Clan, Kongsi and Credit: The Moral Economy of Chinese Commerce

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The Geneva volume opens its account of the financial centre with Calvin, because the moral economy of the Reformed faith shaped the way Geneva thought about credit, interest, work and wealth. The present chapter performs the corresponding task for Singapore. It asks which ethical and social institutions allowed the Chinese merchants of the nineteenth century to lend to one another, to trade across great distances and to accumulate the fortunes on which much of Singapore's later banking system was built.

The answer cannot be a single doctrine. Singapore had no Calvin. The Chinese who settled there brought no unified religious teaching about commerce. What they brought was a set of institutions: the family and the lineage, the association of people from the same district or dialect group, the temple, the sworn brotherhood and the partnership. Around these institutions grew a practical ethic of trust, which Chinese merchants expressed in the word *xinyong*, meaning trustworthiness and creditworthiness at once. This chapter examines these institutions and the ethic they

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supported. It then follows the remittance networks through which migrants sent money home and closes with the transition from personal trust to the institutional trust of banks and courts.

The subject has a direct bearing on modern practice. Family networks, clan associations and informal channels of payment remain part of the economic life of Singapore and of the Chinese communities of Southeast Asia. A banker or lawyer who assesses the source of wealth of an Asian family, a compliance officer who examines informal value transfers, or an adviser who structures a family business across several jurisdictions encounters their legacy. Understanding how these institutions worked is part of understanding the clients and risks of the financial centre.

Essentials

Chinese commerce in nineteenth-century Singapore rested on institutions more than on doctrine: families, dialect and district associations, temples, sworn brotherhoods and partnerships. The earliest associations date from 1819 and 1822, and more than three hundred had been founded by 1965. The secret societies, beginning with the Ghee Hin in 1820, provided mutual aid, labour organisation and private order until the colonial state registered them in 1869 and banned them from 1890. The ethic of *xinyong* made reputation a form of collateral within these communities. Remittance firms carried letters and money to China, with 49 firms in 1887 and around 200 at the peak in the late 1940s, before banks and state institutions gradually replaced personal trust with institutional trust.

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