7. Rice farmers and New Merchants at the Dawn of Revolution

Topics

- The persistent poverty of rice farmers
- The rise of new merchants: the rice barons and the urban entrepreneurs

7.1 The persistent poverty of rice farmers

The cultivating regime expanded by the peasants had one particular problem "low yield".

Peasants had earlier been migrants, phrai or that. They had limited capital. Their production techonology was centuries old. They relied mainly on the use of labour. Their only capital was cattle. The natural condition also did not help. Clay were heavy. There were unreliable monsoon and supply of water

The persistent poverty of rice farmers. The yield of Thai peasants was very low by international comparison. This came as a result a varieties of paddy that could survive. The yield per capita increased a little in the latter half of 19th century But the change was not immense.

The question over low yields

A higher yield could be attained, but only if there were investment and extractive pressure. In many regimes, the pressure can come from (1) the combination of government tax demands, landlord extractions, and merchant exploitations; and (2) the intrusion of urban capital that pressured peasants toward differentiation and proletarianization. But Siam did not have much of these conditions.

Government Exploitations of Peasants

Government actually tried to exploit the rice economy through the universal poll taxes and land taxes. Large sum of revenue gained from poll-taxes. The rates of land tax were hiked many times (1900, 1905, and 1909). The government enforced strict supervision of tax collection. Failing to pay land taxes resulted in losing land and enforced labour

The taxes were resented by farmers. They fled the taxations. Petitions were sent by farmers to the king citing the unfairness of poll-taxes, and the lack of supports on irrigation and credits. Global recession in 1929 led to a sharp increases in peasants' petitions. To the extent that the King responded by reducing the taxes.

Despite the government exploitation through taxes, government did not provide infrastructure and credits to peasants. Plan for large scale irrigation was proposed, but the project was not chosen. Government's supports were limited to drainage works and seeds distributions

Merchant Exploitations of Peasants

Merchants exploitation had more influence on the peasants. But even such a pressure was also limited. Chinese merchants that were involved in domestic rice trade were mostly small merchants with limited capital. They did not invest but focused on trading activities. They travelled ups and downs lands and rivers, purchased and transported rice, and selling some imported and locally made products.

The merchants also provided lending to peasants. By 1910s, it was estimated that most cultivating peasants were indebted. Rising debts seemed to almost break down the peasant society. Lenders could dispossess peasants' land. But even in 1930s, large scale land losses and destruction of peasantry did not occurred. Debt continued to rise, and peasants dealt with recession by retreating into subsistence.

Indebtedness only played a limited role in putting pressure on peasants. The lack of land deed limited the extent of lending and debts. The recession from WWI and the great depression also caused economic problems to the rice merchants.

Thus, merchants exploitations only created modest pressure on rice farmers. Up until 1930s, Siam peasants only had limited differentiation. Small peasants continued to dominate the peasant society, with their labour intensive and low yield production.

Overall, the following factors sustained Siam peasant society.
- Large supply of land
- Unclear property rights over land
- Low yield caused limited chance for accumulation.

7.2 The rise of new merchants: the rice barons and the urban entrepreneurs

From 1920s to 1950s, 80-90 percent of Thailand's export consist of rice, teak, tin, and rubber. Rice contributed 70 percent in 1910s, but 50 percent in 1950s.

In the 1920s, two new merchant groups emerged: (1) the rice baron; and (2) the urban entrepreneurs. Both of them had similar development and faced similar challenges

Rice barons

During the early boom of rice trade, a steady accumulation of capital from rice trade was difficult. There was an internal challenge from the lack of land titles, and an external challenge from fluctuation in price.

The rice merchants faced unfavorable global economic climate from 1919-1929. Yet, in 1930s, a new group of Chinese families dominated rice trade. 5 big Chinese families including Wanglee, Lamsam, Bulasuk, Bulakun, and Iamsuri. They became major corporate dynasties of modern Thailand.

This new group of Chinese rice entrepreneurs differed from the past. They descended from Chinese migrant, but most were not tax-collectors. The older generation of Chinese families, by this time, faced downturn in their businesses, or turned to be a part of bureaucrats.

The new group started from lower-level trading activities, moved into rice milling, and expanded to rice exports. They had to carved their own successes. They faced difficult context. Colonial firms dominated shipping, banking, and insurance. The government did not help, and tended to give priority to the

Western businesses. The strategy used by them was to build integrated businesses. They integrated different aspects of rice trade. Gaining more profits and reducing uncertainty.

Lacking government supports, the new group of rice entrepreneurs relied on the network built by the Chinese communities. A large scale Chinese business associations were founded through supports by big Chinese families, for example, the Teochiu Association, the Hakka Association, and the Cantonese Assocation. The families also intermarried to forged alliances.

Urban Entrepreneurs

Another new group of merchants developed their business in the urban areas. They benefited from the rise of urban-based demand for goods and services. Consumers products had earlier been imported by European trading agencies.
Imported products such as textiles, beer, wine, soaps

New urban entreprenuers tried to compete with import products. Goods they produced range from ice, soap, drinks, beer, textile, and cooking oils. Their path to prominence similar to the rice barons. Most were of Chinese origin. But they were not from families of Chinese tax collectors.

Prominent Urban Entrepreneurs

- Nai Lert: imported cars, manufactured ice, and set up bus service
- Nai Boonrawd: Worked for Kim Seng Lee. Traded timber and set up ferry service. Eventually produced beer.
- Mangkorn Samsen: Rice mills, cononut oil plants, and a sugar factory
- Koson Huntrakul: Ice and carbonated-water factory

The urban entrepreneurs also faced the unfavorable context. With low tariff, colonial imports gained advantages over them. They sought more protection for local industries. They also asked government to provide loans. But their petitions for government supports failed.

From 1910s, the urban entrepreneurs formed their own business associations to put pressure on the government. These associations include, for example, Samosorn Phanit Jin Sayam and Samakom Pho-Kha Thai. These associations advocated for government support for domestic industries based on grounds of nationalism and sound economics.

The urban entrepreneurs criticised that the privilege given to the Western businesses limited Siam growth prospect. The situation they faced contrasted with the emerging idea of modern and independent nation. The source of these problems was the Bowring Treaty, signed by the monarchy. Their disappointments with the government led them start criticizing Absolutism for its bias toward the Europeans and the incompetency in economic management.

Urban entrepreneurs and 1932 revolution

Although they played no part in the 1932 revolution, the urban entrepreneurs welcomed the result. They donated money and food to those involved.

It had seemed that the 1932 revolution would favoured economic nationalism. The People's Party showed resentment toward the monopoly of power and wealth by royal and related families. Thus, the merchants tried to participate in the drafting a new national economic plan.

Pridi consulted with Mangkorn in writing his economic development plan. But it turned out that most of Pridi’s plan overlooked the urban entrepreneurs. Pridi's plan gave priority to the well-being of the masses, most of whom are the poor farmers. Pridi's 1933 economic plan involves the creation of the state/cooperative system that employ every Thais who are willing to work. The primary goal of the plan was to promote the well-being of "all Thais“. But his plan failed after facing resistance.

The failure of Pridi's plan led to an alternative plan of the People's Party being implemented. The alternative plan had some supportive elements to the urban entrepreneurs such as the support for the formation of the Siamese Chamber of Commerce. But the focus of the plan remained the rural sector and the peasants. Both Pridi's plan and this plan envisaged Siam as a society of peasants organised by bureaucrats. Urban businesses did not received the emphasis.

Toward Economic Nationalism

The domestic entrepreneurs who supported 1932 revolution found themselves to be neglected or even considered the threat by the revolutionaries. Private ownership of businesses was seen as promoting conflicts. State ownership was favoured.The middlemen and Chinese seen as causing hardship to peasants. The main task of the government was seen as improving the fortunes of peasants.

Reading

- Pasuk Phongpaichit and Chris Baker (2002). ***Thailand: Economy and Politics***, KL: Oxford University Press. (Chapter 4)