Law as a commercial asset

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Predictability and the merchant's view

For the merchants of Singapore, the legal infrastructure of the Crown colony was an asset. It gave them courts with professional judges and a right of appeal, a commercial law that their correspondents in London understood and a legislature in which their representatives could influence new laws. It protected their property, enforced their contracts and allowed them to incorporate companies with limited liability. A stable currency backed by sterling reduced the risks of trade and investment.

These assets attracted capital and business. British banks, insurance companies and shipping lines established branches in Singapore, because they could rely on its legal system. Chinese merchants used the colonial courts and the instruments of English law to structure their businesses and families, alongside their community institutions. The legal system thereby helped Singapore to become the commercial and financial capital of British Malaya and a hub for the wider region.

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The limits of the colonial legal order

The colonial legal order also had limits that should be recorded. It was not democratic: the official majority in the Legislative Council allowed the government to enact measures over the objections of the unofficials, while most inhabitants had no political voice. Its policing of the Chinese population relied on instruments such as the banishment of undesirable immigrants, which allowed deportation without the safeguards of a criminal trial.[1] Its revenue still depended heavily on the opium farm, as Chapter IV of Part A showed.

These limits did not prevent commercial success. Some of them were later inherited by the independent state, which retained a strong executive, a disciplined legal order and a cautious approach to representative politics. The question of how far a financial centre requires democratic institutions, and how far it requires the rule of law in the narrower sense of predictable and impartial adjudication, is one to which Singapore's history gives a particular answer. Part F of this book returns to it.

The comparison with Geneva

Geneva in the same period followed a very different path. After the federal constitution of 1848, Swiss commercial law was unified at the federal level by the Code of Obligations of 1881, which came into force in 1883 and gave Swiss business a modern codified law of contracts, commercial companies and negotiable instruments.[2] Geneva's legislature was elected, its courts were part of a democratic canton and its bankers participated in politics as citizens.

The common ground between the two cities lies in the result, which in both cases was a legal order that merchants and bankers found reliable. The difference lies in the means. Geneva built its commercial law through democratic legislation and continental codification, while Singapore received it through colonial ordinances and the English common law. The contrast foreshadows the differences in regulatory style examined in Parts E and K: Swiss financial regulation rests on detailed federal statutes, whereas Singapore's financial regulation relies more on a powerful regulator with broad discretion.

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In figures

Merchants' petition to Parliament: October 1857, presented in the House of Lords on 10 March 1859, with the trade of Singapore cited at over £12 million a year. Straits Settlements Act: 10 August 1866. Transfer to the Colonial Office: 1 April 1867. Legislative Council at its formation: four members. First Asian member: Hoo Ah Kay, 1869. Penal Code: Ordinance No. 4 of 1871, in force 16 September 1872. Evidence Ordinance: No. 3 of 1893. Judges of the Supreme Court from 1885: four. Board of Commissioners of Currency: established 1897, notes from 1899. Sterling peg of the Straits dollar from 1906: two shillings and four pence. Population of the colony: 306,775 in 1871 and 572,249 in 1901.[3]

Notes

1. Wikipedia, "Secret societies in Singapore" (accessed October 2026), on the Peace Preservation Act of 1867 allowing the detention and deportation of convicted Chinese immigrants. ↩
2. The Swiss Federal Code of Obligations of 14 June 1881 entered into force on 1 January 1883 and was revised and incorporated into the Civil Code framework in 1911; see Ressos, *Genève, place financière internationale*, partie D, for the Geneva perspective. ↩
3. Wikipedia, "Straits Settlements" (accessed October 2026): population of "306,775 in 1871" and "572,249" in 1901. ↩

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