CHAPTER 1

Penang Before 1805

Penang was occupied by Captain Francis Light in the name of the East India Company and His Britannic Majesty on 11 August 1786 and was formally named by him Prince of Wales Island. Much has been written about the motives of the Company in wanting to establish a settlement in that area. Different writers have tended to emphasise one or other of these motives, but it is evident that all of them played at varying times and to varying degrees some part in influencing the Directors' decision. These were, firstly, the strategic motive: the need to have a secure harbour on the east side of the Bay of Bengal for the protection of the Coramandel Coast. Second, there was the commercial motive: the desire to establish a trading centre for the collection of produce of the archipelago for distribution in China, and the wish to secure a reliable port of call for ships engaged in the China trade. Finally, there was the need to check the growth of Dutch power in the Straits of Malacca as it might threaten the China route.

The conditions which prompted the Company's search for a strategically suitable harbour on the east side of the Bay of Bengal have frequently been explained at length. During the north east monsoon, lasting from October to March, it was dangerous for ships to remain on the east coast of India so that in October the Fleet was forced to retire to a safe port. The nearest British port was Bombay, but during that period, before the British fleet could return from Bombay, the British possessions on the east coast were at the mercy of any enemy fleet which might choose to enter the Bay of Bengal. The strategic motive, however, was present only in times of crisis. After the Anglo-French wars of 1744-48 and 1756-63 (which led to the unsuccessful settlement of Negrais 1753-6) the strategic problem rose to importance again only after the naval battles of Suffren and Hughes in 1782-3. Renewed interest in acquiring a settlement on the east coast was shown by the voyages of Thomas Forrest in 1782-4.

During the period between these wars, particularly in the 1780s, it is evident from the correspondence of the Beng


authorities that the commercial motive was predominant. One of the main problems faced by the Company at this time was to obtain goods to pay for its tea exports from China, and it was thought that the establishment of a British entrepôt for the collection of produce of the archipelago suitable for the market in China would help solve the problem. 6 Monckton's mission to Kedah in 1772, and those of Holloway and Desvoeux (1772) and Botham (1782) to Acheh were prompted by commercial considerations. Similarly, Francis Light's reports on Kedah (1771) and Junk Ceylon (1772) were concerned with the commercial rather than the strategic advantage which was likely to be gained by the Company if it expanded its interests there. 7 Commercial interests were still foremost in the minds of the Directors of the Company in 1786. "We wish", they wrote to the Governor-General in that year, "that without embroiling ourselves with the Dutch... that every practicable method should be tried for extending our commerce amongst the Easter Islands, and indirectly by their means to China". They went on to refer to the "great importance of the China trade", and to the necessity of extending the commercial resources for their investment from that country. 8

6. Earlier unsuccessful attempts to form such an entrepôt were made at Cochin China (1778-9) and Balambangan (1773-5). See V.T. Marlow, The Founding of the Second British Empire (1763-1793), Chapter III.

7. Ibid., passim.

Connected with the commercial motive, and the concern over the China trade, was the need for a suitable port of call somewhere in the Straits. There was no British port between Calcutta and Canton, and ships requiring repairs had to seek shelter in the non-too-friendly Dutch ports. The importance of this motive in the founding of Penang was revealed in a letter from the acting Governor General to Francis Light shortly after the island had been settled. "At present" he stated, "our great object in settling Prince of Wales Island is to secure a Port of Refreshment and repair for the King's, the Company's and the Country ships, and we must leave it to time and to your good management to establish it as a Port of Commerce if the Situation is favorable.

Connected also with the China trade was the Company's concern over the apparent extension of Dutch power, which was felt to constitute a possible threat to the sea-route to China. The unexpected display of Dutch naval power as witnessed by the victories of J.F. van Braam at Riau, Malacca and Selangor in 1784, aroused fears of the Dutch. It was at this point that Francis Light informed the Company of the Sultan of Kedah's offer of Penang and, partly because of concern over the Dutch, it was decided to accept the offer. It was certainly one of the aims of the Directors at this

me to stop the extension of Dutch power in the Malay Peninsula; they wrote to Lord Cornwallis in 1786: "It is unnecessary to dwell upon the bad consequences, which may in case of any future war result from the Dutch being suffered to have the sole and exclusive possession of such important passes as the Straits of Malacca and Sunda; every means short of declaration of open hostility on the part of your Government should be used to encourage and support the natives in resistance to any attempts to enslave them, and to encourage them trading with us". 11

The choice of Penang, then, rather than any other port as not determined on the grounds that it had any particular advantage over other areas, but because of the failure of previous projects in other quarters, and because of the sudden ears of the Dutch. Of particular importance was the influence which the British private trader, Francis Light, exercised over the Sultan of Kedah, whose offer to cede the island to the Company came at an opportune moment.

For the first few years of its settlement, it was by no means certain whether or not Penang would even be retained. His indecision between 1786 and 1800 arose from conflicts of professional opinion as to Penang’s strategic superiority over the alternative sites and as a naval base. For sometime it was thought that Trincomalee, the Nicobars or the Andamans

1. Court of Directors to Lord Cornwallis, relating to the Straits of Malacca 1786, Harlow and Madden (1953), 53-4.
would be more suitable, and it was only after the settlement at the Andamans had been abandoned in 1796, because of the unhealthiness of its climate, and the use of Penang as the rendezvous for the Manila expedition of 1797 had proved its strategic value, that the retention of Penang seemed assured. Both Admiral Rainier, who commanded the expedition, and Colonel Wellesley, later Duke of Wellington, reported favourably on the value of the position and facilities of the isla and this doubtless influenced the Indian Government. By 1800 the Company realised the strategic value of Penang, which was described as the natural centre of English power in the East Indian Islands. This was demonstrated by the Directors' attitude towards Malacca. Originally captured from the Dutch in 1795, and initially regarded as of more value than Penang, it was already by the end of the century being undermined through diversion of its trade to Penang. Further evidence of the new attitude towards Penang after 1800 was shown by the praise accorded it by local officials, such as Captain Norman Macalister, Sir George Leith, R.T. Farquhar and by Captain (later Admiral) Sir Home Popham, who visited the island at that time. All of them considered that Penang was ideal both as a naval base and trading centre.


In the early history of Penang, the question of relations with Kedah was of vital importance. In the agreement between Light and the Sultan of Kedah for the cession of Prince of Wales Island, one of the conditions required by the Sultan was that the Company would come to his assistance if Kedah were invaded. Despite Light's advice to his superiors to accept this condition, the Supreme Government decided against adopting any measures which were likely to involve it in hostilities against Asian states: "We have long determined not to adopt measures that may engage the Company in military operations against the Eastern Princes, and it follows of course that we should avoid acts of premises that may be construed into an obligation to defend the King of Queda". Considerable controversy later arose as to whether or not the Company was morally bound to defend the Sultan against his enemies. The immediate effect of the Company's attitude was the worsening of relations between Penang and Kedah, since the Sultan himself had no doubts about his rights, and made active preparations in 1790 for recovering Penang by force.

By the early months of 1791 Light was concerned over the safety of the settlement, as the Sultan had cut off rice and other supplies from Penang. In addition a fleet of Lankus.

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15. Governor General to Light, 25 January 1788, SSR (IOL) III.
16. See Mills (1925), 33-40; also and especially, Anderson, Political Considerations; F. Swettenham, British Malaya (London 1929), 36-54; J. Anderson, Political and Commercial Considerations relative to the Malayan Peninsula and the British Settlements in the Straits of Malacca (Penang 1824).
which had joined forces with the Sultan, was preparing to 
attack the island. Light decided upon the use of force, 
and a surprise attack was made by Captain Glass against the 
Lanuns, who were defeated and dispersed. The Sultan of 
Kedah then asked for a formal settlement of the dispute. 
By the terms of the treaty signed with him on 1 May 1791, 
the island was ceded to the British for an annual payment of 
6,000 Spanish Dollars so long as they retained Penang. Other 
clauses of the treaty stipulated that provisions from Kedah 
would be supplied to Penang without payment of duty, and 
that no foreign Europeans would be permitted to settle in 
Kedah. Additional articles provided for the return to either 
party of slaves, debtors, murderers, forgers and other 
undesirables. As previously, no promise was given to the 
Sultan for protection against his enemies.

The next event of importance in relations with Kedah 
was the treaty signed in July 1800 by the Lieutenant-Governor, 
Sir George Leith, by which Province Wellesley was ceded to 
the British. The reasons for wanting to obtain this small-
area of territory measuring only eighteen miles in length and

17. Light to Glass, 6 December 1790, Light to Cornwallis, 
6 January 1791, Bengal Consultations, 5 January and 9 
February 1791, SSR (IOL) IV.

18. For full account of the attack see Light to Hay, 19 
April 1791, Bengal Consultations, 1 June 1791, SSR 
(IOL) IV.

19. See W.G. Maxwell and W.S. Gibson, Treaties and Engage-
ments affecting the Malay States and Borneo (London 
1924), 95-9.
three miles in breadth, were first, to gain complete control of the harbour, for obvious security reasons, and to make Penang independent of supplies of food from Kedah, particularly of rice and cattle. It was also deemed necessary to control the pirates and disorderly elements of Prai, who had threatened the island and had helped to reduce its revenue by smuggling opium and arrack into Penang. By the treaty of 1800, all previous alliances between Kedah and the Company were cancelled. Province Wellesley was ceded in perpetuity, and the Sultan was to receive a sum of $10,000 per annum "so long as the English shall continue in possession of Pulo Pinang, and the country on the opposite coast." As in the former treaty, provisions required in Penang were to be sent from Kedah without impediment or the imposition of duties, and similar arrangements to those in the earlier treaty were made for the restitution of slaves, debtors and murderers. As before, there was no question of the British giving any guarantees for the defence of Kedah.

Penang was later affected by the refusal of the Company to make a defensive alliance with Kedah. Even the employment of the Company's name might have had a salutary effect in healing disputes and unrest in the Peninsula, brought about,  


among other things, by the Siamese, who hindered the development of Penang's trade with the country powers. Moreover, according to Swettenham, voicing an opinion of Light, two companies of Sepoys with four six-pounder field guns could have defended Kedah, and perhaps later saved it from the Siamese invasion in 1821.

III

During the early years, the indecision and uncertainty of the home authorities on the retention of Penang had unfortunate effects on its development and administration. Prior to 1800, when its retention was uncertain, the island was administered by a Superintendent. After Light's death in 1794, this post was held successively by Phillip Manington (1794-5), Forbes Ross Macdonald (1796-7) and George Caunter (1797-1800). Light was hindered in his work by a shortage of assistants, and he was obliged to carry the main burdens of the administration himself. He was responsible not only for the maintenance of law and order, but also for the distribution of land, the collection of revenue and the building of roads. All these were major problems in

22. Mills (1925), 41.
themselves, especially as Light was given only vague instructions by Bengal. At the same time he was waging a constant struggle to convince the Directors of the value of retaining the settlement, which was not an easy task since the island was already proving to be a heavy expense to the Company. Light was ordered to introduce measures to meet rising deficits which he ultimately did, but the problem was not easily solved. Another difficulty was the defiant attitude and unruly behaviour of the European merchants and landowners towards governmental authority. Further animosity arose from their commercial rivalry with government officials, who at that time were allowed to trade and own land. Light's official successor, Macdonald, after his arrival in 1796, was faced with increasing hostility from the private merchants and planters. This basic conflict between officials and private settlers continued to be a feature of Penang's history.

In 1800 the Supreme Government marked its changed attitude towards Penang by making innovations in the direction of a more regular government. Sir George Leith was sent to the island with the elevated rank of Lieutenant-Governor and with responsibility for administering all civil, military and marine matters. He was to be assisted by a Secretary,

W.E. Phillips (whose name was to loom large in the coming

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26. Barlow to Leith, 15 March 1800, JIA, V, 156.
years), by a First Assistant, G. Caunter, who had acted as Superintendent before Leith’s arrival, and by a Judge and Magistrate, John Dickens, who arrived in 1801. Under Leith the same problems concerning land distribution, insufficient revenue and the maintenance of law and order continued, although the last problem was lessened to some extent after the arrival of Dickens. At the same time, Penang’s internal security was improved by the acquisition of Province Wellesley.

In consequence of orders of the Court of Directors that a convenanted civil servant should be in charge of Penang, Leith was recalled in 1803 and Robert T. Farquhar succeeded him as Lieutenant-Governor on 1 January 1804. By this time the administration was carried out on a more lavish scale with the help of more assistants. Farquhar, full of enthusiasm for the possibilities and value of Penang, embarked upon a number of expensive schemes for developing the island’s resources. Roads were extended, a water works was built to supply water to the town, a new wharf was constructed and fortifications and public buildings were raised, with the result that the Indian Government was led into spending more money than it realised. At the same time, the island.

27. Garnier (1923), 8; Davies (1956), 13.
28. JIA, V, 400. R.T. Farquhar was a Madras civil servant, who had had previous administrative experience in the east in the Moluccas and at Balambangan and afterwards became Governor of Mauritius.
29. For list of Civil Establishment under Farquhar see Appendix IA.
30. See Davies (1956), 16-17; Olod (1948), 140.
appeared to be becoming increasingly prosperous, with its growing population and trade and thriving pepper plantations, and Farquhar's report on the suitability of Penang as a base for refitting and building ships was duly noted in Calcutta and London. Caught up in the wave of enthusiasm, the Court of Directors took the rash step of promoting Penang to Presidency status, and in September 1805, Farquhar was replaced by the first Governor of the Presidency, Phillip Dundas, a nephew of Henry Dundas, first President of the Board of Control.

IV

For the first twenty years of its settlements, the administrative problems of Penang were accentuated by the absence of any provision for Courts or codes of law for the maintenance of justice. Initially, the Supreme Government drew up a few general rules for preserving law and order, but felt it could do no more without formal authorisation from the Court of Directors. Light therefore had to preserve order in the settlement as well as he could, by confinement or other common punishment (except in cases of murder) of those inhabitants who were not British subjects. Since no English code of law was in force, Light and his successors punished offences in a rough and ready manner, according to

31. Governor General to Light, 26 January 1788, SSR (IOL) II; See Kyshe (1885), iv.
their own ideas. In 172, Light introduced a system whereby petty cases were to be tried by Capitans or headmen of the various races on the island—Chinese, Malays and Chulias—subject to appeal to an European Magistrate. The Capitans were in charge of such matters as religious ceremonies, domestic disputes and the recovery of debts, and they were expected to keep registers of marriages, births and deaths, and record the arrivals and departures of members of their racial groups. There were thus "...as many systems of law ... in force as there were nationalities on the Island; and all those laws again were probably tempered or modified by that law of nature, or that natural justice which appears to have been the chief guide of the European Magistrate who constituted the Court of Appeal..."

Certain vague regulations laid down in 1794 remained the basis of the judicial administration until the arrival of the first Charter of Justice in 1808. The Calcutta barrister, John Dickens, the first trained lawyer to be sent to Penang, complained after his arrival in 1801 that the original 1794 regulations merely reiterolated and approved of the system already in force: that of an European acting as Magistrate, whose Court was a Court of Appeal from the

32. For further details see Tan Soo Chye, "A Note on Early Legislation in Penang", JMBRAS, XXIII, 1 (1950), 160-1.
33. Quoted in Wills (1925), 45.
three subordinate Courts, presided over by the Capitans of the Chinese, Malays and Chuliahns. The most serious defect of these regulations was the exemption of Europeans from any jurisdiction except for serious offences when they were sent to the Courts in Bengal. Many of the less scrupulous Europeans made the most of this omission and adopted "many asurious and shameful practices", taking particular advantage of the fact that no European could be imprisoned or even sued for debt, although he was empowered to recover debts from non-Europeans.

John Dickens' arrival also ushered in a stormy period in the relations between civil and judicial authorities. Besides his discovery that the laws and regulations of the settlement on which he was to act were merely the vague 1794 regulations, which even lacked provisions for a properly-constituted Court, he found that final judicial authority lay with the Lieutenant-Governor. As he wrote, "I confess, that I cannot readily conceive it to have been the intention of His Excellency the most Noble the Governor-General in Council to appoint me Judge and Magistrate of this Settlement, and at the same time to withhold from me judicial and magisterial authority, and I am also fully aware of my inability to render the government or the public much service,

34. See JIA, V, 193; Mills (1925), 46; Leith (1805), 35; Kyshe (1885), v-vii.
under the existing regulations, which I lament were not made known to me prior to my departure from Calcutta". Increasing friction developed between Dickens and Leith since it appeared that "the decision of the Judge and Magistrate was not enforceable until countersigned by the Lieutenant-Governor", and Leith on many occasions took advantage of this qualification to modify or even reverse Dickens' decisions.

In 1800 Leith was instructed by the Bengal Government to frame regulations for the administration of civil and criminal justice. These were transmitted to the Governor-General in 1802, but no action was taken until two years later when they were delivered to the new Lieutenant-Governor, R.T. Farquhar, with the suggestion that they be revised and condensed, and again submitted for perusal. This was done by Dickens, but they were not considered because of the change in administration connected with the new Presidency status conferred on the island in 1805. Dickens remained Judge and Magistrate until the arrival of the Charter of Justice in 1808.

35. Dickens to Leith, 7 October 1807, JIA, V, 191; Clodd (1948), 113-14; Davies (1956), 14.

36. Davies (1956), 14-15; For full account of the Leith-Dickens conflict see Kyshe (1885), xiii-xxx.

Penang's early administrative difficulties were largely connected with the failure to make provisions for obtaining adequate revenue. From the time of its founding, Penang was never financially self-supporting and in no year did its revenue meet its expenditure. The small amount of revenue raised in the first years of settlement was derived from opium, arrack and gaming farms, and a small tax on shops to contribute to police expenses. In 1800 two more farms, tobacco and betel leaf, and attap were created. The revenue from these rose from $2,500 in 1789/90 to $30,000 in 1798/9, and because of the shortage of officials, farming was the only means of collecting it. In 1788 Light made some suggestions for meeting the expenses of the island, such as the establishment of certain farms and import duties, a ground rent, a shop tax and a duty on the transfer of land. All except the import duty appear to have been approved but as there were no offices or personnel to supervise the collection of taxes, they did not take effect.

In an effort to increase local revenue, but at the risk of losing trade, a duty of 2% was imposed on imports of tin.

39. Leith (1805), 38, 43; (appendix on revenues and expenditure). See Appendix Ic and Id.
40. Stevens (1929), 382.
41. Governor-General to Light, 20 June 1788, JIA, IV, 645-6.
pepper and betel nuts in 1801. Again, because of the shortage of staff it was farmed out to the highest bidder, who inevitably was Light's old partner, James Scott and his Company. After it became apparent that the farmer gained an undue influence over the market to the prejudice of other merchants, the duty was discontinued in 1802, and an export duty on pepper and other local produce (betel nut, tin and rattans) was substituted instead. This did help defray the island's expenses, but by no means totally. By 1804 revenue had risen to about $75,000 but it was insufficient to cover the $180,000 expenses. By then, of course, the sources of revenue had become more diversified, and that at least was more promising than the limited sources which had existed before 1800. Nevertheless the state of Penang's revenue by no means promised an auspicious financial backing for the establishment of an enlarged form of government in 1805.

VI

The land policy pursued during the early years vitally affected the later economic development of the island.


43. See Farquhar's Report 1805 (Appendix No. 15), SSR (IOL) II, showing increase of revenue between January 1804 and June 1805 - revenue derived from farms of attap, arrack, betel nut, gambling, opium, tobacco, pork, oil, ghee, timber and also from export duties, shop tax, duties on china goods and on sale of houses and lands, and anchorage fees.
Light's land policy, according to Stevens, was "hastily improvised" and "imprudent", and "proved disastrous to the Settlement". Its defect, he argued, was "a wholesale and reckless alienation of land, the Company's principal asset, to grantees who could not make adequate use of it". But the fault lay partly with the Supreme Government for not making adequate provisions for the disposal of land. Light had only vague instruction for guidance. "We leave it to your discretion", said Cornwallis, "to receive such colonists as you may think it safe and advisable to admit and to give each family such a portion of land as circumstances will allow and which you may judge expedient". Since Light wished to attract as many settlers as possible, his policy was to grant freely to settlers as much land as they could clear. No written records of such grants were kept, and no surveyor had yet arrived to keep a register.

In the short run, his policy was successful in attracting settlers, but its long term effect was to give rise to difficulties that could have been prevented by more careful planning. For instance, there was no stipulation that alienated land should be cleared and cultivated within a.

44. Stevens (1929), 378-80.
45. Cornwallis to Light, January 1787, quoted in Clodd (1948), 61.
46. For account of Light's land policy see Stevens (1929), 378-81, 385, 392-5; Clodd (1948), 60-1, 102-4, 108-10; Wright and Reid (1912), 84-6.
ertain time so that extensive lands which came into the hands of Europeans remained undeveloped. Other unfortunate results of this policy became apparent all too soon. Large estates on the most fertile land were built up by a small group of European settlers. Among these were a number of civil servants, who were able to acquire an unhealthy influence on the island's economy and trade. Foremost among them was Light's friend and trading partner, James Scott, who owned the most extensive and valuable lands, monopolised trade and was, until his death in 1808, the leader of the Europeans who defied governmental authority. Lord Cornwallis' policy, laid down in 1793, of granting land in perpetuity, with a fixed annual rent, was changed by his successor, Sir John Shore, with the idea of checking the alienation of land in Penang. On 1 August 1794, a regulation was passed, to take effect from 1 January 1795, which put a stop to grants in perpetuity in favour of five-year leases. Phillip Manington, who took over after Light's death, was disturbed by the reaction of the inhabitants, who fearing that the island was to be abandoned, had stopped clearing their land. The experiment with five-year leases was therefore considered impracticable, and annulled by the Supreme Government in August 1796.

47. See Stevens (1929), 379-81.
50. Clodd (1948), 110.
Major Macdonald, Light's official successor, made complaints about the land policy of his predecessor and recorded his disapproval of the large tracts of land owned by certain Europeans. This action did little to improve his popularity with them. His successor, Sir George Leith, acting on instructions from the Governor-General, called in all the old grants, ordered a general survey of the island, and issued new grants on permanent tenure. No individual was to receive too large a quantity of land, and no second grant was to be made if the first was not under cultivation. The order to withdraw the 1794 regulation was repeated and all present and future grants of land were considered perpetual. By these changes, the policy concerning grants of land, along with the system of government, had been established on a somewhat more definite basis. By Farquhar's time, the mode of acquiring property was well clarified, as may be seen from his report. Nevertheless, the new Presidency Government of 1805 was not satisfied with the state of the land records, nor by the way business was conducted at the Land Office.

52. Barlow to Leith: Instructions, JIA, V, 159.
53. Farquhar's Report 1805 (Appendix No. 14), SSR (IOL) IX.
54. Remarks on Farquhar's Report, SSR (IOL) IX. For detailed discussion of land policy see Chapter V.
Closely connected with Penang's land policy were the initial agricultural experiments that were made. The original policy of encouraging quick settlement and clearing of land, and the fostering of agriculture, had two aims. First, it was hoped that the island would become as self-supporting as possible, and second, by the cultivation of export crops, it was thought that trade would be attracted to Penang and would contribute to the revenue to meet the cost of maintaining the settlement.

By the end of the first year, Light was able to write that "a considerable number of fruit trees, coconuts and plantains have been planted lately" and four years later he reported that 2,500 acres of land were planted, producing 10,000 maunds of rice, which were expected to double by the following year, besides "great quantities of fruit trees coconuts, pepper, gambier and sugar cane". It was soon realised that Penang was unlikely to become self-supporting in many essential products. According to Leith, for example, "no considerable supply of paddy or cattle can ever be expected from the Island, as the value of land is so high, and the price of labour so great, that no man will ever appropriate any part of his land to pasture or paddy fields.


56. Glodd (1948), 61.
which can possibly be turned to any other purpose of a more profitable nature; very little paddy is cultivated, and no cattle reared on the Island... 57 Nevertheless, many local crops were grown in varying quantities, such as betelnut, coconut, ginger, yams and sweet potatoes, as well as a great variety of vegetables and fruits, such as mango-steen, rambutan, pineapple, guava, orange, citron and pomegranate. In addition, imported plants grown in Penang were pepper, cloves, nutmeg, coffee and sugar-cane.

Attempts were made at an early stage to introduce suitable plants to provide crops for export, and to deprive the Dutch of their monopoly of pepper and spices. In 1790 Light had the pepper plant imported from Aceh. The Company established small experimental plantations in Ayer Itam and Sungai Kluang, and Light and other Europeans planted it on their estates. The Chinese also began planting it on small holdings all over the island. By 1798 the number of pepper vines planted were 533,230 and by 1801 1,316,579. In 1802 Penang was producing between 16,000 and 20,000 piculs of pepper annually. Although the costs of planting were high, ample compensation came from the high productivity of the Penang vines. After the turn of the century, pepper was

57. R.N. Jackson (1961), 6-7. (Quoted from Leith 1805, 20).
58. Leith (1805), 30.
was considered the "principle staple" of the island. According to Leith, 1000 tons of pepper were exported to Europe in 1802, presumably in country ships. The optimism concerning pepper, however, continued only shortly after 1805.

The cultivation of spices in Penang was less successful. A number of clove, nutmeg and other valuable plants were imported from Amboyna and Banda in the Moluccas, the first in 1795, followed by 5,000 nutmeg and 15,000 clove plants in 1800, and a larger number in 1802. Spice planting remained entirely in the hands of Europeans, because of high costs of planting and the length of time before maturity was reached. Early attempts failed because of lack of experience in cultivation, as it was not known at first that the plants grew best in shaded areas. In 1802, the reports by local officials on the spice plantations were more favourable. In the Company's plantation of 130 acres, the clove tree was thriving better than the nutmeg, the number of nutmeg plants (aged 1-7 years) being 19,605, while the number of clove plants (aged 2-7 years) had reached 6,259. On individual estates, of clove and nutmeg


60. See Clodd (1948), 61; Jackson (1961), 11; JIA, IV, 13, 17; Farqhar's Report 1805 (Spice Plantations), SSR (IOL) IX. For detailed discussion of spice production in Penang see H.R.C. Wright, "The Moluccan Spice Monopoly, 1770-1824", JMBRAS, XXXI, iv (1958), 48-9, 51-5.
such as those of Roebuck and Caunter, the number of clove and nutmeg plants was estimated to be 33,000. At that time Penang was considered "by far the most eligible of all British possessions for the growth of nutmeg and clove trees", and very reasonable encouragement was to be given to the plantations. Leith, like the authorities at Bencoolen, was rather optimistic when he spoke of the plantations as containing thousands of flourishing clove and nutmeg trees, which in a few years would yield a valuable cargo of cloves, nutmeg and rice. For reasons of economy, the Supreme Government in 1805 gave orders for the sale in lots of the Company's plantation. Its 5,100 nutmeg and 1,625 clove trees were to be transplanted elsewhere. It was evident from the low prices offered at the sale, the heavy expense of planting clove and nutmeg trees as well as the distant prospect of returns, deterred people from embarking on this branch of cultivation. But Farquhar considered that it would require "patience only to repay all its expenses", and that spice cultivation would "produce any substantial advantages to the State and to the East India Company". For some time after that, however, the

1. Leith to Cornwallis, 6 March 1802, Hunter to Cornwallis, 21 April 1802, Extract Bengal Consultations, 17 April 1802, and Extract Bengal to Penang 30 October 1802, SSR (IOL) IX.
2. Extract Bengal to Penang 28 September 1803, SSR (IOL) IX.
3. Leith (1805), 45.
5. Farquhar's Report 1805 (Spice Plantations), SSR (IOL) IX.
industry was practically abandoned, being preserved with only by David Brown on his estate at Glugor. Other imported plants found to thrive on the rich soil of Penang were coffee and sugar-cane, but owing to the high cost of labour they were not found to be profitable export commodities.

VIII

As one of the aims of the Company in founding the settlement was to acquire a post for the collection of products of the archipelago for sale in China, the early development of Penang as a trading centre was of particular interest to the Company. The products of the island constituted only a small proportion of the trade carried on. The bulk of it was transit trade, since Penang was well situated on the route to China, midway between India and Canton. Manufactured goods from Britain and India were brought there for distribution in the archipelago, and products of the archipelago were in turn sent to Penang to be transhipped to Britain, China and India. The imports from Britain and India were chiefly opium and piece-goods.

67. Leith (1805), 45.
(such as woollens, cottons and silks) and also iron, steel and gunpowder. The Straits produce sent to Penang to be sold and exported elsewhere included pepper, spices, rice, tin, rattans, gold dust, ivory and ebony. Most of these came from surrounding areas, especially North Sumatra, Southern Burma and the Malay peninsula, which became Penang's traditional sphere of trading influence. Similarly, Chinese goods were imported into Penang for distribution elsewhere, and, in return, goods for sale in China, such as sandalwood, birds'-nests and sharks'-fins were collected at Penang by the Chinese bound ships.

Trade in the early years of settlement increased rapidly, as unlike the Dutch possessions, it was at first a free port, and occupied a "convenient position as a market for the produce of the neighbouring countries". In 1789, the trade was valued at: imports - 421,000 rupees and exports - 432,000 rupees, a total of Spanish Dollars 853,592 which rose to $1,418,200 in 1804. Some of the European and Chinese settlers played an increasing part in the trade of Penang, and several fortunes were made, notably by James Scott. In spite of this trading prosperity enjoyed by some

68. Newbold (1839), 58; Mills (1925), 44.
69. For detailed lists of imports and exports see Leith (1805), 47-8; Jackson (1961), 6; also appendices to early letters from Light in 1787-88, recording arrival and departure of ships, and what they were carrying, SSR (IOL) II.
70. Jackson (1961), 4-5; Clodd (1948), 67.
of the inhabitants, the government did not have a share in it, and its yearly deficits continued.

IX

Connected with the economic development of Penang was the rapidly growing population. Less than two years after its occupation, it was estimated at 1,000, and it continued to increase in the following years until in 1804 it had reached 12,000. The main immigrant communities who formed the commercial and labouring population of Penang were the Chinese and the Indians. A number of Malays moved to Penang from the mainland, but their proportion was small, and they contributed little to its development. Europeans were few in number but were leaders in the administration, agriculture and commerce of the island. Contemporary opinions of these communities in relation to their value in the development of Penang illustrate the character of the population at the time.

Light, describing the different components of society in Penang in 1794, pointed out that the Malays could be divided into two groups, "one of husbandmen... quiet and inoffensive, easily ruled... capable of no great exertions"

71. Mills (1925), 42.
but content... with planting paddy, sugar cane and a few fruit trees...", and the other, employed in navigating prows, a "bad description of people" who lived by plundering unwary traders. In 1795, Manington referred to them in unfavourable terms: "The Malaya are naturally an indolent race, compulsion only can be adopted to induce them to make plantations of rice for their own existence. In short they can beg, borrow or steal for the sake of smoking opium and gaming, they are perfectly satisfied". Some years later, Leith's opinion was somewhat similar, namely that they could do little else but cutting down trees, being incapable of any labour beyond the cultivation of paddy.

The widely held opinion of the Chinese was expressed by Light in 1794 when he described them as "the most valuable part of our inhabitants", about 3,000 in number who were carpenters, masons and smiths, traders, shopkeepers and planters. So valuable were they considered to be, that in 1795 Manington requested the Supreme Government to encourage the importation of Chinese to Penang from Canton and Macao, especially bricklayers, brick- and tile-makers, stone-cutters, carpenters, people conversed in every kind of agriculture, and particularly merchants. He thought that certain

73. Light to Governor General, 25 January 1794, JIA, V, 10.
74. Manington to Shore, 27 March 1795, SSR (IOL) VIII, 230.
75. Jackson (1961), 7 (from Leith 1805, 50).
76. Light to Governor General, 25 January 1794, JIA, V, 9.
allowances should be granted to them as encouragement.

The Governor General was prepared to communicate Manington's suggestion to the Committee of Supra Cargoes at Canton, and presumably emigration from that area to Penang increased.

As Penang was connected with India both in government and in commerce, it was natural that the population would include a considerable Indian element. Besides being governed from Bengal, Penang was a penal station for Bengal convicts, and its army garrison came from Madras. Light in 1794 wrote of them as the "Chooliars, or people from the several ports on the coast of Coramandel... [most] have long been inhabitants of Queda and some of them were born there, they are all shop-keepers and coolies, about 1,000 are settled here, some with families; the vessels from the coast bring over annually 1,500 or 2,000 men, who by traffic and various kinds of labour obtain a few dollars with which they return to their homes and succeeded by others. This is rather a drain on the stock of the island, but as they are subjects of the Company it ultimately tends to the general good." Other groups of population referred to by Light at the same time were the Siamese and Burmans, the Arabs and the Bugis. These being far fewer in number contributed less to Penang's development.

77. Manington to Shore, 27 March 1795, SSR (IOL) VII, 230-1.
78. Shore to Manington, 27 April 1795, SSR (IOL) VII, 232.
80. Light to Governor General, 25 January 1794, JIA, V, 9-10.
The optimistic prophecy of Penang's future by such men as Macalister, Leith, Farquhar and Popham in the years 1803-5 strongly influenced the Court of Directors. All considered Penang to be an ideal place for a naval base, that could also become a more prosperous trading centre. Farquhar stated in 1805 that "Prince of Wales Island, with proper management is capable of affording all the advantages in a Political, Marine or Commercial point of view that the Company... can reasonably expect from a Settlement in this quarter of India. As a Naval Station and Depot it is perhaps the fittest Port in the East for the construction and particularly for the repair of shipping". Its advantages included abundant supplies of timber, water and provisions, and a good climate. As Sir Home Popham wrote in 1805, "... I consider Prince of Wales Island as the most proper position for a Dockyard and Harbour, ... on account of the safety of Navigation, security of Harbour, natural and artificial productions, and favorableness to health..." Finally, its large harbour was safe in all weather. According to Macalister the harbour was "sufficiently capacious to hold a very large fleet", and was


82. Sir Home Popham (1805), 31.
sufficiently land-locked on every side to protect it from winds and sea, "so that ships might lie in tiers if necessary".

These optimistic reports on Penang's suitability as a naval base so impressed the Court of Directors and the Admiralty that it was decided to divide the Eastern Fleet into two parts, one to be based on Bombay, the other on Penang. The vital motive that brought about the change in Penang's administrative status was the decision to make Penang a naval base for operations against the French in the Indian Ocean, whose men-of-war had caused heavy losses to British shipping there. In addition, a naval base at Penang would safeguard the trade route to China against any threats from the Dutch. The exaggeration in the descriptions of the potentialities of the island was discovered only after this decision had been taken, and after Penang had been promoted to the position of Fourth Presidency of India in 1805.

According to Wurtzburg in his discussion of the plans to use Penang as a shipbuilding centre, Phillip Dundas, on his return in 1803 from Bombay where he had been Master Attendant, suggested to his uncle, Henry Dundas, by then Viscount Melville and First Lord of the Admiralty, that teak might be used for shipbuilding instead of wood. This

83. N. Macalister, Historical Memoir Relative to Prince of Wales Island... (London 1803), 26.
meant that ships would have to be built in the East, as the timber could not be transported to England because of its bulk. Melville was said to be impressed by the idea, and Penang was selected as the most suitable site for experimenting with the scheme.

Since Penang was to be such an important strategic centre changes had to be made in the administrative machinery of the island, more fitting to its new status. So the Company "plunged straight into the astonishing decision" to make Penang the Fourth Presidency of India, with Phillip Dundas its Governor. With its sudden elevation to the high rank of Presidency, on equality with those of India, Penang "was at the height of its glory: never before or since was such a future expected from it. Penang was to be the long sought naval base in the Eastern Seas; it was to produce fabulous yields of spices; it was to become one of the greatest trade marts of Furthestest Asia". Unfortunately Penang did not attain the expectations and hopes of the Directors, and all too soon, disillusionment set in. The course of these later developments forms the basis of the following chapters.

85. Ibid., 28.
86. Mills (1925), 47.