The telegraph and the speed of markets

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The cable of 1870–1871

The first attempt to connect Singapore by submarine cable failed. A line laid between Batavia and Singapore in 1859 worked for only a few days. Its operators tried to overcome its high resistance by applying extra voltage, which destroyed it after it had carried only 4,359 words.[1] A durable connection came a decade later as part of the network of companies controlled by the British cable entrepreneur John Pender.

A British Indian Extension Telegraph Company was registered in October 1869 to lay a cable from Madras through Penang to Singapore, and the sections were laid in 1870. The sources differ on the exact date of the first connection. One gives 16 December 1870 for Singapore, while a retrospective of 1894 states that cable communication between Singapore and London was first established on 4 January 1871.[2] Contemporary summaries simply say that telegraph service from India and Europe reached Singapore in 1870. Modern accounts date the opening of the Madras–Singapore cables to 1871.[3]

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Singapore as a cable hub

From the start, Singapore was more than a terminal. In 1871 cables from Singapore reached Hong Kong, Saigon and Port Darwin, and in 1872 Darwin was joined to the Australian telegraph network.[4] Messages between London and Australia, between India and China, and between Europe and the Netherlands Indies passed through Singapore. The relay stations, operators and repair ships of the cable companies became part of the economy of the port.

The companies consolidated quickly. In 1872 Pender combined several lines to form the Eastern Telegraph Company. In 1873 three companies, the British Australian Telegraph Company, the British Indian Extension Telegraph Company and the China Submarine Telegraph Company, were merged into the Eastern Extension Australasia and China Telegraph Company, which operated the cables east of India.[5] After an imperial conference on cable and wireless communications, the British cable and wireless companies were merged in 1928 into a single operator, initially called Imperial and International Communications Ltd. It took the name Cable and Wireless Limited in 1934 and was nationalised in 1947.[6]

From the letter to the cable

Before the telegraph, a merchant in Singapore learned of prices in London from letters and newspapers that took weeks to arrive. He bought produce on his own judgment, shipped it on his own account or on consignment and learned the result months later. The agency houses described in Chapter IV of Part A and Chapter II of this part had grown on this information gap. Their correspondents in London and their knowledge of local markets were the source of their profits, while their capital allowed them to bear the risk of long voyages and slow information.

The cable changed this logic. A London buyer could now send an order by telegraph, specifying quantity, quality and price, and receive confirmation within a day. Merchants in Singapore could follow the prices of tin, pepper or later rubber in London almost as quickly as the brokers of Mincing Lane. Consignment trade on the merchant's own account gave way to trade on firm orders and to forward

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contracts. Stocks held in godowns could be reduced, since goods could be ordered when needed. The margin that came from knowing a price before one's competitors shrank, because everyone could know it.

The telegraph also opened the business to newcomers. When prices were public and orders came by cable, a small firm with a reliable correspondent could compete with an established house. The number of import and export firms trading homeward from Singapore rose from about 20 in 1897 to about 60 in 1908.[7] Chiang attributed the dispute over shipping conferences partly to this growth in the number of firms, which made the old rebate arrangements with a few large houses harder to defend.

The telegraph and the money market

The effect on finance was as profound as on trade. Exchange banks, examined in Chapter II of this part, could now quote rates for telegraphic transfers between Singapore, London, Calcutta and Hong Kong and settle balances between branches within a day. Exchange risk on a bill of exchange that took weeks to travel was replaced by the much shorter risk of a cabled transfer. Arbitrage between the exchange markets of Asia narrowed the spreads that merchants paid. Singapore became one of the places in which the silver currencies of Asia were exchanged against sterling, a function that prepared its later role in the foreign exchange market.

The cable also brought news of political events and crises. A collapse of prices in London, a war in Europe or a revolution in China reached Singapore within hours. Markets became more integrated and also more exposed to shocks transmitted from elsewhere. This dual effect has remained characteristic of Singapore's position. Its value as a financial centre depends on its connection to world markets, which also transmits their disturbances, a theme that Chapters II and III of Part D take up for the crises of the late twentieth century.

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A hub then and now

A local telephone service followed in 1879 and was extended to Johor in 1882. The more lasting legacy was the cable hub itself. A modern observer has described the year 1871 as Singapore's inauguration as a cable hub, a role it has kept ever since.[8] The submarine fibre-optic cables that land in Singapore today, and the data centres that cluster around them, follow routes first laid by the telegraph companies. Chapter IV of Part K examines what this connectivity means for the financial centre in the age of artificial intelligence.

Notes

1. Ulrich Speidel, "A short history of Singapore's role in the cable world", APNIC Blog, 12 September 2022: the Batavia–Singapore cable of 1859 "lasted only a few days following an ill-conceived attempt to unblock its resistance by applying extra voltage"; total traffic of "only 4,359 words". ↩
2. "The Eastern Telegraph Company's Silver Jubilee", 1894, reproduced at atlantic-cable.com (Article/1894SilverJubilee): communication between Singapore and London first established on Wednesday, 4 January 1871; British Indian Extension Telegraph Company registered in October 1869; Madras–Penang and Penang–Singapore sections laid in 1870; another account gives 16 December 1870. ↩
3. Library of Congress Country Studies, *Singapore*, "Colonial Singapore" (accessed November 2026): "Telegraph service from India and Europe reached Singapore in 1870"; telephone service "installed in 1879 and extended to Johore in 1882"; Ulrich Speidel, "A short history of Singapore's role in the cable world", APNIC Blog, 12 September 2022: "In 1871, the telegraph cables from Madras to Singapore went live". ↩
4. Ulrich Speidel, "A short history of Singapore's role in the cable world", APNIC Blog, 12 September 2022: in 1871 the line from Singapore extended to Hong Kong, Saigon and Darwin; Darwin was linked to the Australian

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domestic network in 1872; the author calls 1871 "Singapore's inauguration as a cable hub". ↩

5. London Metropolitan Archives, catalogue entry CLC/B/101-18, "Eastern Extension, Australasian and China Telegraph Company Limited" (via AIM25): formed in 1873 by John Pender by amalgamation of the British Australian Telegraph Company Ltd, the British Indian Extension Telegraph Company Ltd and the China Submarine Telegraph Company. ↩
6. Wikipedia, "Cable & Wireless plc" (accessed November 2026): Pender formed the Eastern Telegraph Company in 1872; the company absorbed "the Eastern Extension Australasia and China Telegraph Company"; "it was decided in 1928 to merge the communications methods of the British Empire into one operating company", initially Imperial and International Communications Ltd, from 1934 "Cable and Wireless Limited"; nationalised in 1947. ↩
7. Chiang Hai Ding, "The Early Shipping Conference System of Singapore, 1897–1911", *Journal of Southeast Asian History*, vol. 10, no. 1, January 1969 (notes, cambridge.org): the number of import-export firms trading homeward rose from 20 in 1897 to 60 in 1908 (n. 47). ↩
8. Library of Congress Country Studies, *Singapore*, "Colonial Singapore" (accessed November 2026): telegraph service reached Singapore in 1870; telephone service within Singapore "was installed in 1879 and extended to Johore in 1882"; Ulrich Speidel, "A short history of Singapore's role in the cable world", APNIC Blog, 12 September 2022: 1871 as "Singapore's inauguration as a cable hub, a role it hasn't quite relinquished ever since". ↩

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