade with considerable success. The company shortly became one of the leading sugar firms, with a turnover of NIG 180 million in 1916. This expansion made a further extension of the capital stock desirable. That same year, after many disputes between Kwik Djoen Eng and his brothers, the capital stock of KHT was increased to 4 million guilders. By taking over a large part of his brothers' holdings, Djoen Eng gained possession of NIG 3,499,000 in shares, or about seven-eighths of the total capital stock. From 1916 onwards, Djoen Eng and his sons controlled the company. In connection with the firm's sharply increased indebtedness to the Bank of Java in 1917, the bank made it a condition that Djoen Eng should personally guarantee its claims against KHT, and he acceded to this demand.

After the First World War, KHT received a war-profit tax assessment for the period 1914-19 of about 9 million guilders. In 1921, in order to prevent eventual seizure of the company by the Netherlands Indies government, KHT assigned the greater part of its properties to Kwik Siang Kaw, Djoen Eng's eldest son. Djoen Eng himself had left Java for Hong Kong the previous year. There he established a new company, Ching Siong & Co., to which KHT's liquid assets could be moved for safe-keeping. He also established the Ching Siong Investment Co. and took a share in the Tay Doh Bank. During the 1920s, Djoen Eng spent most of his time in Hong Kong and Shanghai, leaving KHT's businesses to Siang Kaw and Kho Tjin Kiat, managing clerk of the head office at Semarang.

Following the advice of the Bank of Java, in June 1922 Kwik Djoen Eng decided to bring all his real estate into a limited company especially founded for this purpose, the NV Handel- en Cultuur Maatschappij Frigga (Frigga Trading and Plantation Society Ltd.). This company also bought a number of houses, godowns and pieces of land from Kwik Siang Kaw and from the KHT. The entire capital stock of Frigga, amounting to 100,000 guilders, was taken by Djoen Eng, who was then made managing director of the company. In an extraordinary meeting of Frigga shareholders on 13 June 1922, it was decided that the new company would guarantee KHT's debts to the Bank of Java. Consequently, Djoen Eng's personal guarantee of 1917 was cancelled. Thereafter, the financial relations among the various companies he controlled became more and more intricate, and it was practically impossible for the Bank of Java to exert regular control over KHT and Frigga, because of what the bank considered inadequate book-keeping.

This course of events compelled the Bank of Java to take two special measures to safeguard its interests. In August 1922, its agent at Semarang was appointed a member of the Frigga board of directors, in order to prevent the firm's real estate being sold without

13 Peter Post, 'Chinese Business Networks and Japanese Capital in Southeast Asia, 1880-1940: Some Preliminary Observations', in *Chinese Business Enterprise in Asia*, ed. Rajeswary Ampalvanar Brown (London: Routledge, 1995), p. 164.

the bank's approval. In 1924, all real estate possessed by Frigga was mortgaged as collateral security on the bank's behalf for the advances granted to the KHT, while the same line of action was followed with regard to the houses and land of about 20 building societies in Surabaya. The capital stock of these limited companies was owned by Kwik Bok Gwan, an adopted son of Djoen Eng; however, the money to build the houses was procured by KHT's branch office in Surabaya at the request of, and for the account of, the Tay Doh Bank and the Ching Siong Co. in Hong Kong.

In 1927, the KHT again suffered heavy losses in its sugar business; a considerable quantity of sugar was sent to Hong Kong without payment and remittances were made to Taiwan to meet the working capital needs of a tea estate owned by the Kwik family there. Consequently, it became more and more difficult for KHT to make ends meet. In February 1928, Kwik Siang Kaw died. Kwik Djoeng Eng, accompanied by his sons Djoen Ling and Siang Go, came to Java to settle various affairs and to discuss the financial position of the company with the Bank of Java. This meeting, held in Batavia, revealed that KHT's financial position was alarming, with the liquid resources of the company fully exhausted. KHT was not only unable to pay off the amount it had overdrawn secured by lien on merchandise, but urgently needed a further extension of overdraft facilities to pay off other debtors. The bank granted this new advance, on condition that other real estate owned by Frigga be mortgaged to the bank.

In 1928, KHT's credit in Java's interior (the so-called 'native' sphere) amounted to NIG 6,000,000, and the directors of the Bank of Java were worried that only a small part of this debt would be repaid. In order to improve the financial position of KHT and also to safeguard its interests, the bank imposed the following conditions: that KHT limit its speculative sugar business, restrict overdraft facilities granted to customers in the 'native' sphere, set up a proper book-keeping system, and end its imports of Japanese textiles, a business it had started due to the great demand for such goods in the Indies market at the time. KHT was soon able to capture an important share of the import trade, but the bank directors felt that the company was out of line here, and urged it to stick to its traditional trade (sugar and tea); if not, its overdraft facilities would be restricted.¹⁴ Expecting KHT to comply with these demands, the bank granted a further advance of NIG 275,000 in order to enable the firm to meet a final arrangement with the Netherlands Indies government regarding the war-profit tax.

On 1 February 1929, Kwik Djoen Eng promised to redeem the total advances granted to KHT against lien on produce by the end of May, provided that the Bank of Java grant him further facilities, *to be made available immediately* (underlined in the original). The bank agreed on condition that he and his sons personally guarantee KHT's liabilities to the Bank of Java, a demand to which he once again acceded. The advances granted on lien on produce were indeed redeemed for the most part by the end of May 1929. However, this redemption involved entering into new obligations: KHT mortgaged the premises of the NV Bouw Maatschappij 'Het Indische Woonhuis' (owner: Ching

14 In his letter to Yamamoto Hiroshi, liquidator of the Bank of Java, Kwik Siang Go would later complain that the bank's demand seriously damaged the development of KHT's business interests. As I have pointed out elsewhere, the bank's policy in this matter served wider Dutch political and economic interests in gaining part of the Indies' import of Japanese goods, which until that time was mainly carried by Japanese and Chinese traders; Peter Post, 'Japan and the Integration of the Netherlands East Indies into the World Economy, 1868-1942', *Review of Indonesian and Malaysian Affairs*, 27, 1-2 (1993): 134-65.

Siong & Co., Hong Kong), which were not yet mortgaged to the Bank of Java, for the amount of 250,000 guilders. Moreover, KHT received some remittances from Hong Kong and collected some outstanding debts. Consequently, in August 1929 the Bank of Java cancelled its mortgages on almost all Frigga premises in Surabaya and those of the Soerabaiasche Bouw Maatschappijen, estimated at 600,000 guilders. These premises were then mortgaged for NIG 345,000 with, among others, the Javasche Hypotheekbank to diminish the KHT's debit balance with the Bank of Java.

The shares in NV Kwik Hoo Tong Handelmaatschappij and NV Frigga, of which Kwik Djoen Eng was originally the owner, were transferred in 1929 to his son Siang Ling, who sold the shares in 1930 to the NV Gim Tjan Moh, a newly established limited company in Yogyakarta with a capital of 15,000 guilders. The purchase price for the shares amounted to 50,000 and 100,000 guilders for KHT and Frigga respectively; Gim Tjan Moh paid for them with the proceeds of a debenture loan placed with Siang Ling and his two brothers. The Bank of Java allowed the transfer of KHT and Frigga shares on condition that Gim Tjan Moh pledge the shares to it as collateral security for KHT debts. Siang Ling and his brothers were asked to pledge their shares in Gim Tjan Moh to the Bank of Java as well.

In 1931, the position of KHT worsened every month, in such a way that it became more and more unattractive as a client for the Bank of Java. Kwik Djoen Eng repeatedly promised to remit money from China in order to improve KHT's financial position, but the bank waited for the money in vain. At the end of 1931, Ching Siong & Co. in Singapore got into trouble as well; it turned out that KHT was indirectly involved with this business for 300,000 guilders. Drafts drawn by KHT on Ching Siong and negotiated by the Chartered Bank remained unpaid, as a consequence of which the latter took action against KHT. A redemption scheme was agreed to on a base of NIG 10,000 a month, while the large residence of the Kwik family in Salatiga was mortgaged to the Chartered Bank with the consent of the Bank of Java. In February 1932, it became apparent that KHT also had considerable obligations to the Taiwan Bank, which had for many years financed KHT's imports of tea, soybeans and dry goods. The Taiwan Bank refused to grant further advances, as a result of which KHT's tea business – the last backbone of the company – was seriously endangered.

In July 1932, it was decided that KHT would pass over outstanding debt claims – especially on customers – to the Bank of Java, as the bank was repeatedly compelled to release pledged produce without the goods being paid for, in order to prevent the merchandise deteriorating in the godowns. In September the Semarang agent of the Bank of Java reported that he considered it unacceptable to continue the existing relationship with KHT on account of the latter's alarming financial position and because Kwik Siang Ling increasingly proved incapable as a manager. As a sudden withdrawal by the Bank of Java of the overdraft facilities along with confiscation of the merchandise pledged and the mortgaged real estate would undoubtedly lead to KHT's bankruptcy, it was decided to cease granting advances against lien on produce, while those granted on promissory notes would be continued for the time being.

To safeguard its interests as much as possible, the Bank of Java deemed it necessary to have full control of Frigga, especially as the newer firm had become the owner of the capital stock of nearly all the Soerabaiasche Bouw Maatschappijen in 1932. This was only

to be realised when the Bank of Java obtained possession of Frigga's capital stock, the shares of which were still in the possession of the NV Gim Tjan Moh in Yogyakarta. As the bank itself could not invest legally in trading, industrial or other companies, and therefore could not buy Frigga shares, these shares were purchased by Mr J. C. van Waveren, its Semarang agent.

At the end of 1933, it turned out that Kwik Siang Ling had transferred stocks of KHT merchandise without payment to the firm Kiem Tiang, which had been established by Mrs Kwik Siang Ling in Yogyakarta; after having collected NIG 100,000 in outstanding debts, the Kwik family left for China on 26 November. Once the Bank of Java discovered these 'illegalities', it was unwilling to continue the relationship. Long drawn-out discussions between KHT and its creditors – the Bank of Java, the Chartered Bank and the Bank of Taiwan – ultimately led to voluntary liquidation in 1934. During this final period, Kwik Djoen Eng was living in China. He was 75 years old, half-blind, and unable to take part in the discussions with the Bank of Java. In early January 1935, several months after KHT's liquidation, he passed away in China.

Later, the heirs to the Kwik family business in Hong Kong, Taiwan and Shanghai occasionally came to Java to try to rescue their KHT and Frigga properties and the family residence in Salatiga, which had all been mortgaged as collateral security to the Bank of Java since 1939. Kwik Siang Go, now responsible for the family business, paid several visits to Mr Buttingha Wichers, President of the Bank of Java, and Mr van Waveren, Frigga trustee, inquiring what amount was required to obtain the release of the KHT and Frigga premises. Due to the outbreak of the war, these matters were not settled. On 22 October 1942, Kwik Siang Go wrote a petition to Yamamoto Hiroshi, the Bank of Java liquidator, requesting his support. Upon this request, Yamamoto ordered an investigation. The latest report on the subject this writer has been able to trace so far was dated 20 January 1943. It showed that the KHT and Frigga balances in the books of the Bank of Java were 1.56 million guilders on the debit side and 34,000 guilders on the credit side. Kwik Siang Go would have had a difficult time in securing enough capital during the war to pay off KHT's debts to the liquidator.

KHT and the Java sugar trade

The NV Kwik Hoo Tong Handelmaatschappij was one of the major sugar traders in pre-war Indonesia.¹⁵ Java sugar made the people controlling KHT rich, wealthy and powerful during the 1910s and 1920s; the decline of the trade after the late 1920s caused the bankruptcy of KHT. Regarding the sugar business in pre-war Java, most scholars have concentrated on the industry, the organisation of sugar production, and the industry's supposedly detrimental effects on indigenous agriculture and rural labour relations.¹⁶ Surprisingly little research has been done on the organisation of the sugar trade itself, its markets, its financiers and the trading firms involved. Moreover, the emphasis on the

15 The others were Suzuki & Co., Mitsui Bussan, Fraser & Co., Kian Gwan, Erdman & Sillescu, Wellenstein & Krause, Nichiran & Co. and Oei Tjoe.

16 Cf. Roger Knight, 'The Java Sugar Industry as a Capitalist Plantation', *Journal of Peasant Studies*, 9 (1992): 68-86; Arthur van Schaik, *Colonial Control and Peasant Resources in Java: Agricultural Involution Reconsidered* (Amsterdam: Netherlands Geographical Studies 14, 1986); R. E. Elson, *Javanese Peasants and the Colonial Sugar Industry. Impact and Change in an East Java Residency, 1830-1940* (Singapore: Oxford University Press, 1984); and Clifford Geertz, *Agricultural Involution. The Processes of Ecological Change in Indonesia* (Berkeley: University of California Press, 1963).

production side fails to explain the major reasons for the downfall of the industry in the late 1920s. Marketing and distribution were of course essential to the development of the Java sugar industry, but it is hardly known who was controlling these export channels and what kinds of firms marketed the product.¹⁷ The materials on Kwik Hoo Tong are extremely rich in these kinds of details. The following discussion also presents a different image of the interaction between Western and Asian entrepreneurs: the players in the sugar 'game' were equals; they were all in it for the money; each of them – whether Dutch, British, Chinese or Japanese – speculated heavily on future markets and prices; 'sweet-talking, bribes and pay-offs' were integral parts of their negotiating strategies; and 'trust, personal relations and long-term friendships' lasted only as long as the money did.

Kwik Hoo Tong's large-scale involvement in the Java sugar trade began during the First World War, when German, Austrian and Russian restrictions on the export of locally produced beet-sugar resulted in an increasing demand for the Javanese commodity on the world market.¹⁸ KHT was able to take over significant portions of the trade of German and British firms in Java which had been exporting large quantities of sugar to Europe and British India prior to the war. KHT's entrance into the Java sugar trade and the magnitude of its dealings after a very short period of time (four to five years) were, however, mainly the result of the owners' ability to find sufficient capital.

Kwik Djoeng Eng apparently was a man who had the necessary skills to build up 'trust' with the branch managers of Dutch financial institutions, convincing them of the potential of KHT's wide-ranging East and Southeast Asian networks and assuring them that the firms within these networks were reliable, creditworthy and capable of handling large amounts of Java sugar.¹⁹ He was quick to realise that during the war much Dutch financial capital was available in the Indies, and that sugar was about the only industry with enormous growth potential at the time. Thus Dutch banking institutions, who knew that profit margins in the Java sugar trade were considerable, would be much more inclined than usual to engage in speculation.

The preceding section focuses mainly on KHT's relations with the Bank of Java, which dated from 1896. For many years the overdraft facilities granted by the Bank of Java were restricted to rather moderate advances secured by lien on local agricultural products; later advances were also granted on stocks of tea imported from Taiwan. After 1914, as a consequence of its growing sugar business, KHT's need for loans and advances

17 Peter Boomgaard, 'Traacherous Cane. The Java Sugar Industry between 1914 and 1940', in *The World Sugar Economy in War and Depression*, ed. Bill Albert and Adrian Graves (London: Routledge, 1988), pp. 157-69; and Shinya Sugiyama, 'Marketing and Competition in China, 1895-1932: The Taikoo Sugar Refinery', in *Commercial Networks in Modern Asia*, ed. Shinya Sugiyama and Linda Grove (Richmond, Surrey: Curzon Press, 2001), pp. 140-58.

18 Tjiang Tio Poo, *De suikerhandel van Java* (Amsterdam: de Bussy, 1923), p. 37.

19 The concept of 'trust' as a special feature of Chinese business networks has gained wide academic attention in the past decade. Like Kao Cheng-shu, I tend to see 'trust' not merely as a kind of sentimental tie, but rather as a rational instrument which makes Chinese (in his case, Taiwanese) capitalism (but particularly capital formation) work; see Kao Cheng-shu, "'Personal Trust' in the Large Businesses in Taiwan: A Traditional Foundation for Contemporary Economic Activities", in *Asian Business Networks*, ed. Gary Hamilton (New York: Walter de Gruyter, 1996), p. 68. On the other hand, 'trust' was also important among Dutch businesses in pre-war Indonesia, and I doubt, as Wong Siu-Lun seems to indicate, whether 'personal trust' in the Chinese case functions differently from 'personal trust' in the pre-war Dutch business hierarchy (Wong Siu-lun, 'Chinese Entrepreneurs and Business Trust', in the same volume, pp. 13-26).

increased sharply. Kwik Djoen Eng was able to secure enormous sums for his sugar trade from other Dutch financial institutions besides the Bank of Java. In November 1916, the advances granted by the four Dutch banks secured by liens on sugar amounted to 30.3 million guilders, with the following breakdown: the Bank of Java, 6.6 million; Netherlands Trading Society (NHM), 8 million; Netherlands India Commercial Bank, 14 million; and Nederlandsch Indische Escompto Maatschappij, 1.7 million. Meanwhile the value of sugar pledged was about NIG 40 million. Bank of Java had also granted advances secured by lien on other merchandise amounting to 2 million guilders.²⁰

KHT's relations with and indebtedness to the other banks were a consequence of the fact that sugar stored in godowns owned by a particular bank could only be pledged to that bank. The Netherlands Trading Society and the Netherlands Indies Commercial Bank owned many sugar godowns, while for lack of storage space KHT was forced to rent the godowns and consequently to pledge the sugar stored there to the banks. In 1916, KHT bought 8 million *pikul* of sugar from European factories and 11 million *pikul* from Chinese firms, a total of 19 million *pikul*. Kwik Djoeng Eng estimated that his turnover would be some 180 million guilders and that in December that year, he would have earned 12 million guilders, which would be used to pay off the debts to the Dutch banks. By February 1917, KHT had sold 17.8 million *pikul* of sugar.²¹ By the end of May 1917, his total debt to the Dutch banks had decreased to 2 million guilders. So within a period of six months KHT paid off the unbelievable sum of 28.3 million guilders. Java sugar was indeed big business during the First World War.

The long-established Chinese sugar merchants in Java were not pleased with the magnitude of KHT's business. For whatever reason, however, they were unable to secure the large amounts of capital necessary to conduct sugar transactions on a similar scale. In an effort to regain their former position, they spread all kinds of rumours about the creditworthiness of KHT's customers, and gossiped about Kwik Djoeng Eng's mental state and his ulterior motives, which they said were in the interest not of the Netherlands East Indies, but rather of China. These insinuations were to no avail; the Semarang agent of the Bank of Java and the directors of the bank trusted Djoeng Eng, even when they all agreed that the administration of Kwik Hoo Tong was a mess.

The year 1917 proved disastrous for sugar merchants of all nationalities. Because of submarine attacks on shipping, many traders were unable to export their produce, and for lack of sufficient storage facilities, the smaller Chinese merchants were forced to stop their payments. Only the large ones like Kwik Hoo Tong and Kian Gwan, both of whom had sufficient storage facilities, survived. Both firms started to export Java sugar to Singapore, though previously other Chinese firms like Oei Tjoe, The Ing Siang, Siek Djwee Kioe, Goei Keh Sioe and many Surabayan Chinese, had shipped large quantities of sugar there as well.

In late 1917, the availability of cargo space became a serious problem for KHT's sugar business. In order to solve this, Kwik Djoen Eng approached the Taiwan Bank to

20 Being an anthropologist and historian, and a layman in economics and banking, I was immensely impressed by these figures. Why would the four large Dutch credit institutions grant advances of up to NIG 30 million to KHT in 1916? These figures at current prices would come to 1.81 billion Netherlands guilders (US\$ 1.1 billion). What does this say about the extent of KHT's business? What does it say about the amount of capital available during the war?

21 Archives of the Bank of Java, inventory number 1860.

secure credit to buy a Japanese steamship of 2300 gross tonnes. Together with the four ships already chartered to export his 1917 sugar stock, this would overcome KHT's problems. The Taiwan Bank was willing to provide Kwik Djoen Eng a loan of 2 million guilders, having as security his warehouses in Surabaya and Cilacap, provided that the Bank of Java would raise the Taiwan Bank's credit to the amount of the loan by offering several bonds. Contrary to the advice of the bank's Semarang agent, the directors of the Bank of Java did not approve the scheme, thus obliging KHT to charter a ship of the KPM (Koninklijke Paketvaart Maatschappij, Royal Packet Shipping Company).

Sugar prices kept falling, and after consulting interested parties in the Netherlands, the major European sugar producers established the Java Suiker Vereniging (Java Sugar Association) in 1917 and the Vereenigde Javasuiker Producenten (VJSP, United Java Sugar Producers) the following year. Most European producers became members of the VJSP. The majority of Chinese producers were not willing to enter this union and preferred to regulate buying, marketing and selling through their own networks. The VJSP would ultimately control about 80 per cent of Java sugar production.

After an initial setback in the immediate post-war years, KHT's sugar business began to flourish once again. Kwik Djoeng Eng was extremely active in Hong Kong trying to make Ching Siong & Co. the centre of his East Asian sugar business. In 1921, KHT exported about 64,400 *pikul* monthly to Singapore, Hong Kong and Shanghai. Over the next few years, KHT's overall share in the Java sugar trade rose significantly. During the period 1922-24, the company sent about 1.5 million *pikul* yearly to Hong Kong.²² Through its agent Butterworth & Co. in Semarang, KHT also shipped sugar to British India and England. In late 1924, it became known that Kwik Djoen Eng was planning an agreement with the Netherlands Trading Society (NHM) in Hong Kong to finance the sugar business of Ching Siong. The NHM agent was a close personal friend of Kwik's and had also shown interest in his harbour development plans in Hong Kong. NHM's credit terms were much more favourable than those of the Bank of Java, and after the agreement was signed (apparently in mid-1925), the latter lost about 70 per cent of its sugar business with KHT.²³

This transfer of a large part of KHT's sugar dealings to Ching Siong & Co. meant that the Kwik family's involvement in the Java sugar trade became, to a large extent, invisible in the archives of the Bank of Java and hence to this writer. It is my strong impression that Kwik Djoen Eng used the NV Kwik Hoo Tong Handelmaatschappij as a vehicle for his East Asian businesses. From the mid-twenties onwards, the tone of the correspondence from the bank's agents was slightly different: there was a sense of distrust and an awareness that Kwik Djoen Eng was remitting KHT's profits to China, rather than paying off his debts to the Bank of Java.²⁴ Despite this, KHT remained a large sugar trader in Java, but from 1927 onwards its sugar fortunes began to decline. In December 1928 when, partly due to the bank crisis in Japan and the Tsinan Incident, the Java sugar industry started to face bankruptcy, KHT's Semarang office held sugar stocks worth

22 Archives of the Bank of Java, inv. no. 1859: 'Letter from the Semarang agent to the directors, 20 September 1924.'

23 Archives of the Bank of Java, inv. no. 1859: 'Letter from the Semarang agent to the directors, 2 May 1925.'

24 The Semarang agent of the Bank of Java wrote the following on 4 December 1928: 'If I look at Kwik Hoo Tong's current position in the right perspective, then I come to the conclusion that the profits of the Solo, Yogyakarta and Cirebon offices are all being transferred to Hong Kong and China.'

976,817 guilders. Hardly able to market this amount of sugar, and with the Bank of Java tightening its grip, KHT found it difficult to make ends meet. Its debts at that time amounted to 2 million guilders, and, as explained in the preceding section, the company went into a protected liquidation process.

KHT's distribution network and intra-firm finances

This section will clarify the workings of Kwik Hoo Tong's trade network and throw some light on the complicated intra-firm financial linkages.²⁵ In the literature on Chinese business in Asia, much attention is paid to the functioning of distribution networks based upon familial and kinship ties, and the importance of credit and credit standing. Although several studies on post-war Chinese credit and distribution networks have appeared over the past few years, very little is known about these networks in the pre-war Javanese economy. Luckily, the materials on KHT are rich in this kind of detail.

In the early 1930s, the Solo office of KHT sold (or distributed) its goods to more than 300 Chinese retail firms across Central and East Java, located in over 85 cities and rural communities (*desa*) in the wider region. The Solo goods went to major cities like Semarang and Surabaya; to middle-sized towns like Malang, Modjokerto, Pasaruan and Klaten; and to *desa* like Babal, Kepanjen and Wates. The Yogyakarta office, which was significantly smaller, also had a smaller distribution network of about 135 retail firms spread over 27 towns and *desa*. All of these firms bought KHT's goods on credit, generally on a three-month basis. In most cases, the quantities were rather small – several cases of tea,²⁶ some bags of flour, a tin of coconut or peanut oil, etc. – and the credit extended was also small, ranging from 25 to 50 guilders. But KHT's goods were also sold to large retailers who actually acted as wholesalers in the Javanese hinterland. This can be gauged from the following figures.

The 309 debtors of the Solo office had an overall debt of NIG 404,199, averaging 1,308 guilders per debtor, but there were 17 firms with debts over 5,000 guilders each. The largest debtors were Oen Koei Kin and Tjin Gwan Foo from Solo (57,000), Ko Sam Yoe from Wonogiri (25,000), Sin Poo Hien from Solo (10,000) and Liem Siong Ing from Klaten (8,000). The largest debtors of the Yogyakarta office were Tan Bie Yong of Yogyakarta (68,000), Sin Hiap Soen of Yogyakarta (14,000), Siauw Oen Tjay of Kebumen (13,000) and Sie Thiam Tjoan of Magelang (11,000).

Very little is known about these local Chinese trading firms, but from these figures we can assume that they must have been large enterprises indeed, exercising substantial economic power locally. Chinese businesses generally adhered strictly to the concept of 'credit standing', and there is no reason to believe that KHT acted differently.²⁷ 'Credit

25 This analysis is based upon a detailed financial report on the company as of 31 December 1928 and an extensive handwritten report on KHT's debtors in Central Java from early 1932.

26 KHT's stock list of tea in early 1932 reflected an enormous number of different blends and brand names coming from both Java and Taiwan, e.g. *petroek*, Tjo Sing, Ngo Ien, *gangsapa poetih*, Gin Ho To, *oeler*, *cap* 1926, Java, Kwa Hie, Ta Hoo, Sin Koei Kie, *semar*, *boeroeng mas*, *kapal*, and so on. Where once I tended to see tea imports from Taiwan in general terms, looking at them as one particular blend, it becomes obvious from the list that, like French wines or Japanese beers, Formosan tea had great diversity, coming from different estates with their own tastes. From the amount of tea sold by KHT, it is possible to get an idea of the four most popular blends in Java during the early 1930s, which were: Sin Koei Kie (two blends), Ngo Ien, and Oeler. KHT's profits in the tea business came largely from Sin Koei Kie, *petroek* and Ngo Ien.

27 On the concept of 'credit standing', see Cheng Lim Keak, *Social Change and the Chinese in Singapore* (Singapore: Singapore University Press, 1985).

standing' was a means to assure creditors that the debtor would be able to repay his debt within a certain period of time. The amount of credit given depended on the 'credit standing' of the debtor. It was contrary to (ethnic) Chinese business logic in pre-war Java to extend NIG 50,000 to an immigrant retailer just starting his business who had not yet proven himself to be 'creditworthy'.²⁸

In May 1932, the total credit of KHT's Java offices was about half the credit given in mid-1928. According to the figures presented by KHT's Semarang office to the agent of the Bank of Java, the credit extended in May 1928 was as follows:

Solo office:	849,974
Yogyakarta office:	545,214
Cirebon office:	112,548
Total:	1,507,672

According to Kwik Djoen Eng, KHT's total credit in Java (including the Semarang office) as of May 1928 amounted to 6 million guilders. He hoped to decrease that large sum to 3 million in three years. From the data presented above we see that KHT actually did so. Kwik knew very well the 'credit standing' of his customers, particularly the larger ones, and was therefore able to measure his future credit position. This capability gained him the necessary trust from the agents of the Bank of Java and other Dutch financial institutions.

The head office of NV Kwik Hoo Tong Handelmaatschappij was located in Semarang, and from the data in this office, presented in Tables 1 and 2, it is possible to gain some insight into the intra-firm financial linkages and its East Asian networks. The interests of the Kwik family within KHT's business networks were roughly as follows. The family owned Ching Siong & Co. (with its head office in Hong Kong and branches in Singapore and Shanghai). Those with the family name Giem or Gim (included in the list of debtors in Table 2) were all relatives from Taiwan, where they apparently held large tea estates. They also acted as KHT's agents in Singapore, Shanghai, Taipei and Hong Kong. Gan Siong Han, from Amoy, and Kwik Gwan Lan (Djoen Eng's nephew, see Table 1) operated the trading company Kwik Han Tjwan Bros. Gan Siong Han was owner of the Tay Tong Bank in Hong Kong, in which Djoen Eng held private interests. Kwik Pok Gwan (see Table 2) was a foster son of Djoen Eng and had previously worked for KHT.

28 Such a concept of Chinese business emerges from the 'middleman in a middlemen's economy' paradigm.

TABLE 1

Overview of the Financial Position of N. V. Kwik Hoo Tong Handelmaatschappij
Semarang, 31 December 1928 (in NIG)

<u>Assets</u>		<u>Liabilities</u>	
Sundry debtors	3,706,863	De Javasche Bank	2,198,497
Shares & acceptances	106,184	Ching Siong & Co. (Hong Kong)	1,519,658
Consignments	—	Surabaya Office	86,355
Stocks	1,078,407	Osaka Shosen Kaisha	139,882
Furnitures & fixtures	52,387	Ching Siong & Co. (S'pore)	562,032
Cash	36,245	Gan Siong Han (Amoy)	91,663
Total	4,980,086	Ching Siong & Co. (Shanghai)	278,942
		Tay Tong Bank (Amoy)	44,783
		Pentreath & Co. (Hong Kong)	2,795
		Kian Gwan (Semarang)	1,249
		Chinese School (Semarang)	3,883
		HVA (Surabaya)	36,281
		Butterworth & Co. (Semarang)	114,246
		Property Kwik Siang Kow	6,082
		Kwik Gwan Lan	37,609
		Kwik Pok Sing	29,300
		Kho Tjin Kiat (Cilacap)	4,475
		'Frigga'	52,116
		Burt & Co. (London)	7,661
		Book value creditors	5,217,509
		Plus assessment war-time tax	1,622,112
		Lost lawsuit London	160,000
		Total debts	6,999,621

TABLE 2

List of sundry debtors of NV Kwik Hoo Tong Handel Maatschappij Semarang, 31 December 1928 (in NIG)

Solo office	691,233	Kwik Pok Gwan (Amoy)	551,932
Yogya office	404,938	Liem Boen Tjauw	14,000
Cirebon office	224,852	Liem Ing Tjauw	10,000
Batavia office	8,611	Yo Tjin Boen	10,000
Milk factory Semarang	70,233	So Sien Giok	49,000
Siang Siang Bodjong	28,866	Kao Sing Hok	7,207
NHM – giro account	12,181	Tan Kong Tien	10,450
De Javasche Bank	208,280	Kwik Djoen Eng	87,784
Chartered Bank – giro acc.	9,322	Property Kwik Siang Kow	30,203
Giem Mo Chang (S'pore)	18,010	Kwik Siang Go	18,258
Arnold & Co. (London)	31,452	Kwik Siang Ling	9,051
Giem Mo (Shanghai)	584,431	Kwik Pok Hing	5,458
Giem Mo (Taiwan)	253,451	Liem Bo Swie (Semarang)	1,500
Giem Tsiang Han (HK)	1,435	Tjan Hin Tjwan	5,000
Ching Siong & Co.(HK)	758,458	Kia Kie	38,749
Be Kwat Yoe (Amoy)	10,159	Suspense accounts	6,914
Hoo Ping Hong (S'rang)	1,435	Several small debtors	25,950
Gan Tjioe Tjang (S'rang)	348,414		

FIGURE 1

Kwik Hong Biau - Kwik Ing Djie - Kwik Djoeng Eng - Kwik Ing Sien - Kwik Ing Hio
died 1934

|
|
|

Kwik Siang Kaw - Kwik Siang Go - Kwik Siang Ling - Kwik Siang Kie - Kwik Bok Goan
died 1928 adopted son

From these data, we also learn that KHT had close relations with Japanese businesses. Besides depending on credit from the Taiwan Bank (in 1932, KHT's debts to this bank amounted to NIG 168,753), KHT made use of the Japanese shipping company Osaka Shosen Kaisha to ship sugar to Hong Kong and mainland China. It also held shares in the Nanyo Veem (Southern Godown, see Table 3), which at that time had its headquarters in Singapore but by the early 1930s moved to Semarang and became the major godown company of Ishihara Sangyo in the Indies archipelago.²⁹

Japanese economic expansion and business activities in pre-war Southeast Asia were often negatively affected by anti-Japanese boycotts by large numbers of overseas Chinese.³⁰ As I have pointed out elsewhere, these anti-Japanese boycotts were unevenly carried out by Chinese business communities in the region.³¹ Minority groups like the Hokchia-Henghua and the Taiwanese more often than not let their business interests prevail while other dialect groups called for strict observance of the boycott. KHT was among those Taiwanese business groups which hardly participated in the boycotts. On the contrary, the company generally took advantage of the boycott movement by taking over some of the ethnic Chinese trade with Japan. In 1915, when Tokyo issued its 21 Demands to China, as a consequence of which an aggressive anti-Japanese boycott broke out all over Southeast Asia, KHT took over much of the sugar business of the established Chinese firms. In late June 1928, the Semarang agent of the Bank of Java wrote that KHT was doing an extremely large business in tea due to the fact that its Chinese competitors in Yogyakarta and Solo were adhering to the boycott. In 1931, when the Manchurian Incident again resulted in widespread anti-Japanese actions, KHT approached the Taiwan Bank for additional credit in order to be able to continue its business.

29 On Japanese shipping in pre-war Southeast Asia, see Post, 'Japan and the Integration', and Hidemasa Kokaze, 'Shipping Rivalry between Japan and the Netherlands in the 1930s: A Contemporary Japanese View', in *International Commercial Rivalry in the Interwar Period*, ed. Shinya Sugiyama and Milagros C. Guerrero (New Haven: Yale Southeast Asia Studies, 1994), pp. 74-94. On Nanyo Veem and Ishihara, see Tessa Morris-Suzuki, 'The Southseas Empire of Ishihara Hiroichiro: A Case Study in Japan's Economic Relations with Southeast Asia, 1914-1941', in *Japan's Impact on the World*, ed. Allan Rix and Ross Mouer (Griffith University: The Japanese Studies Association of Australia, 1984), pp. 151-69.

30 See for example Yoji Akashi, 'The Nanyang Chinese Anti-Japanese and Boycott Movement, 1908-1928', *Journal of the South Seas Society*, 23, 1-2 (1968): 69-96; and Stephen Leong, 'The Malayan Overseas Chinese and the Sino-Japanese War, 1937-1941', *JSEAS*, 10, 2 (1979): 293-320.

31 Post, 'Chinese Business Networks'.

TABLE 3

List of shares and acceptances of NV Kwik Hoo Tong Handelmaatschappij Semarang, 31 December 1928 (in NIG)

	Book value	Real value
60 shares Chinesche Lloyd	40,600	2,080
Shares Semarang Blauwhoedenveem	66,000	—
Shares Nanyo Veem	11,650	6,000
Shares Stroohoedenveem	28,279	19,000
British Bonds	68,000	68,000
Chinesche Societeit Hwa Yoe Hwee Koan	5,000	5,000
In Boe Kongsie	5,000	5,000
Shares Chinesche Provincieleening	1,104	1,104
Total	25,633	106,184

Source: Archives of De Javasche Bank, inventory number 1858

The tables also show that there was a tight financial inter-linkage between Ching Siong & Co. and KHT's head office in Semarang. The overall debt of KHT Semarang in May 1928 to Ching Siong was about 1.6 million guilders. Besides these intra-firm cash flows, a significant part of the financial resources of both companies came from the private capital of the owners and the Kwik family at large. Kwik Djoen Eng's private debts to the Solo and Surabaya offices amounted to more than 293,000 guilders, whereas the Yogyakarta and Semarang offices owed him and his wife over 363,000 guilders. Within the Kwik Hoo Tong business network in Asia, there was hardly any distinction between private and corporate capital: both served the same purpose, namely the consolidation and expansion of the Kwik family's fortunes.

Conclusion

This case-study of the NV Kwik Hoo Tong Handelmaatschappij, although preliminary and incomplete, offers additional insights into the nature of ethnic Chinese business in the pre-war Indonesian archipelago. The company stood at the apex of the Netherlands East Indies economy. KHT was a large company, a pre-war Chinese multinational, whose turnover and capital stock exceeded that of well-known Dutch trading firms like the NV Handel Maatschappij Deli-Atjeh, Güntzel & Schumacher, or Maintz & Co. It was about as large as the Moluksche Handelsvennootschap and Tels & Co., and it came right behind the so-called Big Five Dutch trading companies (Netherlands Trading Society, Jacobson & van den Bergh, Lindeteves, Geo-Wehry and Borsumij).

KHT did not avoid risk or eschew long-term and 'outside' investment. It was not unable to accumulate adequate liquid capital, but instead of putting these funds to use in

the Indies, the company preferred to transfer them to Hong Kong and Shanghai. KHT favoured the exchange of goods over manufacturing and production in the Indies because the Java sugar trade promised large profits; in Hong Kong (and presumably Shanghai), however, it invested significant sums in production and construction, obviously because Kwik Djoen Eng and his sons were convinced that this would yield higher returns than similar investments in the Dutch colony.

Trust and personal relations regulated KHT's dealings with the Bank of Java and the other large Dutch financial institutions. During the 1910s and 1920s, when Kwik Djoeng Eng was in Semarang, he visited the Bank of Java's branch office almost three times a week. He dined with the bank's agents, sweet-talking and cajoling them. Most of the time, these agents would send favourable reports to the directors urging them to enhance credit facilities and to show some consideration when KHT was not able to repay its debt on time. Kwik was able to make use of the sharp competition among the major Dutch banking institutions, with each of them trying to encroach on the lucrative Java sugar trade. But once the Java sugar industry collapsed, and when at the same time it became clear that Kwik was transferring most of KHT's capital to East Asia, the Bank of Java cut its financial relations with the company.

One question raised by this study concerns the usefulness of ethnic categorising. As Wang Gungwu and Heather Sutherland have shown, Chinese entrepreneurship employs multiple and shifting ethnic identities.³² One could argue in fact that KHT was not a Chinese, but a Japanese company:³³ its owners held Japanese nationality, and the company operated under Japanese corporate law in East Asia and under European law in the Indies. Because of this, KHT was able to secure large amounts of capital from Dutch financial institutions, and could count upon the support of Japanese diplomatic offices in the region.

Pre-war ethnic Chinese business in Southeast Asia was to a large extent trans-national; it crossed colonial boundaries and did not limit itself to one particular colony.³⁴ Western enterprise in the region operated in the same way during that period. However, most studies on pre-war Chinese communities in Indonesia have taken a colonial political frame of reference, giving the impression that businessmen operated solely within the Dutch colonial state's boundaries. This nation-state framework has hampered our understanding of the workings of the intra-Asian economy, in which local and migrant Chinese played such a central role.

32 Wang Gungwu, 'The Study of Chinese Identities in Southeast Asia', in Wang Gungwu, *China and the Chinese Overseas* (Singapore: Times Academic Press, 1992), pp. 198-221; and Heather Sutherland, 'Believing is Seeing: Perspectives on Political Power and Economic Activity in the Malay World 1700-1940', *JSEAS*, 26, 1 (1995): 133-46.

33 I am grateful to Jamie Mackie for bringing this to my attention.

34 See Brown, *Capital and Entrepreneurship*.