Early growth and the first merchant community

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

Numbers: population and trade

The growth of the settlement in its first years was spectacular. In the first year, the value of trade was reported at 400,000 Spanish dollars. By 1821, the population had reached around five thousand and the trade volume eight million dollars. By 1825, the population had passed ten thousand and the trade volume reached twenty-two million dollars, against 8.5 million dollars for Penang in the same year.[1]

The figures must be read with caution. Early trade statistics were compiled from the declarations of merchants in a port without customs duties. They included goods in transit that were counted on arrival and on departure. Different historians give different figures for the same years. Wong Lin Ken's series, which uses a consistent method, gives a total trade of 12.3 million dollars for 1825, a figure well below the 22 million cited above.[2] The divergence, of nearly half, is typical of early port statistics and illustrates a point that this book makes repeatedly: figures on the size of a trading centre depend on how trade is defined and counted. The same problem arises in the modern measurement of commodity trading, discussed in Part G.

Whatever the exact figures, the direction is unambiguous. Within six years of its founding, Singapore had overtaken Penang, the older British settlement in the Strait, and had become the leading port of the region. By 1869, the year in which the Suez Canal opened, Wong's series shows a total trade of 58.8 million dollars.

The first census of 1824

The first census of Singapore, taken in January 1824, counted 10,683 inhabitants: 74 Europeans, 16 Armenians, 15 Arabs, 4,580 Malays, 3,317 Chinese, 756 natives of India and 1,925 Bugis.[3] The census shows a society that was already plural and dominated by Asian communities. Europeans formed less than one per cent of the population, although they controlled the government and the largest commercial houses. The Chinese, who would become the majority within a few decades, were still outnumbered by the Malays.

The Bugis figure deserves attention. Nearly one in five inhabitants belonged to the seafaring traders from Sulawesi, who had been the backbone of the trade of Riau in the eighteenth century. Their presence in Singapore shows that the new port had captured the network that Dutch control had driven from Riau. The Bugis trading season, when fleets of Bugis prahus arrived with the monsoon, was a high point of the commercial year in early Singapore.

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg

The small numbers of Armenians and Arabs were out of proportion to their commercial importance. Armenian merchants were active in the trade between India and Southeast Asia. Arab families from the Hadhramaut, many of them established in Palembang and other ports of the archipelago, became major property owners and traders in Singapore. Their networks linked Singapore to the Muslim trading world of the Indian Ocean, the same world that had made Malacca rich four centuries earlier.

European agency houses

The European merchants of early Singapore organised themselves in agency houses, firms that acted as agents for principals in Britain, India and China. An agency house bought and sold goods on commission, arranged shipping and insurance, collected debts, remitted money and extended credit. Among the earliest houses were those founded by Alexander Laurie Johnston, a member of Raffles' Town Committee of 1822, and by Alexander Guthrie, whose firm became one of the great trading houses of Southeast Asia.[45]

The agency houses were the first financial institutions of Singapore. They did not take deposits in the modern sense, but they performed many banking functions: they discounted bills, provided trade credit and arranged remittances between Asia and Europe. The exchange banks that arrived from the 1840s onwards, examined in Part B, took over some of these functions and specialised in them. The agency houses remained the centre of the European commercial community until the twentieth century.

Chinese, Bugis, Arab and Indian merchants

The Asian merchant communities were at least as important as the European houses for the growth of the port. Chinese merchants, many of whom came from Malacca and had long experience of trade under European rule, acted as intermediaries between the European houses and the Asian traders who brought goods from the archipelago and from China. They bought European and Indian goods from the agency houses on credit and distributed them through their own networks. In the other direction, they collected the products of the archipelago and sold them to the Europeans for export.[6]

This division of labour rested on credit. The European houses extended credit to Chinese traders, often for several months, on the basis of personal knowledge and reputation. The Chinese traders extended credit in turn to smaller traders and to the junk and prahu captains who brought goods from distant ports. The moral economy of Chinese commerce, examined in chapter V of this part, provided the guarantees on which this credit rested: kinship, dialect and clan associations, and the value of a merchant's reputation within his community.

Arab, Indian and Bugis merchants had their own networks. Arab families traded with the ports of Sumatra, Java and Borneo and with the Hadhramaut. Indian merchants, Tamil Muslims and Hindus from the Coromandel coast among them, traded with India and supplied textiles, while Bugis traders brought the products of the eastern archipelago. Each community had its own quarter, its own leaders and its own institutions. The colonial government dealt with each through its headmen, a practice that recalls the shahbandars of Malacca.

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg

The Town Plan and the ordering of commerce

Raffles' second stay in 1822 and 1823 produced the first plan for the town. On 4 November 1822, he issued instructions to a Town Committee chaired by Captain Charles Edward Davis and including the merchant Alexander Laurie Johnston and the civil servant George Bonham, with Lieutenant Philip Jackson as draughtsman of the plan.[7] The plan reserved an area for government, laid out streets on a regular grid and assigned areas to the different communities: a European town east of the government cantonment, a Chinese quarter south of the river, a quarter for the Chulias further upriver, and Kampong Glam for Muslims, Malays, Bugis and Arabs.[8]

The plan also created the commercial centre. In 1823, a hill near the river was levelled and its earth used to reclaim marshy land on the south bank, creating Commercial Square, later renamed Raffles Place.[9] Raffles Place remained the financial district of Singapore into the twenty-first century. The banks and financial institutions that line it today stand on land created in the first years of the settlement. The plan also required buildings to provide a continuous covered walkway at the front, the five-foot way that became characteristic of towns throughout Southeast Asia.[10]

The plan combined commercial logic with a policy of separating communities. From the perspective of the time, the separation served order and the administration of each community by its own leaders. From a modern perspective, it laid the foundation for ethnic divisions that the independent state later sought to overcome through integrated public housing. Both perspectives belong to the history of the city.

Money: the Spanish dollar

The currency of early Singapore was the Spanish silver dollar, the international trading coin of Asia, together with other silver dollars of similar weight and a range of copper coins for small transactions.[11] The treaty allowances of 1819 and 1823 were expressed in Spanish dollars, the unit in which merchants kept their accounts. The East India Company, whose accounts were kept in rupees, repeatedly attempted to introduce the Indian currency in the Straits Settlements and met the resistance of the merchants, who wanted the money of the regional trade.

The monetary question is an early instance of a theme examined in Part B: the currency of a trading centre must be the currency its merchants use. Singapore's dollar, from the Spanish silver dollar through the Straits dollar to the Singapore dollar of today, has always been shaped by the needs of trade and by the requirement of confidence. The Board of Commissioners of Currency and the Monetary Authority of Singapore, examined in Part C, inherited this tradition.

Notes

1. Wikipedia, "Founding years of modern Singapore" (accessed September 2026): trade of $400,000 in the first year; population of around five thousand and trade of $8 million by 1821; population above ten thousand and trade of $22 million by 1825, against Penang's $8.5 million.

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg

2. Wong Lin Ken, "Singapore: Its Growth as an Entrepot Port, 1819–1941", text accessed through Cambridge Core, September 2026 (total trade of $12.3 million in 1825 and $58.8 million in 1869).
3. National Library Board Singapore, "First census of Singapore is taken" (HistorySG), January 1824: 10,683 residents, comprising "74 Europeans, 16 Armenians, 15 Arabs, 4,580 Malays, 3,317 Chinese, 756 natives of India and 1,925 Bugis".
4. Wikipedia, "Jackson Plan" (accessed September 2026): the Town Committee included the merchant Alexander Laurie Johnston.
5. Guthrie & Co. traces its foundation to 1821; A.L. Johnston & Co. is usually dated to 1820.
6. On the role of Chinese merchants from Malacca as intermediaries in early Singapore and on the credit relationships between European agency houses and Chinese traders, see Turnbull, *A History of Modern Singapore 1819–2005*, chapter 1, and Song Ong Siang, *One Hundred Years' History of the Chinese in Singapore*, London, John Murray, 1923.
7. Wikipedia, "Jackson Plan" (accessed September 2026): committee members and Raffles' instructions of 4 November 1822.
8. Wikipedia, "Jackson Plan" (accessed September 2026), on the four residential areas.
9. Wikipedia, "Jackson Plan" (accessed September 2026): a hill near present-day Raffles Place was levelled in 1823 and the soil used to reclaim marshy land, creating Commercial Square, later renamed Raffles Place.
10. Wikipedia, "Jackson Plan" (accessed September 2026), on the recommendation of "a continuous sheltered public walkway at the front" and the resulting five-foot ways.
11. On the Spanish dollar as the principal currency of early Singapore and the Company's unsuccessful attempts to introduce the Indian rupee, see National Library Board Singapore, Infopedia, "History of Singapore currency".

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg