

CHAPTER 2

A HISTORICAL PERSPECTIVE OF SMALL TRADE / TRADERS IN MALAYSIA

2.0 Introduction

Chapter 2 is in answer to Research Question 1.6.1. Today's changes in retail trade come with historical antecedents. Sieh (1974) noted for Malaysia that for newcomers the existing pattern of retailing is given and must be reckoned with as external factors are relatively uncontrollable. Sieh could not have foreseen that the pattern of retailing in Malaysia would undergo rapid change beginning in the 1990s, when large, experienced foreign retail corporations, mass-market specialists as it were, entered Malaysia, assisted by government policy and rising incomes among Malaysians.

Trade and traders have throughout history conveyed and purveyed goods, ideas, and culture across geographies known in the traders' times, from marketplace-to-marketplace and hand-to-hand to end-users and other traders. End-users were ordinary people and people of the elites. Both classes were consumers, albeit the elite class established patterns of trade by imposing secular and religious regulation and ideology, and by favouring some trade and traders over others¹, typically viewing retail with disdain, as the Study will suggest. Members of the elites frequently participated directly and indirectly in trade and, vice versa, successful traders, who rose to become merchants, could rise to become members of the elite.

Van Leur (1955) called retail trade 'small trade' and the retail traders for 'small traders' in order to place retail trade in perspective relative to merchant trade², in the commerce in Asia in the centuries preceding the mid 20th century. Van Leur's small trade and small traders survive into the 21st century, merchants did not. Half a century after Van Leur, small traders and their share of retail, in Asia and elsewhere, are categorised as *traditional*, as opposite *modern*, the latter pattern largely ruled by corporate store chains and -organisation. If in a history-scale perspective, trader and merchant is likened to traditional and modern respectively, yesterday's merchant becomes today's corporate store chain present in Malaysia, e.g. Aeon; Carrefour; International Dairy Farm;

¹ A similar form of power only began accruing to ordinary consumers well in the 20th century. That is, consumer power, a power wielded in the interaction between consumers and modern retail industry.

² Merchant trade connotes large-scale trade, e.g. wholesale; bulk; trade between cities/regions/countries.

Tesco. Scale in distributive trade was always an important criterion by which success was measured, and remains so.

Chapter 2 contributes a societal and reflective account of emergence and evolution of retail trade and the trader profession. Sections 2.1 - 2.8 comprise history about the earliest known retail, in the *Fertile Crescent*³, retail philosophy in ancient Athens and Rome, the different tenor on trade by Islam, and European thinking about trade mid 2nd millennium CE⁴ and how ideology / society conditioned small traders. Sections 2.9 - 2.15 give an account how trade and retail evolved in the Malay Archipelago and Malaysia. Regarding this ranking, the Study's focus being Malaysia, the colonial commercial-political environment largely determined trade and retail evolution in Malaya and the Malay Archipelago up until the independence of Malaya in 1957 (Indonesia, 1945). Vestiges of domestic trade conditions in colonial times can be assumed to have lingered beyond Independence. The colonisers, English and Dutch, brought with them policy and attitudes of their homelands for and about retail trade and traders. The Study, therefore, suggests it important to begin Chapter 2 by perspectives that influenced, informed, the colonisers.

For Arab historian and philosopher Ibn Khaldun (1332-1406), historical events and episodes must be treated as object lessons and sources of human experience and understanding (*Al-Muqaddimah*, 1377). Danish philosopher Søren Kierkegaard (1813-1855) said in his Journals, "*Life can only be understood backward, but must be lived forward*". We should study the past to illuminate the present as it contributes to a more logical, coherent picture of the present and has potential to bring additional concepts and answers to a socio-economic perspective of the traditional retail trade in Malaysia and the retail trade changes becoming visible in the 1990s onward (Lawrence, 1984; Liddell-Hart, 1972). That being said, according to Joyce (1961), History can be "*a nightmare*" from which human beings are "*trying to awake*".

2.1 The beginning of retail emerges in the first cities

The exchange of goods and services by village households, often at long distances, predated the emergence of cities. By the fifth millennium BCE or even earlier, village

³ The name Fertile Crescent is ascribed to James. H. Breasted, professor of archaeology, who published circa a century ago. The name connotes an era going back some five to six thousand years to ancient Anatolia, Assyria, Egypt, Mesopotamia and Palestine. The crescent shaped geographical area covered the lands watered by the rivers Tigris, Euphrates and Jordan, and the Nile Valley.

⁴ CE = Common Era; BCE = Before Common Era (Gregorian calendar).

producers were exchanging products with other village producers in the geographical region stretching from what is today known as southwest Iran through Iraq and Syria to southeast Turkey. In Malaysia, similar exchanges can be traced to the first millennium BCE or earlier (Adi Haji Taha, 1995), albeit the archaeological artefacts of the Gua Gunung Runtuh, Lenggong Valley excavations do not suggest inland trade in the region of Perak state between the 10th and the 1st millennium BCE (Zuraina Majid, 1994).

The first traders had to have produced some surplus to their own needs, and they bartered, that is, exchanged goods of roughly equivalent value.

Since cities first emerged six millennia ago⁵ in Mesopotamia, present day southern Iraq, urban households for their survival have depended on the exchange of necessities. Urbanisation, therefore, delivered a boost to retail exchange. Inability of centralised state distribution systems to meet household subsistence needs encouraged the growth of ‘private sector’ exchange initiatives and retail exchanges grew in line with population growth (Kotkin, 2005; Postgate, 1992). According to Modelski (2003, 1997), archaeological evidence suggests cities in Mesopotamia of “*no less than*” 4,000 inhabitants at the close of the 5th millennium BCE, and 50-80,000 inhabitants at the close of the 4th millennium BCE. By the early 3rd millennium BCE, the population of Mesopotamia was largely urbanised (Kuhrt, 1995). Urbanisation beyond village-scale had become the latest societal realm (Adams and Nissen, 1972). There was an association of new urban areas and urban growth, on the one hand, and voluminous and navigable rivers, on the other hand, e.g. the Malay Archipelago 1st century CE. In the absence of archaeological evidence elsewhere to contest 4th millennium BCE urbanisation and emergence of cities, ancient cities in Iran, Iraq and Turkey represent the earliest known condensation of human enterprise interaction and entirely new demands on retail trade and its suppliers. Urban development was, and is, predicated on the supply of surpluses produced by both non-city and city dwellers and the distribution to the city dwellers to meeting the latter’s needs at least at the level of the necessities. The social transformation was accompanied by a surge in innovation and economies of scale in production and distribution. Entrepreneurial bulk and retail exchanges were apparently accepted and must have blended “*noiselessly*” with existing state distributive systems (Postgate, 1992; Pollock, 1999; Algaze, 2005; Kotkin, 2005).

⁵ Along the rivers Euphrates and Tigris in the region that is to-day’s south-east Turkey, Syria and Iraq. Similar developments occurred circa 3rd millennium BCE in connection with the rivers Nile, in Egypt, and Indus, in Pakistan, and with the Yellow River in China.

Exchanges in the early city initially consisted of the daily necessities required both by ordinary people and the elites. This subsequently expanded to include luxury goods and other goods not available locally, goods that were principally for the elites. The trade needed to meet these demands gradually grew in volume and geographical reach, attracting in the process a degree of elite recognition and patronage. Nevertheless, retail traders generally had little political influence. Instead, the historical record tends to focus on long distance traders, describing them as ‘merchants’ and ascribing to them a prestige and position higher than that of retail traders. The close relationship between the relatively small class of merchants and the elites they served gave rise to an influential merchant class. The record suggests merchants typically ignored the retail traders and served the elites directly. Ordinary people dealt with retail traders, who included farm producers and craftspeople, and all of whom typically congregated in regulated market places inside or immediately outside the cities.

The retail, part and parcel of city life, was, by and large, ignored by those concerned with administration: the literati, largely belonging to the elite. Administrators encouraged long distance trade as it facilitated the acquisition of luxury goods by the elite and smoothed out local scarcities, shortfalls, and surpluses of raw materials and products. There is no strong evidence for Mesopotamia that the ancient economies were developed on heavy state involvement rather than on freer market arrangements and vice versa. Instead ancient trade either ran at a loss, in which case private individuals abandoned the field, or it made a profit. Material conditions imposed great difficulties on the merchant traders, e.g. lawless conditions, weak economies and uncertain currencies and coins, natural obstacles, political turmoil, and inadequate transport. While the distribution of necessities was as much a prerequisite for growth as was their production and procurement, the relationship between production, distribution, and services in the mainstream market remained largely invisible until the 20th century CE.

2.2 Retail emerges to ‘folk’ suspicion

The earliest known portrayals of traders are contained in southern Iraqi proverbs of the late third and early second millennium BCE. According to Alster (1997), these proverbs “*reflect a genuine living tradition*” and mirror existing society. They provide an insight into the minds of ordinary people, common folks, as opposed to those of elites. The emphasis is on self-reliance and taking responsibility for one’s life, and the focus is on the individual householder on whose judgement depend the happiness and survival of

the whole family and, ultimately, society. Some exchange goods, however, are seen as more equal than others: “*He who has silver, he who has lapis lazuli, he who has oxen and he who has sheep wait at the gate of the man who has barley*” (Alster, 1997, pg. 6/2 263/1-4); “*He who pays with high-valued silver negotiates a favourable position*” (pg. 18.6/23). The proverbs also suggest city folks viewed traders with distrust: “*You, trader, how small you made the amount of silver! And how small you made the amount of oil and barley!*” (pg. 3.65/128); “*Weighing scales made with sinews are a trap made for the feet; a man should not take a trader for his friend*” (pg. 3.64/127-128).

There was folks-suspicion of retail traders, and traders generally, and the dominant ideologies⁶ and state intervention from the time of the early retail trade onward restricted the dynamism of retail enterprising (Toynbee, 1955; Polanyi, 1957a and 1957b; Sahlins, 1972; Finley, 1973; Pollock, 1999; Kotkin, 2005).

2.3 Mediterranean classical world: elite condescension and double standards

At the time in Greece of Plato (428-348 BCE) and Aristotle (383-322 BCE) the retail trade, simple food vending, took place in the Agora, the market place in Athens. According to Aristotle, in *Politics*, a city should have both a free square in which “*no mechanic or farmer or anyone else like that may be admitted unless summoned by the authorities*” and a marketplace “*where buying and selling are done ... in a separate place, conveniently situated for all goods sent up from the sea and brought in from the country.*”

At the time of Aristotle’s agora, customers paid for their purchases with coins. Polanyi (1957a and 1957b) suggested the monetary nature of this economy: coins were issued in denominations small enough to accommodate retail purchases. Before the agora there was barter trade and retail exchange in which customers settled the purchase price with pieces of metal (Silver, 2004). These pieces of metal were not coins as we know money, albeit functioned similarly in the exchange. Herodotus (circa 480-425 BCE) suggested Lydia, a Greek state located inside the Persian Empire at his time, both invented coinage and first introduced retail trade, in 6th-5th century BCE. Lydia may have been the first and prototypical example of an early commercial urban economy of a

⁶ Ideology: a. The body of ideas reflecting the social needs and aspirations of an individual, group, class or culture; b. A set of doctrines or beliefs that form the basis of a political, economic, or other system. Source: The American Heritage Dictionary of the English Language, 4th ed., updated 2003 and Ober, J. (1989) Beliefs about human beings and society, about power and authority, and about the distribution of social rewards, in J. Ober, ed. *Mass and elite in democratic Athens: rhetoric, ideology and the power of the people*. Princeton University Press, Princeton, N.J.

monetary nature (Hanfmann, 1983; Tassel, 1998), albeit the earliest, extant Lydian coins were of denominations too large to have been used in retail trade. It was not until two centuries later that extant coins, Athenian, were of denominations useful for retail trade in the agora.

At first public market places were located on the periphery of the towns they served, e.g. ancient Egypt, Mesopotamia and Archaic Greece. During the time of the first Republics of Greece and Rome, public markets were moved to central locations. In the central locations leaders and functionaries of the political system could and did oversee and control the course of market activity, e.g. the flow and type of commodities and the capacity to assign value to commodities outside the cultural norms of status, loyalty and obligation. There is no extant evidence the political systems thought of the market places in terms of a service to the public. Market places were expedient. In earlier times as well leaders were attempting to limit the effects of the market, e.g. ancient Egypt. Markets were placed within the conventional structure of government as trading grew in importance to economic activity and livelihoods. The Greek *Agora* and the Roman *Macellum* in the 1st millennium BCE became a marketplace for both goods and ideas at the centre of the economic and political life in the cities.

To trade was viewed as servile and demeaning in Greece in 1st millennium BCE. While husbandry and income from land ownership were acceptable, craftsmen and self-employed individuals typically received little respect in surviving writings: only the lowest class of person would labour for others to earn an income (Toynbee, 1955; Polanyi, 1957a and 1957b). The Greek philosophers held trade in low esteem and were preoccupied with other strata of society, seeing dangers to the state from commerce. Ancient Greek polities elevated peasant warriors to a high position and saw commerce as having a corrupting influence on the communities. Base acquisition of wealth destroyed the homogeneity of society and created faction. The polities saw merchants and artisans as less willing to defend the civic territory as compared to peasants. To Greek philosophers coinage was an instrument for payment of tax, salary of mercenaries and civilian workers, religious offerings, hospitality offerings and ceremonial gifts and not for contributing to markets.

Plato in *The Republic* analysed the commercial life of the city and distinguished between merchants and shopkeepers. “*Merchants travelled from city to city*” and were correspondingly respected. “*The shopkeepers served buyers and sellers in their stations at*

the market place” (the agora) and were barely tolerated. Plato related the city’s needs to the production of surpluses, work specialisation and trade, not to distribution and service, and excluded citizens from retail trade:

“And therefore what they produce at home must be not only enough for themselves, but such both in quantity and quality as to accommodate those from whom their wants are supplied...Then more husbandmen and more artisans will be required? They will. Not to mention the importers and exporters, who are called merchants? Yes. Then we shall want merchants? We shall....Suppose now that a husbandman, or an artisan, brings some production to market, and he comes at a time when there is no one to exchange with him, ..is he to leave his calling and sit idle in the market-place? Not at all; he will find people there who, seeing the want, undertake the office of salesmen. In well-ordered States they are commonly those who are the weakest in bodily strength, and therefore of little use for any other purpose; their duty is to be in the market, and to give money in exchange for goods to those who desire to sell and to take money from those who desire to buy. This want, then, creates a class of retail-traders in our State. Is not 'retailer' the term which is applied to those who sit in the market-place engaged in buying and selling, while those who wander from one city to another are called merchants? Yes he said.”

Plato wrote in *Euthydemus*:

“But let there be no retail trade for the sake of money-making, either in these or any other articles, in the city or country at all . . . As to the retail trade in these things, whether of barley or wheat set apart for meal and flour, or any other kind of food, no one shall sell them to citizens or their slaves, nor shall any one buy of a citizen; but let the stranger sell them in the market of strangers, to artisans and their slaves, making an exchange of wine and food, which is commonly called retail trade”.

To trade was no longer limited to barter. Coins circulated at Plato’s time in denominations suitable for retail trade purposes. Aristotle, Plato’s acolyte, in his *Politics*, connected “*the use of coin*” with money-making, that is, profit, and money making to retail trade, and determined that retail trade was unnatural:

“When the use of coin had once been discovered, out of the barter of necessary articles arose the other act of money-making, namely, retail trade, which was at first a simple matter, but became more complicated as soon as men learned by experience whence and by what exchanges the greatest profit might be madeFor natural wealth

and the natural art of money-making are different things; in their true form they are part of the management of a household; whereas retail trade is the art of producing wealth, not in every way, but by exchange...Of the two sorts of money-making one, as I have just said, is a part of household management, the other is retail trade: the former necessary and honourable, the latter a kind of exchange which is justly censured; for it is unnatural, and a mode by which men gain from one another.”

For Aristotle, commerce therefore had two aspects: the running of a household by a citizen, and trade for profit by non-citizens and slaves. Household economy permitted simple exchange between households to obtain necessities. Aristotle in *Politics*:

“For example, a shoe is used for wear, and is used for exchange; both are uses of the shoe. He who gives a shoe in exchange for money or food to him who wants one, does indeed use the shoe as a shoe, but this is not its proper or primary purpose, for a shoe is not made to be an object of barter. The same may be said of all possessions, for the art of exchange extends to all of them, and it arises at first from what is natural, from the circumstance that some have too little, others too much. Hence we may infer that retail trade is not a natural part of the art of getting wealth; had it been so, men would have ceased to exchange when they had enough.”

City growth depended on increasing surpluses and distribution of necessities and other goods. Nevertheless, to Aristotle, labour and trade by citizens were not acts of excellence, service to others or service to truth. Labourers and traders aspired beyond self-sufficiency and station in life. Aristotle confined their unavoidably valuable contribution to non-citizens and slaves. According to Bresson (2003) traders of the Greek Republic were classified as either a part of a “*merchant aristocracy*” or were “*poor outcasts, carefully kept by the cities at good distance.*” While both categorisations saw traders as an integral part of the Greek polity, the Athenian philosophers valued the stability of the community over the livelihood and professional endeavours of the individual. Toynbee suggested: “*In the matter of caste the thought of both Plato and Aristotle is tainted with . . . racialism*” (Toynbee, 1955). Elite Athenian antipathy toward trade permeated contemporary society. Athenian institutions encouraged resident aliens and slaves in commerce and citizens to keep themselves above commerce in service to the state. In practice, slaves engaged in retail trade on behalf of their citizen owners; and resident and travelling alien retail traders were clients of and proxies of citizens. Elite antipathy - and hypocrisy - must have shaped the sense of purpose, security, and entrepreneurial

willingness on the part of both citizens and non-citizens. Greek philosophy, largely only available to Greek and Arabic speaking elites until Aristotle was translated to Latin in the 12th and 13th centuries CE, became the backbone of intellectual life in Europe and the effects felt into the 17th century and beyond (Dear, 2001).

Elite prejudices, and hypocrisy, in Rome about commerce echoed those in Athens. Cicero (106-43 BCE) in *De Republica* wrote that commerce and trade were “*a corruption and degeneration of morals*”. He also wrote in *Duties* that “*All gains made by hired labourers are dishonourable and base . . . All retail dealing too may be put in the same category, for the dealer will gain nothing except by profuse lying, and nothing is more disgraceful than untruthful huckstering. Again, the work of all artisans is sordid; there can be nothing honourable in a workshop.*” Adam Smith (1776) wrote about the Roman Republic that the greater portion of citizens had no land and found it hard to maintain their “*independency*”. Nevertheless, if a citizen had little stock he “*may either farm the land of another or he may carry on a little retail trade; and if he has no stock he may find employment either as a country labourer or as an artificer.*”

A 122 BCE law, ‘*Lex Sempronia iudiciaria*’, recognised men of business as *equites*, members of the hereditary social hierarchy of knights, albeit excluded retail traders, *equites* transacting business with the government, e.g. infrastructure construction; supplies for the military; grain importation. Custom prevented Roman elites from engaging in retail trade. Those who did engage in retail did so through a proxy, a slave, a former slave, or a client, usually a foreigner. The ‘*Lex Claudia*’, 218 CE prohibited senators from engaging in overseas trade. Officially members of Rome’s upper classes could not aspire to high political life if they were engaged in any type of trade. Nevertheless, there were ties between Roman senators and merchant traders (Andreau, 1999; Long, 1875). Further, senators and *equites* could both set their freedmen up to trade and be patrons to clients to make a financial interest in trading possible; sons of senators frequently gave up senatorial aspirations and entered professions and the merchant trade. Ordinary citizens, freedmen, and foreigners engaged in commerce on a scale which for the individual depended on financial capacity.

The city of Rome circa 200 BCE onward had public markets, *Macella*, structures built of masonry and timber, dedicated to retail trade, e.g. the *Pistorium macellum* for bread, *Cuppedinis* for generic goods of any kind, ‘*delicatessen*’ and luxury goods, the *Piscarium* for sea food, the *Squarium* for pork, the *Vinarium* for wine, the *Boarium* for

the trading of cattle, and the *Holitorium* for vegetables, fruits and herbs. Some writers use *forum* or *macellum* interchangeably to describing a public market in Rome. Nevertheless, as some fora became increasingly monumentalised during the time of empire, e.g. *Forum Romanum*, and *macellum* was meant for trade, *macellum* is the better word for the urban public market. Varro (116-27 BCE), writer and Roman consul, “*After all these things which pertain to human sustenance had been brought into one place, and the place had been built upon, it was called a Macellum*” (Walker, 2003). Nevertheless, the *macellum* was a mercantile forum.

According to De Ruyt (1983), the *macellum* emphasised the desire on the part of the city leaders to separate the buying and selling of food and other goods from the other functions of the forum as also Aristotle had proposed in *Politics*. *Macella* were built in the large towns across the Roman Empire (Atik, 2005). The Greek agora was typically a square or rectangular public market ground with the boundaries frequently marked by stonework. The Roman *macellum* was typically round or horseshoe formed and frequently multi-storied and with built-up shops that were used by the traders (Walker, 2003). The shops excavated in around the *macellum* in Valeria, Spain, were of circa forty five square metres size (Curchin, 1997). In Rome, the shops away from the *macella* were both larger and smaller as compared to *macella* shops, purposely designed into houses and apartments or added later on, and some shops had a mezzanine floor for storage and/or living quarters. The retail system suggested by the *macellum* was different from that of the agora and the public markets in the present. The Roman system implied depth of selection within defined categories of goods as compared with the everything-in-one-place of the agora - and today’s traditional *pasars*, public markets, in Malaysia. Ancient narratives suggest the Greek agora offered as many categories as were made available to the retail traders. Nevertheless, same categories frequently grouped together in the agora.

Specialisation was similar among the traders in the agora, *macellum* and to-day’s *pasars* market in Malaysia. The public market area in Malaysia was largely organised by categories of same outlets, e.g. dry-goods, sea food, meat, vegetables. This was similar to the agora and dissimilar to the *macellum*. One public market in Malaysia, in Kota Bahru, Kelantan, bears an architectural resemblance to a *macellum*, by being round and multi-storied.

2.4 Early Islam endorsing fair trade

From the outset, Islam was unique in embracing all classes of trade and traders in a vision of the social fabric and in seeing them as contributors to social welfare. The Qur'an unambiguously supported trade, albeit only on the basis of cultural obligations and the moral requirement of fair dealing. Among those first addressed by the Prophet Muhammad (Pbuh) were people directly and indirectly engaged in trading in Makkah and Medinah (Ibn Ishaq 2002). When urbanisation first emerged in Arabia, nomadic husbandry at Makkah and Medinah proved insufficient to support the food needs and trade increased. The resultant markets functioned largely by supply and demand and negotiations between buyers and sellers. However, trading was seen as inevitably based on benefit and interest which the Prophet Muhammad (Pbuh) considered immoral. Regulations were promulgated to secure the social benefits of trade. The objective was a trade system that would decrease the difference between the wealth of classes within the society, creating an economic balance if not equality. Collecting wealth without considering others was prohibited. Trading had to be carried out justly and fairly. In his 11th century CE Qabus Nama (A Mirror for Princes), Muslim emir Kai Ka'us Ibn Iskandar prescribed the appropriate behaviour for various professions, for example assigning to traders the practicing of honesty as a pre-qualification for being successful.

Islamic scholar and social scientist Ibn Khaldun, in *Al-Muqaddimah* (1377) saw the agricultural, crafts and trading professions as equal and acknowledged both retail and long distance traders' contributions to sustaining urban populations and the growth of urban societies. According to Ibn Khaldun, "*utility*" and "*commerce is a natural way of making profits....it does not mean taking away the property of others without giving anything in return.*" Ibn Khaldun accepted the contribution of labour and utility in Islamic states as a means of building up the wealth of a community, increasing productivity, and exchanging products in city markets. To him these were the main reasons behind a community and nations' "*wealth and prosperity.*" However, Ibn Khaldun also commented: "*Buy cheap and sell dear: there is commerce for you.*" Ibn Khaldun had an ambivalent view of the character of the trader. It was "*remote from that of manliness which is the characteristic quality of rulers and noblemen....some traders have noble souls and are magnanimous, but they are very rare in this world.*" Yet, at least Ibn Khaldun was prepared to compare retail traders with "*rulers and noblemen*", which Plato and Aristotle had not been.

2.5 The medieval Catholic Church and clerical distrust in trade

After the fall of Rome, the collapse of infrastructure and trade that the Empire had secured bottomed out in the 8th century. Urbanisation slowly resumed, regardless, or because of, interruptions by wars, marauding, and pestilence. Villages attained city status and public markets grew gradually throughout the Middle Ages (Kotkin, 2005).

The Church imposed stringent regulations on trade enshrining ‘*just wages*’ and ‘*just prices*’ regardless of whether external circumstances made these prices unworkable and threatened the security and livelihoods of producers and distributors. Church clergy promoted economic regulations with the aim of protecting the congregation, the consumers, from ‘*crafty*’ traders. The church-state establishment promoted and idealised self-sufficiency and was negatively inclined toward trade and traders. Nevertheless, as produce and products from church lands and workshops grew and church wealth and -acquisitions steadily increased, clergy found themselves increasingly interacting with traders and, in effect, acted as traders themselves.

Hart (2004) suggested Church prejudice against trade arose not only because government and church officials were not dependent on trade and trading for their positions in society, but also because trade inevitably created an independent class of people less beholden to a paternalistic state for their livelihoods. If so, this reflected Plato’s and Aristotle’s thinking that, if traders prospered their status and power grew, they might create a rival to the official state apparatus.

2.6 European Reformation setting the stage for a fresh perception of trade and traders

Braudel (1996) wrote about 15th century Catholic Spain, “*dishonour attached in Spain to manual work and trade... the aristocracy sponged on occasions off these prudent and thrifty merchants*”. Martin Luther took a more complex view, “*One cannot deny that buying and selling is a necessary activity that we cannot do without and that can be transacted in a Christian manner especially when buying and selling goods serving useful and honest purposes....But foreign trade...drains the country and its people of money, should not be allowed by a real government and prince...*” (Luther 1524).

For Luther’s century and reflecting the ideology of autarky, according to Benson and Ugolini (2003) quoting anonymous writers in England, “*home-Traders...whom we call Shopkeepers*” are adding to their own wealth by “*buying cheaper and selling dearer*”

without adding “*a peny to the National Riches*”; “*personal trade might be very beneficial to the private trader, but harmful, nay of very ruinous Consequence to the whole National interest*” by dealing “*over-much in Consumptive Foreign Wares*” such tradesmen were assisting in “*the beggary of the Nation*”; and “*One poor Manufacturer...adds more in a year to the Wealth of the Nation then all such Retailers and Shop-keepers in England*”.

Calvin placed the same value on a worker as on a cleric. If work was good, then wealth was a just reward regardless of occupation. He wrote: “*the Lord enjoins every one of us, in all the actions of life, to have respect to our own callingno work will be so mean and sordid as not to have a splendour and value in the eye of God*” (Calvin, 1536, 3.10.16). For Calvin, despite his austere image, trade, even of luxuries, had value, “*if we are to live, we must use the necessary supports of life; nor can we even shun those things which seem more subservient to delight than to necessity.....There have been some good and holy men who, when they saw intemperance and luxury perpetually carried to excess, if not strictly curbed, and were desirous to correct so pernicious an evil, imagined that there was no other method than to allow man to use corporeal goods only in so far as they were necessities: a counsel pious indeed, but unnecessarily austere; for it does the very dangerous thing of binding consciences in closer fetters than those in which they are bound by the word of God*” (Calvin, 1536, 3.10.1 and 3.11.1).

The Reformation was one of the most important cultural forces in early modern European history, reshaped many of the cultural patterns inherited from the Middle Ages and contributed to laying the foundation for the development of modern European culture. The ideologies of both Luther and Calvin, while far removed from liberal, nevertheless shifted moral, political, and economic thinking and made way for a gradual easing of the hostile intellectual and administrative environment in which both producers and traders operated (Taylor 1996). By the 18th century, Daniel Defoe felt able to hail trade markets in Britain as “*the wonder of all the world of trade*”, and retail traders as the human link who “*hand forward the goods to the last consumer*” (Defoe, 1726).

2.7 Dominant ideologies and implications for retail traders

The implications of the discussion in this chapter concern the need to acknowledge historical and cultural forces, in attempting to explain the development of retailing. For five thousand years retail distribution has impinged on the daily lives of urban populations with ever increasing, if frequently interrupted, force. Not much is known or written down about the retail trade in the geography of Malaysia in the historical past except the Malay

Archipelago was vibrant with endogenous internal and external trade before the arrival of the Portuguese who were followed by the Dutch and the British, e.g. Hussin (2007), Andaya and Andaya (2001, 1982) and Dunn (1975). The colonial powers exploited the existing long-distance trade and the sources of supply, e.g. spices; resins, later augmented by tin and rubber, to building their own merchant trade. The retail trade and people's needs in the Archipelago were taken as given, and given few thoughts.

Challenging the ideology of autarky, some form of retail activity preceded consumption and contributed to economic development. Defoe's (1726) human links who "*hand forward the goods to the last consumer*" were inseparable from producers, albeit ruling elites and thinkers failed to make the connection between production, distribution and retail service. Instead the spread of the Industrial Revolution in the 19th century on the back of individual entrepreneurship strengthened industrial organisation and consolidation and was a fillip to the merchant class. Mass manufacturing and the wholesale distribution of consumer goods outpaced retail services in invention and innovation until the last half century. Retailers in the mass market lagged behind their suppliers for a long time until they, too, gained the ability to anticipate changing tastes, develop innovative consumer services and counter the power suppliers had amassed in the meantime (More, 2000), e.g. Wal-Mart; Carrefour; Tesco.

A combination of elite condescension and folk scepticism conditioned retail traders. In the eyes of the elites long distance traders were acclaimed, retail traders were not. The latter were vulgar, the former not. Folklore suggests city folk were sceptical about the morals of retail traders. Honesty was constantly emphasized as a means to acquire trust. In one structure of the retail trade in Malaysia, the fishermen in Kelantan and Terengganu, there were trust and transparency between the fishermen and their customers who included both consumers and small retail traders (Firth, 1975). It was the tradition. Firth's was an example of the trust or the opposite to be found within ethnic groups of craftspeople and traders and their customers who were of the same ethnicity. People who bought regularly in the same market place came to know the traders and the traders came to know their customers and both parties came to know what the other party stood for in an exchange sense. Traders who attended the market places infrequently or were itinerant traders, from outside the local community, were not trusted except by the experience of the exchange transaction, and then the experience could only be extended if there was a repeat transaction at which the trader and the customer recognised each other. It was only in the second half of the 18th century that rural peddling in Europe acquired

the status of trade, albeit pedlars had been around for centuries. According to Fontaine (1996) it was the educated classes who defined the pedlar. The travelling pedlar had been around the Malay Archipelago for centuries before the Portuguese arrived and was working for himself and sometimes for merchants (Kratoska, 2001), and was still around in Asia. According to Kaiser (2004) petty trade was growing rapidly on an incarnation of the old 'Silk Road', across the borders of states that were a part of the former Soviet Union and into other surrounding countries. These pedlars carried their goods with them in trucks, buses and planes, largely unrecognised by governments, and along with trading their goods the traders conveyed patterns of consumerism, lifestyles, knowledge, beliefs and political visions, altogether an informal trade.

It is ironic how the ideal of self-sufficiency or autarky found in Aristotle's *Oeconomica* persisted down to the eighteenth century, a period when worldly goods were being accumulated in great abundance. Such attitudes, embedded in ideology and, thus, culture, formed the basis of all discussions of 'the economy' in Europe (Sherratt and Sherratt 1998). By contrast, Ibn Khaldun's 14th century account of everyday life in Islamic states and Adam Smith's eighteenth century account of North America portray groups and individuals engaging in surplus production and distribution in a positive and constructive light.

Adam Smith was British and a visitor to America. The immigrants to America whom Adam Smith met were apparently of a spirit that did not mirror the prevalent European ideologies that reflected on the retail trade and traders and colonial rule, e.g. Malaya, at the time of Smith. From a later American perspective Veblen (1904) suggested petty traders were both community and national pillars of The English, Continental, and American political economy systems up until the mid 19th century. In his seminal *The Theory of Business Enterprise*, Veblen wrote that both trade and industry were matters of personal efficiency and neither trade nor industry was comprehensively organised processes of an impersonal character. Man meets man on a somewhat equable footing, albeit not on material equality, "*the scheme of natural rights preconceptions emerged to lodge in the common sense of the community and with its lawgivers and courts under the discipline of small industry and petty trade.*" Businessmen's training in the domestic economy up until the transition to '*the modern situation*' was training in individual initiative, free scattered industry, and petty trade (Ashley, 1900). A hundred years ago Veblen and Ashley recognised the contribution to American society and to commerce by the small retail traders.

Notwithstanding the American view, paternalistic elite attitudes at best belittled and at worst depressed retail trade and retail traders, and consumers were sceptical if not cynical about retail traders until fairly recently when the retail trade acquired, or re-acquired, a positive image (Wiener, 1981; Sherratt and Sherratt, 1998). This newfound respect came at a time when retailing, benefiting from increases in organisation, scale and scope in the mass market, was able to share the benefits with consumers. Throughout the second half of the twentieth century the corporate chain store, as opposed to the single shop, gradually became the dominant organisational form by market share. Obtaining the benefits of scale and scope and sharing these benefits with consumers enabled retailers to extract larger concessions from manufacturers and wholesalers. Previously, the benefits of scale and scope had been the exclusive preserve of manufacturers, merchants, and wholesalers. Toynbee was accurate when he wrote that it *“is not surprising that what the world has learned in the art of consumption has been due less to the initiative of consumers than to the initiative of producers striving to win a market for their wares”* (Toynbee 1955).

For Malaysia, the history of the traditional retail trade had been abruptly changed by colonial policy, and uniquely so, when looking for a similar change elsewhere, as the Study did. Britain claimed to be the protector of the Malays. Nevertheless, by insulating rural Malays from European and Chinese capitalism in the economic centres and assigning to them the role of growing the staples required to feed these centres, the British denied generations of Malays the learning opportunity of engaging in trade even if previous generations of Malays had contributed renowned trading acumen to the trade of the Malay Archipelago. For two hundred years the British perspective shaped economic policy and structure in Malaya (Howell and Palmer 1995). After 1894 and, again, after 1909, massive Chinese and Indian immigration was encouraged, increasing separateness. Malays who wished to engage in retail trade and become shopkeepers were stymied.

2.8 Small traders were conditioned by society

In most states historically and in many today, retail traders have rarely been fostered in the spirit of entrepreneurial initiative that Ibn Khaldun (1377) saw among traders in Islamic states, that Calvin (1536) looked to for the future of Europe, and that Adam Smith (1776) observed in North America. The effects of ideologies, worldly and spiritual, linger in many cultures today, e.g. market protection; regulations about opening hours, on the one hand, and encouragement by Islam to trade freely, albeit morally, on the

other hand. In the 20th century, state ideology dictated the structure of retail trade in the Soviet Union and excluded foreign competition. On the other hand, ideology grew entirely different retail structures and retail trade participation in America. Nevertheless, among the historical and present traits of the retail trade there seemed to be a common tendency for retailer practices to be exploiting loopholes in state and local regulations.

Some economies were largely insulated from rapid change and competition by state policy until late in the 20th century, e.g. China; Indonesia; Malaysia; Thailand⁷. When the domestic market was liberalised for various state economic reasons, domestic retail traders were not geared up to compete with the incoming international mass market retail chains. When the dominant ideology changed, indigenous retail entrepreneurs were slow or unable to respond appropriately. By contrast, international retail corporations were willing and able to respond to the new demands and did so from the moment the domestic markets were opened to competition from abroad. The interest of large-scale retailers to expand abroad was aided by the growing competition and maturity of their home markets, e.g. Reardon *et al* (2004). The old ideology had deprived indigenous retail entrepreneurs of the background and resources that could have made a difference in competing with outside forces.

In Malaysia, it had turned out to be impossible for local entrepreneurs to create and hold on to retail propositions that might have made important inroads into the mass-market share captured by Carrefour, Giant, Jusco, and Tesco in the economic core towns during the ten years to 2004, after the hypermarket's introduction. Even if a few Malaysian corporations in the mass-market, e.g. 99'Speedmart; Mydin; The Store, grew substantially from a small base at the beginning of the 21st century, these initiatives by Malaysians were insignificant as compared with the growth of the foreign hypermarket chains in Malaysia. Nevertheless, in the meantime the necessity and potential of the chain store concept and large-scale organisation had become obvious to Malaysian retail entrepreneurs and the fray has been joined, albeit barely in the hypermarket segment.

Have cultural forces been factors in the retail trade's late catch-up with the organisation and innovation of its suppliers, delayed the introduction of dynamic distribution services to ordinary consumers, and failed to prepare traditional traders for the arrival of modern retailing in the mass market? The review of history and historical retail structures overwhelmingly suggested that this was indeed the case.

⁷ Thailand was never colonised in modern times.

The historical perspective suggested that the status of social esteem was ambiguous in the retail trade. Social esteem was withheld by the elites and, in some societies, perhaps this rubbed off on ordinary folks. In the past there seemed to be little social esteem to be obtained by being a retail trader. The ironies of this were the dependence of ordinary folks on the retail traders in the past and that the retail, as exemplified by the single outlet, remained the livelihood of the more numerous retailers in any economy going into the 21st century.

In the history of the Malay Archipelago, rulers sought out trade for revenue and prestige goods, and took small traders for granted, regulated them in market places, and extracted toll from them. When the colonists, Portuguese, Dutch, and British, arrived, these brought with them ideologies about trade and traders, disseminated, through authority rather than through contact, in the process of creating and supporting merchant trade for the benefit of their home countries.

2.9 The Malay Archipelago, early trade practices and markets

Van Leur's (1955) categorisation by small traders and merchants, the latter, wholesalers, supplying the former with goods, is a fitting description in history. It equally fits the trade in Malaysia to circa the last decade of the 20th century. With the end of colonial times in Asia, the 1940s and 1950s, began the end of van Leur's merchants. The wholesale trade in Malaysia gradually became as fragmented as the retail trade it served, until the 1990s, when foreign hypermarket chains arrived and led the modernisation of both wholesale and retail in Malaysia. In a manner of speaking, inspired by Geertz (1963), the hypermarket chains became the new merchant prices.

The historical literature typically contained a dearth of information about retail trade and voluminous information about merchant trade, regardless of the geography and the times the literature dealt with. The merchant trade was big business, by long-distance trade, importing and exporting. Merchants traded with bulk parcels of goods that needed to be broken into small(er) lots and sometimes individual items to be re-sold, and for retail traders to be able to purchase of the goods and resell them. Merchants sometimes acted as their own resellers, wholesalers, and / or sold to (other) wholesalers, and vice-versa. Merchants and wholesalers, when convenient to them, sold some goods past the retail traders directly to elite end-users, to authority, such as royalty, wealthy homes, army, and navy. The retail trade was small business, the traders typically coming to the outlets of the merchants, and wholesalers, to transact and fetch the purchases, e.g. shop

and stall traders; hawkers; pedlars. Further, other middle-men would become involved in the chain of distribution, e.g. brokers; financiers. Local know-how, and know-who, and finance, played a part in a / the flexible apportioning of roles in trading, e.g. retail traders procured local crops and forest produce for distant brokers and / or merchants, and financed this trade by own capital or by capital lent by the merchant or a middle-man, the latter, perhaps, a reseller. Retail traders were typically connected to a village and local community, albeit some travelled long distances across villages and communities, peddling their wares from market-to-market and house-to-house. The two types of traders could be selling, buying, and exchanging in a day's work (Fontaine, 1996).

In the context of the Malay Archipelago, merchants and wholesalers, and brokers and financiers, and retailers connected in the large settlements and port towns and goods travelled between the two and the hinterlands, in both directions, some goods for export by the merchants and other goods for further wholesaling and for retailing. Southern (1961) described the merchant trade and the far-reaching consequences of "*the taste for spices and the charm of luxuries*", ...it was to satisfy this taste that merchants travelled, sailors perished, bankers created credit, and peasants raised the numbers of their sheep. As so often happens, the secondary effects are more interesting than the primary ones: ...the activities and organization which existed to satisfy the demands of the relatively few coloured the whole history of the Middle Ages, and are the foundations of modern commerce and history." The merchant trade addressed the needs of the elites first. In terms of a sociological terminology the merchant trade and the retail trade related to each other as rich people to poor people and as esteemed compared to mean (Finley, 1973). This differentiation seemed to be a global view and it changed minimally though the millennia and up until the 20th century. It was also a paradox, as neither type of trade could effectively manage without the other once the cities⁸ emerged and began to grow circa five millennia ago. At the level of and above the food subsistence economy the retail trade sold provisions to all the people, rich and poor, on an almost daily basis. The relationship of the merchant and retail trades was one of the earliest expressions of capitalism in history. If there were an exception to the retail trade provisioning the people the exception would be, for example, by the Roman emperors and some rich senators and some popes in Rome doling out grain to the people of Rome on occasion when the people starved, which was not infrequently, as the grain had become scarce in the retail market and the price had risen above what the people could afford to pay. Further, some Roman

⁸ City and town are interchangeable for the purpose of the Study.

emperors gave grain rations to the male Romans and to some of the conquered German tribes during times when there was no starvation among the people (Stambaugh, 1988, Heather, 1996). The givers of the grain to the people paid the merchants for the grain. Grierson (1959) suggested the ambition of the household was to become as self-sufficient as possible in the period that following the collapse of the Roman Empire in Europe. Lesser households could not hope to match the range of produce that gradually was needed and wanted in a population and place, albeit the desire to do so was universal. Buying was only resorted to when all else failed (Grierson, 1959). In the Malay Archipelago empires rose and declined, colonial powers came and went and seaborne and Archipelago-nised Indian, Arab and Chinese traders and seaborne Malay traders, some of whom would have been equal to merchants, continued to trade into the 20th century in a socio-economic pattern that took retail trade and retail traders for granted, possibly because the retail trade space always could and would attract a sufficient number of retail traders.

The trading in the Malay Archipelago resembled that in medieval Europe where the severance of local trade and long-distance trade became the key to the social history of urban life in Western Europe (Polanyi, 1944). Medieval commerce developed from the beginning under the influence not of local trade but of export trade. According to Pirenne (1969; 1956), "*It was this alone which gave birth to that class of professional merchants which was the chief instrument of the economic revival of the 11th and 12th centuries*" in Europe. According to Geertz (1963), the driving force in urban economic development in Java had consistently been long-distance trade and not local trade. The long-distance trade had connected the various regions of Java into a single commercial network and connected Java to the networks of the Malay Archipelago and beyond. According to Geertz, "*it was only in the 14th century and the centuries immediately following it.....that this single network was forged and the 'pasar' pattern took its characteristic historical form.*" For the Malay Archipelago there was archaeological and documentary evidence of settlements where Arab, Chinese and Indian trading vessels arrived to sell and obtain parcels of goods and entire cargoes, e.g. Jambi; Melaka; Palembang; Siak (Andaya and Andaya, 2001). Pirenne and Polanyi on Europe implicated the Malay Archipelago: the long-distance traders would not have come to and moved around in the Malay Archipelago if the settlements of call did not have wares to exchange with or sell. Malay traders responded as they had for centuries beforehand been developing and participating in long-distance trade that gradually created the economic underpinnings of the local

market activity and motivated peasants, forest collectors and craftspeople to move beyond self-sufficiency for themselves and the local community (Andaya and Andaya, 2001; Morton, 2000; Reid, 2000; Hall, 1981; Wolters, 1967; Geertz, 1963).

The typical local market, e.g. Geertz's *pasar*, on which households depended for some of their needs and nearby growers and craftsmen offered their products for barter or sale, was structurally indifferent to time and place and remained unchanged right up to the middle of the 18th century in the most advanced countries of Western Europe (Polanyi, 1944). The gatherings by retail traders and consumers in market places existed as early as the 4th millennium BCE in the proto cities in what is today known as Iraq and Syria where there were also merchant traders. The similar markets continue to exist by the hundreds in Malaysia, in the form of public markets, and in other economies in modern times, albeit the market goods in the gatherings are now sold for money, no longer bartered. The merchant trade of yore no longer exists. The difference in scale, economic importance and popular view between the past merchant trade and the retail trade can be likened to the modern difference between the hypermarket corporations and traditional retail traders. The corporations have effectively become to-day's merchants by supplanting the traditional merchants in the economy and subjugating the traditional role of van Leur's (1955) merchant trade.

To Polanyi, the towns sprung from markets and "insofar as they sprang from markets, were not only protectors of those markets, but also the means of preventing them from expanding into the countryside and thus encroaching on the prevailing economic organization of society. The two meanings of the word 'contain' expressed perhaps best this double function of the towns in respect to the markets which they both enveloped and prevented from developing." Trade was limited to organised townships. Local and neighbourhood trade and long-distance trade traded separately: "Neither trade was allowed to infiltrate into the countryside indiscriminately...Spices, salted fish, or wine had to be transported from a long distance and were thus the domain of the foreign merchant and his capitalistic wholesale trade methods." In the Malay Archipelago the conveyance of goods attracted both protection and taxation by kings and chiefs. The essence of the analysis by Polanyi of the emerging wholesale and retail markets in the emerging towns was state intervention that to "the modern mind may easily appear as a short-sighted exclusion of competition was in reality the means of safeguarding the functioning of markets under given conditions. For any temporary intrusion of buyers or sellers in the market must destroy the balance and disappoint regular buyers or sellers,

with the result that the market will cease to function.” The self-sufficing household of the peasant working for the subsistence of her/his household remained the broad basis of the economic system right up into the 19th century in some economies and the 20th century in some other economies, e.g. Malaysia. Market mechanisms as we know them today were not applicable to the pre-capitalist societies and began to grow in the towns in isolation from the countryside, the rural areas. The seminal works of Moses Finley and Karl Polanyi became viewed by some scientists in sociology and economics as expressing an orthodox view of the trade developments in an economic perspective. Some other scientists argued the past trade from the time of the ancient economy experienced both innovation of a technological nature and traders trading freely for their own account. Nevertheless, the Study did not find any contribution by the literature that diminished either view in a perspective of the practical functioning of the trade that provisioned the households when and where a demand existed and Polanyi’s implied 19th century Malaya.

2.10 The Malay sphere and retail

Until the Portuguese colonised the Malay Sultanate of Malacca in 1511, Malay civilisation had for centuries been a richly cosmopolitan world enjoying political and trade supremacy in a geographical area stretching from the Andaman Sea to the Sulu Sea, encompassing the peninsula of Malaya and the archipelago of Indonesia, and with trade relations that extended to China and ports on the Indian Ocean and Arabian Sea as far as southern Africa (Shellabear, 1977). Open borders and an environment rich in resources and trading opportunities attracted traders and immigration and, with them, fresh capital and increases in population. Malacca’s rulers adopted Islam in the 15th century, triggering the Islamisation of the Peninsula, propelling Islamisation across the Archipelago and making the region a favoured destination for Arab and Indian Muslim traders (Andaya and Andaya, 2001 Muhammad, 1992).

In his seminal work, ‘Peddlers and Princes’, an anthropological study of trade and traders in two Indonesian towns, Geertz (1963) said one cannot fully understand the trader in the traditional market place and the market place economy in general,

“...unless one realises that trading in and of itself, trading for trading’s sake is one of the primary goals of his life. The trader sees trade as a peasant sees agriculture, or as a civil servant sees administration - as the expression of his essential self. As the peasant takes pride in his farming abilities and a civil servant in his executive talents, so

the trader takes pride in his trading skills. Yet though both the peasant's plodding industriousness and the civil servant's subtle adeptness have had a secure place in the traditional Javanese value hierarchy, the trader's hardheaded shrewdness has had a much less secure one and the tendency on the part of the average man to despise the technics of commerce has always been very strong...and sees the trader as standing 'outside' the ethical order....the status of the trader in the wider society has been ambiguous at best, pariah-like at worst."

Geertz's traders were 'Malays' and Muslims, selling from carts, stalls, and shops in locations designated for marketing activity, markets, and in fixed places. Indonesia and Malaysia were a part of the Malay Archipelago, a historic living concept of ethnicity and geography. The research by Geertz suggested trader characteristics and societal value perceptions that might be shared by ethnic Malays across the Archipelago. At the bottom of the trader pyramid, for Lam (1977) market hawkers in the large towns in Malaysia,

"...conjured up different images and attitudes, depending upon whether one is a city official, politician or ordinary citizen himself. The attitudes range from seeing the hawkers as sharp entrepreneurs who have each a Mercedes 280 hidden behind their squalid squatter huts to viewing hawkers as a marginal poor population contributing little to the developing process...the general social attitudes of the past and of today, in regarding hawking as a lowly occupation, not to be undertaken, unless as a last resort."

Yet, in a way, Lam's "images and attitudes" reflect Veblen's (1904) and Ashley's (1900) positioning of small traders intrinsically as "*national pillars of the English, Continental and American political economy systems* and small trade as a *businessmen's training ground in the domestic economy*" up until "*the modern situation*". Lam's traders in Malaysia comprised ethnic Malay, Chinese and Indian traders.

2.11 Colonial rule and the retail

Mackenzie's (1952) report to the Board of Trade in London on the economic and commercial conditions in Malaya in 1951, six years prior to Independence, was detailed about the commerce and about the import of an increasing variety and volume of consumer goods and did not mention a single word about the retail trade or how, and by whom, the goods were imported and distributed. The wholesale and retail trades were apparently taken for granted in 1950s Malaya, albeit the then view of the distributive trade reflected van Leur's (1955) "*small trade*" and "*small traders*" for the retail trade and

“*merchants*” for the wholesale trade that did the importing and consisted largely of European trading houses who sold, and bought domestic produce, through ethnic Chinese wholesalers, who were also viewed as merchants. Town shoppers typically had to contend with the goods assortments the merchants made available to the retailers in the outlets the retailers made available to the shoppers. Wholesalers and the retailers served each other, and the consumers, by experience and instinct and to make a profit in the short term. Except for the elites, consumers, ordinary folks, were not a part of the equation for the distributive trade in the commercial hierarchy in Malaya. At best, the consumers were at the bottom of the hierarchy. The merchants were at the top, above the retailers.

At the time of the research by Geertz (1963) and Lam (1977), the retail trade in the towns in Malaysia was dominated by ethnic Chinese and Indian traders. Why was that?

Beginning with the Portuguese in 1511, followed by the Dutch in 1641 and the British in 1786, the course of development in the Malay world was deflected as the colonial powers introduced and enforced euro-centric ideological assumptions. British colonial ideology, combined with the ideology of Malay rulers, effectively erased the earlier interest among west coast Malays in peninsular Malaya in discovery and trade. Nevertheless, away from the west coast, in the Unfederated east coast states of Terengganu and Kelantan, Malays continued to engage in traditional wholesale and retail trade along with Chinese, Arab and Indian traders (Khoo, 1991; Harper, 1999). In the Federated states the former sovereignty of the Malays gave way to the more plural society introduced by the British colonial policies and which bound the Malays to ‘*working the soil*’, excluded them from the region’s rapidly growing commerce and recruited largely Chinese and Indian immigrants to run the non-farm sectors and some farming (Furnivall, 1944; Harper, 1999 and Hefner, 2001). “*There are ideologies of the ruling class and there are ideologies of the subjugated classes*” (Alatas, 1977) and this was certainly the case in Malaya under British colonial rule (1874-1957). British ideology, imposed on the previous culture, was nevertheless adopted by some Malay rulers (Harper, 1999). The British affirmed the power of the rulers they backed, replacing the indigenous, somewhat loosely structured administrative system with an elaborate, and highly centralised, administrative machinery but without interfering, by and large, with the social structure of Malay society. Existing Malay elites were gradually incorporated within a larger bureaucratic structure (Khoo, 1991).

Chinese entrepreneurial ability was obvious to the British who administered the Chinese in Malaya through the latter community's own leaders. The mutual interests of Chinese leaders and Chinese business and their British rulers coincided well into the 20th century. Chinese activity in finance, transportation, construction, small-scale industry and the retail and wholesale trading helped establish a strong base for the future economy. Chinese immigration remained uncontrolled until 1930 when the demand for additional labour was ended by the Great Depression. According to the 1931 census and despite the fact that substantial numbers of Malay-Muslim people from various parts of the Archipelago had immigrated to Malaya, Malays no longer formed the majority of the population of the Malay States and Straits Settlements (Vlieland, 1934).

British ideology and policies deepened the cultural divisions between the Malays, Chinese and Indians. On the one hand, the ordinary Malays were effectively excluded from the modernising economy; on the other hand, the Malay elites were encouraged to think about an English public school-style education and a career within the branch of government that administered the Malays. Ordinary Malays were envisaged as rice farmers and fisher-folk, and their vernacular education was tailored to such humble goals. British educational policy for rural Malays did not raise young people's opportunities beyond food crop production and home chores. According to social anthropologist Ibrahim Zawawi, *"Those from the peasantry, deliberately streamlined through the less superior and vernacular educational system, could only achieve mobility by becoming primary school teachers, or joining the police or the armed forces"* (Ibrahim, 1998). In contrast, English-style education opened the doors to the bureaucracy, membership of which was the privilege of the traditional elites only until well into the 20th century. According to Ahmad (2004), Malay rulers' wealth *"was never used as a source of capital investment for any economic undertaking"* or for sending Malays abroad to be educated and to study other cultures.

The assumptions of the colonial administration about Malay poverty began to be challenged in the 1950s by forces such as commercialisation, urbanisation and diversification and by the entry of Malays into the wage labour economy (Harper, 1999). According to Shamsul (1997), Malaya was the most urbanised country in South East Asia in 1957 and the second most urbanised country in Asia. Between 1947 and 1980 as a proportion of urban populations, ethnic Malays increased to thirty eight percent from nineteen percent and ethnic Chinese declined to fifty percent from sixty three percent. British policy had changed from 1948 onward to one of diversifying the economy and

‘industrialising’ the Malays, without endangering the well-entrenched Chinese and British commercial and economic interests (Shamsul, 1997). Nevertheless, urban living was new to the Malays, and in urban centres ethnic Chinese and Indian immigrants continued to dominate all forms of economic activities. Nevertheless, in 1972, ethnic Malay traders trading from stalls in public market places made up circa twelve percent of market traders and of hawkers in Kuala Lumpur and Malacca while making up circa twenty five percent of the population in Kuala Lumpur and circa fifteen percent of the population in Malacca (Lam, 1977).

The conditions for ‘free wage labour’ had been created but not as far as the Malay peasantry was concerned (Ibrahim, 1998). Rural Malays were reluctant to blindly follow the directions mapped out by the colonial state which failed to appreciate the complexity of Malay land tenure maintained upon the peasantry by the Malay rulers and elites, and the diversity of the rural economy embedded in Malay land tenure (Alatas, 1977, Overton, 1994). Yet the Malays were not behind in pursuing a living, engaging in a range of activities including petty trade and ‘retail trade-to-eat’. The combination of the dynamism with which the rural Malays responded to their environment and the physical, social and economic challenges they faced, were richly illuminated in the research of Mokhzani (2006), Ibrahim (1998) and Wong (1987). Food-crop and rice production actually increased year-on-year in the twentieth century, although not by enough to feed the rapidly growing population resulting from the immigration attracted by the increasing demand for labour in the export sectors (Booth, 2006), and in most instances not even creating enough surplus amongst households in the subsistence sector (Ibrahim, 1998).

In the period immediately before independence in 1957 the typical picture of Malay business was bleak and the basic characteristics of much of the Malay heartland remained isolation, disease and malnutrition. Old stereotypes of the Malays as backward relative to colonial ambitions and to the Chinese immigrants were still strong. The collective will and imagination to turn the Malays into independent farmers, a sturdy yeoman peasantry or a capitalist class was lacking. The bureaucratic vision was profoundly paternalistic. Harper commented that “*the failure of Malay business was less due to a failure of entrepreneurial energy than a consequence of the muddled political priorities of the state that tended to suppress it*” (Harper, 1999). Economic focus following Independence was on making inroads into British and ethnic Chinese owned plantation and mining and, in the urban commercial sector, British agency houses and ethnic Chinese family businesses, albeit results were slow in coming and the focus,

perhaps, not enthusiastically promoted (Shamsul, 1997). Post-colonial economic orientation of government policy was far from concerned with developing ethnic Malays in the distributive trades. The then policy was aimed at Malay peasants and agricultural production as well as old and new Malay entrepreneurs, for the entrepreneurs to integrate with government economic developmental policy that did not then consider retail and wholesale trade, or took these trades for granted, dominated, as it were, by ethnic Chinese and British agency and trading houses (Shamsul, 1997).

According to Ahmad (2004), Malaysia's 1971 New Economic Policy "*epitomized a government's effort to change, once and for all, the economic image of a community that had persisted throughout the 446 years of colonial rule.*" Nevertheless, the ethnic Malay community was encouraged to remain in their "*mainly rural abode where farming, fishing and gathering of forest products were natural vocations... ; if dwelling in towns, in the case of a small minority, they occupied the lower rungs of the organizational ladder... , at best teachers, soldiers and policemen.*" Ethnic Malays own images of their businesses, for example their small retail enterprises, are mostly of selling prepared food and handicraft from stalls. According to Ahmad, "*It is widely perceived by the Malays themselves that they do not make good retailers of groceries, unlike the Chinese and Indians. The popular image is that their shops are understocked.... The Malay shopkeeper more often runs out of some items and truthfully says so. The Chinese will say he has it first; but will slip out to his fellow trader to obtain the missing item.*" According to Harper (1999), "*Teach a Malay to keep a shop - you might as well teach a chicken to swim; you would only drown it*" were words by the ruler of Negri Sembilan to the former Chief Secretary to the Federation of Malay States, Sir George Maxwell, in 1951. Harper's quote suggested how far senior Malays themselves accepted old images of their people's unsuitability to engage in the retail trades (Harper, 1999). British rule in Malaya may explain some of the reasons for the stereotyping that it contributed in the first place.

In the case of Malaysia according to Harper, the prevailing view, when Britain was responsible for Malay government, was that Malaya had been found in a state of feudal disintegration and had now "*to be coaxed through the stages of development of English history and so to be spared its turbulence and the darker side of industrialism*" (Harper, 1999). Taylor (2003) rightly pointed out that this 'coaxing' also of course had to fulfil an economic goal, "*In becoming custodians of the unfortunate non-progressives, imperialists did attempt to make the colonies pay for themselves, of course, by ensuring that each colony included a 'specialized island of production'*", e.g. Malaya and tin and

rubber. Rubber was a prime example, even though British policies discouraged rubber cultivation among the Malays. Reflecting the colonial political economy and the significance of Malayan tin and rubber production, Lim (1967) estimated that 1930s tin and rubber production in Malaya amounted to respectively one-third and one-half of world production. Britain, by ruling Malaya, had become a world force in two highly strategic commodities, tin and rubber, and in the process been instrumental in changing Malaya's ethnic composition to a majority of immigrants from China and India during the first half of the 20th century and placing small trade largely in the hands of ethnic Chinese and Indian traders, almost entirely so in the geographical areas where mining and plantation developments took place.

The colonial powers in South East Asia were very different from the kingdoms they replaced: they left few places to hide. Withdrawing oneself and one's moveable wealth by migration was the traditional way by which Malays had evaded the demands of past regimes in peninsular Malaya and the Malay Archipelago (Scott, 1976). Britain claimed to be the protector of the Malays. Nevertheless, by insulating rural Malays from European and Chinese capitalism in the economic centres and assigning to them the role of growing the staples required to feed these centres, the British denied Malays the learning opportunity of engaging in trade. They focused instead on land and bondage reforms that created only limited opportunities for the vast majority of Malays in commerce and in the retail and wholesale trades that the Chinese immigrants dominated. *"When the Malay did not fit the (then) Western economic mould, the British simply placed the Chinese and the Indian....For 200 years the British perspective shaped economic policy and structure in Malaya"* (Howell and Palmer 1995). After 1894 and, again, after 1909, massive Chinese and Indian immigration was encouraged, increasing and confirming separateness in support of a policy of 'divide and rule'. Malays who wished to engage in retail trade and become shopkeepers were stymied. While colonial rule created a climate that was of course favourable to European commerce, it also created an environment that allowed Chinese business to flourish. According to Searle (1999), *"the closed nature of Chinese business and its ubiquitous presence in the retail trades in particular seemed to make Chinese activity more exploitative to the Malays than that of the Europeans"* who dominated the colonial economy. In 1947, ten years before Independence, fifty seven percent of ethnic Malays remained confined to the agricultural sector and, according to Puthuchery (1960), *"very few Malays engaged in trade and probably none in mining and agriculture."* Large numbers of ethnic Chinese moved from

employment as mining and agricultural labourers to commercial occupations, widening the agricultural/commercial divide between ethnic Malays and ethnic Chinese. Further, members of the same dialect group tended to follow the same occupation (Snodgrass 1980), for example, Hokkien Chinese became traders and money lenders (Tan, 2002), Hakka Chinese became miners (Constable, 2005) and Teochew Chinese became gambler and pepper planters (Tan and Kam, 2002), Chinchew Chinese traders and Indian Chulia Muslims became traders and coolies (Nordin, 2006). Searle suggested the importance of those ties in providing mutual help and finance for business. If this was the way it worked for the ethnic Chinese business community, it was significant that ethnic Malay society largely lacked similar institutions that could effectively mobilise and utilise capital (Searle, 1999). The cooperative movement had been introduced to Malaysia in the 1920s to address agricultural and fishing problems of credit and indebtedness. The thinking was that cooperative societies would help to eliminate exploitative middlemen credit sources. Later on the aim became nurturing and developing independent society based on the cooperative principles (Alip Rahim *et al*, 2001) and, according to Shamsul (1997) to foster Malay entrepreneurship in the villages by providing ‘*modest capital to start a business*’ and sometimes the cooperatives helped to organise classes to train aspiring rural entrepreneurs in basic skills of management, from bookkeeping to equipment maintenance.

So far, the account in Chapter 2 described how ethnic Chinese traders came to be the more numerous and dominant retail and wholesale traders in Malaya.

2.12 The retail in Malaya emerges along racial lines in the 19th century

The implication for the geography of Malaysia prior to the 19th century growth of towns was that retail trade would at best be small, local market gatherings of peasant growers, fishermen, forest collectors, pedlars and housewives (Dunn, 1975; van Leur, 1955). There is no extant evidence that the small trade, the retail trade, in Malaysia in the 18th century was different as compared with the similar retail trade in Indonesia, Thailand, Philippines, Japan and China. When the towns in Malaya began to grow in the 19th century the structure of the retail trade depended on the emerging conditions, e.g. economic growth and migration. The 1947 Census of Malaya enumerated 163 towns in the Federation of Malaya with populations of over 1,000 and surging urbanisation. Between 1921 and 1947, urban population growth “*greatly outstripped*” the population growth “*and had serious implications for the future racial distribution of Malaya.*” The

states on the east coast of the peninsula were the least urbanised in 1947, Kelantan at 7.9 percent, Pahang at 14.4 percent, and Terengganu at 23.5 (Cooper, 1952).

According to Cooper, *“It is by and large the Chinese who live in the cities and who continue to swell the urban populations, while the Malays go on living more or less as before, mostly in the area that was formerly the Unfederated States”* and which were the least developed part of the Malay peninsula. In Terengganu and Kelantan the Malays constituted circa three-fourth of the urban population, in Penang and Selangor circa one-tenth and overall in the peninsula circa one-tenth of urban while constituting circa forty four percent of the population. Further, according to Winstedt (1948), *“Everywhere the Chinese and the Indians are inflexible in excluding the Malay from commerce.”*

The retail trade had become polarised on towns and villages for more reasons than the conventional reasons in, for example, Europe. Towns in the western seaboard of Peninsular Malaya grew faster than towns elsewhere in Asia as the former towns serviced the rapidly growing mining and plantation operations that exported (Cooper, 1952). This growth was propelled by abundant migrant labour from China and India and few Malays participated in these work forces or settled in the towns to begin with. In similarly fast growing towns in Europe, the labour force came from the surrounding countryside first and was abundant. Contrasting towns in Malaya, the villages were populated by the Malays who grew and fished the food for themselves and the rapidly growing towns and who collected and traded the forest products in and with the towns, without having much to show by way of increase in wealth for the important part they played in supporting the towns and economic expansion. British policy in Malaya caused the polarisation between town and village in a way that was unique and without precedent anywhere else in the world. By this development the retail trade in the towns grew along racial lines among the consumers and retail traders of the same race as how could it have been otherwise given the conditions. Villages were by Malays and therefore equally homogenous and some grew by traditional migration in the Malay Archipelago (Kato, 1982). For example, Minangkabaus migrated from West Sumatra to Malacca and Negri Sembilan beginning in the 16th century (Peletz, 1996).

It should therefore not surprise that the retail and wholesale trades in Malaya developed as they did. Trade experience became largely vested in members of the Chinese and Indian communities and trade skills were developed by practice in compact communities that largely depended on the retail traders for food and other provisions,

contrary to the villages in which households produced a large portion of the food they consumed. The sheer volume and momentum of trade in the towns as compared with the trade in the villages created a class of skilled traders adapted to the retail trade in the towns. Having acquired the skills many migrated within the peninsula and beyond to smaller towns and large villages and settled there with their families. The Study could not find evidence that migrant ethnic Chinese and Indian traders typically drove incumbent Malay traders out of business. However, when the former traders migrated within Malaya they naturally made it difficult for Malays to enter the retail trade at the level of the migrant traders in the locations where the latter settled down, as the demand by the consumers in the small towns, peripheral to the fast growing towns, and in the villages, grew slowly up until the 1960s and 1970s. The subsequent developments associated with the rapid growth in the Malaysian economy heralded both growth and new opportunities for the retail trade and for incumbent and new retail traders. There were only stereotypic clues ethnic Chinese and Indian traders were more adept at retail trade as compared with ethnic Malay traders. For example, in the Malay ethnic group the trading history of Minangkabau and Kelantan traders was far from set back from that of ethnic Chinese and Indian traders. If there were a competitive advantage in favour of any one ethnic group of retail traders, history suggested a competitive difference might have as much to do with tradition and the natural appeal of ethnic traders to the same ethnicity within a community of consumers, and the size of the community, as compared with embedded and acquired skills of a particular ethnic group of traders. It was to be expected that ethnic traders in a community of plural consumers looked for support among their own ethnic group of consumers and vice versa, e.g. affiliation; ethnic foods; halal practices. If anything, ethnic Malay traders, by their assortments of food and non-food items, appeared to, knowingly or unknowingly, market themselves to ethnic Chinese and Indian consumers (Lam, 1977).

Shamsul (1999) suggested that it has been hypothesised among contemporary Malay nationalists that some “*Malay cultural traits*” might be standing in the way of Malay adoption of and adaption to contemporary commerce, e.g. Mahathir (1995, 1970); Shahrudin (1988); Ungku Assiz, (1975), see also Nagata (1974). Shukor (2006) suggested that among Malay values and attitudes, a narrow belief in fate, *takdir*, is “*taken in many cases as a means of self-defense and self-justification*”, *takdir* becomes failure and might result in complacency and disinclination towards hard work. A Malay is born into a culture, including, in traditional Malay culture, *adat*, and religion, Islam (Mastor *et al*, 2000; Nagata, 1974). Nevertheless, Islam does not share what Zhang (2003) called the

“disdain for commerce” of Asia’s Confucianism, Buddhism and Hinduism. According to Zhang, *“Islam, like Christianity, is amenable to large variations”*, if not demonstrably supportive then not disdaining commerce. In pre-colonial times, Malay culture had been rich with trade enterprising, according to Shukor, *“there was a ‘Malay mercantile class’*. The Study’s analysis of history suggested that barriers, if any, for ethnic Malays to join in commerce, would be largely in the nature of secular tradition and connected, historically, with Colonial and British and Malay elite hegemony, e.g. folk lack of education / skills and opportunity / capital (Khoo, 1995). On a different note, Shamsul (1997) suggested that in the 1960s there arose a *“popular folk political philosophy”* that was adopted by *“many young Malays who were keen to become entrepreneurs, or simply to be rich”*, e.g. engage in the political economy. This philosophy, if widely disseminated, would not have encouraged young Malays to enter the small trade.

2.13 Expanding the ethnicity perspective by the ethnic Chinese traders

Both before and after the mid 1990s when the hypermarket established its foothold the response by Malaysian incumbents and new Malaysian retailers was weak. Response was typically restricted to the retail markets in the towns that foreign mass market entrants, the hypermarket chains, considered marginal as long as expansion in the economic core towns remained feasible. It could have been expected that the ethnic Chinese business community who dominated in the retail and wholesale trades and among the traditional supermarkets and small -supermarket chains had been able to configure a comprehensive response and, for example, follow up on the Teng family’s initiative of the second hypermarket in Malaysia, the Giant hypermarket in Subang Jaya in 1995.

Jesudason (1997, 1990, 1989) suggested that ethnic Chinese business and investment community in Malaysia had been preoccupied with trying to circumvent the Industrial Co-Ordination Act 1975 that hindered the creation of scale-economies in the manufacturing industries and might have precluded strategies of scale economy. The development of hypermarkets required scale economies as, from one perspective, the hypermarket is high cost and low margin. Jesudason implied the possibility of a mind-set among the ethnic Chinese entrepreneurs that might have turned unreceptive to engaging in an activity such as large-scale mass market retailing that depended on economies of scale and scope and rapid expansion and dispersion. Even if the Teng family had responded in a limited way the mind-set of the veteran general trader and of other Malaysian retailers might not be conducive to the hypermarket. Jesudason (1990) focused on ethnic Chinese

business expansion from the colonial times to Independence and how this momentum carried on after Independence and into diversified conglomerates, and aligned with Tan's (1982) theoretical model of ethnic Chinese 'big' business growth, "*the initial activity was usually retailing evolving into wholesaling, importing and exporting. With larger surpluses accumulated and the development of broader experience and outlook, the traders could then move into resource-based activities related to their trading and/or manufacturing.*" Few ethnic Malays had accumulated surpluses in the 1960s. Perhaps cultural differences between the two ethnic groups in the attitude to thrift had influenced accumulation for generations, a possibility suggested by Searle (1999). Nevertheless, the sheer complexity of starting, and conglomerating business activities new to the ethnic groups of traders in Malaysia, coming up to and following Independence, e.g. resource-based activities; manufacturing; real estate; banking; insurance, seem to support Jesudason's suggestion about preoccupation by big ethnic Chinese business. Business developments to the time of the New Economic Policy in the early 1970s, and beyond, suggested the Malaysian government did not put prohibitive or excessive roadblocks in the way of ethnic Chinese economic expansion in the Malaysian economy (Jesudason, 1997).

Further, if, as suggested by Searle (1999), Ungku Aziz (1964, 1975, 1977), and others, ethnic Malays looked askance at ethnic Chinese retail traders for whom, as a group, retailing and wholesaling had been a cornerstone in the progression from manual workers to business people, it would not be a surprise if ethnic Chinese big business favoured the new large-scale opportunities over retailing on a large scale or had relegated retail trade to a low priority coming up to the decades of the 1960s-1980s. According to Sieh and Heng (1999), wholesaling ran in the family in ethnic Chinese commerce in Malaysia, that is, in the nuclear family a wholesale business passed from father to son and in the wider family, many members were engaged in wholesaling. The Study's observations suggested the same could not be said about provisions retailing.

It was also possible that 1990s Malaysian retailers, and ethnic Chinese commerce, overlooked or misread the clues to rapidly growing Malaysian incomes and changing demographics and consumer attitudes and incompletely assessed the growth potential for the retail market, when the window was open between the time of the government policy to open the domestic market to foreign direct competition and the time the foreign hypermarket chains gained foothold. Statistical information on the Malaysian retail trade was not easily or readily available as compared with similar statistics in developed

economies which were typically published on an annual basis and available in book stores and on the internet, e.g. Scandinavian countries; America; Germany; UK.

According to Wang (1991), Chinese merchant activities overseas have through history been as traders and post 1945 as operators of retail shops. Hirschman (1988) associated Chinese business culture with the middleman role. In a study of ethnic Chinese business people in the Philippines Liao (2000) suggested a preference for low-margin high-turnover business. This preference would seem to align with both supermarkets and hypermarkets. Ethnic Chinese entrepreneurs in the Philippines originally established as buy-and-sell middlemen and the Retail Trade Nationalization Act 1954 barred the ethnic Chinese community from participating in the retail trade. Nevertheless, the largest mass market and grocery retailer in the Philippines at present, SM Prime Holdings, or Shoe-Mart, was by Henry Sy Sr. who arrived in the Philippines in the late 1930s and established his first department store there in 1985 (Euromonitor, 2002). According to Carino (1995) the ethnic Chinese business community in the Philippines was successfully engaging in the retail trade with chain stores and the turning point was the Presidential Decree 270 of 1975 that offered naturalisation to the majority of the ethnic Chinese population. Redding (1993) suggested a characterisation of Chinese family businesses of which ten characteristics the three were: focusing on small scale and a relatively simple organisational structure, focusing on one product or market and relative weakness in creating large-scale market recognition for brands (Sieh and Heng, 1999). According to Sieh and Heng, Malaysia's New Economic Policy did not fundamentally change the traditional nature of the business structures and business practices of ethnic Chinese commerce.

Lee (2001) suggested Western and Japanese traditions and systems relative to family firms accounted for a temporary advantage over Chinese traditions and systems. Asian business communities had yet to foster world scale retail firms (Whitley, 1992), except for Japanese retailers Ito-Yokada (7-Eleven) and Aeon (Jusco), the twenty fifth and twenty sixth largest retailers in the world in 2002. Of the twenty four that were larger than Ito-Yokada and Aeon-Jusco, thirteen were American and eleven were European. Carrefour and Tesco belonged in the last eleven. Dairy Farm International (Giant) fell below the one hundred largest retailers in the world in 2002 (Stores, 2003).

As for Malaysia and Malaysians in a context of traditional and modern retail, the 1990s virtually exploded with modern retail formats on a scene that the Malaysian

government had first opened to hypermarkets in the same decade. History more or less determined the ethnic composition of wholesale and retail by Malaysians post Independence in 1957 up to this decade. In the relatively tranquil scenario of the domestic market being protected from foreign direct competition, the cultural forces that prevailed then and which had a long history, had failed to prepare traditional wholesalers and retailers for the arrival of modern retail in the mass market.

Sieh (1974), in a way, heralded both the rapid rise of the family centred retail outlets and the impact by external factors that could be observed in the retail trade in Malaysia from the 1990s onward when the hypermarket entered Malaysia and became associated with both changing and slowing the growth of the traditional retail trade⁹, and changing the pattern of retailing in Malaysia overall. Up until then, Malaysians had largely relied on small retail traders for the food and provisions they did not themselves produce. Profiling 1960s / 1970s thinking of how to bring more Malays into commerce, Sieh suggested that “*to foster the formation of a Malay commercial industrial community*” the retail trade was a good stepping stone, largely because it was distinct in its dimension of self-employment. Owning and running a business were thought of as a positive choice of lifestyle for many. Retailing constituted “*a means for fulfilling one’s ambition of owning and running his/her own business which could perhaps bring considerable social esteem*” and had the potential to be a good “*training ground*” for entrepreneurs. At the time of Sieh’s research the small trade in Malaysia was easy to enter, relatively simple to operate, and seemed to require little capital, technical know-how, and experience. At its heart it was a simple process to express; retailers bought some products, placed them in front of the customers who then made purchases at a premium to the wholesale price, with the premium justified because the retailer provided time, space and product utility to customers.

Views on the social value of retail entrepreneurship varied significantly. Sieh had suggested the potential for engaging in a small retail business to bring “*social esteem*” for its owner. Earlier, Geertz (1963) demonstrated a more negative view on small trade and suggested “*the status of the trader in the wider society has been ambiguous at best, pariah-like at worst.*” Bechhofer *et al* (1974) suggested small retail traders were more like artisans than workers, that is, in between Sieh’s and Geertz’s.

⁹ and ending the growth of provisions outlets.

2.14 Malaysian traders in the 1990s

The proportion of ethnic Chinese and Indian ownership of the retail and wholesale establishments was declining as compared with ethnic Malay ownership, albeit ethnic Chinese remained dominant among the traditional traders,

Table 2.14.1: Retailers

Ownership Group	1990	(Pct)	1995	(Pct)	Change
Chinese	69,696	61.7	72,982	55.0	3,286
Malay/Bumiputera	35,068	31.0	48,559	37.1	13,491
Indian	6,572	5.8	5,802	4.4	-770
Other Malaysians	706	0.6	1,580	1.2	874
Foreigners	980	0.9	2,971	2.3	1,991
Total Retail	113,022	100.0	130,994	100.0	17,972

Source: *Seventh Malaysia Plan 1996-2000*

Table 2.14.2: Wholesalers

Ownership Group	1990	(pct)	1993	1995	(pct)	2001	Change '93 - '95
Chinese	9,439	85.2	/	15,821	81	/	6,382
Malay/Bumiputera	1,090	9.8	/	2,175	11.1	/	1,085
Indian	300	2.7	/	371	1.9	/	71
Other Malaysians	11	0.1	/	342	1.8	/	331
Foreigners	240	2.2	/	815	4.2	/	575
Total Wholesale	11,080	100.0	22,940	19,524	100.0	16,386	8,444

Source: *Seventh Malaysia Plan 1996-2000; Census 1993; Census 2001.*

The dominant position of the ethnic Chinese wholesalers declined marginally during the 1990s while, overall, the number of wholesale businesses appeared to have peaked in the early 1990s and to have declined sharply, for the 2010 trade Census to illuminate.

2.15 Conclusion for Malaysia

The societal account by historical antecedents to the traditional retail trade of the 1990s suggests ethnic Chinese traders had become the more numerous and dominant traders in Malaysia by happenstance and British colonial policy and not by demonstrable unique trading attitudes and skills as compared with ethnic Malay traders. In the decade up to Independence and following it, ethnic Chinese commerce developed into big

business, conglomerates, on many fronts and families; it is possible that direct participation in retailing on a large scale by them, received low attention as they focused on large-scale opportunities that were newly available to them at the time.

In the past, the retail trade profession was not a socially attractive profession to enter for Malays if they had choice. In the past, Chinese in Malaya sought the retail trade profession as an alternative to manual labour. It seemed that being a trader in the 'small trade', as van Leur (1955) called it, was all of a lifestyle acquired by a former manual worker, a way to make a living that could sometimes be a good living, a way to augment household income and a way out of abject poverty, and influenced by ideologies and household economy more than by race and ethnicity.

It was not until the 1950s that provisions retail anywhere in the urban world began to seriously part ways with traditional aspects of the trade that were familiar to consumers and retail in past millennia. In 1950, provisions retail in large towns in Malaya was largely similar to that in similar towns elsewhere in the region and in the developed economies. Between 1950 and 2000, the practice of provisions retail, in recent decades perhaps better known as grocery retail, changed tremendously in developed economies and some developing economies, the change in the developed economies preceding that in developing economies, albeit not by the time interval the difference between the economies, in absolute terms, suggested. Developing economies typically first had to open their domestic retail markets to foreign direct investment, something developed economies had done gradually, over time, e.g. Denmark; Japan, if they had not been open throughout, e.g. America; UK. Malaysian retail, and wholesale, was protected from foreign direct competition, effectively until early 1990s. Nevertheless, going into the 21st century, no two national retail markets, anywhere, were identical in a regulatory and retail development perspective, albeit regulatory environments were converging as were trends toward large retail corporations, large-scale organisation, and large-scale shopping venues. While the first two trends continue unabated in the present, the third trend, large-scale shopping venues, is toning down in some economies, small supermarkets, on large chains, going into residential communities, e.g. Denmark; Germany; Sweden; UK. According to Wrigley and Lowe (2002) the 1990s was the decade of retail revolution, in a global perspective. It certainly was in Malaysia, where focus on (very) large-scale

supermarkets¹⁰, chain stores / chain organisation, and shopping venues prevailed in the 1990s and until the time of this report.

Following the Malaysian government's opening up of the domestic retail markets to foreign direct competition, 'traditional' and 'small' became synonymous with the retail and the profession that had fundamentally provisioned Malaysian households for generations. Going into the 21st century, retail by Malaysians had within a few years been overtaken by a new Malaysian perspective of mass-market retail corporations and chain stores in which the role of ethnic Chinese, and Malaysian, initiative and ownership had been significantly reduced. As Chapter 2 has sought to articulate, small trade was not receiving encouragement, support, and sympathy compatible with its fundamental function in society throughout history, and Malaysia was no different.

¹⁰ Supermarkets/hypermarkets.