

# Chapter 4

## Financing Colonial State Building: A Comparative Study of the 19th Century Singapore and Hong Kong



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**Abstract** Modern state building in Asia dates back to the mid 19th century. By that time, most parts of East and Southeast Asia other than Japan, China, and Siam had been colonized by the Western powers. In these colonized countries, modern states were built from the above by colonizers. This chapter reveals the process of such modern state building under the colonial rule by comparing colonial policies on revenue raising and policing in Singapore and Hong Kong.

### 4.1 Introduction

In Asia, modern state building began in the mid-19th century. By that time, most parts of Asia other than Japan, China, and Siam had been colonized by the Western nations. The paths of economic and political changes in the next century and a half depended critically on how soon a modern state was built and what kind of institutions it had. Thus, the several decades of modern state building since the mid 19th century was a critical juncture in the sense of Acemoglu and Robinson (2012), who argue that the inclusiveness of political and economic institutions has long-lasting impacts.

It is not true that only independent countries, as opposed to colonies, could have modern state building. In the colonized parts of Asia, modern states were built from the above, as Shiraishi (2000: 58–60) argues. The colonial states, however, were not full-fledged modern states. Since the transformation into a modern state under colonial rule was limited, the leaders of independence after World War II had to build or strengthen some core institutions by themselves. Still, they inherited structures, institutions, and personnel from the colonial states. The difficulty that these leaders had to face would depend much on the legacy of the previous modern state building under colonial rule.

Asian states and economies have emerged one after another since World War II. The resurgence of Japan as an economic power was followed by the rise of the four Asian Tigers (Singapore, Hong Kong, Taiwan, and South Korea) and Southeast Asia,

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and the even more impactful rise of People's Republic of China as a political and economic power. Asia is a hot spot of emerging-economy states. The understanding of modern state building under colonial rule as the origin of the current states seems crucial to better understanding of the emergence of Asia.

This chapter takes a first step toward the understanding of the processes of modern state building in colonies in the 19th century Asia. It focuses on cities, which have historically played leading roles in economic and political developments of states, just as Braudel (1992) illustrates by using the rise and fall of Venice, Genoa, Antwerp, Amsterdam, and London as examples. This chapter, as a first step, simplifies analysis by focusing on British colonial city states, Singapore and Hong Kong.

The two city states shared several commonalities. At the time of colonization (that is, 1819 in Singapore and 1842 in Hong Kong), both were expected to serve as regional centers of the British Free Trade Empire in East and Southeast Asia. Thus, they became free ports, where no custom duties were charged. Being free ports boosted trade, thereby enabling the two states to come up with expectation, and invited a large inflow of migrant workers predominantly from China. In the case of Singapore, migrant workers came also from India and other parts of Asia. Population increased rapidly in Singapore and even more rapidly in Hong Kong from the mid-19th century to the turn of the century.

In the mid-19th century East and Southeast Asia, states in these regions expanded administrative control over their territories, but much of their power and wealth rested on capital cities and port cities, such as Rangoon, Penang, Batavia, Singapore, Bangkok, Saigon, Hanoi, Manila, Hong Kong, Shanghai, Kobe, Yokohama and Tokyo. Bringing prosperity to these cities was a major task of the states. The question arises as to what consequences for state building such endeavors had.

As trade expanded and the population increased, public administration assumed increasing importance in these colonies. As one would expect, institutions for policing and financing were particularly important from the early period. Because the colonial governments refrained from levying taxes on trading for the purpose of promoting trade, they had to find a source of revenue elsewhere. The two otherwise similar city states differed critically in this respect: Hong Kong did not have any particularly large source of revenue whereas opium farming in Singapore accounted for almost half of the government revenue. If trade could have been the major source of revenue in both states, such a socio-economic difference would not have had significant implications. Because of the vital importance of raising revenue from somewhere else than trade, however, this difference led to significant differences in the formation and nature of financing and policing institutions between the two colonial states. The purpose of this chapter is to present historical supports to this hypothesis.<sup>1</sup>

The rest of this chapter is organized as follows. While Sect. 4.2 describes the revenue raising and policing practices in the 19th century Singapore, Sect. 4.3 describes the counterparts of Hong Kong. Section 4.4 compares the policies in the two states

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<sup>1</sup>Although we do not deny the possibility that the same difference led to the divergence between the two states' fates after World War II, exploring such a possibility is beyond the scope of this chapter.

**Table 4.1** Population and government revenues in the 19th century Singapore

Year	Population	% Chinese	Year	Revenue (Spanish \$)	% Opium
1824	10,683	31.0	1820–21	15,925	46.1
1834	26,329	40.8	1830–31	96,331	40.7
–	–	–	1840–41	142,900	45.5
1849	52,891	52.9	1849–50	172,375	50.8
1860	81,734	61.2	1860–61	492,853	54.1
1871	97,111	56.1	1870	875,690	41.1
1881	139,208	62.3	1880	1,277,413	47.0
1891	141,300	71.0	–	–	–

*Sources* The population data are taken from Makepeace et al. (1991: 355–359). The revenue data are taken from HKARR Vol. 1 (Jarman 1996 Vol.1: 71–73, 96–97)

and explains how the socio-economic structures had significant implications for their policies and fates. Section 4.5 offers concluding remarks.

## 4.2 Singapore

### 4.2.1 Population

Singapore was established as a British colony by Sir Stanford Raffles in 1819. It was just a small village then, but it soon became a center of intra-Southeast Asian trade (Kobayashi 2013). Its population grew throughout 19th century in Singapore, as shown in Table 4.1. The table also shows the percentage share of Chinese migrants in the population. While migrants came from various regions including India and other parts of South and Southeast Asia, the main driver of the population growth was Chinese immigrants, especially those from Southern China. The immigrants contributed to the expansion of trade, economy, and government revenues, but they were also serious threats for maintaining public order as we will see shortly.

### 4.2.2 Revenue<sup>2</sup>

As mentioned above, the colonial government in Singapore could not obtain any revenue from trade, potentially the large source of its revenue, because of its free trade policy. Its revenue, however, grew steadily throughout the 19th century, as shown in Table 4.1. What made the revenue growth possible?

<sup>2</sup>This section, especially the description of opium farming, is based on Trocki (1990).

From the annual reports in 1868, the sources of revenue in Straits Settlements (Singapore, Penang and Malacca) were (1) excise duties on opium, spirits, toddy (or liquor made from palm), and bhang (or drug made from cannabis for smoking), (2) small duties on tin mining, timber cutting, brick making, granite cutting, and so on, (3) licenses for keeping spirit-shops, public-house, and pawnbrokers' establishments, (4) letting the public markets, (5) stamp duties, and (6) revenue from land. Except these duties, there were municipal taxes on houses, lands, and horses and carriages. These municipal taxes were used for keeping order in the towns and the maintenance of the police forces (Jarman 1998 Vol. 2, p. 32).

The most profitable source of revenue in Singapore throughout 19th century was the opium farm (see Table 4.3). For example, during 1820 to 1882, the opium farm accounted, on average, for 44.3% of total revenue, and the highest peak was 55.6% in 1841–1842 and the lowest was 31.8% in 1826–27 (Trocki 1990, pp. 71–73, 96–97).

The opium farm was one to three years contract, and the right to run the farm was basically put to auction. The person who bid the highest price became a farmer. The farmer bought raw opium from the government and processed raw opium into prepared opium. The farmer retailed prepared opium directly to consumers, but at the same time he sold it to opium dens and plantations as a wholesaler. He paid rents from his sales to the government, and the residuals were farmer's income. The government prohibited the smuggling and sale of opium outside opium farming scheme by law not only to protect the farmer but also to secure revenue from opium (Trocki 1990: 73–76; Yen 1986: 227, 1995: 151–152).

The main consumers of opium were Chinese laborers who worked at plantations cultivating pepper and gambier, whose extract could be used for leather tanning, in the inland Singapore. For those who only know contemporary Singapore, it would be hard to imagine that the city of Singapore was limited to around the Singapore river mouth and the inland Singapore was covered with tropical jungle. Until the 1870s, accessing the inland was difficult especially for Europeans, and if the government tried to collect taxes from the inland populations, opium farm was the best way to do that (Song 1967: 34; Trocki 1990: 48, 70; Wong 1991: 52–53).

At the initial stage, opium farm was run by Hokkien Chinese born in Malacca Straits. Europeans regarded them as “respectable Chinese” because most of them were merchants and city dwellers, could understand some English, and had strong economic ties with Europeans. On the other hand, inland plantations were mainly managed by Teochew Chinese. And if Hokkien opium farmers wanted to sell opium to laborers who worked at inland plantations, it was necessary for them to cooperate with Teochew planters. This cooperation came about through the establishment of a syndicate between Hokkien merchants and Teochew planters. Collaboration between Hokkien and Teochew was also favorable for the colonial government because it was useful to secure opium revenue. The syndicate was organized through revenue farming scheme. From the mid-1840s, two important and lucrative revenue farm, opium and spirits, were owned by this syndicate. Members of the syndicate were changed in ten to fifteen years but this syndicate occupied opium and spirits farms till the 1880s (Trocki 1990: 5, 97–107, 117–148).

Singapore's revenue heavily relied on opium farm, and the alliance among the colonial government, Hokkien merchants, and Teochew planters through revenue farm was necessary to secure opium revenue. Main consumers of opium were Chinese populations in Singapore, so it could be said that the colonial government created the scheme to finance state building by absorbing Chinese money through this alliance.

### 4.2.3 Policing “Secret Societies”

#### 4.2.3.1 Chinese Society and “Secret Societies”

It was in 1890 when secret societies were prohibited by law in Singapore. From the establishment of Singapore in 1819, they were in fact “lawful” organizations during almost 70 years. And they played important roles in the Chinese society in Singapore, politically, economically, and socially.

The history of secret societies in Singapore was almost the same as the history of colonial Singapore. It was said that secret societies were already existed in 1824. In the early 1840s, Hokkien, Teochew, Canton, and Hakka Chinese organized their own secret societies respectively, and total members were about six thousands (Gillis 2005: 24; Lee 1991: 25). William A. Pickering, who served as the first Protector of Chinese in Singapore in 1877, wrote in 1876 that “60% of the Chinese in our colonies and the native states are sworn members of secret societies: of the remaining 40%, most are subject to their influences (Pickering 2000: 311).”

Thus secret societies had strong influence in Singapore and this influence was based on two functions they played in Chinese societies. The first function was providing a kind of social safety or mutual aid for immigrants. Most immigrants were young and poor newcomers, called “*sinkheh* (新客),” and contracted immigrants. When the colonial government did not provide immigrants with enough legal protections, they needed institutions to find a job, to secure personal security and protection in case of being sick or unemployment. And organizations called *kongsi* (公司) or *hoey* (会) provided these services for newcomers. This *kongsi* or *hoey* was organized respectively by five topolect groups (Hokkien, Teochew, Canton, Hakka, and Hainan) in Chinese societies because Chinese societies in Singapore were divided into these five topolect groups and it was difficult to understand each other among different topolect groups (Lee 1991: 27–28; Shiraishi 1975: 82, 2000: 62).

The second function was related to Chinese economic activities in Singapore. As Chinese societies in Singapore were divided into five topolect groups, Chinese economic activities were also divided along with topolect groups. For example, Hokkien was mainly engaged in commerce, and Teochew managed inland plantations. And, to protect economic interests and dominance in their “niche” occupations, Chinese elites in Singapore, who were traders, merchants, and plantation owners and called “*Taukeh* (頭家),” utilized and relied on *kongsi* or *hoey*, so called “secret societies”. These *kongsi* and *hoey* were in charge of the labor recruitment and control and the

actual management of plantations and mining (Lee 1991: 27–28; Mak 1981: 41–43, 45, 49; Shiraiishi 1975: 78–80; Yen 1986: 122).

Secret Societies not only sought to protect their members' economic interests or "turf" against rival groups; in case of disputes among members who belonged to different organizations, *kongsi* or *hoey* frequently resorted to violence, killing each other and caused riots (Blythe 1969: 2). These frequent violent disputes and riots were serious threats for the colonial order, and it was quite natural that government officials and Europeans branded *kongsi* and *hoey* as "criminal" and "violent" organizations and called them "secret societies". Another reason why *kongsi* and *hoey* were regarded as "secret societies" was that there was no government official who could understand Chinese languages until the 1870s and all negotiations, rituals and activities by *kongsi* and *hoey* were deemed to be "conspiratorial" in the eyes of government officials.

#### 4.2.3.2 "Secret Societies" as a "Necessary Evil"

Although violent disputes and riots caused insecurity in Singapore, secret societies were not banned legally till 1890. The biggest reason why secret societies were not made illegal until a long after was that secret societies played an important role in the opium farm.

As mentioned above, the opium farm was the most lucrative source of revenue for the colonial government in Singapore. And those who consumed opium most were Chinese laborers employed in inland plantations. Secret societies managed these plantations, controlled laborers, and sold opium to them. Opium farmers also utilized secret societies for protecting and promoting their sales and for suppressing smuggling (Trocki 1990: 77; Wong 1991: 54; Yen 1986: 115, 122).

If the colonial government wanted to secure opium revenue, and when it could not directly collect opium revenue and other taxes from inland, the existence of secret societies was tolerated as a necessary evil. Controlling crimes, violent disputes and riots caused by secret societies was the task of the colonial police force, but unfortunately the police force did not have enough power to police the activities of secret societies.

Like the government, there was no police officer who could understand Chinese languages. And Chinese were not hired for the police force because the government was afraid of influence and penetration of secret societies into the police force. And this concern was true, because, even though there was no Chinese police official, secret societies could succeed in penetrating into the police. In 1860s, several police officers were fired because of their membership of secret societies (Jarman 1998 Vol. 1: 464; Lee 1991: 35).

Criminals were harbored by secret societies, and in case of their arrests, witnesses did not testify properly because they were afraid of revenge. Most of Chinese translators hired for interrogation were members of secret societies (Blythe 1969: 2–3).

Thus, as long as secret societies were tolerated as a necessary evil, it was impossible for the police to control the activities of secret societies. But this situation changed from the late 1860s, when the government started to shift its policy from tolerance to suppression.

#### 4.2.3.3 From Necessary Evil to Suppression

Suppression against secret societies by the colonial government began in 1867. The backgrounds of this policy shift were (1) the reduction of inland plantations and (2) the changing nature of secret societies.

Pepper and gambier plantations in inland Singapore were abolished and planters moved to Johore till the late 1860s because of the degradation of the soil and the decrease of uncultivated lands. Moreover, from the 1860s onward, road access to inland Singapore was improved and the inland itself began to undergo urbanization. These changes enabled the colonial government to collect taxes from inland directly, and more importantly, created the condition that the government did not necessarily rely on secret societies to secure opium revenue (Jarman 1998 Vol. 1: 36; Vol. 2: 106; Trocki 1990: 149; Wong 1991: 53).

At the same time, the nature of secret societies had been changing. From around 1870, professional fighters called “*samseng* (三星)” came to Singapore from mainland China because of the end of Taiping Rebellion there. They joined secret societies in Singapore, and, by their participation, transformed secret societies into much more violent organization, triggering incessant violent riots in Singapore in the early 1870s<sup>3</sup> (Lee 1991: 34–35, 42; Trocki 1990: 159–160).

These two factors—the decreasing importance of secret societies to secure opium revenue and the transformation of secret societies into mere violent and criminal organizations—gave impetus to the colonial government to shift its policy from tolerance to suppression.

The actual processes of suppression began in 1867. In this year, the governor got the power to deport those who caused insecurity in the colony by the ordinance. At this stage, deportation was only possible under the declaration of emergency, but it was effective measure for criminals and rascals because they were afraid of being detained in mainland China and executed there after deportation (Lee 1991: 57; Turnbull 1989: 88).

The next step was taken in 1869 when societies, including secret societies, were forced to register themselves by the ordinance. Registration was only required of societies or associations composed of more than ten members. By this ordinance, the government could obtain information about secret societies, order these societies to report before their meetings, make police officers attend the meeting, and oblige

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<sup>3</sup>From 1871 to 1873, four violent riots occurred in Singapore: (1) riots among secret societies on March 1871; (2) riots between Hokkien and Teochew workers on October 1871; (3) riots against the government regulation on October 1872; and (4) riots between Hokkien and Teochew secret societies from December 1872 till February 1873 (Jarman 1998 Vol. 2: 137; Blythe 1969: 155–156; Lee 1991: 35–41; Yen 1986: 197).

secret societies to compensate losses caused by their riots. The first registration was carried out in 1869, and the ordinance, originally effective one year only, was extended several times, and finally was made permanent (Jarman 1998 Vol. 2: 141; Blythe 1969: 151–152; Lee 1991: 59–60).

The government started to police secret societies by way of deportation and registration, and then tried to intervene in Chinese labor control and protection by depriving secret societies of their socio-economic roles in Chinese society. In other words, the state took over the “state-like” functions of the secrets societies. To achieve this purpose, the Chinese Protectorate was established in 1877 and William A. Pickering, who was appointed to the first Protector of Chinese, was a suitable person for this mission (Blythe 1969: 167–168; Turnbull 1989: 85).

Pickering was the first government officer who was good at Chinese languages. He started to control and protect Chinese immigrants through making or checking their labor contracts by himself. Pickering was also in charge of registration of societies. From 1877, he began to re-register societies and associations together with Samuel Dunlop, Inspector General of Police, and this re-registration was successfully finished in 1878 (Blythe 1969: 205, 207; Lee 1991: 71; Turnbull 1989: 85).

In the 1880s, the colonial government took further steps to regulate secret societies. Societies and associations to which a British citizen belonged were banned and the government could legalize any societies regarded as dangerous for public order in 1882. And from 1885, the government could anytime deport undesirable persons. Along with these legal procedures, the government officials who could understand Chinese languages were increased. From the 1880s, cadets who would be in charge of Chinese affairs dispatched to Amoy (廈門), Swatow (汕頭), and Canton (廣州) to learn Hokkien, Teochew, and Cantonese languages. The police force was also reformed. In 1881, a training school for police officers was opened, and the department specialized in criminal investigation was established in 1884 (Blythe 1969: 213; Lee 1991: 97; Turnbull 1989: 84, 88).

In 1887, Sir Cecil C. Smith, who had been the colonial officer in charge of Chinese affair in Hong Kong, became a Governor of Straits Settlements, and he took the final step to legalize secret societies (Blythe 1969: 220; Lee 1991: 151).

First attempt to legalize secret societies was in 1888 when Cecil Smith drafted the bill for complete legalization. But this attempt was opposed by both Pickering and Dunlop, because they thought that it was better to suppress secret societies gradually. Regardless of their opposition, Smith submitted the bill to the Legislative Council of the Straits Settlements, but it was rejected. He resubmitted the modified bill in 1888 and this time, it was passed in 1889. The ordinance was in force in 1890, and the legalization of secret societies was achieved in Singapore (Lee 1991: 134–144).

Even though secret societies were legally prohibited, they were not gone completely. But their influence in Chinese societies in Singapore declined and the colonial government was no more bothered with violent riots caused by secret societies (Blythe 1969: 225–234; Lee 1991: 135–151; Turnbull 1989: 87–89).



**Table 4.2** Population and government revenues in the 19th century Hong Kong

Year	Population	% Chinese	Year	Revenue (£)
1844	19,463	97.6	1845	22,242
1850	33,143	96.4	1850	23,526
1860	94,917	97.3	1860	94,182
1870	119,477	96.5	1870	190,673
1881	160,402	93.9	1880	222,905
1891	221,441	95.2	–	–

*Sources* Both population data and the revenue data are taken from HKARR Vol. 1 (Jarman 1996 Vol. 1)

## 4.3 Hong Kong

### 4.3.1 Population

Hong Kong was ceded by Treaty of Nanking in 1842. Hong Kong in 1842 was a barren rocky island (Gillis 2005; Welsh 1997). It became an entrepôt between east and west (Hamashita 1996; Hisasue 2012). As shown in Table 4.2, the population of Hong Kong was dominated by Chinese, who came mainly from Canton province

### 4.3.2 Revenue

As with Singapore, the Free Port policy was applied to Hong Kong and the colonial government in Hong Kong could not impose custom duties. Once the government tried to introduce a poll tax but it was failed (Jarman 1996 Vol. 1: 612; Welsh 1997: 170–171). Even though the government could not get any revenue from the most lucrative economic activities in the colony, the total revenue in Hong Kong had been increased steadily throughout 19th century (see Table 4.2).

The main sources of revenue in Hong Kong in 19th century were (1) land revenue, (2) rents on markets and buildings, (3) licenses on spirits retailers, pawnbrokers, opium monopoly, emigration brokers, money changers, and so on, (4) taxes on stamps, police, water, lighting, and fire brigade, and (5) fines and fees (Jarman 1996 Vol. 1; Welsh 1997: 265). Table 4.3 shows the composition of government revenue in 1848 and 1869, even though comparison is not straightforward as the revenue classification varied over time.

The primary source of revenue had been shifted from time to time. In 1848, it was rents<sup>4</sup> from lands (53.5%), but it was replaced by taxes (29.7%) in 1869. It is clear that

<sup>4</sup>Rents in 1848 were collected from lands, markets, and houses (Jarman 1996 Vol. 1: 89).

**Table 4.3** Government revenue by source in 1848 and 1869

Sources	1848		1869	
	Amount (£)	%	Amount (\$)	%
Rents	16,630	53.5	50038.47	5.4
Land revenue	–	–	132811.68	14.4
Licenses	6786	21.8	159847.60	17.3
Police rates	2240	7.2	–	–
Taxes	–	–	274529.60	29.7
Postage	–	–	64854.28	7.0
Fees and fines	4170	13.4	5963822	6.5
Mint	–	–	60192.71	6.5
Miscellaneous	1252	4.1	112872.37	12.2
Total	31,078	100	923653.01	100

Source HKARR Vol. 1 (Jarman 1996 Vol. 1)

sources of revenue in 1869 were more diversified than that of 1848. The divergence would reflect the commercial as well as urban development in Hong Kong.

For the purpose of this chapter, the most important point that Table 4.3 makes is that unlike Singapore, opium was never the most lucrative source of revenue in the 19th century Hong Kong. In the annual administrative report for 1877, Sir John Pope Hennessy, the Governor of Hong Kong, complained as follows (Jarman 1996 Vol. 1: 596):

Now, what has happened about the Opium farm? It fetched in 1875, \$137,000 for the whole year; in 1876, \$133,000; and this year we will receive from it only \$132,000. The Opium farm is declining in value, because it has been sold to the Opium farmer at a slight falling-off in value. Well, it is a curious fact that, while the Opium farm has been declining in value, the number of chests of Opium forwarded to this Colony have been increasing year by year. It is very remarkable that our trade in Opium with California, Australia, and a few other places, has been increasing, that our Chinese population has not been declining, and that nevertheless our Opium farm has been declining. What has happened in the Straits Settlements? The farms there sold in 1876 for \$837,000. They have been re-let now for \$1,020,000, the increase in all the Penang farms being \$161,000, and in the Singapore Opium farm \$28,000. Whilst they have been increasing, we have been falling back. In Hong Kong, there are 130,000 Chinese; in the Straits Settlements, 104,000.

The share of opium farm for total revenue was not as high as Singapore. For example, that was 9.9% in fiscal year 1845–1846, 11.8% in 1869, and 16.7% in 1876 (Jarman 1996 Vol. 1: 29, 347, 470).

Opium farming was introduced in Hong Kong in 1844. At the initial stage, the government farmed out the right of distribution of opium in Hong Kong less than 160 lb to single farmer. This scheme of monopoly was changed to selling the licenses to retailers or retail shops, but the amount from opium licenses declined in 1848 and 1849 (Jarman 1996 Vol. 1: 93, 119; Cheung 1986: 4–6, 25).

In 1858, opium license scheme was abolished and opium farm was introduced in order to increase the amount of tax from opium. Under this opium farm, a single

farmer could get the right to sell and export fixed amounts of processed opium (Eitel 1895: 336; Welsh 1997: 348; Cheung 1986: 13–14, 29).

Opium farm had been in practice till 1883. In this year, the government got the information that opium farm was dominated by the syndicate between two opium traders and the bid price of opium farm was made deliberately lower than expect. To destroy this syndicate, the government reintroduced license scheme in 1883, but two years later, in 1895, opium farm was re-established again (Cheung 1986: 6).

The colonial government in Hong Kong went back and force, or made trial and error, to maximize opium revenue, but the share of opium in total revenue had not been increased as expected. One reason why opium revenue had not been lucrative in Hong Kong was that opium farm was monopolized by the above mentioned syndicate. In addition to this, it was also mattered that the government could not control or suppress the opium smuggling from Macau or mainland China (Cheung 1986: 31–33, 42, 60–61).

In the administrative report for 1881, the Governor Hennessy mentioned that over 90% of total revenue came from Chinese (Jarman 1996 Vol. 1: 612). All five sources, land revenue, rents, licenses, taxes, and fines and fees, were born by Chinese because Chinese were dominant in population (over 90%) and economic activities from small retailers to big traders in Hong Kong. Even though opium farm had not worked well, the colonial government in Hong Kong could succeed in creating the system to collect revenue from Chinese population or their activities there.

### 4.3.3 Policing Colonial Hong Kong

Secret Societies such as Triad Society (三合會) were illegalized in Hong Kong in 1845, just three years after the cession and almost a half century earlier than Singapore. By the illegalization, the members of secret societies were imprisoned for three years, or deported from Hong Kong, or tattooed inside arm (Criswell and Watson 1982: 15–16). Although secret societies were legally banned, they continued to exist in Hong Kong,<sup>5</sup> and, in 1887, the colonial government renewed the ordinance by which the government could punish not only leaders and members of secret societies but also supporters for them (Ball 1924 Vol. 1: 5, 52; Lee 1991: 140).

Why did the colonial government illegalize secret societies in Hong Kong in the very early stage of colonial state building? Undoubtedly, domestic security, especially protecting British and European peoples in the colony, was the most important factor to suppress secret societies. At the same time, another factor was also mattered: that was, to prevent that secret societies were utilized for anti-British movements.

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<sup>5</sup>Most members of secret societies were lower class Chinese in Hong Kong. Basically, upper class Chinese did not take part in secret societies because Hong Kong was politically stable and the domestic order was relatively maintained, so they did not need to rely on secret societies for their securities (Tsai 1993: 112–113).

In 19th century Hong Kong, the most serious threats for maintaining order except ordinary crimes were strikes and riots caused by Chinese workers. These strikes and riots could be classified into two types according to their motives and causes. The first one was strikes against the regulations of the government, and for this type of social disorder, in most cases, the government could reject striker's appeals and forced to end strikes relatively soon, except anti-poll tax strike in 1844. This was because Chinese workers could not continue strikes from their hardships and the government could easily get alternative labor forces from Amoy or Swatow (Tsai 1993: 11, 180).

On the other hand, the second type, riots and disputes fueled by anti-British sentiments, was not easily dampened. From the very beginning of the colony of Hong Kong, anti-British sentiments were in high tide not only in the colony but also in the surrounding region.

For example, after the Opium War, the relationship between Britain and Ching-China in Canton was very bad, and the relationship between the British and the Chinese population in Hong Kong was also perilous. On September 1849, there was a rumor that those who assassinated Sir George Bonham, the governor of Hong Kong at that time, would be rewarded by the Ching government, and Bonham needed to be guarded by the army when he went out in the colony (Tsai 1993: 41).

During the Arrow War (1856–1860), the anti-British sentiments were rising again. In 1857, the incident that breads were poisoned by arsenic was occurred, and next year, more than two millions Chinese left Hong Kong to their homes because they did not want to work under Europeans (Tsai 1993: 51–55).

The most serious dispute in 19th century Hong Kong was the strikes and riots caused by Sino-French War (1884–1885). The dispute was triggered by the fact that a French Frigate stopped at Hong Kong in 1884. To protest this, Chinese dock workers refused to repair ships, and then strikes and riots by Chinese mobs fueled by anti-British sentiments were continued from 18th September till 6th October 1884. The economic activities in Hong Kong were almost suspended by this dispute until the colonial order was restored by the police and the army and also workers went back to their jobs because of their hardships (Tsai 1993: 126–129).

And if secret societies were involved in these anti-British movements and mobilized Chinese population for these movements and disputes, it would be really a nightmare for the colonial government. And that was why the illegalization of secret societies was implemented in 1845, the very early stage of the colonial rule in Hong Kong. Apart from the legal prohibition of secret societies, what measures were taken to keep public order in Hong Kong?

The first measure was registration. In Singapore the target of registration was secret societies, but in Hong Kong the government tried to register Chinese population itself. The first attempt of registration was taken in 1844. The Legislative Council in Hong Kong enacted the ordinance to control Chinese population, to monitor the inflow of criminals, and to collect one dollar annual poll tax from them by registration. But Chinese residents went on strike against this ordinance, so the Legislative Council modified the ordinance to suspend poll tax, limit the registration to lower class

Chinese, but to be enabled to take a census regularly (Ball 1924: 4–5; Tsai 1993: 40–41).

This first attempt was ended halfway, and the second attempt by the Governor, Sir John Bowring, in 1857 was also failed (Ball 1924: 15–16; Jarman 1996 Vol. 1: 238, 242). But in 1866, the colonial government succeeded in registering all Chinese residents in the City of Victoria,<sup>6</sup> the “capital” of Hong Kong. The actual registration was conducted mainly by the Registrar-General, Cecil C. Smith who illegalized secret societies in Singapore as the Governor of Straits Settlements later. The data was taken from household survey by summoning owners of each house. In the same year, the colonial government started to register and license Chinese vessels to enter and leave the harbors in Hong Kong (Ball 1924: 25; Jarman 1996 Vol. 1: 305–306).

The second measure was regulating Chinese activities at night time. In 1842, all Chinese ships were prohibited to sail around the harbors after 9 p.m., and also all the Chinese were prohibited to go out after 11 p.m. In next year, they were requested to carry a lantern when they went out after 8 p.m., and not to go out after 10 p.m. In the same year, they were forced to possess a permit to go out after 8 o’clock in the night (Criswell and Watson 1982: 14; Jarman 1996 Vol. 1: 238; Sinn 1989: 10–11; Tsai 1993: 39, 99).

The third measure was to strengthen the police force. In the initial stage, the police in Hong Kong consisted of European and Indian staffs, so it was difficult for them to police crimes by the Chinese because they could not understand Chinese languages. To improve this condition, *pao-cha* (保甲) system was introduced in 1844. This *pao-cha* system was to recruit Chinese residents without salary and to make them maintain order with the colonial police force, but this system did not work well for several years (Ball 1924: 4; Sinn 1989: 11–12; Tsai 1993: 39–40).

In 1847, the police force decided to recruit Chinese staffs (Welsh 1997: 164). Immediately, this was regarded as effective measure to strengthen the police force. The superintendent of police reported in 1848 to the Governor, Sir John F. Davis, “the police service has been gradually improving, and the change made in diminishing the English and increasing the native force has proved beneficial (Jarman 1996 Vol. 1: 92).” In 1881, the police force in Hong Kong consisted of 125 Europeans, 314 Chinese, and 171 Sikhs, and more than half were Chinese staffs (Jarman 1996 Vol. 1: 628).

In addition to the formal police force, there was another organization to maintain public order in Hong Kong. That was the District Watch Force. In the early years of Hong Kong, the colonial police force only patrolled the harbor and European districts, and so the Chinese residents organized the District Watch Force by themselves and made it patrol the Chinese districts. In 1866, by the request from the Chinese residents, the government placed this District Watch Force under the command of the Registrar General’s Office. The Chinese continued to pay for the cost of the Force and they organized the District Watch Committee to manage the Force under the control of the colonial government (Jarman 1996 Vol. 1: 338; Lee 1991: 65).

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<sup>6</sup>From Sai Wan (西環) to Wan Chai (灣仔) in Hong Kong island in contemporary Hong Kong.

The final measure was recruiting government officials who could understand Chinese languages. In 1859, there were four government officials who could understand Cantonese in Hong Kong, and one of them, Caldwell, was served as the Registrar General from 1856 to 1861 and reported as a quite efficient official (Jarman 1996 Vol. 1: 236; Welsh 1997: 231). From 1862, the Cadet Scheme was introduced in Hong Kong. This scheme was to select cadets in England by exam, to make them learn Cantonese, and finally to hire them as the government officials in Hong Kong. First cadets came to Hong Kong in 1862, studied Cantonese and later were in charge of Chinese affairs in the government (Endacott 1964: 168; Jarman 1996 Vol. 1: 284, 294, 298).

In Hong Kong, the colonial government illegalized secret societies almost immediately after its cession from the Ching government, and introduced several measures to strengthen policing and surveillance capabilities to maintain the colonial order.

#### 4.4 Comparison

There were two major differences in revenue structures and policing practices in Singapore and Hong Kong in 19th century. To begin with, opium farming had been the major source of revenue in Singapore throughout 19th century, but the revenue structure in Hong Kong was much more diverse with opium farming not being as lucrative as that in Singapore. Turning to policing practices, Chinese secret societies in Hong Kong were illegalized at a very early stage, just three years after the cession, while those in Singapore were allowed to exist for almost seventy years from the establishment of colony. Is there any linkage between these differences?

The most important factor was the difference in socio-economic structures between Singapore and Hong Kong. In Singapore, secret societies played quite important roles in both plantation management and revenue collection. Important part of plantation management is to control labor forces consisting of migrants from mainland China. Secret societies took charge of such labor management. Revenues were collected mainly from opium plantation workers. This task was also undertaken by the secret societies since they as personnel in charge of labor management had advantage in this task.

The Chinese society in Singapore was divided along with five dialect groups, Hokkien, Teochew, Canton, Hakka, and Hainan, and secret societies were organized by each dialect group. They were expected to protect economic interest, to provide a kind of social security for newcomers, and to control and monitor labor forces. If the colonial government tried to illegalize secret societies, it would be necessary to establish new institutions that played these roles as substitutes. The multilingual structure of Chinese society made it hard and costly for the colonial government to substitute secret societies.

This is most likely to be the reason why state in Singapore “outsourced” collecting revenue and providing social security and protections for Chinese populaces to secret societies. By doing so, the government saved the cost for institutional building to collect revenue, maintain order, and control Chinese societies. Although riots and

crimes caused by secret societies made Singapore insecure, the colonial government allowed their existence as a “necessary evil” for several decades.

This arrangement ended finally in the 1877, when the Chinese Protectorate was established as substitutive institution. Afterwards, this institution controlled and monitored Chinese workers without relying on secret societies. Consistent with the above reasoning, this policy change coincided with the major socio-economic change in the 1870s; that is, the economic importance of plantations declined considerably, and accordingly the nature of secret societies was transformed.

In Hong Kong, urban commerce or *entrepôt* trade was only and the most important economic activity. In order to make this city flourish as trading port, it was essential for the colonial government to maintain order (Endacott 1964: 6). From security point of view, secret societies were regarded as criminal organizations which would disturb domestic order, and that was why they were illegalized as early as in 1845. The colonial government tried to keep domestic order by introducing registration, regulating Chinese activities at night time, improving police force, and recruiting and training officials who could understand Chinese languages.

In other words, the colonial state in Hong Kong needed to fashion “Leviathan” from the outset. Unlike its counterpart in Singapore, the Chinese society in Hong Kong was predominantly Cantonese and there was no important economic activity except commerce. Moreover, Hong Kong was so close to mainland China that anti-foreigner, especially anti-British, sentiments and events in mainland could have easily spilt over to Hong Kong and created more uncertainty, which was not an issue in Singapore. Under these conditions, it was too dangerous for the colonial government not to illegalize secret societies because they could easily mobilize and unite Chinese populations for anti-British movements. The colonial state should collect revenue, provide security, and control Chinese society by itself, and, for these purposes, it set up state machinery both to collect information and to penetrate into the Chinese society, like registering Chinese populations, issuing permits for their movements, hiring Chinese staffs into the police force, and introducing Cadet Scheme for recruiting and training government officials who could understand Chinese languages and work for Chinese affairs.

## 4.5 Concluding Remarks

How the state raises revenue and maintains order is undoubtedly one of the key questions to understand state formation/building. In the case of the colonial state, raising revenue as much as possible was crucial for financing state building, and in most cases those who bore these taxes were the “natives” who were governed by colonizers. Maintaining order was also almost equal to monitoring and controlling “natives” who were regarded as the source of insecurity and crime. But the actual process and system of raising revenue and maintaining order varied according to the political, economic, and social conditions each colonial state encountered in the course of state building.

In Singapore, the process of colonial state building in 19th century took the form of minimizing the cost for institutional building on raising revenue and keeping order because the colonial government could rely on secret societies both for collecting revenue from Chinese workers and for providing Chinese society with protection. On the other hand, the colonial state in Hong Kong had to build its own systems to raise revenue from Chinese populace and to monitor and control them not to disturb the colonial order. Even though these two colonial city states shared similarities like British colony, Chinese dominant society, and free trade policy, the state characters in these colonies were different because of their differences in socio-economic structures.

In both cases, Hong Kong from the outset and Singapore from the 1870s when the colonial government switched its policy from indirect and outsourcing measures to more direct and suppressing measures, surveillance was the key instrument to raise revenue and maintain order. Charles Tilly classified the form of taxation into five (tribute, rent, flows, stocks, and income) according to the degrees of monetization and surveillance (Tilly 1992: 87–88). Compared to monetization, he only gave a brief explanation of what kind of role surveillance played in taxation, but it is quite clear that if the state wants to maximize revenue and diversify its sources, more and more information should be collected. Needless to say, surveillance is essential for maintaining order, and that is why many states establish political and criminal intelligence services to collect and analyze information.

But again, what kind of surveillance scheme is introduced in the process of state formation/building and how effective it is will vary according to not only political, economic, and social conditions, but also historical backgrounds each state has. Researching and comparing surveillance schemes or mechanisms in different states, different regions, and different historical periods would be fruitful to understand how state was formed or built and transformed under given political, economic, social, and historical conditions.

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