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**Diasporic Institutions, Corporate Communalism  
and the Pitfalls of Ethnic Economic Renewal**

**Kok-Kheng Yeoh**

Department of Economics  
Faculty of Economics and Administration  
University of Malaya  
50603 Kuala Lumpur  
MALAYSIA

*Email: [emileyeo@correo.nyu.edu](mailto:emileyeo@correo.nyu.edu)*

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# Diasporic Institutions, Corporate Communalism and the Pitfalls of Ethnic Economic Renewal

Kok-Kheng Yeoh \*

## Abstract

The DTC crisis of 1986 as a grand finale to the vicissitudes of the Malaysian Chinese communal corporatization movement has revealed how communal politics penetrated an economic revival movement and gave rise to a new phenomenon of corporate communalism, and how diasporic dilemma in the form of communal insecurity and vulnerability in the face of the onslaught of State policies had propelled the community to perceive capital mobilization as ethno-(re)genesis or ethnic reawakening – a foredoomed measure fraught with structural contradictions. As the 20<sup>th</sup> anniversary of the episode approaches, this paper examines the major factors behind the debacle and scrutinizes the identity of the communal organizations that sponsored the ill-fated movement.

## Introduction

By 1986, when the crisis struck the DTCs<sup>1</sup>, the Chinese communal investment companies, which mushroomed during the late 1970s and early 1980s as an effort towards economic self-strengthening, appeared to have lost their early-day enthusiasm if not direction. Beset with certain structural weaknesses from the start, these community investment companies by then seemed to be uncertain if they could still look upon their forerunner – Multi-Purpose Holdings – for guidance and inspiration. Originally, the success of Multi-Purpose had been said to have induced the birth of the “economic self-strengthening” or “corporatization” movement, during a period characterized by the proliferation of community investment holding companies set up by the various Chinese associations and guilds in the country.<sup>2</sup> Nevertheless, Multi-Purpose – set up by the

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\* Dr Emile Kok-Kheng Yeoh is a lecturer at the Department of Economics, Faculty of Economics and Administration, University of Malaya. He is also an academic on secondment at the Institute of China Studies, University of Malaya. *Email: emileyeo@latinmail.com, emileyeo@correo.nu*

<sup>1</sup> See Yeoh (2005:16-22).

<sup>2</sup> See Yeoh (2005:8-15).

Malaysian Chinese Association (MCA)<sup>3</sup> in May 1977 “as a catalyst to show the way towards the corporate concept for the Malaysian Chinese community to emulate”, was by now still licking its wounds caused by the 1986 record RM228.4 million bottom-line loss. This setback of Multi-Purpose and the unimpressive performance of some of the community investment companies had begun to usher the return of a climate of frustration and pessimism that loomed during the first half of the 1970s over the Chinese community.

**Table 1 Group Performance of the Major Chinese Investment Holding Companies**

Company	Paid-up Capital (RM '000)	Pre-tax Profit (loss in bracket) (RM '000)
Multi-Purpose Holdings Bhd (31-12-86)	751,028	(57,272) (–)
Matang Holdings Bhd (30-6-85)	60,000	5,086 (–)
Unico Holdings Bhd (30-3-85)*	50,000	1,893
Grand Ocean Development Bhd (30-6-85)**	41,811	7,117 (+)
Peak Hua Holdings Bhd (31-12-84)	36,014	(5,382) (–) ^
Hoklian Holdings Bhd (31-12-85)	27,000	(84) (+)
Panwa Development Bhd (30-6-85)	20,782	(896) (–)
Aik Hua Holdings Bhd (31-3-86)	20,090	(932) (–)
Fui Lian Holdings Bhd (30-9-85)	18,100	168 (–)
Holian Holdings Bhd (31-3-85)	14,759	288 (–)
Funsun Holdings (M) Bhd (31-12-84)	12,202	(217) (–)
Ka Yin Holdings Bhd (30-6-85)	10,000	(6,703) (–)
United Teochew (Malaysia) Bhd (31-3-86)	6,170	473 (–)
Hua Jin Holdings Bhd (31-12-83)	5,168	196 (+)
Chung Ling Holdings Bhd (30-4-85)	3,062	139 (–)
Penang Commercial & Industrial Bhd (30-6-85)#	1,000	621 (–)
Motorcycle Dealers Holdings Sdn Bhd (31-8-85)	655	(91) (–)
FOMFEIA Bhd (31-5-85)#	270	10 (+)
Petroleum Dealers' Holdings Bhd (31-12-84)#	158	0.5 (–)
Jit Sin Holdings Bhd (31-3-83)#	30	0.8

N.B.:

\* 18 months ended 31<sup>st</sup> March 1985. There was no inter-period compensation for profit as the subsidiary companies had not yet commenced operations as at 30-9-1983.

\*\* 18 months ended 30<sup>th</sup> June 1985. During the period the company became a subsidiary of the Grand United Holdings Bhd, formerly known as the Textile Corporation of Malaya Bhd, then Grand Ocean's associate company.

^ Compared with 16 months ended 31-12-83.

# For those without subsidiaries, company results were given.

(+) Indicates an increase in profit/decrease in loss/rise from loss to profit.

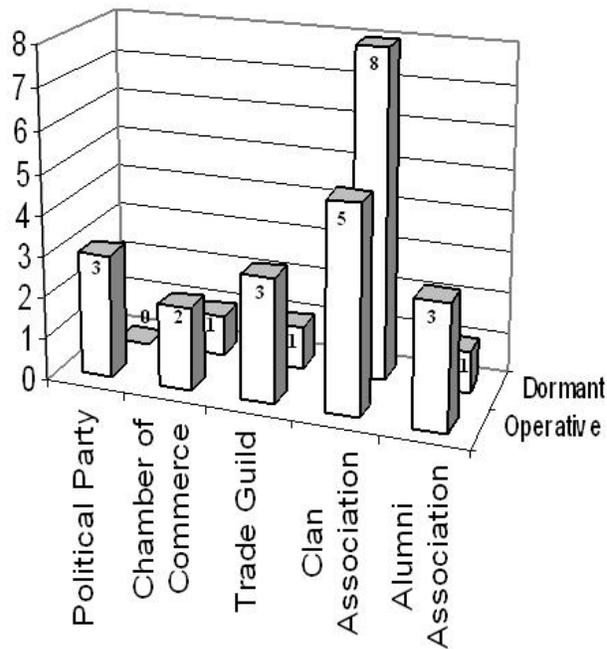
(–) Indicates a decrease in profit/increase in loss/sink from profit into loss.

<sup>3</sup> The major ethnic Chinese component party in the Malaysian ruling coalition.

## Parochialism and Broad-based Shareholding Structure

The problems facing these community investment companies were mainly structural or built-in. These problems were basically a carry-over from their founders, the multifarious Chinese associations, many of which were still operating along traditional lines and were often dominated by parochial leadership. Of the 27 companies in Figure 1, nearly half (13) were founded by clan associations, whose leadership and administrative structure were of a most traditional, parochial nature. Equally traditional and outmoded were the administration of the trade guilds (3) and chambers of commerce (3).

**Figure 1 Companies by Types of Founder Organizations**



**Table 2 Number of Shareholders in the Investment Companies**

	<b>Company</b>	<b>No. of Shareholders</b>	<b>State of Operation</b>
1	Multi-Purpose (31-12-85)	more than 500	Operating
2	UNICO (29-8-85)	more than 500	Operating
3	Hoklian (28-6-86)	more than 500	Operating
4	Panwa (6-1-86)	more than 500	Operating
5	Aik Hua (17-9-85)	more than 500	Operating
6	Fui Lian (29-3-86)	more than 500	Operating
7	Holian (10-9-85)	more than 500	Operating
8	Ka Yin (21-12-85)	more than 500	Operating
9	Hua Jin (27-12-84)	more than 500	Operating
10	Chung Ling (14-12-85)	more than 500	Operating
11	United Teochew (31-1-86)	more than 500	Inoperative
12	Grand Ocean (18-12-85)	#	Operating
13	Penang Com. & Ind. (27-12-85)	329	Operating
14	Petroleum Dealers' (27-5-85)	74	Operating
15	How Bee (2-8-84)	48	Inoperative
16	FOMFEIA (13-10-85)	46	Operating
17	United Rice Wholesalers (21-7-85)	44	Inoperative
18	Motorcycle Dealers (28-2-86)	34	Operating
19	Jit Sin (21-12-84)	16	Operating
20	Yoke Kuan (19-12-84)	12	Inoperative
21	Keat Hua (30-3-84)	7	Inoperative
22	Yunglian (31-12-84)	5	Inoperative
23	Chin Kang (28-2-85)	4	Inoperative
24	Lung Kong (14-6-85)	4	Inoperative
25	Kwai Lian (24-12-85)	3	Inoperative
26	Ann Koai (5-2-85)	2	Inoperative

**N.B.:**

# *Grand Ocean became a fully owned subsidiary of Grand United Holdings Bhd (formerly Textile Corporation of Malaya, an associated company of Grand Ocean) during the 18-month period ended 30<sup>th</sup> June 1985. (Prior to this, it had more than 500 shareholders.*

Table 2 shows the number of shareholders in the community investment companies. Most of these community investment companies had a broad-based shareholding structure, often with no single shareholder. Except for Multi-Purpose, where 20% of its 46,491 shareholders possessed 54.78% of its shares (41% belonged

to KSM), and Grand Ocean<sup>4</sup>, among the operating companies (thus not taking into consideration those dormant ones, many of which had no more than the few initial subscribers' shares), the maximum individual shareholders' holdings were no more than 20% of the total issued share capital. For instance, Penang Commercial and Industrial had 20% (issued share capital 1,000,005; range of individual shareholdings 100 – 200,000), Jit Sin 13% (30,400; 200 – 400), Motorcycle Dealers 7.63% (655,000; 5,000 – 50,000), Petroleum Dealers 6.33% (158,000; 1,000 – 10,000), etc. Under such circumstances, the leaders of the sponsoring organizations always became directors of these investment companies.

### **Association Mentality and Board Composition**

One of the widely held criticisms directed at the communal investment companies was that they were being dominated by directors with “association-mentality”, who could not think and act like modern corporate people. Even though these companies might have a management team comprised of professionals, very often the board of directors who made business decisions did not share a common vision or understanding with the management. The corporate personnel in such a set-up were usually not given enough authority and the company suffered because the decision-making process on the part of the board could be very slow if not controversial. The usually large composition of the board of these companies (Table 3) might partly explain the difficulty in arriving at a consensus in meetings. Even the call for board meeting might be thwarted in the case of certain companies, normally set up by national associations, that had purposefully appointed as directors representatives from all states to show a “national” character and to satisfy the status demand of the member associations nation-wide. The distribution of the associations and guilds are shown in Figures 2, 5, 6, 7 and Table 6.

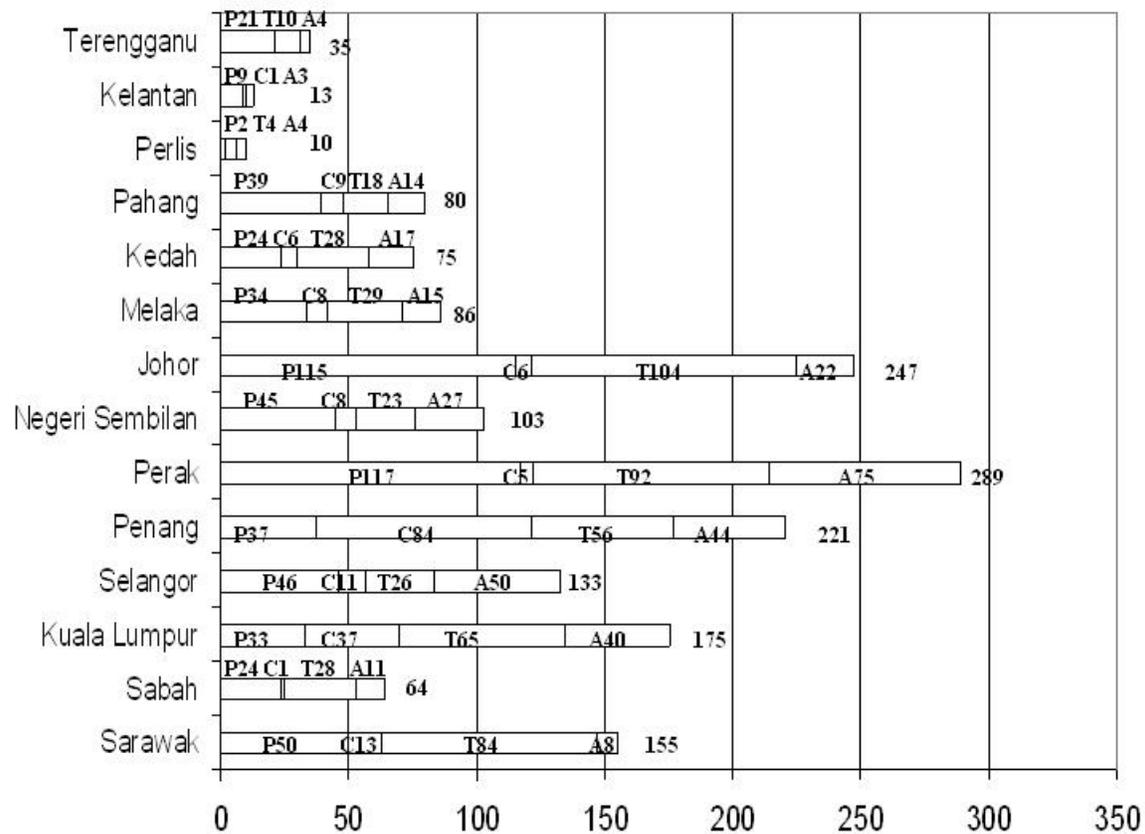
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<sup>4</sup> One of Grand Ocean's directors was Tan Loon Swan, a brother of Tan Koon Swan. At the unfolding of the Pan-El scandal, Grand United, together with the other companies in Tan Koon Swan's economic empire, was suspended from trade in the Stock Exchange.

**Table 3 Investment Companies: Number of Directors**

	Companies	No. of Directors
1	Unico (15-7-86)	22
2	Fui Lian (30-9-85)	20
3	Multi-Purpose (31-12-85)	18
4	United Teochew (31-1-86)	18
5	Hoklian (31-12-85)	16
6	Grand Ocean (30-6-85)	15
7	Ka Yin (30-6-85)	15
8	Hua Jin (31-12-83)	13
9	Holian (10-9-85)	12
10	Panwa (30-6-85)	12
11	Chung Ling (14-12-85)	11
12	United Rice Wholesalers (3-3-86)	10
13	FOMFEIA (15-1-86)	10
14	How Bee (2-8-84)	9
15	Chung San (30-6-85)	9
16	Petroleum Dealers' (27-5-85)	9
17	Lung Kong (14-6-85)	8
18	Motorcycle Dealers (28-2-86)	8
19	Aik Hua (31-3-85)	8
20	Penang Comm. & Ind. Development (30-6-85)	7
21	Keat Hua (30-3-84)	7
22	Jit Sin (3-1-85)	6
23	Yoke Kuan (19-12-84)	5
24	Yunglian (31-12-84)	4
25	Chin Kang (8-1-86)	3
26	Kwai Lian (24-12-85)	3
27	Ann Koai (5-2-85)	2

**Figure 2 Distribution of Chinese Associations in Malaysia<sup>5</sup>**



**N.B.**

*P: provincial associations, including all associations based on common place of origin (province, district, county, etc.)*

*C: clan associations, including all associations based on common ancestry (common family name, joint family name, common regional dialect, etc.)*

*T: trade guilds*

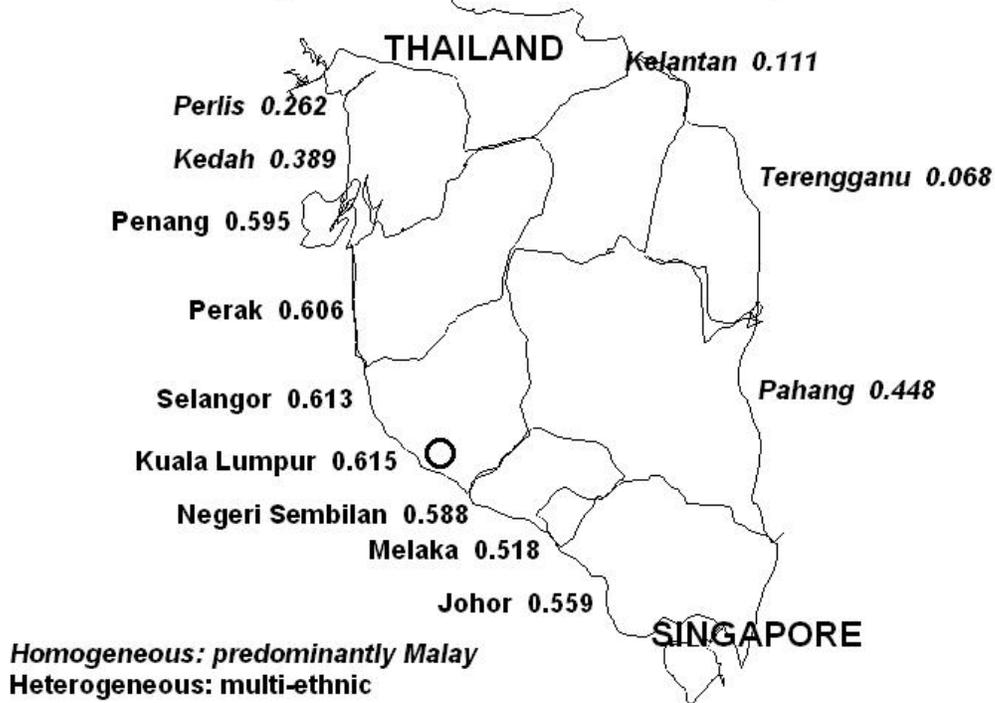
*A: alumni associations*

<sup>5</sup> In Figures 2, 4, 5, 6 and Table 6 the Malaysian states (and the capital city Kuala Lumpur) are arranged from the most homogeneous in ethnic composition to the most heterogeneous. Those with a degree of ethnic diversity below 50 percent are the predominantly Malay states, whereas those with a degree of ethnic diversity above 50 percent can be defined as multiethnic states, with the exception of the Borneo states of Sabah and Sarawak that should be considered separately due to its very different ethnic makeup (see Figure 3, computed from data in Figure 4). Unsurprisingly, there are fewer Chinese associations in the predominantly Malay states than in the multiethnic states. The degree of ethnic diversity is here measured by the index of ethnic fractionalization (EFI) that indicates the probability that a randomly selected pair of individuals will belong to different ethnic groups (Yeoh, 2003:28). The computation of the ethnic fractionalization index here for the Malaysian states are based on the latest (2000) Population and Housing Census (data for Singapore and Brunei are from the *CIA World Factbook 2005*).

Figure 3

(a)

**Ethnic Diversity of West (Peninsular) Malaysian States**  
[Ethnic Fractionalization Index]



(b)

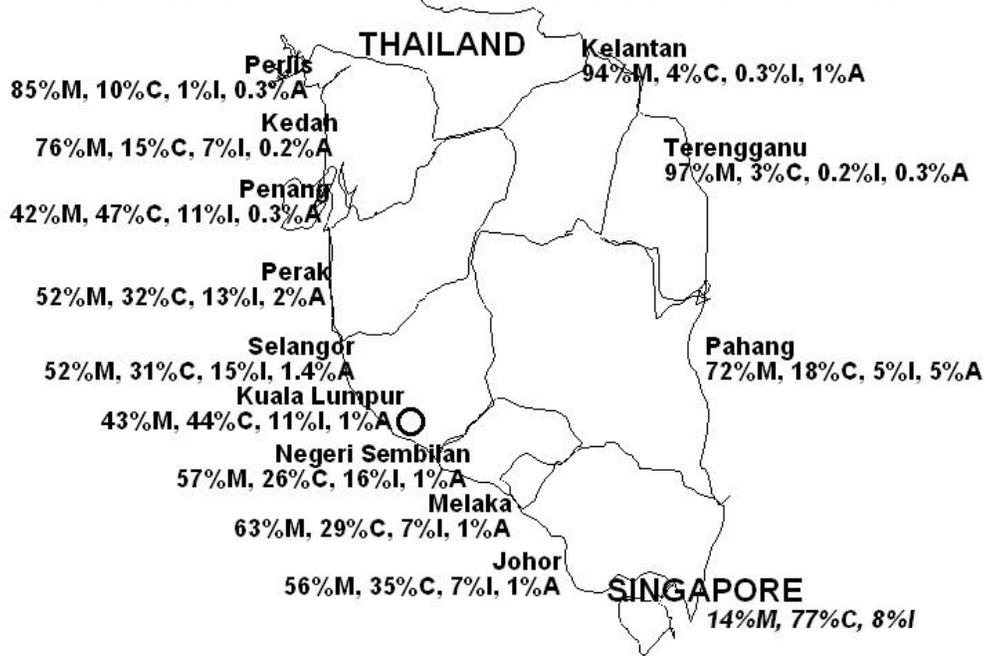
**Ethnic Diversity of East (Borneo) Malaysian States**  
[Ethnic Fractionalization Index]



Figure 4

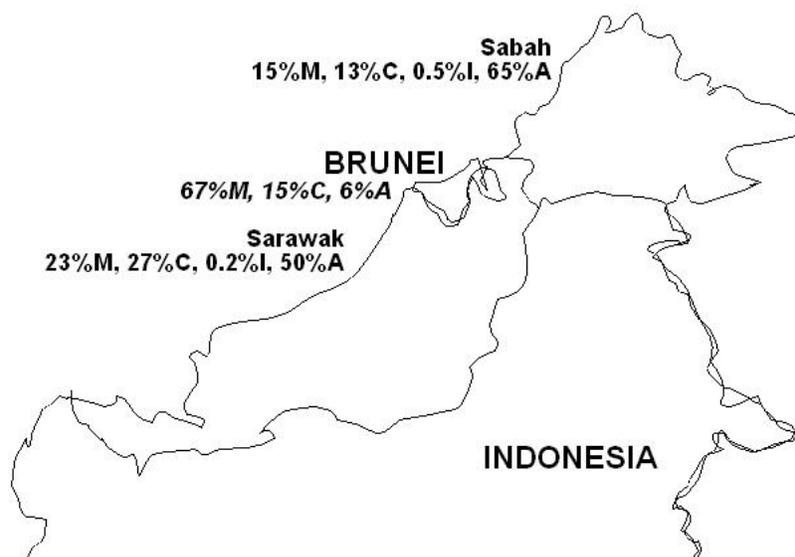
(a)

**Ethnic Composition of West (Peninsular) Malaysian States**  
[M=Malays, C=Chinese, I=Indians, A=Aboriginals]



(b)

**Ethnic Composition of East (Borneo) Malaysian States**  
[M=Malays, C=Chinese, I=Indians, A=Natives]



Source: Malaysian Department of Statistics, *Banci Penduduk dan Perumahan 2000/2000 Population and Housing Census*.

## The Clan Associations

A Chinese clan association is a grouping based on a real or presumed common ancestry indicated by a common family name or, sometimes, associated family names (names that are often near-homonyms or those written with near-identical characters, e.g., Su and Xǔ, Yu and Xú, or even fictitiously related family names, like Liu, Guan and Zhang whose relationship was established by the novel *Romance of the Three Kingdoms*, which is part-fictitious, part-historical), a common county, district or province resided by the last generation in the family line before migration, often with a specific regional dialect. Such an extended circle of kinship is called a *zu* or *jiazu* – a term that has been loaned to the Japanese language as “kazoku”, Korean as “ka-jok” and Vietnamese as “gia-toc”. The term is conventionally translated as “clan”, which is adopted in this paper for convenience, but with the understanding that the “clan” in the traditional Chinese society is not completely similar to that in other societies. The term is used here to refer specifically to the particular variety developed in China in the course of the past millennium with characteristics of its own. The Chinese clan partakes both the nature of the clan as it exists in other parts of the world and the peculiar nature of the Chinese joint-family. This is the reason why many authors prefer to call it by its original Chinese term *zu*, or by the descriptive term “common descent group”.

The family (*jia*) and the clan (*zu*), generally considered as characteristic institutions in traditional Chinese society, play an indispensable role in establishing and sustaining the prevailing value system, in moulding the life of the individuals, and in shaping their social relations into a stable and orderly pattern. In the traditional Chinese society, the family is the basic primary group in which the members maintain close face-to-face relationship with one another in a close-knit life. The clan is the consolidating group organized by the numerous component families that trace their patrilineal descent from a common ancestor who had first settled in a given locality. These families either live in the same community or among several nearby communities in the same geographic region. The clan, although not as close-knit as the family, also provides many of its members occasions of face-to-face relationship and help strengthen the ties of the entire group. These two groupings – the family and the clan – are in many ways mutually dependent and interrelated. Nevertheless, only the paternal relatives are

recognized as members of the clan. Maternal relatives and the relatives of the wife are never organizationally bound to the family and the clan.

Having migrated to Malaya, whether shanghaied or by freewill, the newly arrived Chinese normally found assistance from the *tongxiang huiguan* ("common-place-of-origin associations"). Some of these associations were set up on the basis of the *xian* (county), some on other administrative units like *zhou* (district) or *fu* (municipality), or units as large as *shen* (province). Besides these, there were also family-clan associations based on common family names. All these were interwoven into a complex structure that undertook the responsibility of transplanting the familiar social system of the migrants' land of origin into Malaya, as well as maintaining and strengthening it.

The long-renowned Chinese ability and tendency to organize societal groupings in the lands of settlement, in the case of Malaya, first brought about the *Zhonghua Huiguan* ("Chinese Associations") and the respective province-based associations, followed by the district- and county-based associations. Confederations came last. In daily life, these associations were responsible in, inter alia, the setting up of schools and credit institutions as well as the provision of funeral assistance.

The reasons for the proliferation of clan associations in Malaya, among others, have a geographical aspect. The clan institution was very strong in southern China, fairly well developed in central China but rather weak in northern China. The fact that almost all of the Chinese immigrants in Malay came from southern China is an important reason for the remarkable growth of clan associations in Malaya.

Clan (ancestral) associations may be divided into two major types: the family-clan associations (grouped under a family name or related family names) and the regionalect-based associations. The latter may be subdivided into provincial-clan (normally grouped under the province where the last generation resided in China before migration) and district-clan associations (grouped under the district, county or prefecture instead of the larger unit of a province).

Such associations have a long history in Malaysia. The earliest ones are listed in Table 4 below.

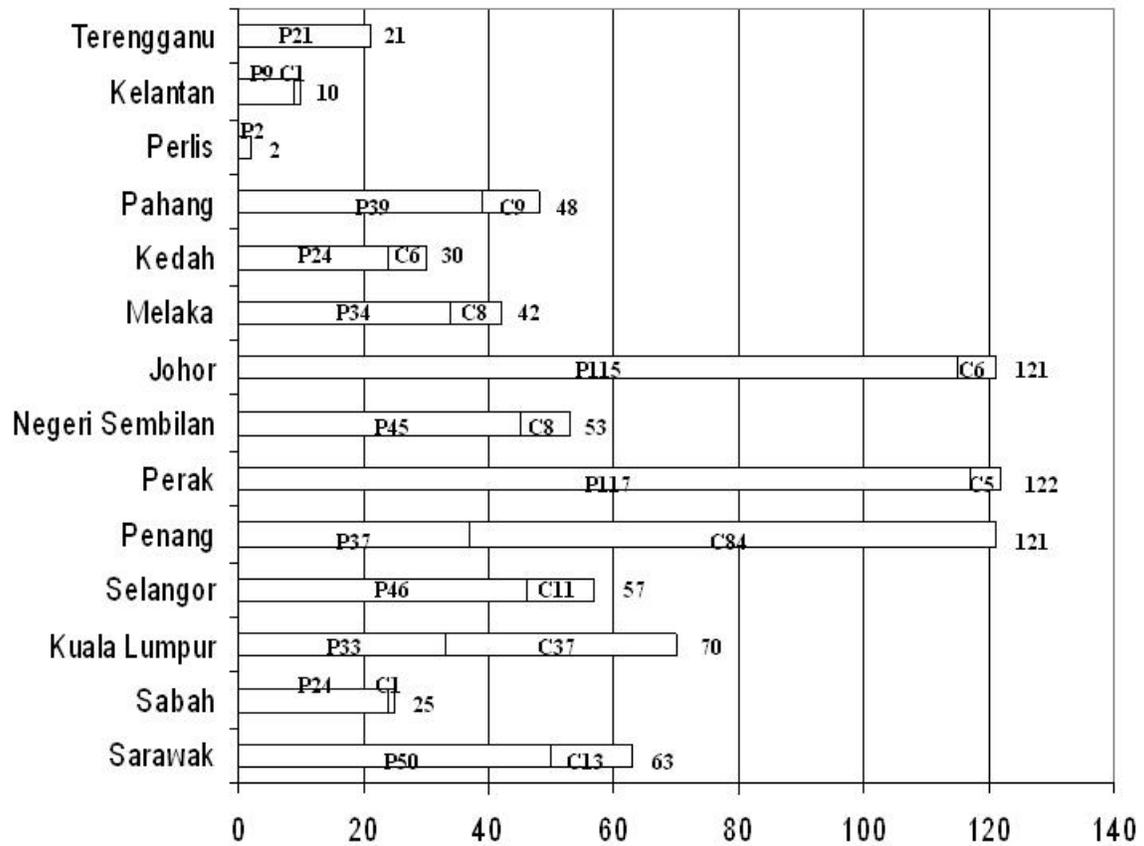
**Table 4 The Earliest Chinese Provincial Associations in Malaysia**

<b><i>Bang</i></b>	<b>Association</b>	<b>Year of establishment</b>
Hakka (Kejia)	Kar Yin Fee Kon, Penang	1801
Kwangtung (Guangdong)	Kwang Tung and Teng Chow Association, Penang	1801
Hokkien (Fujian)	Teng Chow Association, Penang	1819
Teochew (Chaozhou)	Teo Chew Hui Kuan, Malacca	1822
Khengchew (Qiongzhou)	Kheng Chiew Hoey Koan, Malacca	1869

As shown in Figure 5 below, three states in Malaysia had a high concentration of such provincial/clan associations: Perak (122 associations), Penang (121) and Johor (121). Almost all such associations in Perak (117) and Johor (115) were provincial associations while in Penang, the non-provincial clan associations (84) far outnumbered the provincials (27). Penang, in fact, topped the list of states in terms of the number of non-provincial clan associations, followed by Kuala Lumpur (37). On the other hand, Perak and Johor had the largest number of provincial associations. Next on the list came Sarawak (50), Selangor (46), Negeri Sembilan (45), Pahang (39) and Penang (37).

In the case of the provincial associations, a *bang*-based pattern is discernible. The term *bang* is used to denote a traditional Chinese politico-socio-economic grouping based principally on a regionalect. The *bang* institution played a powerful role in dictating the functioning of the early Chinese migrant society in Malaya. Its resilience is well manifested in its survival to this day in shaping the power structure of the traditional communal associations. Seminal studies on the *bang* institution includes Suyama (1962, 1977) and Cheng (1985). Figure 6 shows the distribution of Chinese associations by *bang*. Table 5, adopted from Yeoh (2005:10), lists the federations of Chinese provincial associations by *bang*, number of member associations and year of establishment.

**Figure 5 Distribution of Chinese Provincial and Clan Associations in Malaysia**

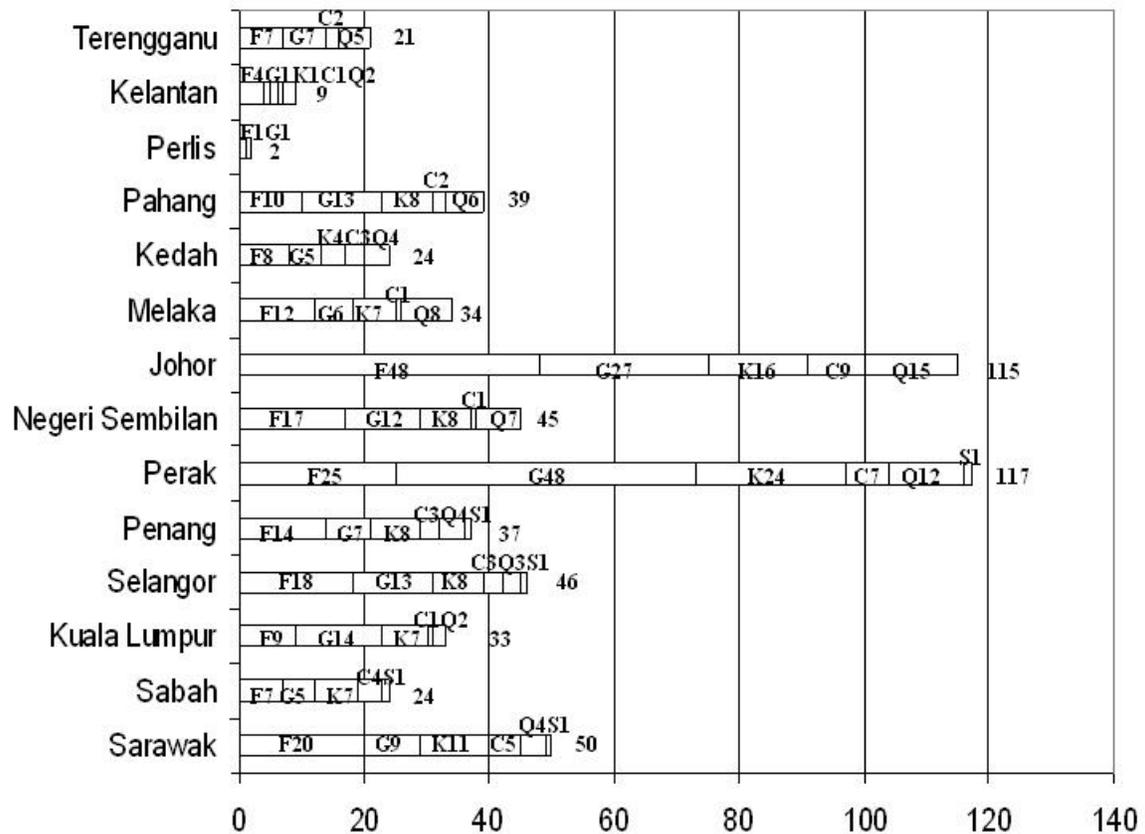


N.B.

*P: provincial associations*

*C: clan associations*

Figure 6 Distribution of Chinese Associations in Malaysia by *Bang*



N.B.

F: Hokkien (Fujian) bang

G: Kwangtung (Guangdong) bang

K: Hakka (Kejia) bang

C: Teochew (Chaozhou) bang

Q: Khengchew (Qiongzhou) bang

S: Sankiang (Sanjiang) bang

**Table 5 Federations of Chinese Provincial Associations in Malaysia**

<b>Bang</b>	<b>Federation of associations</b>	<b>No. of member associations</b>	<b>Year of establishment</b>	
Hokkien (Fujian)	1. Federation of Hokkien Associations of Malaysia	96	1957	
	2. Associated Eng Choon Societies of Malaysia	32	1957	
	3. Federation of Foochow Associations of Malaysia	42	1966	
	4. Federation of Shing An Associations of Malaysia	27	1970	
	5. Federation of Hwee Ann Associations of Malaysia	11	1976	
	6. Federation of Chin Kang Associations of Malaysia	12	1977	
Kwangtung (Guangdong)	7. Federation of Kwang Tung Associations Malaysia	27	1947	
	8. Federation of Toishan Associations of Malaysia	11	1947	
	9. Malaysia Kochow Association	21	1949	
	10. Federation of San Shui Associations of Malaysia	-	1949	
	11. Persatuan Kwangsi Malaysia*	35	1952	
	12. Federation of Ko Kong Chow Six Districts Associations of Malaysia	28	1952	
	13. Federation of Poon Yu Associations of Malaysia	4	1952	
	14. Federation of Chung San Associations of Malaysia	7	1954	
	15. Federation of Nam Hoi Associations of Malaysia	-	1960	
	16. Malaysia Wui Ning Association	-	1973	
	17. Federation of Soon Tuck Associations of Malaysia	7	1979	
	18. Federation of Kwong Siew Associations	13	1980	
	Hakka (Kejia)	19. Federation of Ka Yin Chu Associations Malaysia	29	1950
		20. P.P. Fui Chiu Semenanjung Malaysia	12	1963
		21. Federation of Hakka Associations of Malaysia	50	1979
		22. Persekutuan Persatuan-persatuan Taipu (Chha Yong) Malaysia	18	1973
		23. Malaysia Cheng Leong Association	10	1979
	Teochew (Chaozhou)	24. Federation of Teochew Associations of Malaysia**	44	1934
Khengchew (Qiongzhou)	25. Federation of Kheng Chew Hwee Kuan of Malaysia	66	1933	
Sankiang (Sanjiang)	26. Malaysia San Kiang Association	5	1978	

***N.B.***\* *formerly called the Federation of Oversea Kwai People's Associations in Malaysia*\*\* *formerly called the Federation of Hang Kang Associations in Malaysia*

## Trade Guilds

Figure 7 Distribution of Chinese Trade Guilds in Malaysia

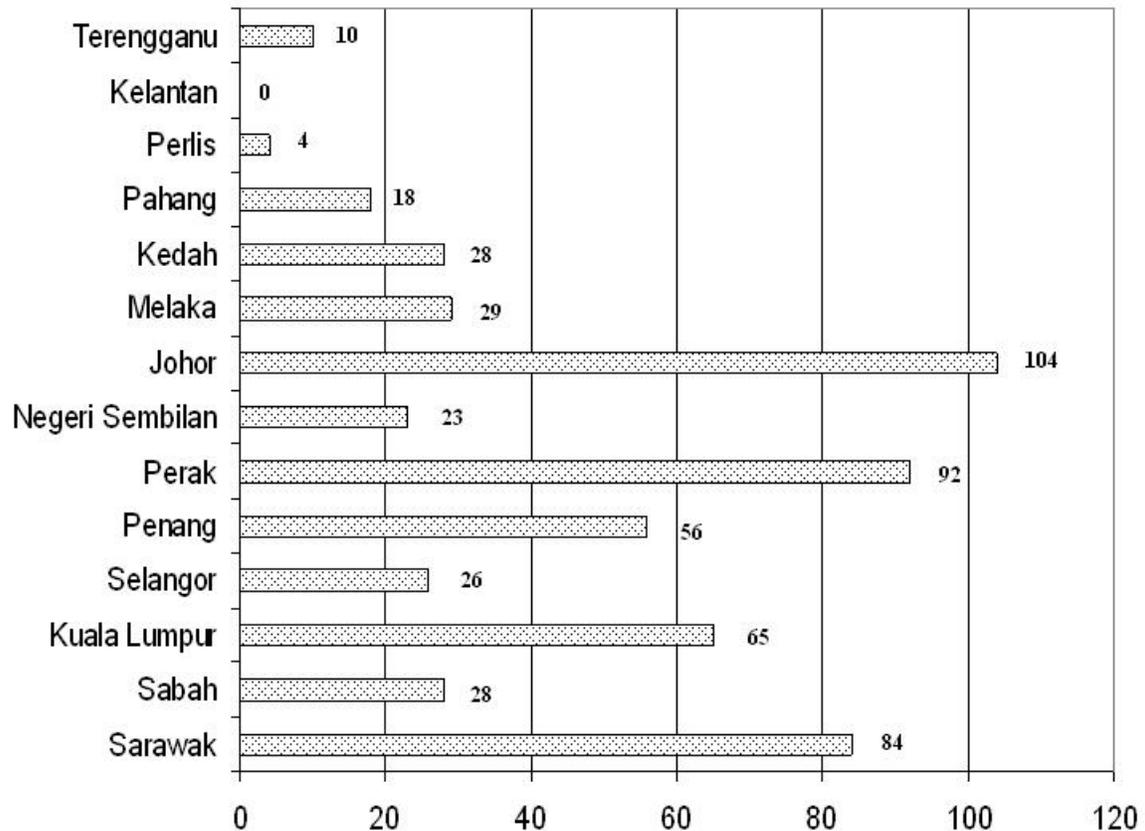


Figure 7 above shows that the majority of the 567 Chinese trade guilds in Malaysia were found in Johor, Perak, Sarawak, Kuala Lumpur and Penang. The term “guild” may be defined in a broad or narrow sense. One of the lexicographic definitions of the term is as follows: “An association of men belonging to the same class, or engaged in kindred pursuits, or with certain common interests or aims, formed for mutual aid and protection, or for carrying out of a common purpose.” This is a rather broad definition that encompasses not only trade associations but also clan associations as well. Burgess (1928) classified guilds, thus defined, into seven different types: Morse’s “religious fraternity”, formed to do honour to a designated demi-god or canonized worthy; the professional guild, selling services rather than manufacturing goods, including the

those of actors, barbers, story-tellers and blind minstrels; the craft guild, consisting of workmen who make articles by hand; the commercial guild – society of merchants who sell goods, retail or wholesale; the provincial guild (social) or huiguan, which is purely social in nature; the provincial guild (economic), for the protection and promotion of the industry or commerce of its members; the guild merchant, “organized by the entire body of a locality to regulate the trade of the locality and to divert its course to their own benefit” (Morse, 1909, cited in Burgess, *ibid.*).

For the purpose of this paper, the term “guilds” is applied strictly to the traditional Chinese trade associations inside and outside China. Imahore Seiji, in his seminal study on the Malayan Chinese guilds, distinguished between guilds formed by employers and those formed by employees. Nevertheless, the guilds that still exist today in Malaysia are nearly all formed by business owners (and normally in the name of the trade, e.g. Foundry and Engineering Industries Association, Association of Footwear Manufacturers, Petroleum Dealers’ Association), sole proprietors (e.g. Sundry Goods Merchants’ Guild) and self-employed merchants and craftsmen (e.g. Hawkers and Petty Traders’ Association).

The origin of the guilds in their present form is a mystery on which there is little or no information. In the Chinese records the development of the crafts, such as stonemasons, silversmiths and carpenters, had been traced through the dynasties in details, but these records give no details of the many forms of organization of such workmen. Instead, the development of the crafts is traced through the various reigns of the ancient Chinese emperors. In many cases the number of workmen of various sorts employed for a specific task in connection with the court is given, but nowhere could be found any references to the organization of guilds. In ancient Chinese literature in general, there is little or no reference to the guilds, as the main interest of the Chinese writers was in matters related to officials and scholars, not artisans or merchants.

However, there have been a few theories regarding the origin of the guilds. In the first place, there are two theories that unfortunately seem rather improbable, viz. that the guilds have originated from the guild merchants or some general organizations of traders, and that they have developed from chambers of commerce. There is simply no evidence that the Chinese guilds were in an earlier era subdivisions of any super-guilds

and there seems to be no parallel between the history of the Chinese guilds and that of the breaking-up of the guild merchants in England. On the other hand, the chambers of commerce in China emerged only at the turn of the nineteenth century and though having as their members representatives of the traditional guilds, they could not have been forerunners of these organizations.

There have emerged at least five plausible suggestions regarding the origin of guilds (see Burgess, *op. cit.*). Firstly, it may be possible that the guilds were originally groups of men banded together for the worship of a supposed founder of a craft or trade and that the various economic functions of the guilds are a later development. The importance of religious practice in certain guilds clearly illustrates the great significance of this element in guild life.

According to another theory, guilds might have originated from family-clan organizations. Towns originally dominated by one clan might have taken in members of other clans as they expanded but leaving the monopoly of their particular trade or trades in the hands of the original clan, hence forming guilds within the city population. It might also have been that people of one clan (or those with one family name), on arrival in a nearby town, formed a monopolistic association to protect themselves (clan members) while scraping out a living in their new domicile.

It is also possible that the guilds in fact grew out of provincial or district associations. When people from one district moved to another place they frequently formed associations for mutual protection.

In China, from ancient days taxes of one kind or another had been levied on commercial transactions. In response, craftsmen and merchants had resorted to unite themselves in the form of guilds in order to present a solid front against excessive taxation. The Chinese guilds might thus have emerged primarily as a means of protection against official exploitation. In fact, recent centuries have witnessed the solidarity of guild action amidst the conflicts between Chinese merchants and foreign traders in China.

Finally, establishing guilds might have been the only possible group action to sustain a livelihood in a situation where there was simply not enough work to provide subsistence for everyone. The persistent population pressure upon the food supply in China provided natural incentives towards the formation of monopolistic groupings to protect collective interests in a given district.

### **Alumni Associations**

Besides the clan associations, trade guilds and chambers of commerce, there exist other types of associations and groupings in the Malaysian Chinese community. One of them is the alumni association. Like guilds and clan associations, it can be observed in Table 6 that these alumni associations are largely concentrated in those states with substantial Chinese population. In addition to the Chinese-based alumni associations of secondary and primary schools in Malaysia (75.45%), there are other types of Chinese-based alumni associations of diverse backgrounds (24.55%), such as that of the former Chinese-medium Nanyang University, those of the teachers' colleges, those formed by alumni of Taiwanese educational institutions, and those by temporary teachers. In addition, there are the Chinese educational organizations of Dongzong (the UCSCAM – United Chinese Schools Committees Association of Malaysia) and Jiaozong (the UCSTAM – United Chinese Schools Teachers Association of Malaysia). The two organizations (jointly known as *Dongjiaozong*) played a momentous role in spearheading the Independent Chinese Secondary Schools Movement that has represented since the 1970s a reaction to the conversion of the majority of Chinese secondary schools to either Malay-medium "National" secondary schools or English-medium "National-type" ones (which were later also converted into Malay-medium) in 1962. Completely funded by donations from the Chinese community, these independent schools that total 60 at present, together with the Chinese primary schools (categorized as "government-aided" eligible for limited matching grants but whose survival depends crucially upon financial support from the Chinese community), have always been viewed as the last bastion of Chinese ethnic identity.

**Table 6 Distribution of Chinese-based Alumni Associations in Malaysia**

	Secondary Schools	Primary Schools	Nanyang University	Taiwan Graduate Association	Teachers Colleges	Chinese Schools Teachers Association	Temporary Teachers	Higher Teachers Colleges	TOTAL
Terengganu	1	2	-	-	-	1	-	-	4
Kelantan	-	2	-	-	-	1	-	-	3
Perlis	1	2	-	-	-	1	-	-	4
Pahang	3	6	-	-	1	4	-	-	14
Kedah	3	9	-	1	1	3	-	-	17
Melaka	3	9	-	1	1	1	-	-	15
Johor	5	4	1	3	-	7	-	2	22
Negeri Sembilan	7	16	-	1	1	1	1	-	27
Perak	12	49	1	2	-	8	1	2	75
Penang	7	30	1	1	1	2	-	2	44
Selangor	7	37	-	4	-	1	1	-	50
Kuala Lumpur	7	24	2	2	2	1	2	-	40
Sabah	3	-	3	5	-	-	-	-	11
Sarawak	3	-	-	5	-	-	-	-	8
TOTAL	62	190	8	25	7	31	5	6	334

### **The Investment Companies**

Table 7 below, adopted from Yeoh (2005:12-15), lists the Chinese community investment companies set up by the various types of associations and trade guilds discussed above during the economic self-strengthening movement.

**Table 7 Chinese Community Investment Companies**

	<b>Company</b>	<b>Organizer</b>	<b>Date of Incorporation</b>	<b>Address of Registered Office</b>
<b>(A) Chamber of Commerce</b>				
1	UNICO Holdings Bhd *	Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)	21-5-81	Kuala Lumpur
2	Penang Commercial & Industrial Development Bhd **	Penang Chinese Chamber of Commerce	18-4-73	Penang
3	Keat Hua Holdings (Kedah) Bhd ***	Kedah Chinese Chamber of Commerce	9-9-81	Alor Setar, Kedah
4	Chunghua Holdings Bhd****	Persatuan Perniagaan China Kuantan	1975	Kuantan, Pahang
5	Kepong Commercial Holdings (M) Bhd	Persatuan Firma-firma, Kepong	28-7-81	Kuala Lumpur
<b>(B) Trade Guild</b>				
6	FOMFEIA Bhd ^	Federation of Malaysian Foundry and Engineering Industries Associations (FOMFEIA)	11-12-80	Kuala Lumpur
7	Petroleum Dealers' Holding Bhd ^^	Perak Petroleum Dealers Association	3-12-82	Ipoh, Perak
8	Funsun Holdings (M) Bhd ^^	Federation of Hawkers and Petty Traders Associations of (West) Malaysia	23-10-81	Batu Pahat, Johor
9	United Rice Wholesalers Enterprise Bhd	Persatuan Pemborong-pemborong Beras, Semenanjung Malaysia	19-12-81	Kuala Lumpur
10	Sundry Goods Merchants Guilds (Selangor) Holdings Sdn Bhd	Selangor Teo-Chiu Sundry Goods Merchants Guild	18-12-81	Kuala Lumpur
11	Grocery and Sundry Merchants Holdings Bhd	Persatuan Kedai-kedai Runcit, Johor	24-2-82	Batu Pahat, Johor
12	Motorcycle Dealers Holdings Sdn Bhd	Selangor & Wilayah Persekutuan Motorcycle and Scooter Dealer Association	14-4-81	Kuala Lumpur

<b>(C) Family-Clan Association</b>				
13	United Chias' Corporation Bhd ^^^^	Chia Association of Malaysia	19-1-83	Kuala Lumpur
14	How Bee Holdings Sdn Bhd ^^^^	Penang How Bee (Teoh) Association	3-11-81	Penang
<b>(D) Provincial-Clan Association</b>				
15	Hoklian Holdings Bhd #	Federation of Hokkien Associations in Malaysia	5-6-80	Kuala Lumpur
16	Kwai Lian Holdings Bhd #	Persatuan Kwangsi Malaysia	9-6-83	Kuala Lumpur
<b>(E) District-Clan Association</b>				
17	United Teochew (Malaysia) Bhd ##	Federation of Teo Chew Associations of Malaysia	17-2-81	Kuala Lumpur
18	Teochew Holdings (Penang) Bhd	Penang Teo Chew Association	6-7-81	Penang
19	Ka Yin Holdings Bhd ###	Federation of Ka Yin Associations of Malaysia	19-2-80	Kuala Lumpur
20	Lung Yen Enterprise (Holdings) Sdn Bhd +	Federation of Lung Yen Associations of Malaysia	4-3-82	Kota Kinabalu, Sabah
21	Chin Kang Holdings + (Selangor) Berhad	Federation of Chin Kang Associations of Malaysia	1-12-81	Kuala Lumpur
22	Ann Koai Holdings Bhd +	Selangor Ann Koai Association	15-6-81	Kuala Lumpur
23	Holian Holdings Bhd ##	Persatuan Ho Po Malaysia	12-10-81	Kuala Lumpur
24	Fui Lian Holdings Bhd ##	Selangor Fui Chiu/Hui Aun Association	3-7-81	Kuala Lumpur
25	Pu-lien Holdings (M) Bhd +	Persekutuan Persatuan-persatuan Taipu (Chha Yong) Malaysia	15-2-84	Kuala Lumpur
26	Chung San Holdings (Malaysia) Bhd +	Chung San District Society, Malaysia	26-6-81	Kuala Lumpur
27	Yunglian Enterprise Bhd +	Associated Eng Choon Societies of Malaysia	3-7-82	Kuala Lumpur
28	Lung Kong Holdings Bhd +	Lung Kong Federation of Malaysia	3-10-80	Kuala Lumpur
29	Grand Ocean Development Bhd ##	Persatuan Keng Chew Selangor	4-8-80	Kuala Lumpur

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**(F) Alumni Association**

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30	Chung Ling Holdings Bhd <sup>++</sup>	Chung Ling Old Boys' Association	29-4-74	Kuala Lumpur
31	Jit Sin Holdings Bhd <sup>++</sup>	Jit Sin School Union	19-2-81	Penang
32	Yoke Kuan Ex-pupils' Holdings Sdn Bhd <sup>++</sup>	Yoke Kuan Ex-pupils' Association	27-4-81	Kelang, Selangor
33	Hua Jin Holdings Bhd <sup>++</sup>	Persatuan Bekas Murid-murid Sekolah Menengah Hwa Jin	31-7-79	Batu Pahat, Johor

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**(G) Political Party**

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34	Multi-Purpose Holdings Bhd <sup>+++</sup>	Malaysian Chinese Association	18-8-75	Kuala Lumpur
35	Matang Holdings Bhd <sup>++++</sup>	Johor M.C.A.	1978	Johor
36	Aik Hua Holdings Bhd <sup>++++</sup>	Selangor M.C.A.	13-5-81	Kuala Lumpur
37	Panwa Development Bhd <sup>++++</sup>	Pahang M.C.A.	14-1-81	Mentakab, Pahang
38	Peak Hua Holdings Bhd <sup>++++</sup>	Perak M.C.A.	1981	Perak

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Source: Identified and compiled by the author.

N.B.:

\* *Unico is known as "Shanglian" in Chinese (short for "Malaixiya Huaren Gongshang Lianhehui", i.e. the ACCCIM). Since incorporation, it had been declared to be a leader in the corporatization movement by its promoter, the ACCCIM.*

\*\* *Penang Commercial's board of directors consisted of 7 members (besides the PCCC), who were prominent personalities in the Penang business circle: Datuk Chong Han Leong, Choot Ching Khoon, Chang Cheng Guan, Koh Pen Ting (the late father of the present Penang Chief Minister, Tan Sri Dr Koh Tsu Koon), Foo Yee Fong, Loh Boon Siew and Neoh Choo Ee. Koh Pen Ting was also on the Unico board.*

\*\*\* *"Jihua" (Keat Hua) meaning "Kedah Chinese". Shareholdings were restricted to members of the KCCC. Its 7 directors were all from Alor Setar. One of them, Dato' Lee Seng Cheng, who was the chairman of the KCCC, was also one of the directors of Unico.*

\*\*\*\* *"Zhonghua" means "Chinese". The company was at first intended to be named Syarikat Perdagangan dan Perindustrian Persatuan Perniagaan China Kuantan Bhd – quite a mouthful.*

^ *Initially named Quality Foundry and Engineering Sdn. Bhd., the company altered its name to Fomfeia Sdn. Bhd. On 9-4-83 and was subsequently converted into a public company on 27-2-84. Its name is the acronym representing its founder organization that represents the more than 5,000 basically Chinese-dominated foundries, machine shops, steel fabrication plants and precision engineering establishments in the country.*

^^ *Though the original intention was to trade in petroleum products and to operate service stations, the Perak-based Petroleum Dealers' Holdings Bhd. since its commencement of operations on 1-8-83 dealt principally in the trading of motor vehicle accessories.*

^^^ *"Fanshang" (Funsun) means "hawkers and petty traders". The Batu Pahat-based Funsun's founder is a confederation formed by the 36 Hawkers and Petty Traders Associations in East and West Malaysia.*

^^^ *Chia: "Xie" in Mandarin. United Chias' had a paid-up capital of only RM18,000.*

^^^^ Teoh: “Zhang” in Mandarin. How Bee had 48 shareholders (paid-up capital: RM600,000), 79% were Teohs.  
 # Hoklian (Fulian) of the Fujianese (Hokkien) – from the Chinese province (shen) of Fujian. Kwai Lian (Guilian) of the Kwangsi people – from the province of Guangxi. “Kwai” (“Gui”) is the shorter name for the Guangxi (Kwangsi) province, like “Min” for Fujian, “Yue” for Guangdong, “Shu” for Sichuan, etc.  
 ## United Teochew of the Teochew (Chaozhou) people; Ka Yin (Jiaying) of the Ka Yin people – from Jiaying, known today as Meixian; Holian (Helian) of the Ho Po (Hepo) people; Fui Lian (Huilian) of the Fui Chiu/Hui Aun people – from the Chinese county (xian) of Hui Zhou/Hui’an; Grand Ocean (Dayang) of the Keng Chew (Qiongzhou) people. Grand Ocean later became a fully owned subsidiary of Grand United Holdings Bhd, a former associated company of the Grand Ocean.  
 + Ann Koai (Anxi), Chin Kang (Jinjiang), Chung San (Zhongshan), Pu-lien (Pulian – set up by the Dapu/Chayang people), Yunglian (Yonglian – set up by the Yongchun people), Lung Kong (Longgang) and Lung Yen (Longyan) were the companies established by district-clan associations that remained inoperative since incorporation.  
 ++ The most important company set up by alumni associations of the Chinese-based Malaysian schools (including Chinese-medium primary schools and Malay-medium “National-type” Chinese secondary schools) was the Kuala Lumpur-based Chung Ling set up by the national confederation of the Chung Ling Old Boys’ Associations, the alumni associations of the Zhongling Zhongxue (Chung Ling High School) in Penang. Others were Hua Jin established by the alumni association of the Huaren Zhongxue (Sekolah Menengah Hwa Jin) in Batu Pahat, Jit Sin by the alumni association of the Rixin Zhongxue (Jit Sin High School) in Bukit Mertajam, Penang, and Yoke Kuan Ex-pupils’ by the alumni association of the Yuqun Xiaoxue (S.R.J.K. Yoke Kuan) in Sekinchan, Selangor. The last had been inoperative since incorporation.  
 +++ MPH is known in the Chinese community as Mahuà, short for Malaixiya (Malaysian) Duoyuanhua (multi-purpose). Its founder, the MCA, is known as Mahuá, short for Malaixiya (Malaysian) Huaren (Chinese) Gonghui (association).  
 ++++ Apart from MPH that was formed under MCA’s first five-point programme, the party in its second five-point programme called upon every state-level MCA machinery to set up a holding company fashioned after MPH. Four states did it: Selangor with Aik Hua (“Yihua” meaning “to benefit the Chinese”), Pahang with Panwa (“Penghua” meaning “Pahang Chinese”), Johor with Matang, and Perak with Peak Hua (“Pihua” meaning “Perak Chinese”).

## Limited Business Portfolio and Over-cautiousness

Due to the traditional background of the board members, most of these companies tended to have a business portfolio limited to a few activities like property development, plantations, credit and leasing.

**Table 8 Business Activities of the Companies (Groups)**

Company	Year ended	Ih	ms	tc	pl	pr	lh	ml	mj	ts	ti	Tm	ta	ai	mi
Multi-Purpose	31/12/85	√	√	√	√	√	√								√
Unico	31/3/85	√	√	√	√		√								
Grand Ocean	30/6/85	√				√	√								
Hoklian	31/12/85	√				√									
Panwa	30/6/85	√				√	√			√					
Aik Hua	31/3/85	√	√			√	√	√							
Fui Lian	30/9/85	√	√			√	√		√						
Holian	31/3/85	√	√			√									
Ka Yin	30/6/85	√				√	√								
Hua Jin	31/12/83	√				√									
Chung Ling	30/4/85					√	√								
Penang Com. & Ind.*	30/6/85														
Motorcycle Dealers*	31/8/85											√		√	
FOMFEIA*	31/5/84										√				
Petroleum Dealers' *	31/12/84												√		
Jit Sin*	31/3/83	√													

N.B.:

- \* no subsidiary
- ih investment holdings
- ms management services (parent company)
- tc manpower training & consultancy
- pl plantation
- pr property
- lh leasing & hire purchase financing

*ml*      *licensed moneylenders*  
*mj*      *marketing of jewellery*  
*ts*      *trading in securities*  
*ti*      *trading in pig iron*  
*tm*      *trading in motorcycles*  
*ta*      *trading in motor vehicle accessories*  
*ai*      *agent for motor & general insurance*  
*mi*      *miscellaneous: cultivation of oil palm, rubber, cocoa & the processing of its own & purchased crops; trading & marketing of commodities; palm oil refining; provision of research & development, agriculture and management consultancy services; importing & distribution of consumer goods, fertilizers, chemicals, building materials & engineering equipment; general engineering contracting business; housing equipment & property investment; commercial banking, finance & general insurance; ownership & operation of ships for charter hire & cargo services; provision of management services*

The board would usually go for the low-risk and hence low-return activities, according to some critics, probably to avoid being blamed in case any investment failed. There was thus by and large a lack of driving force among the first generation directors in making corporate decisions. In addition, another reason for the perceived lack of dynamism and interest among board members of these companies might be that many of these directors were merely “stewards” in status as they did not hold much equity interest in such companies that consisted mainly of small shareholders. As such, the boards of these companies tended to adopt an over-cautious approach in discharging shareholders’ money rather than having to bear any responsibility in the case of an investment failure.

**Table 9 Companies by Range of Shareholdings**

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	<b>Company</b>	<b>Range of Shareholdings</b>	<b>Issued Share Capital</b>
1	Multi-Purpose (31-12-85)	1,666 – 732,166	751,028,000
2	UNICO (31-3-85)	6,000 – 50,001	50,000,000
3	Grand Ocean (30-6-85)	1,000 – 121,000	41,811,000
4	Hoklian (31-12-85)	1,000 – 209,000	27,000,000
5	Panwa (30-6-85)	1,000 – 11,001	20,782,000
6	Aik Hua (31-3-85)	10,000 – 20,000	20,090,000
7	Fui Lian (30-9-85)	2,000 – 504,001	18,100,003
8	Holian (31-3-85)	1,000 – 500,000	14,758,714
9	Ka Yin (30-6-85)	1,000 – 1,042,000	10,000,000
10	United Teochew (31-1-86)		6,169,502
11	Hua Jin (31-12-83)	100,000 – 140,000	5,168,000
12	Chung Ling (30-4-85)	20,000 – 100,000	3,061,500
13	Penang Com. & Ind. (30-6-85)	1 – 58,001	1,000,005
14	Motorcycle Dealers (31-8-85)	20,000 – 30,000	655,000
15	How Bee (31-12-83)	1,000 – 15,000	600,000
16	FOMFEIA (31-5-85)	5,000 – 10,000	267,502
17	Petroleum Dealers' (31-12-84)	1,000 – 6,000	158,000
18	Jit Sin (31-3-83)	2,000 – 4,000	30,400
19	Chung San (30-6-85)	1 – 5,001	22,506
20	United Rice Wholesalers (21-7-85)	1,000	16,400
21	Yoke Kuan (19-12-84)	1	8,300
22	Keat Hua (30-3-84)	1,000	7,000
23	Chin Kang (8-1-86)	1,000	3,001
22	Yunglian (31-12-84)	1	5
25	Lung Kong (14-6-85)	1	4
26	Kwai Lian (24-12-85)	1	3
27	Ann Koai (5-2-85)	1	2

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## **Conflict of Interests**

More serious than the lack of corporate leadership at the board level, probably, was the presence of conflict of interests among the directors of these investment holdings companies. The fact that many of the directors were themselves involved in personal businesses, or were owners of landed assets, had sometimes resulted in the boards making corporate decisions based on non-business considerations.

Nevertheless, the objectives of a community investment holding company did not always coincide with those of the other business set-ups. Hence, there were times when these holding companies were expected to enter into a deal that put “the interests of the community at large” above those of the shareholders, it was sometimes argued. In terms of business portfolios, these holding companies that were variously related to political parties, associations and guilds appeared to be rather similar to one another.<sup>6</sup> As shown in Table 1 earlier, most of these Chinese investment holding companies had reported less-than-satisfactory results. While, to a certain extent, the economic slowdown was to blame for that, the internal structural weaknesses of the board of directors and the narrow scope of operations had also contributed to the overall unimpressive performance of these companies. It is interesting to note that in the heyday of the economic self-strengthening movement, a number of these Chinese investment holding companies were talking about their plans to seek listing. This did not seem to be the prospect anymore by 1986.

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<sup>6</sup> Investment-wise, it is interesting to underline the relationship between Multi-Purpose and these state-level holding companies. Generally, Multi-Purpose was required to take a 10% equity interest in each of the companies while they were in turn encouraged to invest in Multi-Purpose or its related companies. There had been several deals involving the buying of each other's assets between Multi-Purpose and its “sister” state-level holding companies.

## The Cooperative Issue

In addition to the dismal performance of Multi-Purpose and the other communal investment companies, the misfortune that befell most of the Chinese-based DTCs in 1986 further made the economic self-strengthening movement look vulnerable and uncertain in its prospects.

Table 10 below, adopted from Yeoh (2005:19-20), lists the 24 DTCs suspended on 8<sup>th</sup> August 1986.

**Table 10**      **DTCs Suspended #**

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1	Koperatif Serbaguna Malaysia Berhad (KSM) <i>Malaixiya Duoyuanhua Hezuoshe (Mahua)</i>
2	Koperasi Pembangunan Ekonomi Pemuda Malaysia Berhad (Komuda) <i>Malaixiya Qingnian Jingji Fazhan Hezuoshe (Qingjing)</i>
3	Koperasi ENE Berhad (ENE) * <i>Wan Hezuoshe (Wan)</i>
4	Koperasi Serbaguna Fortiss Berhad (Fortiss) <i>Fuli Duoyuanhua Hezuoshe (Fuli)</i>
5	Koperasi Serbaguna Gunung Emas Berhad (KGE) <i>Jinshan Duoyuanhua Hezuoshe (Jinshan)</i>
6	Koperasi Kewangan Perindustrian Malaysia Berhad (MIFC) <i>Malaixiya Shiye Jinrong Hezuoshe (Shiye)</i>
7	Koperasi Serbaguna Kosmopolitan Berhad (Kosmopolitan) <i>Dazhong Duoyuanhua Hezuoshe (Dazhong)</i>
8	Koperasi Mewah Berhad (Komewah) <i>Meihua Hezuoshe (Meihua)</i>
9	Syarikat Kerjasama Penjaja-penjaja dan Peniaga-peniaga Kecil Selangor Berhad (Sakapp) <i>Canhe Hezuoshe (Canhe)</i>
10	Koperasi Rakyat Berhad (Korakyat) <i>Renmin Hezuoshe (Renmin)</i>
11	Koperasi Bersatu Tenaga Berhad (Kotena) <i>Malian Hezuoshe (Malian)</i>
12	Koperasi Jayadiri Malaysia Berhad (Kojadi) <i>Mahua Zili Hezuoshe (Zili)</i>

- 13 Koperasi Pengusaha Teksi Wilayah Berhad (Koteksi)  
*Mada Gongshang Hezuoshe (Mada)*
- 14 Koperasi Jasa Rakyat Berhad (Kojasa)  
*Fulian Hezuoshe (Fulian) \*\**
- 15 Koperasi Wanijaya Malaysia Berhad (Wanijaya)  
*Malaixiya Funi Tuanyun Hezuoshe (Futuanyun)*
- 16 Koperasi Sepadu Berhad (Sepadu)  
*Huilian Hezuoshe (Huilian) \*\*\**
- 17 Koperasi Emas Pulau Pinang Berhad (KEPP)  
*Jinma Hezuoshe (Jinma)*
- 18 Koperasi Serbaguna Leasing & Kredit Malaysia Berhad (KLK)  
*Malaixiya Xindai Hezuoshe (Xindai)*
- 19 Koperasi Sri Maju Berhad (Komaju)  
*Yulong Hezuoshe (Yulong)*
- 20 Koperasi Wartawan-wartawan Berhad (Wartawan)  
*Renren Hezuoshe (Renren)*
- 21 Koperasi Pantai Kembang Berhad (Pantai Kembang)  
*Penglian Hezuoshe (Penglian)*
- 22 Koperasi Sakthi Jaya Berhad (Sakthi Jaya)  
*Wanren Hezuoshe (Wanren)*
- 23 Koperatif Bersatu Berhad (KBB)  
*Tongyi Hezuoshe (Tongyi)*
- 24 Koperasi Belia Bersatu Berhad (Kosatu)  
*Qingnian Tuanjie Yundong Hezuoshe (Qingtuanyun) \*\*\*\**

N.B.:

- # *In the Chinese community, these cooperatives were known by their Chinese names (in italics). “Hezuoshe” is a cooperative while “duoyuanhua” means “multi-purpose”.*
- \* *“ENE” stood for “Empat Nombor Ekor” (four-digit betting), the former name of Magnum. This cooperative was a ticket-sellers’ cooperative of Magnum.*
- \*\* *“Fulian” is short for “(Malaixiya) Fujian Shetuan Lianhehui” (Federation of Hokkien Associations in Malaysia). “Hoklian” as in “Hoklian Holdings Bhd.” is the pronunciation of “Fulian” in the Hokkien (Fujian) dialect.*
- \*\*\* *“Huilian” is short for “(Malaixiya) Huizhou Shetuan Lianhehui” (Federation of Fui Chiu Associations of Malaysia). “Fui Lian” as in “Fui Lian Holdings Bhd.” is the pronunciation of “Huilian” in the Hakka (Kejia) dialect.*
- \*\*\*\* *“(Malaixiya) Qingnian Tuanjie Yundong” is Chinese for “Gerakan Belia Bersatu Malaysia” (the Malaysian Youth Solidarity Movement).*

The DTC fiasco of 1986 has been discussed in detail in Yeoh (2005). Now let us conclude this paper by taking a closer look at the factors that contributed to the phenomenal rise and fall of these DTCs.

From the angle of tradition, there are historical reasons for the DTCs' popularity and rapid growth among the Chinese. The traditional practice among the Chinese to entrust their savings to towkays, guilds, and cultural associations goes far back to the days when the first Chinese immigrants came to work in the tin mines of Malaya. Thus, it is no coincidence that those heading the DTCs were community leaders with popular support. The towkays were unofficial bankers during those pre-war days. The workers often asked the towkays to keep their money for them. The money was withdrawn when the workers needed it to make a trip back to China or to celebrate the Chinese New Year.

The patron-client relationship was reinforced by the fact that the towkays acted as peacemakers in quarrels among their workmen and sometimes protected them from secret society elements, who were active in those days. Some towkays enjoyed the protection of secret societies, while other were secret society members themselves.

*Yinhui*, or "tontines", which were once popular in Chinese villages, are also reminiscent of the trust the Chinese had in their community leaders. Money was put in the care of an organizer, and people could borrow from a common pool. The *yinhui* worked well at one time because the Chinese society was close-knit, people knew each other well, and the organizers were people of repute. In later years, *yinhui* acquired a bad image because the organizers often ran off with the *huiyin* (tontine money).

Besides tradition, there were other factors that served to explain the success of the DTCs. Tax avoidance is one. Many self-employed people actually shunned formal financial institutions like banks for fear of being found out by the Inland Revenue Department. Furthermore, they often trusted the community leaders more than the formal financial institutions and therefore preferred to risk putting their hard-earned money into these less reputable institutions run by these leaders, than be caught by the tax authority.

Moreover, one unique characteristic of the immigrant population was that the females were not only responsible for household budgeting, but were also active contributors to the household income. The women worked as *durang* washers in the tin mines, engaged in petty trade, or helped the men at work. The women were forced by

circumstances to save for precautionary purposes because the men in the immigrant society were known to be loose with their money, and lost a lot in activities like gambling. This might have accounted for the fact that a large proportion of depositors who lost their money in the troubled DTCs in 1986 were women.

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