

5. City, Trade, and the Dawn of Absolutism

Topics

- Cities and Trade
 - The Westerners' Businesses
 - Capital accumulation of the Chinese and the Royal household
- The Dawn of Absolutism
 - The competition between King and nobles
 - Domestic and external challenges
 - The beginning of absolutism

Prior context: The time of tax collectors and Chinese merchants

The trade with China decline in 1850s, but the Chinese merchants already turned to find wealth from becoming tax collectors. They provided wealth to the nobles, and in return they gain privileges from Sakdina. They built their connection with nobles through marriage and business

The cooperation between tax collectors and the nobles prospered in provinces outside Bangkok. The King, however, lost out from this growing wealth. For a long while, the system was beyond the King's control. Despite the growing economy, the government only had little share of the tax income.

The King invited the Westerners in to counter balance the system.

5.1 The Westerners' businesses

Britain started building its empire from 1800s. Seeing what happened in Burma and China, the British envoy was welcomed by Siam.

In 1820, British came with the argument for "free-trade". Henry Burney negotiated for the reduction in tariffs. But trade in Siam was still controlled more by the Chinese. Britain wanted to renegotiated the trade agreement. One of their main goal was to find new destination for the trade in opium. That eventually led to the Bowring Treaty of 1855.

Bowring Treaty -- playing a crucial part in negotiating the treaty was Bunnag family, who wanted the benefits from the opium tax. The Bowring Treaty:

- Granted extraterritorial rights to British subjects
- Allowing the British to trade freely in Siam
- British can own property in Bangkok.
- 3 percent tariff for import and export
- Sharing profits from opium. No import tariff for opium, but the sale of opium done opium farmer

Despite the Bowring Treaty, Westerners' enjoyed only limited success in their businesses in Siam. They set up businesses in banking and insurance, and had most success in trading.

But the Westerners were unable to break through the Chinese's network in rice production/trade. They only had brief success in logging of teak and tin-mining. Their attempts at planting rubber was limited by legal framework for land ownership. The customer base for the European imported products remained small.

The Westerners' investment in Siam, in comparison to other countries in the region, was much smaller. It was only 1/3 of investment in Malaysia. 1/10 of investment in Indonesia. Chinese investment was 4 times more. The difference explain by their inability to gain full support like in their colonies. But their roles in pushing through political reform would be more important

5.2 Capital accumulation of the Chinese and the Royal household

From 1870s onward, the trade in Siam was growing. Rice trade led to canal building, even roads were constructed.

The Chinese tax collectors also invested in new businesses that came with Westerners' access to Siam. For example, a very successful tax collector, Akorn Teng, had businesses that included rice mills, sawmills, etc. His son became a partner in founding the Siam Commercial Bank

But the benefits from the rise of the businesses of tax-collectors did not accrue much to the King. Rama IV's ascend to the throne was traded with allowing the Bunnag to gain strong control over the taxes. As Rama V ascended, the financial status of the King was in a bad condition. The King even had to get loans from the Bunnag.

Yet, from 1900, the King was trying to expand his share of the growing wealth. Rama V attempted to gain control over the tax system.

Rava V also set up "Privy Purse Bureau" (กรมพระคลังข้างที่) to manage the wealth of the Royal Family. The Privy Purse Bureau (PPB, now more related to Crown Property Bureau) managed the land held by the King. As much as 1/5 of Land in Bangkok belonged to PPB

The PPB also invested in a number of businesses. Joint ventures were preferrably done with Westerners. PPB businesses include, for example, Siam Land and Canals Company, rice mills & shipping businesses, Siam Cement, Siam Commercial Bank.

With the crown centralising control over taxes, the power of Chinese tax collectors was slowly constrained. But they would be compensated by the chance to gain access to Sakdina ranks.

With the reduction in their share of tax collections, tax-collectors' wealth eventually declined. Their adjusted by sending their Children to be part of the newly formed bureaucrats. This was the origin of a number of big families such as Sarasin, Huntrakul, Vejjajiva, Na Songkhla

5.3 The early steps toward absolutism

The competition between King and nobles

As the Thai economy transformed, the competition over wealth and power between the King and the nobles also got intense. The competition over control for labour led to the end of phrai and that

But the main area of competition was in the tax system. As benefits from the tax systems replaced the benefits from trade. Nobles and tax collectors kept the majority of the share from the tax income

Powerful nobles controlled the Kalahom, Mahadtai, Phra-Klang. Bunnag family had a major say in Royal succession and in crucial issue such as the Bowring Treaty. During the Regency of Si-Suriyawongse, revenue to the royal government was declined from 4.8 millions baht to 1.6 millions baht.

Domestic and external challenges

The domestic and external challenges in governing Siam also created the requirements for the reform.

The external threat from colonisation was apparent. But two domestic threats also created from changes in Early Rattanakosin: peasants and Chinese immigrants. These two groups provided a major challenge for the governance system.

Peasants tend to organised their own self-governance. With limited state protection, peasants used "nak-leng" to provide security. But nak-leng also engaged in conflict with each other, and often rebelled against the nobles and the state.

The Chinese provided another unique challenge. Urban Chinese provided valuable source of labour. The Chinese also assisted in the Sakdina system. But many of the Chinese, especially the labour, also had their own system. Secret societies (or Ung-Yee) provided them with securities. Ung-Yee entered into conflicts with each other, and also rebelled against the government.

With a large number of Chinese in Bangkok, the government was even concerned that the Chinese could take over the capital.

Finally, colonization threats came close. Britain and France extended their control in the region. They could argue for their need to extend their control to Siam, especially to protect their own people. Siam tried to contain the Westerners within the realm of Bangkok, but the Westerners still tried to extend their reach to logging and mining businesses.

All these threats provided the reasons for a group of reformers to established a modern system of bureaucracy.

The beginning of Absolutism in Siam (see Kullada K.Mead "The Rise and Fall of Absolutism in Siam")

Rama V understood that, to gain control over the reform, it was important to gain the control over tax system. Only when the tax system was centralised, that the centralised government can be established.

But the ruling class of Siam was divided in response to Rama V attempt to reform. This had led to a tension that culminated in one of the most crucial event in Rattanakosin period, Wang-na crisis (1874-1875)

Rama V reform caused Siam ruling class to be divided into (1) Old Siam, (2) Conservative Siam and (3) Young Siam

- Old Siam: Want to preserve the old system. Resisting modernisation and Westernisation.
- Conservative Siam: Want the benefits from foreign trades, but did not want to lose controls over taxes.

- Young Siam: Want to modernised the government, expand the trade, and contralised the tax collection.

Conflicts between the three fraction escalated as Rama V set up “auditing office” (ho-ratsadakorn-pipat) to oversee the tax collection of the nobles, and the "privy council" to consolidate his rule. Rama V made a move to check the Bunnag family's corruption of tax collection. But a crucial event called the Wang-Na crisis would tilt the balance of power toward him.

Wang-na crisis (1874-1875)

Prince Vichaicharn, Wang Na and the leader of Old Siam, was worried about the King's attempt to centralised power. Prince Vichaicharn was appointed by the Bunnags. He inherited the title of Second King from his father, Phra Pinklao.

He had his own army, and enjoyed a large share of tax-revenue. Tension between him and Rama V grew. Both suspected another of accumulating forces.

The conflict reached climax when a mysterious fire broke out in the Royal Palace, leading to confusion between the forces of Wang-na and the King. The king called for help from a middle-man, Si-Suriyawongse, who tried to manipulate the situation to his benefit. But Wang-na called for the intervention from the British consulate, whom he had close relationship.

The situation culminated in the arrival of the British Governor of Straits Settlement, Sir Andrew Clarke, who turned out to be a stong supporter of Rama V's reform. After the Wang-na crisis, Prince Vichaicharn was deprived of his power. Si-Suriyawonse withdrew from politics.

Rama V consolidated his regime with the appointment of his brothers in all important positions. The position of Wang-na was abandoned and replaced the position of the heir to the throne

Implications from the pattern of capital accumulation during Rama V

Capital accumulation were under three groups: Chinese, European, and Royal households. The Chinese dominated the rice-based trading economy. European capitals only had little share of domestic economy Royal households invested mainly in land ownership.

The domination of the Chinese led to a particular pattern of development called “trade-expansion with no industrial development” (Akira Suehiro, 1996). The Chinese were merchant capitals, rather than industrial capitals. They expanded through relying on privileges, and aimed to develop trade, not industrialisation. Compounded by the roles of 3% tariff, manufacturing sector in Siam did not have much room to grow. Investment in such a sector unattractive.

Reading

- Pasuk Phongpaichit and Chris Baker (2002). *Thailand: Economy and Politics*, KL: Oxford University Press. (Chapter 3 and 7)
- Kullada Kesboonchoo Mead (2004) *The rise and decline of Thai absolutism*. New York : Routledge Curzon, 2004