

2. Early Rattanakosin Period - Politics and Trade

Topics

Early Rattanakosin (Rama I – Bowring Treaty)

- Overview
- Trade and taxes
- The development of markets and the middle class in early Rattanakosin: perspective from Nidhi's Pakgai-Bairua

From previous chapter

Ayudhaya's ruling system was about managing trade, scarcity of labour, and the extraction of labour via the ruling system

After the fall of Ayudhaya, Thonburi faced the challenges in reviving the trade, managing the scarcity of labour, and restoring structure of society (ruling system)

2.1 Early Rattanakosin: overview

The challenges faced by Thonburi continued to early Rattanakosin: rebuilding the state and society, overcoming the scarcity of labour, reviving the trade

But these challenges were transformed by additional factors including; (1) the inflow of Chinese (2) the changing nature of the economy

The rebuilding the state and society

Early Rattanakosin was a relatively peaceful period with no major wars. Siam elites gathered to rebuild the capital, and began by adopting Ayudhaya's system. This happened until the changing nature of trade and domestic economy obliged them to change.

Ayudhaya's system thrived on trade of forest products with China, but trade with China would eventually recess in early Rattanakosin. The ruling class would have to compete more for extraction, until they moved to a different social system.

Overcoming the scarcity of labour

The wars from Ayudhaya and Thonburi period caused severe scarcity of labour. Bangkok areas were almost vacant. The ruling system of early Rattanakosin had to enforce a very strict control of labour. The use of tattooing system was strongly enforced. Tests were required for monks. Punishments were raised for fleeing.

Another crucial means to increase labour supply was wars. From 1770s, Bangkok waged wars with nearby states to gain war prisoners. Control was made over Lanna, Vientiane, Cambodia. Prisoners of wars were moved to help build Bangkok. 5000 Laotian to work in construction, 10,000 Kmers to dig canals. Malay prisoners settled in the East BKK. Some, such as the a large group of Mons in 1815, also

came voluntarily. These inflow helped reduce the scarcity, enabled Bangkok to build palace, temples, and canals.

Reviving the trade

The revival of international trade was mostly with "China". This is because during the period, European traders shifted their activities to India and Indonesia, where they were able to colonized.

During 1810-1820s, BKK established control over Northeast to increase the flow of forest products. Junk trade (การค้าด้วยเรือสำเภา) between Thailand and China boomed. Chinese traders were accommodated in Bangkok to help facilitate the trade.

Factors transforming the challenges (1) The inflow of Chinese

A crucial factor contributing to the change in early Rattanakosin was the arrival of the Chinese migrants. Not only were the Chinese accommodated to facilitate trade, they were looked upon as the important solution to labour shortage.

Bangkok benefited from the economic and political troubles in Southern China, which propelled the Chinese to flee their country. As Mulloch noted in 1850s with reference to the Chinese in Siam; the Chinese were "pleased with the country and their prospects".

The Chinese became a special group of labour. They were exempted from levies (ส่วย) and corvee (เกณฑ์แรงงาน). Chinese settlements expanded along the rivers and canals, helping populated the East and West of Bangkok. Chinese helped dig canals, and the expansion of canals expanded their settlements. Important canals that the Chinese helped construct include, for example: Mahachai canal in 1820s, San-saeb canal in 1830s.

The Chinese also brought with them skills in farming, expanding newer types of agricultural production. Chinese functioned as farmers, lenders, and merchants. They expanded to dominate cities such as Chacheongsao, Nakorn-chaisri, Mae-klong, and Chantaburi. Expansion of production of products such as sugar and rice formed the new platform for the Thai export after the trade in forest products recessed.

Factors transforming the challenges (2) The changing economy

Although trade with China was important in the early period, it eventually declined. Due to wars and the threat of colonisation faced by China, trade between Siam and China was in decline from 1840s. This was to be replaced by the trade with the European, which was rising from 1820.

Colonisation turned rural farmers in Western colonies into labour in plantations. This expanded demand for imported food product such as rice, sugar, pepper, tobacco. The rising demand was contributed by the West's better ships. The rising demand for agricultural production from the Western colonies expanded Siam trade with the West, and subsequently caused crucial change in the Siam economy.

2.2 Early Rattanakosin: Trade and Taxes

Bangkok was a new city. Its economic development was greatly helped by the inflow of outsiders, especially the Chinese.

Accounts in Rama II period mentioned the Chinese outnumbered Siam by 2:1 ratio.

The assimilation process of the Chinese was an aspect of the success. It was made possible partly because of the lack of Colonisation's divide and rule process.

Early Rattanakosin King and nobles participation in trade was dominated by the Chinese merchants. By early 1830s, among 82 Siamese owned ships operating out of BKK, King owned 9, Nobles 25, Chinese 48. Chinese merchants dominated junk trade btw Siam, China, and Singapore.

Also a crucial feature of this period was the dominant power and wealth of the nobles. Within the Siam royal court, Bunnag family dominated Phra Klang. Dit Bunnag (เจ้าพระยาคลัง - สมเด็จเจ้าพระยาบรมมหาประยูรวงศ์) was the largest operator in the private junk trade.

The rise of tax-collectors

With the boom in trade, and the growth in domestic markets, pattern of extraction changed. King withdrew from active participation in trade, and gain wealth through taxing trade and production.

The collection of taxes also no longer had to be "in-kind". Tax-farming became the new source of income for the king, the nobles, and the Chinese.

Chinese merchants facilitated tax collections on production and on range of activities such as gambling, opium, and liquor. They built their wealth and supported the expansion of production they could earn taxes.

To aid tax-collection, King granted special police power to "nai-akorn" (tax-farmer).

With tax-farming allowed the Chinese merchants to develop their dynasties in provinces, the nobles also turned toward tax-farming. Controlling Phra-Klang, Bunnag family controlled 31 tax-farms. From 1850s, they secured sugar tax-farms in Petchaburi, and moved to settle there as the base of their power.

Tax-farms functioned not only for tax collection. Tax-farmers were also primitive entrepreneurs, investing in businesses that would allow them to eventually collect taxes.

But the revenue from tax-farms would accumulated mostly in the hands of the nobles and the Chinese merchants.

The Crown would eventually reacted by trying constrain such an accumulation. Westerners were brought in to counter their prominence.

2.3 The development of markets and the middle class in early Rattanakosin: perspective from Nidhi's Pakgai-Bairua

Context

The change in trade provided context for the market system in early Rattanakosin

Most of Ayudhaya's trade was "passing through" trade. Forest products originated from Lanna, Cambodia, or Vientiane etc. They were sent to trade with products from China, Japan, and from Indian ocean.

Ayudhaya was center of trade between East and West. King of Ayudhaya benefited from both monopolising trade products and owning junks. Extraction was done mainly on "trade" and not on "production". The trade pattern of Ayudhaya had limited effect on wider society, as phrai did not participate in trading activities.

Trade has changed in early Rattanakosin in terms of quantity and products. The nobles of early Rattanakosin and the Chakri dynasty all had background in trade activities.

Chakri dynasty consolidated power with great nobles through marriage. Trade activities, by nobles and Chinese, were seen as normal. Consolidated relations meant King did not have a reason to prevent nobles from trade.

Quantity of trade was greatly expanded by the opening of China and the development of sea transportation.

But forest products would become less important, while agricultural products such as rice and sugar gained significance. The influx of Chinese assisted the production of these goods.

Trade and taxes

As mentioned, the changing types of trading products caused changing pattern of extraction. **The main point of extraction was changed to "production".**

Suai and monopoly remained. But the aim was only to filled the royal junks. Beyond such an aim, the government did not seek profits from monopoly and allowed trade to be relatively free (especially Rama III).

Taxes from production gained a much larger share in gov't revenue. To increase such revenue from taxes, Rama III supported people to engage more in production for trade. All types of traders were valued as means to link the world with production in Thailand. Rama III, even without any intervention from the West, was already supportive of free trade.

Market system in early Rattanakosin

-

Merchants

There were two major groups of merchants in early Rattanakosin. (1) King and nobles; and (2) Chinese with connection to Thai sakdina

King and nobles owned junk. Royal junks gained benefits from selling suai. High-ranking nobles gained political power through success in junk trade. Chinese merchants with some connection to the ruling system also participated actively in trade, and were major group of traders connecting Siam and China.

Chinese migrants

Chinese in early Rattanakosin were drivers of changes. The inflow of Chinese was a crucial factor in the economic changes of early Rattanakosin. The Chinese who came to Siam were willing to work hard to earn profit, in order to help their family back in China. But most of them were without financial capital, and also were from lower classes in China.

Chinese who migrated to Siam were divided into two groups.

1. The first found success in being part of sakdina system, and eventually adopted sakdina life.
2. The second limited their roles in trade and kept Chinese identity; their way of living contrasted with the locals who were still living in subsistency.

Thai ruling class was able to benefit from the Chinese, who helped becoming the front man in their process of extraction.

Market-based production were brought over by the Chinese. These new production activities were crucial for the trading boom in early Rattakosin.

Agricultural production (for exports).

Farming of sugar-cane and the production of sugar was brought in by the Chinese. Production of sugar expanded in the Eastern region of Siam. Local Thais were turned from subsistency to be the farmers of sugar-cane. Thai government also sought opportunity to operate a large scale sugar production.

Other agricultural products produced mainly by the Chinese include pepper and tobacco. Rice production started to expand, but was held back by domestic needs.

Mining: Tin-mining, especially in the South, was operated mainly by the Chinese. Steel mining operated by both Thais and Chinese.

Ship-building: The Chinese utilised woods in Siam to assemble junk. This also led to the expansion of logging.

Expansion of domestic markets in early Rattanakosin

The growth of population who engaged in production beyond subsistency contributed to expansion of internal trade.

Chinese traders were allowed to travelled freely. They distributed necessities such as rice, salt, and textiles. They sold luxury imported product, in exchange for domestic products that can be exported. Better transportation (especially through canals and sea) played a crucial role in enabling the expansion of domestic markets.

Effects: The expanding markets also affected the local Thais in dragging them to some extent away from their subsistence way of living. The use of "money" also gained significance. Thai elites turned to the use of money to hire Chinese labour. The increased significance of money also allowed new tax system to developed.

Limits: But the expansion of markets was within limits. The lack of "money", in terms of quantity, limited the expansion. More importantly, despite the development of capitalism in early Rattanakosin, Sakdina

system was able to adapted and prolonged itself because the capitalists were also those who gained privilege from the sakdina system.

The emergence of the middle class

The emergence of independent middle class (bourgeoisie), in the Western context, is seen as a product of capitalist development. Nonetheless, for the Thai context, economic development was the outcome of the state's trade policies and the influx of Chinese migrants.

The emergence of the middle class in Thailand was not independent from the state and the sakdina system

Some of the ruling class and the Chinese who got blended into the sakdina system were the early Rattanakosin bourgeoisie. Their lifestyles were filled with love of luxury and Western products. Their search for material well-being through trade seen as legitimate. Their engagement with trading activities helped them to be "rational" and to search for new knowledge and technologies. They put emphasis on education.

But the development of Thai bourgeoisie was also limited by (1) the limited expansion of markets; (2) the Chinese's reliance of privilege from sakdina also reduce incentives to invest and compete. The way that the bourgeoisie was developed prolonged the sakdina structure. Moreover, the sustained Phrai system in turn prevented the benefits from further development of bourgeoisie such as an expansion of craftsmanship.

Readings

- Pasuk Phongpaichit and Chris Baker (2002). *Thailand: Economy and Politics*, KL: Oxford University Press. (Chapter 1, 3, 7)
- Nidhi Eoseewong *Pen and Sail: Literature and History in Early Bangkok*, Bangkok: Silkworm Books. (Chapter 1 Part 3: Bourgeoisie in Export Economy)