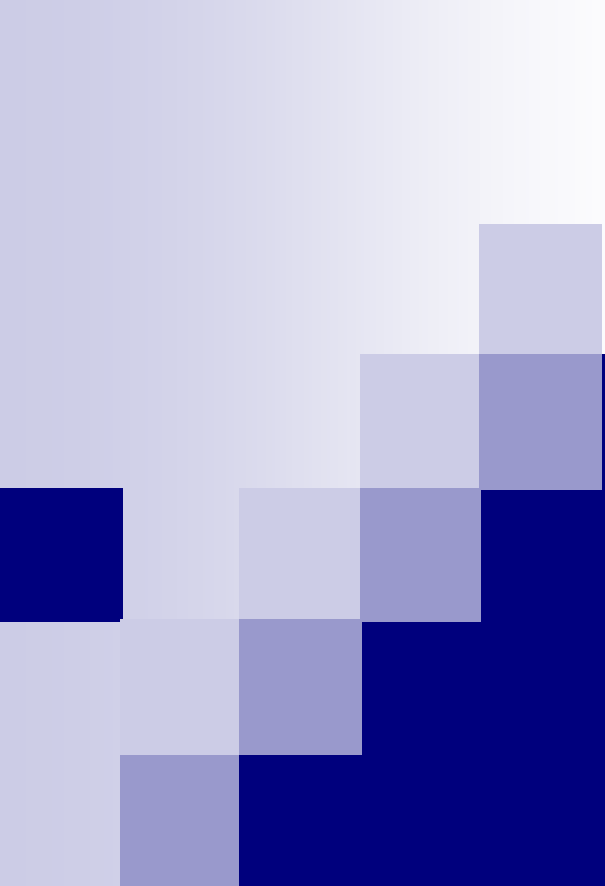




Economic History

1850 - 1950

Economic History 1850 - 1950

References

- *James Ingram: Economic Change in Thailand during 1850- 1970, Chs. 2-6*
- *Chris Dixon: The Thai Economy: Uneven Development and Internationalisation, Ch. 2*

Economic History 1850 - 1950

- **Why 1850? The Bowring Treaty, forced on Siam by Britain, during King Mongkut reign:**
 - saved the Kingdom from being colonized
 - and its great impact through open trade with the West



Economic History 1850 - 1950

- **Siam in 1850: Agricultural with rice as a dominant crop, and sugar, cotton, pepper, fruits , vegetables**
- **Small industries, mainly handicraft (textiles & utensils)**

Economic History 1850 - 1950

- **Most were self-sufficient in food and clothing; some artisans for the rich**
- **Teak and tin by Chinese operators**
- **Siam in 1850 mainly traded with neighbors and China**
- **Exports of primary products (rice, sugar, tin), and imports of manufactured products (textiles, gold, silver)**



Economic History 1850 - 1950

- **Large fluctuations of rice exports, depending on policy and local production**
- **Foreign trade was still small in the economy**
- **Royal monopoly in foreign trade, imposed high trade taxes**
- **Some monopolies sold to Chinese with special privileges**

Economic History 1850 - 1950

- **The Bowring Treaty in 1855**
 - **3% trade taxes → free trade**
 - **Legal opium trade**
 - **Most-favored-nation status**
 - **extraterritoriality (British subjects tried in consular courts)**
- **Later, similar treaties with other Westerners**



Economic History 1850 - 1950

- **Very rapid expansion in rice production and export and others (tin, teak, rubber)**
- **Change from self sufficiency to specialization in few products**



Economic History 1850 - 1950

- **Rice: 80% of population as rice farmers, 60% of total exports**
- **Rice production expanded first in Central, then North and Northeast (railways & end of slavery)**
- **Canals for irrigation and transport**
- **Government exempted land tax**



Economic History 1850 - 1950

- **Thais preferred farming, leaving other “middlemen” functions to Chinese traders and millers**
- **Supply of farming labor: population growth and slavery abolition (King Rama 5); Chinese labor outside agriculture**

Economic History 1850 - 1950

- **Other exports: tin, rubber and teak**
- **All stages of production and trade were in foreign hands:**
 - **Tin: European and Chinese capital + Chinese labor**
 - **Teak: European and Chinese mills + Chinese labor**
 - **Rubber: Chinese and Thai small growers + Chinese traders**



Economic History 1850 - 1950

- **Imports of textiles since Ayutthaya**
- **Hand-made local textiles (cotton and silk) being replaced by cheaper imports under free trade**
- **Local textile manufacture declined, but later boosted by import tariffs and shortage during WW II**



Economic History 1850 - 1950

- **No large-scale textiles industry due to low tariff, small Thai market, lack of capital, entrepreneurs, and skilled labor**
- **A few cotton textile factories by the army and Chinese investors**

Economic History 1850 - 1950

- **Sugar export increased after the Treaty, but declined later due to heavy taxes on production and low world prices of sugar**
- **Imported sugar from Indonesia and Philippines from 1880 to 1950**
- **Some sugar production in government-owned mills, but no export prospect in 1950**

Economic History 1850 - 1950

- **Other imports : “consumption goods”, some luxuries for the rich and some essentials (kerosene, canned milk)**
- **Increasing share of capital goods import for industries and infrastructure construction**
- **Total imports = 10% of GNP in 1950**



Economic History 1850 - 1950

- **Political independence but “colonial” trade ties with British Empire**
- **External trade and shipping mostly handled by Western firms**



Economic History 1850 - 1950

- **Small manufacturing: in 1919 only 7 factories in Bangkok (cement, soap, cigarette)**
- **Significant groups: rice and lumber milling**

Economic History 1850 - 1950

■ Why small manufacturing?

- Lack of resources, capital, entrepreneur, skilled labor
- Low tariff (Bowring Treaty)
- Small domestic market (20 million in 1950)
- Lack of electricity (fuelled by rice husks)



Economic History 1850 - 1950

- **Private-owned industries: cement (Siam Cement), tobacco, matches, soap, beer, etc.**
- **Many were Chinese-owned**
- **Since early 1900's, Government became more active in setting up its own factories: paper, textile, sugar mills, tobacco (large and profitable)**



Economic History 1850 - 1950

- **1952 Phibun government planned for over 20 factories**
- **To promote industrialization, and want to reduce influence of Chinese and other foreigners – “nationalism”**
- **Most state-owned factories were not successful: corruption, poor supervision, losses**



Economic History 1850 - 1950

- **Role of Chinese: important in trade and other non-agriculture**
- **1930's: 80% of domestic trade in Chinese hands**
- **Informal associations among Chinese to prevent entry of outsiders**

Economic History 1850 - 1950

- **1820-1950: 4 million of Chinese came to Thailand (1.5 million remained)**
- **Dominated labor force in non-agricultural activities**
- **1938-1941: anti-Chinese measures by Phibun government (Chinese schools and newspapers were closed)**



Economic History 1850 - 1950

- **Response: More integration into Thai society, and less obvious economic role**
- **Chinese in Thailand: most highly and effectively assimilated in SE Asia**
- **In 1950: 3 million Chinese in Thailand (15% of population)**



Economic History 1850 - 1950

Ingram's conclusion on 1850 – 1950 period

- **Many “changes”, but not much “progress” and “development”**
- **“Changes”: more use of money, more specialization, racial division of labor, rapid population growth**

Economic History 1850 - 1950

Ingram's conclusion on 1850 – 1950 period

- **Many “changes”, but not much “progress” and “development”**
- **“Progress”: increased per capita income**
- **“Development”: more use of capital (cf. labor) and new techniques**