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## *Trade and State Formation: Siam in the Early Bangkok Period*

HANS-DIETER EVERS

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### **I. Trade-Based States and Peasant Production-Based States in Southeast Asia**

THOUGH local and international trade is a main point on the agenda of any government and though economists build elaborate models around trade statistics, the social consequences of trade have hardly ever been explored in full by social scientists. This is particularly the case in Thailand where only a few studies of limited scope exist on traders, businessmen and markets.<sup>1</sup> There is a reason for this lack of attention to trade. The series of post-war village studies, carried out mainly by anthropologists in isolated villages, stressed intra-village relations and neglected as a consequence larger networks of trade.<sup>2</sup> The most important study on trade during that time was probably the work of Skinner (1962, 1967) on the Bangkok Chinese in which, however, ethnic relations rather than trade and business constituted the main theme of the study.

The lack of a scientific social analysis of trade is evident in the historical writings as well. Thai history is portrayed as the development of a peasant society in which trade, either regional or international, played a negligible role. This can be seen in the older works of Thai and foreign scholars<sup>3</sup> as well as in the more recent studies on the political economy of Thailand. This discussion stresses themes like the penetration of capitalism into the Thai countryside without, however, specify-

<sup>1</sup>For a summary see Prisha (1983). For a theoretical discussion see Evers and Schiel (1987).

<sup>2</sup>For a discussion of these studies see Chayan (1981).

<sup>3</sup>General descriptions of Thai history are found in Shai (1979): *History of Thailand, 1809 till 1910, Economic Aspects*; Shai (1980): *History of Thailand before the 25th Century*. The older attempts to analyse Thai society in a Marxist framework like Shid Phumisak (1979): *The True Face of Thai Feudalism*, or San Rangsarit (1979): *The Development of Siamese Society*, focus entirely on the role of the peasantry as producer of surplus and the Sakdina aristocracy as feudal lords.

ing who the agents of this penetration were. These studies were until recently strongly influenced by the 'mode of production debate' and the concept of the 'Asiatic mode of production', in which relations of production rather than circulation held the centre stage of theoretical thinking<sup>4</sup>. Others, following dependence theories, analyse changes in Thai society as effects of outside influences neglecting the dynamics of change from within Thai society itself. Even the debate on the emergence of the modern world-system, instigated by Wallerstein (1974), has not yet had much effect on empirical research in Thailand or Southeast Asia despite the fact that the modern world-system is bound together, even created, by world trade, and the trade channels ought to be followed up right into the last village of the periphery and even the households. Serious 'world-system analysis' implies the study of the effects of this system on the states, villages and even households integrated into it (Smith, Wallerstein, Evers 1984).

For as long as history provides us with facts Southeast Asia has been part of a 'world-economy', a 'Weltwirtschaft' defined by Braudel (1986a; 13). The centres shifted, as did the main trading routes and focal places, both inside and outside the region. However, Southeast Asia always played an important role in world-wide trade. Processes of development and underdevelopment or peripherization have occurred already prior to the shifts leading to the Europe-centred modern world-system following the industrial and bourgeois revolutions during the eighteenth and nineteenth centuries (Curtin 1984, Hall and Whitmore 1976, Wolters 1967, 1971). Despite the uncertainty about historic facts, especially on the early phase of establishment of the Southeast Asian trading systems between 900 and 1200 and the complexity and diversity of civilizations in this area, some long enduring figurations stand out.

Southeast Asia has always been bound together by a network of trade. The character of the seas, its location between China and Japan on one hand and India, Arabia and Europe on the other, doubtless played an important role for the possibility of the existence of such a trade network. In contrast to China, India and Europe, Southeast Asia conforms very much to the type of world-system defined by Wallerstein (1974: 348) as an economy integrated by trade with a multitude of diverse political and

<sup>4</sup>This discussion was initiated by Chai-Anan's (1975) article 'Sakdina and the Development of Thai Society' and the comments on this by Chatthip during a seminar at Thammasat University in 1975. Since then several articles and monographs have been written. Summaries of the discussion are given by Hong and Reynolds. Other recent contributions are Sonchai Na Yala (1981): 'Problems of the Analysis of the Mode of Production in Thailand' and Somsak Chiamthirasakul (1982): 'Thai Society from Sakdina to Capitalism'.

social entities. This is shown by failing attempts to build an empire on a Southeast Asian scale that might be comparable to the empires based on the Mediterranean like the Macedonian (Hellenic) or Roman empires. In fact, the closer one comes to the geographical centre of Southeast Asia, the greater is the impermanence of rulers, dynasties and kingdoms (Hall 1955).<sup>5</sup>

A basic feature of figuration in Southeast Asia has been the distinction between harbour principalities and inland states or, in terms of integration into the whole system, as 'inner-directed' peasant production-based states and 'outer-directed' states integrated into the Southeast Asian part of the world market. This dissimilarity, for Java described by van Leur (1955), Wertheim (1980), Braudel (1986a: 123ff.) and others, could be rephrased to draw attention to important aspects related to state formation. There were states whose major source of revenue was the productive capacity of the peasantry. The peasants were both the source of labour power in terms of *corvée* and of agricultural products appropriated by the state through tributes and taxes. Majapahit, Pagan and Sukhothai fall into this category. For other states, overseas trade and shipping provided the main revenues of the state and its ruling class. The famous states around port cities like Malacca, Banten, Aceh, but also Srivijaya and Ayudhya fall into this category. The respective sources of revenue and surplus for the state and its ruling class had a direct influence on the state itself through the specific objectives of the state apparatus. In the first case the control and suppression of the peasantry was the condition *sine qua non* for stability and continuity, while states of the second type had to be able to control traders and trade routes.

Creating a dichotomy between these two types of states is certainly an over-simplification. As a matter of fact, the big port cities always depended on the peasant production as well. Even if they were genuine entrepôts, at least the urban population depended for its survival on the supply of the city with food. Generally it is impossible to analyse any state in terms of a structure representing only one pole of the dichotomy, but shifting figurations with an emphasis on this or that dimension are paradigmatic for an understanding of Southeast Asian social and political complexities. Therefore the character of the combination

<sup>5</sup>As Hall's (1955) *History of Southeast Asia* shows, the only longer-lasting states are found on mainland Southeast Asia. Even there, in Burma, Ayudhya and Kambodia dynasties and kings often rapidly changed. In Ayudhya, during the approximately 450 years of existence there were 36 kings in total from several different dynasties. About twelve kings held their position for less than one year.

rather than the emphasis on either pole provides a base for the analysis of strength and weakness of states in Southeast Asia. The states of mainland Southeast Asia, and here especially Ayudhya, are important cases. Ayudhya does not fit any ideal type as mentioned by Wertheim. It was a state having both a fertile and populated hinterland which provided one form of revenue and was integrated into the trade routes. At least potentially, states of this type had the possibility to compensate for weaknesses through the shift of sources of revenue or by combining them.

Although the distinction between inland states and harbour principalities had been developed already long ago and used for the analysis of Indonesian history, this discussion is ignored in Thai historical writing. In the social science literature on Thai history, the state is regarded as an expression of either an Asiatic or feudal mode of production, or a combination of both designated as 'Sakdina society'. What all these approaches have in common is that they attach special importance to the peasant producer and the organization of the state apparatus for the appropriation of surplus from the peasantry. The main theme of research has in consequence been the analysis of the relation between peasantry and the Sakdina ruling class and the transformation of this relation through the penetration of capitalism after the Bowring Treaty in 1855. Especially the discussion of capitalist penetration was dominated by the 'search' for the capitalist class as the indicator for the existence of capitalism. As we will argue, we have doubts whether this is really the crucial question. Even if it is regarded as the major issue, it is surprising that the role of trade and circulation in general is neglected. The neglect concerns Thai as well as foreign scholars and leaves, as we will show, several features of Thai history in the early Bangkok period unexplained and leads to a sometimes confusing picture of Bangkok state and society.

## II. Trade and State in the Ayudhya Period

It may, indeed, be argued that Sukhothai was a state based on peasant production, resembling features of patrimonialism as described by Weber (1923) and, following Weber, by van Leur (1955). Of course, it was not a closed system but exchange and long-distance trade played a certain role. In the famous Ramkhamhaeng inscription it is mentioned that every subject 'was free to lead his cattle or ride his horses to engage in trade; whoever wants to trade in elephants, does so; whoever wants to

trade in horses, does so; whoever wants to trade in gold and silver, does so'. The trader did not need to pay taxes and a bazaar was located in the north of the city. Far-distance trade is indicated by jars produced in Sukhothai and traded to India through the harbour of Martaban gaining a famous name and becoming the object of trade mark pirating as 'Martaban jars'. Ayudhya, however, was different and emerged as a powerful state with world-wide significance (without becoming an empire though), while Sukhothai descended to a minor vassal in the Ayudhya kingdom. Right from its founding in the middle of the fourteenth century, Ayudhya developed in a pattern different from Sukhothai. Founded by U-Thong, a son of a Chinese trader (Charnvit 1976, Wyatt 1984) it was based on trade (Burns *et al.* 1984) rather than peasant production. As Charnvit (1976) has argued, the leaders of Ayudhya did not regard themselves as the successors of Sukhothai, but traced their ancestry to the Lopburi and Suphanburi dynasties. Sukhothai, still a powerful kingdom when Ayudhya was founded, was a competitor in terms of territorial extension and a potential enemy. Ishii (1978) differentiates clearly between Sukhothai and Ayudhya when he argues that Sukhothai was a 'quasi hydraulic society' entailing a certain level of state participation in paddy irrigation while Ayudhya in contrast exhibited features of a commercial state based on foreign trade.

The rise of Ayudhya as a trading state followed the overall constellation in Southeast Asia between 1350 and 1650, marked by the rise of the great trading states. The emergence of these states, as states which drew a considerable amount of revenue from international trade instead of peasant production, was possible through the advancement of maritime technology in China and Arabia in the preceding centuries.

The navigatorial equipment and the new ships (the Chinese junk and the Arabian dhow) were able to carry up to 400 tons of cargo, allowing a shift in the trade from luxury goods, traded on a small scale, towards bulk cargoes (Hourani 1951, Lewis 1973). Southeast Asia had a specific importance in the East-West trade because it was located at the intersection of the Arabian dominated trade network and the Chinese dominated trade. Besides this intercontinental world trade system, local trading networks existed. In these regional sub-systems local traders played an important role and, as Syed Hussein Alatas (1975: 184 ff.) argues, they often exceeded the Chinese and Indian traders in wealth and power. The coastal states of Sumatra are often mentioned in this context while the region between the Andaman Sea and the Gulf of Siam is neglected. However, the ports between Moulmein and Phuket were important for the long-distance trade as well, which leads us to the

conclusion that Ayudhya was part of this emerging world-system of international trade and accordingly able to draw a considerable amount of revenue from trade. Ayudhya was definitely not an example of a hydraulic society or Asiatic despotism.

If we define Ayudhya as a trading state, we do not mean to imply that the exploitation of the peasantry through *corvée*, tributes and taxes was irrelevant. From the work of scholars like Akin (1969), Shai (1980) and others, it is evident that surplus appropriated from the peasants as state revenue or personal gain of nobles played an important role. Wyatt (1984),<sup>6</sup> for example, argues that the rise of Ayudhya was based on the control of manpower in the fertile Chao Phraya valley and the commercial power of the capital city (Wyatt 1984: 67). Our argument is only that formation of the state of Ayudhya was primarily based on profits from trade which in turn were used to set up an oppressive apparatus to exploit the peasantry.

Ayudhya was located at the intersection of the India–Arabia trade and the China–Japan trade.<sup>7</sup> Following the descriptions of White in the seventeenth century, the land transport from Mergui and Moulmein to Ayudhya was faster and less dangerous than the sea transport through the Straits of Malacca. He argues that it took only six to ten days overland while by boat the passage would last, depending on the season, from three to six months. The land journey passed through the passes in the mountains usually used by the armies and had its final destination on the eastern side in Ayudhya. In consequence, Ayudhya was a focal place in the international trading network.

For Ayudhya access to trade profits depended on the control of trade routes. On one hand, these were the maritime routes. However, there is evidence that Ayudhya never really had a strong navy to subjugate pirates. Therefore, control was predominantly control of the traders to induce them to use the port of Ayudhya. On the other hand, an important trade route was the land transport from east to west and vice versa crossing the peninsula. Control of land trade routes implies territorial control and to achieve this, an army. An army implies manpower. From this angle two interesting features of Ayudhyan social organization can be made plausible. Firstly, the organization of the

<sup>6</sup>Wyatt (1984) sometimes mentions trade and its importance for Ayudhya and later Bangkok. However, it seems that he tends to identify trade with trade between Siam and European powers. He never discusses the importance of the Sino-Siamese trade and its crucial function for the development of the state.

<sup>7</sup>Nakorn Sri Thammarat, Sonakhla and Pattani doubtless had an importance in the regional Southeast Asian trade, but it remains open whether they could compete with Ayudhya in the far-distance trade.

Sakdina society follows the organization pattern of an army (Wilson 1962, Riggs 1966). For the control of peasants, a standing army is necessary, organized with professional soldiers and/or mercenaries. The existing standing army of Ayudhya seemed to be on a rather limited scale. In other words, the pattern of organization of the peasantry and its relation to their 'lords' should enable a rapid mobilization of an army in case of warfare. Warfare occurred often, especially with the Burmese. The wars had their objectives in the control of the northern part of Ayudhya kingdom and/or the western part of the peninsula where the important ports were located. Secondly, the administration of the kingdom was separated between the provinces close to the capital, those further away, the rather independent provinces (like Phitsanulok, Nakorn Sri Thammarat), and the tributary states. The provinces located close to the capital were administered directly from the capital without governors residing in the provincial capitals. It can be assumed that the state had a close control of the provinces, while the other provinces could manage their own affairs as long as they sent tributes (gold and silver trees) and provided manpower in case of need. This administrative pattern seems strange if the control of the peasant production had been the prime objective of the state. If trade revenue was crucial, it can be interpreted differently. The provinces close to the capital had to supply the population in Ayudhya with food and some goods to be used in the trade. Part of the tribute was used for trade as well, especially wood, precious stones and other 'jungle products'.

Altogether, the administrative pattern and the social organization indicate the objective to secure territorial control and the supply of food to the population in the capital city; much less this pattern shows control and suppression of the peasantry. It can be concluded that the control of manpower (usually regarded as most significant to the Sakdina society) was certainly important, but less for the appropriation of surplus from the peasants than indirectly for the appropriation of surplus from trade through the control of trade routes.

### III. The Emergence of Capitalism

Ayudhya was destroyed in 1767. The city was burned after a year-long siege implying a far-reaching devastation of the surroundings. After the victory, the city was plundered, goods of any use for Burma sent away and a large number of people deported. Following documents provided by Manich (1977) one can get a rough impression of the destruction. He

notes that more than 100,000 families had been deported including all members of the royal family and people with specific skills or knowledge. Temples were looted in search of gold, the chronicles and writings burned and destroyed (Manich 1977; 338ff.). The warfare following the fall of Ayudhya among the different groups and gangs within the country and Burma<sup>8</sup> hastened the destruction of the country. All writers on this period of Siamese history agree that the destruction of society, economy and culture was rather complete. The devastation was even aggravated by crop failures, floods and droughts, so that people were starving and turned to banditry or treasure hunting, destroying what had escaped the destruction by the Burmese armies.

If the information given by historians concerning this period is correct, it is difficult to interpret the developments during the following time (the reigns of Taksin and Rama I) as 'rebuilding' the Sakdina society of the Ayudhya type. Instead of assuming that the Thai leaders, after the fall of Ayudhya, intended to rebuild the old society, it seems more useful to analyse the mechanisms at work which were crucial for the revival of Siam. Taking this perspective, it is much more convincing to speak of the forming of a new type of society altogether. The resemblances to Ayudhya in the Bangkok period are superficial. The names of the temples were copied as were the titles of the aristocrats, but the economic and social base of the society was different.<sup>9</sup> For an understanding of the process of state formation in the Bangkok period, we will look into the social processes during that time.

Three points are, following different writers, most important during the period of revival under Taksin:

Firstly, the change of the capital city from Ayudhya to Thonburi. Historians like Shai (1976, 1979) regard this move as most important for the recovery of the economy. Thonburi had harbour facilities which

<sup>8</sup>Taksin had to fight against several different groups in the country. The most important were: 1) the group around Prince Thepphit located in Korat, 2) the group around a Buddhist monk, located in Fang (northern Thailand), 3) the former governor of Nakorn Sri Thammarat proclaiming independence, 4) the governor of Phitsanulok proclaiming independence. Besides these internal competitors for power the Burmese made several attempts to reconquer Siam. Especially after the first three years following the destruction of Ayudhya agricultural production was nearly non-existent.

<sup>9</sup>The assumption that the new leaders had nothing else in mind than to rebuild the Sakdina society of the Ayudhya type has its basis in the assumption that they could not have any other conception of state and society and that the elite itself did not change. However, if the data are followed, these assumptions do not have much merit. At least the question should be raised why should the new leaders rebuild Ayudhya? As the ruling elite was different and had at least potentially different concepts, they could very well have started something new.

were only slightly affected by the warfare. A population of Chinese traders lived in this city and in a small village around a fort on the other side of the river called Bangkok (village below the olive trees). For Taksin it was of high importance to feed those under his command for two reasons. He had to show the people that he was the leader although he had no legal claim at all to the throne of Siam, and he needed his soldiers for fighting against the other gangs and groups in the country. Owing to the famine he had to import food, so he needed the harbour facilities. For the purchase of food he received the support of Chinese traders, especially those from the same province in China where his father came from (Chau-chou). These used their own funds, hunted for treasure, plundered chedis etc. for the purchase of food. Hong (1984) and Sarasin (1977) point out how crucial the support from the Chinese was for Taksin to be able to establish himself and, later on, subjugate all other groups in the country.

Secondly, the access to strategic goods through the trade with China. During the Ayudhya period trade with China already existed on a high level. This was reduced after the fall of the city, but nevertheless, through the support from the Chinese traders, it was possible to purchase strategic weapons from China although they were under strict control of the imperial court. These weapons and supplies (especially saltpetre which was not available in Siam) were crucial for the fight against the others.

Thirdly, Chinese immigration to fill the lack of labourers and craftsmen. Chinese immigration to Siam increased rapidly under Taksin's reign and thus craftsmen re-entered the Siamese economy. Soon the economy was strong enough to continue with the rice export to China through which revenue came to the new state which in turn was used for the purchase of weapons and other goods needed. Taksin became the strongest leader in the country and was able to reunite the kingdom. Sarasin, Hong and Nithi (1982a, 1982b) point out that Taksin's government depended on foreign trade as the only source of revenue. Although the country was united again and all competitors in the power struggle destroyed, the newly established state in Thonburi lacked the power to execute full control of the provinces, and even less to gain amounts of surplus beyond the rather ceremonial gold and silver trees. The limited power of the state is shown by Bunnag (1977). In 1772 the city of Nakorn Sri Thammarat declared its independence. Six years later, the army of Taksin recaptured Nakorn Sri Thammarat and drove the ruling family out of the city. Instead of executing the leaders, he reinstated them and gave them ranks as princes and the province the

status of tributary state instead of province (Bunnag 1977: 19). This behaviour, this policy, does not necessarily indicate strong central control but rather a diplomatic handling of affairs. The central government was unable to control the distant city and province, therefore it was satisfactory to keep Nakorn Sri Thammarat as a tributary state, possibly supporting the central government in case of war and not draining resources needed elsewhere.

Taking these three points together, long-distance trade or, in other words, an outer orientation was crucial for the revival, not the surplus production of the peasantry which, anyway, was non-existent after the wars. In addition it shows that one group in Ayudhya doubtless not in politically powerful positions—the Chinese traders—became important. What we find at the beginning of the modern period of Thai history is therefore an orientation towards the world market and the existence of strategic groups of people having a powerful position through their connection to this trade (Evers 1973).

In the historical writing on Taksin one point is most confusing. During the first phase of his reign he is portrayed as the saviour of Siam, a charismatic personality pushing out the Burmese and subjugating all internal enemies. In the last phase of his reign he is described as a madman having people killed without reason. The description of Taksin as mentally deranged is not limited to Thai sources only. Kajorn (1982) looked into Portuguese and French writings of missionaries living in Thonburi who all described Taksin as mad. He regarded himself as god, as an incarnation of the Buddha and demanded full recognition of the monkhood. All those not obeying his demands or daring to criticize him were immediately killed, including his wife and children or old-time followers. Wyatt (1984: 144) argues that Taksin probably was paranoid. There was a reason for this. Taksin, although king by declaration of his followers after he liberated Ayudhya, had no legal claim to the throne. He was the son of a trader and not of royal blood. The Chinese imperial court did not accept him as a king either. Finally, there were probably struggles among members of his group intending to push him out. For Taksin this might have seemed as if the former Ayudhya nobility tried to reap the fruits of his work and to get rid of him through semi-legal measures.

Looking at the changes after the fall of Ayudhya from a sociological point of view, an interpretation of the final phase of the Thonburi era is possible. Comparing Thonburi with Ayudhya one notices a shift of power and of groups in powerful positions. In Ayudhya the nobility held power using the traders who depended on them. In Thonburi, the

Chinese traders emerged as the leading group. Taksin himself, the son of a trader, became king. The rebuilding of the Ayudhya society through the revival of the former nobility would have meant a restructuring of society, a return to a former pattern. In several aspects, the situation Siam was in after the fall of Ayudhya, resembles the situation after a revolution. The power-holders of the old order were pushed out of their positions (in this case deported to Burma) while new groups filled the vacuum and changed the structure of society. Taksin's task was to stabilize the country after a turmoil, which he did, and to make sure that the former groups did not gain influence again. Quite similar was the task Robespierre was facing after the French revolution. In both cases this task developed a dynamic of its own. Just as Napoleon later on finalized the French revolution, so Rama I finalized the changes of Siamese society. Taksin tried to get rid of the former nobles, while Rama I allowed them a limited re-entry. However, the powerful families in the Bangkok period were definitely not the former Ayudhya nobles. In this context Nithi (1982a) writes: 'The bourgeoisie in Bangkok was not born outside the Sakdina social formation but a group within the ruling class of this system. Their origin depended on the power of the Sakdina system in the pursuit of a new method to gain wealth' (Nithi 1982a: 74).

Foreign trade, especially the trade with China, remained important during the reigns of Rama I and Rama II. The rice trade reached, after a brief break following the fall of Ayudhya and the warfare, a new peak in the reign of Rama I and more Chinese immigrants came to Siam. They were employed as skilled labourers in the construction of the new capital, now located opposite Thonburi on the eastern side of the Chao Phraya river. The nobles of the new ruling class, several of whom traced their ancestry back to traders (see Akin 1969: 205ff., Evers 1983, Nithi 1982: 73f.), drew a considerable part of their own funds from engagement in trade, which was strongly sponsored by the kings and the leading ministers. Through foreign trade the exploitation of the peasantry could remain low and *corvée* was reduced. Partly *corvée* was substituted by Chinese labourers who worked better and had more skills than the farmers from the provinces unwilling to do the work without any pay, and partly the warfare was reduced after the final battles with Burma.

Following the prior description of Ayudhya as a state drawing its main revenue from foreign trade, and the Bangkok state as depending on trade revenue as well, the argument that the economy and society in the Bangkok period were the formation of something new, seems wrong. If Ayudhya was foreign-oriented, and Bangkok as well, a continuity

seems to exist. The difference between both societies which have far-reaching implications for the structure of the economy and society can be shown in two main areas. One has been mentioned already, the newly emerged ruling class and elite which is different from the former Ayudhya nobility. The second aspect is mentioned by Nithi (1982a, 1982b) and is as important for the understanding of the development in the Bangkok period. Nithi argues that trade during the Ayudhya period was predominantly entrepot trade and/or trade in goods with a limited degree of processing like sapan wood. Goods traded during the Bangkok period were mainly goods with a higher degree of processing like rice, indigo, sugar, pepper, tobacco, and tin (Nithi 1982a: 83f.). These goods are mentioned as well by Brooks in a letter to Bowring prior to the latter's mission to the court of Siam (see Manich 1970: 33 ff., Ingram 1971: 25). In Bangkok, therefore, the entrepot trade and the trade in produce from the jungle or luxury goods was substituted by the trade with goods produced in Siam to be sold in China and other ports in Southeast Asia. Following Sarasin (1977) another industry emerged which had importance: ship-building. 'Virtually all ships in the trade including a large number of vessels engaged in China's external trade were constructed in Siam' (Sarasin 1977: 180). The level of workmanship in this industry is indicated by the rapidity with which the construction of the superior briggs was adapted in Siam. The first brigg was built in 1835. In summary, it can be said that foreign trade was an important source of state revenue and personal gains of the ruling class during the reigns of Rama I and Rama II. But profits did not yet derive from production for export. The shift in the sphere of production was the task the state faced during the reign of Rama III.

The shift from profits through trade to profits through production for trade is directly connected to the so-called 'tax farming system'. Following the historical writings, tax farms existed already during the Ayudhya period. During the Bangkok period and especially during the reign of Rama III they were extended and became more important. Hong argues: 'The tax farming system was Thailand's response to the more open economy of the 1820s. It made new sources of revenue available to the government, but did so within the existing social and political structure ... With the emphasis on trade during the early Bangkok period as means to rebuilding the economy, there was a regular and growing demand for more types of goods for export and the people now became valued as producers' (Hong 1984: 85).

Nithi focuses on the differences between Ayudhya and Bangkok and argues that in Bangkok we can notice a rapid extension of an exchange-

based economy and the emergence of a production for foreign trade, especially in the agricultural sector. 'The production of agricultural goods for export can be regarded as the basis of the economy. As such the Thai economy can be defined as an exchange economy already a long time before the Bowring Treaty' (Nithi 1982a: 75). Sarasin provides information on those engaged in production for foreign trade. 'The area in which the Chinese made a notable contribution during this period was the development of commercial agriculture, particularly the cultivation of pepper and sugar for the Sino-Siamese trade. The Chau-chou group had already cooperated with the Siamese court since Taksin's time especially in assisting the Siamese in building junks and manning them for trade in China. They now also contributed to plantation agriculture, a skill brought with them and developed in Siam'. (Sarasin 1977: 177ff.)

During this time we also find tax farms of which a considerable number was in existence.<sup>10</sup> Usually the privilege to collect a tax was sold to the highest bidder, who agreed to pay a regular amount of money to the Ministry in charge. Besides the tax farms, directly related to foreign trade, the gambling and opium tax farms were of major importance as sources of revenue. These were, however, imposed mainly on the Chinese community in Siam, as ethnic Thais were not allowed to smoke opium and to gamble. Other important tax farms were the rice farms, the sugar farms, the tin farms, the pepper farms etc. According to Sarasin, the usual pattern of how to become a tax farmer was as follows: firstly, the Chinese interested in the farm had to assure himself of the support of some influential noble at the court. This he could do either through bribing him beforehand or through offering a considerable share of the expected profits. Through the resulting patronage he could become a tax farmer and handle the farm following his own interests. Bunnag (1977) argues that as long as the government was unable or unwilling to pay salaries to government officials, it had to take political power resulting from financial strength into consideration. In consequence, the rich and powerful families, which were predominantly families of traders, were recognized and appointed as governors to control tax farms (Bunnag 1977: 20). In conclusion, the Siamese

<sup>10</sup>Several books have been written on the tax-farming system. Especially Sirilak (1981): *The Emergence of Capitalism in Thailand* and Yada (1981): *The Tax-farming System in the Bangkok Period* are interesting. Following these writers and others, who devote at least one chapter in their books to the tax-farming system, these tax-farms already existed in the Ayudhya period and were no invention of Rama III. However, they became important as sources of revenue and profits of the elite especially during his reign.

economy shows all the features of an export-oriented economy and not of a peasant economy. Trade profits and production for trade were crucial and not the agricultural production of the peasantry.

This foreign orientation does not correspond to the picture drawn by nearly all writers on Thai history (the exceptions being Sarasin and Nithi), who stress the control of manpower and the appropriation of surplus from the peasant producer. Even Hong, who at length shows the features of foreign orientation of the economy, regards this as the 'traditional Thai society and economy' modified only after the Bowring Treaty through capitalist penetration. When she writes about the tax farming system as a 'response to the traditional economic and social structure', or that 'the traditional economy did have room for economic initiative and exertion' (Hong 1984: 85), the question emerges, what was this obscure traditional economy? Following her own writings, the foreign orientation existed already since the time of Taksin. The tax farms only followed this pattern by strengthening it. If the 'traditional economy' was something different from this foreign orientation, this integration into a world market, what was it?<sup>11</sup>

One point which comes up when speaking of traditional Siamese economy is the state monopolies. These have been portrayed by people like Brooks etc. as very traditional and in need of abolition. Looking at the descriptions of the Sino-Siamese trade by Sarasin and Nithi, and trade in general by Hong, these monopolies do seem to be 'traditional'. They were means whereby the state tried to control trade and especially tried to gain revenue from trade and traders through what, following Polanyi, would be described as 'administered trade'. The trade monopoly was a means to control access to trade through the state and enabled powerful nobles to gain through it. Besides this function, the state provided protection to those traders allowed to engage in trade.<sup>12</sup> Quite often, the trade monopolies are discussed with a bias on 'modern liberal capitalist free trade'. Of course, a real 'free' trade did not yet emerge. Formerly the world trade was controlled by governments or companies through 'protection passes'. Today, nearly all government engages in one way of protectionism. Looking at the trade monopolies from a perspective of the historical time, these monopolies cannot be compared with an ideal type of free world trade but only with the

<sup>11</sup>Hong (1984) has been selected as a recent example to deal with the question, 'what is the traditional economy?' because her work is one of the most detailed.

<sup>12</sup>For a description of the Thai trade monopolies, see Hong (1984) and Sarasin (1977). They show that those traders, even Europeans who followed the rules, were able to engage in trade. The monopolies are not necessarily obstacles against trade. Only if compared with modern free trade do they seem traditional.

trading companies like the East India Company etc. The companies had their main task in the control of trade, especially the control of access to trade by people not being members of the companies, the so-called 'interlopers' and the natives. The companies gave out passes for protection and demanded a share of surplus for themselves. Finally they tried to monopolize the trade in specific goods (see Blusse/Gaastra 1981, Boxer 1965, Chaudhuri 1978, Kling/Pearson 1979). What actually is the striking difference between trade administered and controlled by the 'capitalist' European companies and the 'traditional' Siamese trade monopolies? The European companies were run by Europeans and had their aim in the appropriation of surplus for their European shareholders, while the trade monopolies were run by Siamese nobles. The Siamese trade monopolies were obstacles against the interests of the European companies which favoured 'free' trade, meaning trade following their terms, free from the control of the Thai state.

Concerning trade, the production for trade and the trade monopolies, it is hard to find something 'traditional' in the Siamese economy. On the contrary, the economy of Siam seems much further advanced than other economies in Southeast Asia at that time, including the colonies!

What is meant by traditional can be interpreted as the economy described by Chatthip *et al.* (1978, 1981, 1984). Chatthip analyses the character of the village economy and its changes during the second half of the nineteenth century. He regards it as self-sufficient subsistence economy with exchange and interregional trade on a limited scale. His description of the village economy, disturbed only occasionally by the state in the form of demands for *corvée* and tributes leaves little room for foreign trade as it is described by Sarasin, Nithi and Hong. Furthermore the shifting power within the ruling class as mentioned by Akin (1969) is hard if not impossible to explain. How could the Phra Klang, the ministry responsible for the administration of foreign trade and the eastern harbours become important? More territories and more people were controlled by the other two ministries, the *Khalahom* (Military) and *Mahadthai* (Interior). One probably has to keep in mind both aspects, the subsistence-oriented character of the villages and the production on plantations for foreign trade.<sup>13</sup>

If we assume that the data collected by the above-mentioned scholars

<sup>13</sup>The differences between Chatthip on one side and Nithi on the other might be related to the differences of their focus. Chatthip looks at the village economy while Nithi looks at the capital city, the centre of power. Society, of course, includes both, villages as well as capital city. In consequence, there is not much sense in arguing in favour of either one against the other. The aim should be the combination of both.

are reliable, the Siamese economy during the reign of Rama III exhibits features of an economy described by Boeke (1942, 1980) as dual economy, or by Furnivall (1944, 1948, 1980) as plural society. Boeke, as well as Furnivall, takes the emergence of an economy which in one sector is 'modern' and export-oriented and in another 'traditional' and subsistence-oriented as a result of colonial policies, as an effect of capitalist penetration. Such an economy emerged when the colonial policies changed from trade, especially the participation in the South-east Asian trade, towards the production for trade, i.e. the production of those goods needed for international trade. Siam also showed features of an economy divided into a subsistence sector and an export-oriented plantation economy. This 'dualism' surely is not a feature of a traditional economy but a general, still presently visible, feature of a 'peripheral capitalist' economy.

When speaking of 'peripheral capitalism' another feature of even greater importance has to be considered, namely the appropriation of surplus and its transfer to the mother country. In this context the European colonies seem an obvious case, while Siam does not seem to fit into the same category. In Indonesia there were European traders and companies appropriating surplus to be sent to Amsterdam. In Siam, the Siamese nobles were the power-holders, even if they themselves engaged in trade. If we take a closer look at the 'modern sector' of the Siamese economy, we notice that it was dominated by Chinese. Chinese were the workers on the plantations and also the managers. The reason why they came to Thailand was to make their fortune and return to their homeland afterwards. Money was sent home regularly. In other words, a regular transfer of surplus existed from Siam to China. Even more, the Sakdina nobles, similar to their colonial colleagues supported the Chinese businessmen to engage in production and trade because they participated in the success like shareholders. In this respect the Siamese state showed several important similarities to the colonial administration. The big difference, though, is that the colonies were administered by a colonial government, while Siam remained independent. Nevertheless, Anderson (1978) argues that the policies of the Siamese kings, especially those of Chulalongkorn (Rama V) were in line with the policies followed by the colonial administrators in Malaysia and Indonesia. The circumstances in which Rama V had to act were similar to the circumstances in which the colonial administrators acted and therefore it is not astonishing at all that the policies bore similarities.

#### IV. Conclusions

Based on the above discussion of the Thai economy and society up to the reign of Rama III, we find the attempt at describing the economy as traditional, as a rebuilt Ayudhya Sakdina society, misleading. We also argue against scholars who stress the capitalist penetration into Siam during the second half of the nineteenth century. What happened, in our view, after the fall of Ayudhya was the formation of a foreign-oriented peripheral capitalist economy. There was no transformation towards capitalism, but a formation after a collapse of society, economy and culture which became peripheral capitalist due to the mechanism at work in the world-system at the end of the eighteenth century. This argument has several implications to be discussed.<sup>14</sup>

Firstly, the Sakdina elite cannot be regarded as either feudal lords or Asiatic despots. They have to be discussed as entrepreneurs instead. What actually is the difference between a Sakdina noble using a Chinese manager to grow sugar at some plantation for the world market and a colonial capitalist entrepreneur? In Germany, the former owner of Krupp Industries, Arndt von Bohlen und Halbach, had a feudal title, but nobody would define him as a feudal lord. In the same direction Nithi argues from an analysis of contemporary literature in the early Bangkok period, that Bangkok was a bourgeois city. 'The literature in the Bangkok period was city-based, like the literature of Ayudhya, but the literature in Bangkok was born in a bourgeois city' (Nithi 1982a: 77).

Secondly, it is strange that the nobles resided in the capital city and not in their manors in the countryside like proper feudal lords. If the nobles are discussed as capitalists rather than as lords, it is understandable why they lived in Bangkok. Bangkok was the port city, the gate to the world market, the place where profits were made. The nobles lived where their business was, and their managers stayed (although in different quarters) in the capital city.

Thirdly, centralization which is discussed in a controversial way, was either emerging through the policies of Prince Damrong during the reign of Chulalongkorn (Rama V) or as a general feature of Siamese

<sup>14</sup>The most important change in the Southeast Asian part of the world-system was the emergence of the plantation economy in the colonies leading to a rapid increase of demand for rice. In former times the Europeans were not interested in the costly administration of areas and direct colonialism. They wanted to participate and dominate the trade, especially the regional trade. However, until innovations related to the industrial revolution, such as the steamship, the modern army and modern communications entered Southeast Asia, they were never able to dominate trade.

society since Ayudhya and remains difficult to explain. It would, indeed, be hard to argue why centralization should have happened in a feudal economy. If, however, profits from foreign trade are regarded as the base of state revenue and personal wealth of the nobility, it is understandable that a centralization of government functions was necessary at the place where the port was. In addition it is clear that no other place was developed as port city because it would emerge as potential competitor. Centralization in the capital city was therefore in line with the character of the peripheral capitalist economy of Siam.

Fourthly, it is astonishing that the central government never tried to exercise a really close control of the provinces and tributary states. Bunnag (1977) shows convincingly that only in theory could Siam be defined as centralized in terms of provincial administration. If, however, foreign trade profits are taken as base of the economy, provincial administration has to be seen in a different light. Why should a state having a sound financial base in these profits from foreign trade take the costly risk to develop a powerful provincial administration? What gains could be made in the provinces compared to the gains to be made in Bangkok? Provincial administration is expensive if it is to be efficient. The profits, however, are small and the risks of revolt high. Why should the government take these risks if not absolutely necessary? A necessity only emerged later, when the borders and peripheral territories were threatened by the colonial powers, especially France.

Turning now to the famous Bowring Treaty we find that it indicates a reorientation of politics rather than a fundamental economic change. Rama III provided already the economic base, i.e. an export-oriented economy in which those goods were produced in which the Europeans had an interest. The Siamese economy being further advanced than the economies in neighbouring Burma or even Indonesia could easily be integrated into the European world-system. The only obstacle was twofold. Siam was oriented towards China as the major trading partner and, to a lesser degree, towards Southeast Asia. This trade was increasingly under the control of the Europeans, especially after the Opium War (1839-1842). Singapore and Hong Kong increasingly took shares of the trade formerly taken by Bangkok. Secondly, the political power in the area shifted. The industrial revolution with its new maritime technology, communicative means and military equipment necessitated a political adaptation. It was not China that could be regarded as the sole main partner in trade, but the European colonies. Rama IV (Mongkut) adapted to these changes with the Bowring Treaty through which Singapore, Batavia and Europe could become

the new trading partners of Siam. Monghut executed political changes on the economic base that Rama III, his uncle, had built up before. In this sense Rama III has to be given at least as much credit for the independence of Siam as Rama IV and Chulalongkorn.

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