

ANGLO-SIAMESE ECONOMIC RELATIONS:BRITISH TRADE,CAPITAL
AND ENTERPRISE IN SIAM,1856-1914.

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ABSTRACT

In 1856 Siam was opened to the world economy after 130 years of virtual isolation from Western contact. The event was followed by a series of treaties with the various Western Powers. This resulted in the influx of Western capital, technology, and expertise in which the British became predominant. The purpose of this thesis is to examine the factors which determined the degree and direction of British economic activity in Siam between 1856-1914. This involves a discussion on the Siamese perception of and response to the presence of the British.

Historians have discussed British economic activity in the context of Siam's political infrastructure and development. These works have contributed to an understanding of the Siamese response to the West. However based on Siamese documents, this study serves to complement previous work by showing the factors considered by the Siamese administration in formulating their response to British economic interests, namely the issue of economic sovereignty, and how to meet the demands of the British without creating hostility from the other rival Powers. The study is the first work to examine Anglo-Siamese economic relations in perspective based on Siamese documents.

The thesis involves a discussion on the conduct of

British enterprise in Siam and its qualitative influence on the Siamese economy, the relationship between the British government and their economic interests, the role of the British advisers and the Third Power in relation to the granting of economic concessions. The study looks at a wide cross-section of British economic activity in Siam, namely the trading houses, railways, teak and tin, showing that the presence of the British was part of Siam's modernisation. Evidence indicates that the Siamese were continuously suspicious of British intentions due to political and economic factors. Such perceptions induced the Siamese to undertake a conciliatory response. Despite the support from the British government, the framework within which British economic activity was undertaken prevented them from establishing a dominant position in the Siamese economy.

ANGLO-SIAMESE ECONOMIC RELATIONS: BRITISH TRADE, CAPITAL, AND
ENTERPRISE IN SIAM, 1856-1914.

Introduction	Page
Background and Comment on Sources.	8
 Chapter I: Anglo-Siamese Economic Relations 1820-1856.	 17
1. Background to the Foreign Trade of Siam.	17
2. Siamese Trade with the British Southeast Asian Ports.	23
3. The Opening Up of Siam to the World Economy 1856.	33
 Chapter II: Trade and Shipping.	 42
1. The Port of Bangkok and Intra-Asian Trade.	42
A) Exports from Siam.	51
B) Imports in Siam.	63
2. Political Issues Arising from Trade.	64
3. Shipping.	69
4. British Penetration of the Coastal Trade.	80
 Chapter III: British Enterprise in Bangkok.	 93
1. The Role and Importance of British Trading Houses in Bangkok.	93
2. The British Trading Houses.	100
3. The British Banks in Bangkok.	124
A) Paper Currency.	128
B) The British Response to the Gold Standard, 1902.	130
C) The Idea of a National Bank and the Effects on the British Banks.	136
4. Public Works.	147
 Chapter IV: The Development of British Economic Interests in Northern Siam and the Opening of the Teak Forests 1856-1883.	 156
1. The Northern Economy and its Link with British Burma.	156
A) The Caravan Trade.	158
2. British Interest in Teak.	162
A) Disputes over the Teak Trade.	165
B) Regulation of the Teak Trade.	176
C) The Treaty of Chiangmai 1883.	182

Chapter V:British Enterprise in the Siamese Teak Industry.	190
1.The Growth of the British Teak Firms.	191
A)Amount of Capital Investment in Teak.	204
2.Siamese Control of the British Teak Enterprise.	208
A)Competition Between the French and the British.	217
3.Relations Between the Ministry of Interior and the Forestry Department.	221
A)The Renewal of Leases.	227
B)Assessment of the British Companies' Position in Siam.	232
Chapter VI:The Development of British Interest in Railways 1885-1905.	239
1.Tender For the Nakorn Rachasima Line.	249
A)The Quarrel Between British Engineers and Bethge.	256
B)Conflict Between Campbell and the Siamese Government.	261
2.The Northern Line and the Siamese Loan.	266
Chapter VII:British Involvement in the Siamese Railways 1905-1914:The Construction of the Southern Line.	276
1.The Idea of the Southern Line.	277
2.The Development of the Southern Railway Line.	282
a)The Southern Railways.	284
B)The Establishment of a Separate Railway Department.	288
3.The Railway Agreement.	297
4.The Tender System for Railway Material,1900-1914.	308
Chapter VIII:British Interest in Mining.	317
1.British Mining in Precious Stones and Gold.	318
2.Background to Tin Mining in Siam.	324
3.The Movement to Control the South:The Mining Administration.	327
4.The Nature of British Mining Enterprise in Siam.	335
5.The Siamese Response to British Mining Activity.	342
6.Mining in the Malay-Peninsula.	349

7.The Duff Concession.	357
8.Tin Mining,1909-1913.	383

Chapter IX:Anglo-Siamese Economic Relations 1856-1914 in Perspective.	390
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1.The Role of British Advisers.	392
2.The Role of the Third Power.	408
3.An Assessment of British Economic Performance in Siam.	411

Appendix Maps.

1.Teak Region of Northern Siam.	421
2.Coastal Shipping Routes Pre-1914.	422
3.North and North-Eastern Railway Line.	423
4.Southern Railway Line.	424
5.Structure of the Borneo Co.Investment Group, Pre-1914.	425

Select Bibliography.	426
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ABBREVIATIONS

N.L	National Library.Bangkok,Thailand.
N.A	National Archives.Bangkok,Thailand.
JS	Juka Sakrat,or lessor Era of the Burmese. (J.S.+ 638 = A.D.).
YO	Yotha Tikarn (Public Works)
KH	Khlang (Finance)
KS	Kaset (Agiculture)
M	Mahathai (Interior)
B	Bedtalet (Miscallaneous)
PS	Piset (Special Files)
N	Nakorn Bahn (Local Government)
T	Tang Prathet (Foreign Affairs)
KT	Krasuang Tang Prathet (Ministry of Foreign Affairs)
Kh 0301.1	Files of the Financial Adviser
SRL	Samnak Rachaleka (Office of HM's Principal Private Secretary)
PRO	Public Record Office
FO	Foreign Office
CO	Colonial Office
BCR	British Consular Reports
BPP	British Parliamentary Papers
USCR	United States Consular Report
EIC	East India Company
BKK	Bangkok Times
JSS	Journal Siam Society
JSEAS	Journal of South-East Asian Studies
JSEAH	Journal of South-East Asian History.
JMBRAS	Journal Malayan Branch Asiatic Society.

ANGLO-SIAMESE ECONOMIC RELATIONS:BRITISH
TRADE,CAPITAL AND ENTERPRISE IN SIAM,1856-1914.

INTRODUCTION.

Historians have focused their attention on this era of Siamese history in particular on the reign of King Chulalongkorn 1868-1910.This period is crucial from two perspectives: firstly Siam's independence was at stake;and secondly it marked an era of modernisation.Various studies have been made in relating British economic activity to the reforms for modernisation.For instance N.J.Brailey and J.A.Ramsay discussed the presence of British teak companies in Northern Siam in the context of Siam's administrative control.¹D.Holm,in his study of the railways,concentrated on the political impact of railways.²I.G.Brown accounts for the development of the financial infrastructure.³These studies shows the impact of the West on Siam's administrative development.What historians need to understand is the role of Western enterprise and its political implications for Siam's

¹ N.J.Brailey;"The Siamese Forward Movement in N.Laos States, 1850-92",Ph.D.diss,University of London,1969
J.A.Ramsay;"Development of Modern Bureaucratic Polity",Ph.d, Cornell U,1971.

² David B.Holm:The Role of the State Railways in Thai History,1892-32",Ph.D.diss,Yale U,1975.

³ Ian George Brown;"The Ministry of Finance and the Early Development of Modern Financial Administration in Siam 1885-1910."Ph.D.diss,University of London,1975.

sovereignty. Western interest in Siam as part of territorial expansion involved the "scramble for concessions", notably in teak and tin. Such economic rivalry became a prominent and continuous issue as economic concessions were regarded to be synonymous with political influence.

The most recent and relevant study on this topic is an article by M.E. Falkus "Early British Business in Thailand".⁴ Falkus' work is the first attempt to account for the nature and characteristics of British economic interests in pre-1930 Siam. His reliance on British Foreign Office despatches raises the political issues stemming from British economic interests. By contrast, the purpose of this study is to examine, through the use of Siamese documents, the factors which influenced the degree and direction of British economic activity in Siam, a non-colonised country. The study firstly traces the development of British economic activity in Siam. This involves a presentation of statistics on Siam's trade with the British Southeast Asian ports, the numbers of British vessels entered and cleared at the Port of Bangkok, and the numbers of British trading houses operating in Siam. Secondly, elaborates on the political complications arising from British economic interests by discussing the Siamese perception of and response to British economic activity in the

⁴ Malcolm E. Falkus: "Early British Business in Thailand" in British Business in Asia Since 1860. Edit. by R.P.T. Davenport-Hines and Geoffrey Jones. CUP 1989.

midst of intense rivalry amongst the Great Powers.

Historians such as Cushman and Brown have asserted that the Siamese were wary and sceptical of British economic intentions, and anticipated any conflict with British commercial interests in the out-lying provinces would precipitate direct intervention from the British Government.⁵ These studies have asserted that the political element was primarily of a regional nature, for up till 1909, Siam was a fragmented State, composed of semi-autonomous provinces in the Northern and Southern region. Such points on the Siamese perception of the British have primarily been based on observations made by contemporary British officials. Having consulted Siamese documents, this thesis intends to elaborate on the Siamese suspicions of British intentions, and to reveal that there were other considerations which influenced the formulation of the Siamese response so as to create a comprehensive understanding of the impact of the West on Siam.

The importance of British Foreign Office despatches shows the relationship between the government and their business interests in Siam. The misleading element derived from the

⁵ I.G. Brown: The Elite and the Economy in Siam 1890-1921, OUP 1988. J.W. Cushman; "The Khaw Group: Chinese Business in Early Twentieth Century Penang", in Journal Southeast Asian Studies (JSEAS), Vol. 17, no. 1 (March 1986) pp 58-79.

reliance on these despatches is the inclination towards the political threat to the regional states being the predominant consideration amongst the Siamese. Despatches between the Siamese Ministers and those of the King confirm the existence of such political threat, and raise two other distinct factors. First, was the Siamese concern of how to reconcile their fundamental attachment to the "Most Favoured Nation Clause", whereby Siam was committed to grant equal concessions to all Treaty Powers, ^{with} the pressure to place the British in a predominant position. Second, was the question of economic sovereignty. The Siamese were aware of the need to encourage Western enterprise to overcome their economic "backwardness", but simultaneously to avoid the domination of Western capital. Therefore the importance of Siamese documents shows the co-existence of both political and economic considerations.

The presence of the British became an integral part of King Chulalongkorn's programme for reforms and modernisation. The corollary of the growth of British activity was the establishment of institutions to regulate and control Western enterprise. Historians have asserted that as the Siamese were in no position to challenge the British, they embarked upon a policy which Brown has described as "cautious

and restrictive".⁶ Siamese sources confirm that there was a strong element of such procedure. The Siamese administration endeavoured to control the presence of the British through the employment of foreign advisers predominantly of British nationality to establish the necessary institutions to regulate British activity. Not only did this serve to provide a stable environment for the conduct of business, but also allowed the Siamese to impose their authority thereby strengthening their economic sovereignty. The interesting point about these advisers was their attitude towards their own nationality which this thesis seeks to discuss. Another response worth considering was the political involvement of a Third Power, in particular Germany. Historians have described this as a political move, but evidence shows that there was an element of economic consideration.

A discussion on the issue of British economic interests in Siam ideally involves a quantitative account of their operation, a study which serves to show the development of the Siamese economy. Various studies have concentrated on the impact of Chinese capital and have overlooked the significance of Western capital. British economic interests were predominant amongst the Western powers. The British established trading houses and banks; were involved in the extractive industries;

⁶ I.G. Brown: The Elite and the Economy in Siam 1890-1921, OUP 1988.

and participated in portfolio investment. It is important to show the relationship between British capital and that of the Chinese. The lack of archival company records has not made it possible to quantify the value of British investment in Siam. What this study endeavours to show is the qualitative changes brought about by the presence of British enterprise, and to assess British economic performance in Siam.

The structure of the thesis is divided into four parts. The first three chapters trace the development and growth of British economic interests in the capital city Bangkok. The remainder of the thesis will discuss the Siamese response to the presence of the British by looking at a wide cross-section of British activity. Chapters 4 and 5 are an account of the British economic movement into the autonomous teak region of Northern Siam. Chapters 6 and 7 discuss British involvement in the construction of railways in both Northern and Southern Siam. Chapter 8 looks at British activity in the tin mines of Southern Siam especially in the Siamese-Malay vassal States. Finally the conclusion relates the role of British advisers, and the economic rivalry amongst the Great Powers to British economic activity in Siam, and assesses British economic performance in Siam.

Sources for this particular study have primarily been documents from the National Archives in Bangkok, and from the

Public Record Office in London. The files consulted at the National Archives are those of the relevant government agencies involved in the conduct of British economic activity. These records comprise the administrative correspondence between the King (or his secretary) and the ministers, reports on Cabinet meetings, correspondence and memorandam of the various ministers which were sent to the Royal Secretariat. These files are primarily of the period of the reign of King Chulalongkorn sent to the Royal Secretariat and are classified as R 5 (the Fifth Reign). Other manuscripts include those of the Financial Advisers, and the reports of the Siamese Foreign Office. There are certain documents which are classified as confidential, and such files have been consulted with permission from the National Security Council. The archive at the Office of His Majesty's Principal Private Secretary was also consulted, though only one file was found relevant, namely that of the King's correspondence.

Sources concerning the events prior to 1856 are found at the National Library in Bangkok. Again these files are classified in accordance to the reign of the King. This study consulted the files of the Second, Third, and Fourth Reign and are thus marked R 2, R 3, R 4, respectively. These documents are incomplete and at times illegible. The manuscripts are recorded on black charcoal boards written in chalk, and most of these records have now been microfilmed. In addition there are

sources from the Bangkok Times of which a complete collection is kept at the Siam Society. Unfortunately these were not available at the time of my research as they were in the process of being microfilmed. The Bangkok Times consulted are those found at the National Library, but this is a restricted collection dating between 1890-1900. Other Western newspapers in Bangkok were the Siam Weekly Advertiser and the Siam Mercantile Gazette.

The major problem encountered in carrying out the research is the lack of archival company records. Such records are not available for research either due to their non-existence or simply because they have not been opened to the public.⁷ Another limitation has been the trade statistics. It was not till 1890 that the Siamese Government published annual statistics on trade and navigation. Therefore figures for the earlier period are based on the East India Trade Navigation and the various British Consular Reports.

It is worth mentioning the value of Thai MA theses in undertaking the research. The various theses are of the empirical archival nature and limited in their scope of argument. But their importance is evident in facilitating the use of the National Archives. These theses cover a wide cross-

⁷ Manuscripts from the Inchcape Archive have been transferred to the Guildhall Library where they are not available for research due to reclassification.

section of topics on Thai economic history in particular teak,tin,and railways,concentrating on the economic and social impact.What these works lack is an understanding of the nature of British overseas investment,and how it influenced the Siamese response.

CHAPTER I

Anglo-Siamese Economic Relations, 1820-1856.

Background to the Foreign Trade of Siam.

Economic historians have established that before the opening of Siam to free trade in 1856, foreign trade was already showing signs of progress. Though there was no direct trade conducted with the West, Siam played a role in the intra-Asian trade. Siam served as an entrepot for trade in the South China Sea area, and her trade with Singapore and Penang can be regarded as indirect trade with the West. The products traded between Siam and the two British Southeast Asian ports were transhipped to and from Europe, in particular Britain.

The debate over the foreign trade of Siam revolves round its importance to the Siamese economy. J.C. Ingram puts forward that "foreign trade appears to have been of relatively small importance to Siam in 1850".¹ This view has been challenged by Hong Lysa and J. Cushman, who have asserted that foreign trade

¹ J.C. Ingram: Economic Change in Thailand 1850-1970. Stanford University Press, 1971. pg 29.

contributed to the development of the Siamese economy.² The differing views can be attributed to the factors used in their assessment. Ingram based his view on exports as part of total production of which he found was "rather small".³ L. Hong based the importance of foreign trade on the nature of Siamese imports as a contributory factor to the reconstruction of the economy. Both arguments are based on a particular aspect of foreign trade rather than on trade as a whole. Though the two views seem directly opposed, in fact they have enough in common to yield concrete suggestions of Siam's importance in the Asian trade.

Wong Lin Ken has presented the progress of Siam's foreign trade in the pre-Bowring era, and the events leading to the Bowring Treaty, based on Straits Settlement sources.⁴ This section endeavours to show the extent of Siam's foreign trade; by discussing the system of state trading, and by showing the increasing integration of the Siamese economy in intra-Asian trade using statistics from the Burney Papers and the East India Statement of Trade. The second part will explain the

² Hong Lysa: Thailand in the 19th Century: Evolution of the Economy and Society. Singapore (1984).
J.W. Cushman: "Siamese State Trade and the Chinese Go-Between 1767-1855" in JSEAS March 1981.

³ Ingram pg 29.

⁴ Wong Lin Ken: "Trade with Siam and Indo-China" in Journal Malayan Branch Royal Asiatic Society (JMBRAS), Vol. XXXIII, Pt. 4, pp. 134-149.

difference in attitude between the Straits' and Indian authority; and the political events which influenced the Siamese perception of the British and the response to the opening up of Siam in 1856.

The foreign trade of Siam during this era revolved round two traditional privileges: the royal rights of pre-emption and royal monopolies over certain export articles. The right of pre-emption restricted foreign merchants in the sale of that merchandise which the royal officials had selected. Simultaneously foreign traders were expected to purchase their goods through the royal court or senior officials. The royal monopoly over certain export articles was a component of this system and was dependent upon the Siamese taxation system which involved the distribution of tax farms. The duty collected was known as "suai", and during the Third reign (1826-51) the collection was applied to 38 types of enterprise, most of which were in the field of export production.⁵

⁵ Chao Phya Thiphakarawong: Phraratchaphongsawadan Krung Ratanakosin Ratchakan Thi 3 (The Royal Chronicle of the Third Reign of the Bangkok Dynasty), pg 365-366. Thiphakarawongse (1812-1870) was a son of the Praklang (Dit Bunnag). He wrote this chronicle (and chronicles of the First, Second, and Fourth Reigns of the Bangkok Dynasty) during the reign of Rama V at the request of the King. These chronicles were written out of his intimate knowledge and experience at the time, concerning the political, economic and social issues.

A number of studies have been carried out by Thai historians on the tax farming system, one in particular by Boonrod Kaewkanha.⁶ Kaewkanha drew a link between the collection of "suai" and state trading. Thai sources indicate various occasions when the payments made for imported goods were actually derived from the collection of "suai". This had become apparent during the Second reign (1814-26). For instance in 1813 King Rama II wrote to Phya Nakornsrihamarat, the Provincial Governor, suggesting a means of financing the purchase of cloth at Macao;

"if there is not enough money, use the capital from the "suai"⁷ collected on tin to pay for the purchase."

Another example was indicated in 1819 as seen in the letter from Muen Sakdipon to Phya Nakorn referring to the payments for glassware and white cloth being made from the "suai" collected on birdsnests.⁸ However it was during the Third reign that such practises were adopted on a permanent basis as illustrated in the following royal command to Chao Phya Chakri;

⁶ Boonrod Kaewkanha: "The Collection of Suai During the Early Rattanakosin Period 1782-1868". MA. diss. (Thai Text), Chulalongkorn U., 1974.

⁷ NL R.2 JS 1175/11 Rama II to Phya Nakornsrihamarat. Year 1813.

⁸ NL R.2 JS 1181/1 Letter from Muen Sakdipon to Phya Nakorn. Year 1819.

"The King (Rama III) advocated that the duty collected is to be used as payment to foreign traders on an annual basis."⁹

The conduct of state trading was shared between the King's senior officials, members of the royalty, and those who were directly involved in its operations like the port officials and the Chinese merchants. According to the Siamese Records, the King owned 85 vessels in 1826.¹⁰ The most prominent official involved in trade was the Praklang. This ministerial rank supervised foreign trade and external affairs, and was occupied by the head of the Bunnag family, Chao Phya Maha Payurawongse (Dit Bunnag).¹¹ In the Siamese Chronicles, Dit Bunnag is described as possessing a warehouse in front of his residence by the river.¹² John Crawford, a British agent sent to negotiate a commercial treaty with Siam in 1821, reported that the "Chinese and Siamese merchants were to sell nothing

⁹ NL R.3 JS 1210 no.210 Royal Command to Chao Phya Chakri. Year 1838.

¹⁰ NL R.3 JS 1188 no.18 List of Vessels, Year 1826.

¹¹ Dit Bunnag was the Praklang 1822-51. The Bunnag Family were descendants of emigrants from traders of the Coast of Coromandel. The first Bunnag-Chao Phya Maha Sena was descended from Sheik'Amat, a muslim from Arabia and head of a foreign trading community in Ayuthaya during the reign of Ekathasarot 1584-1603. For more details concerning the Bunnag Family see Constance Wilson Phd thesis: "State and Society in the Reign of Mongkut 1851-68: Thailand on the Eve of Modernisation", pp 71-80.

¹² Prachum Pongsawadan no.62. These are a collection of chronicles printed in the field of Siamese history. The first volume of the series appeared in 1914. No.62 deals with Siam's relations with the West.

to the European trader till the Praklang shall have previously sold at his own price a given quantity of produce,"¹³ which practice earned him the reputation of "a keen trader rather than a statesman".¹⁴

The Siamese trade was primarily transacted with Indians and Chinese rather than with Westerners except for the Portuguese from Macao. This can be attributed to the Siamese suspicion of Western intentions;

"The Western traders tend to bully other nationalities, including fellow whitemen. In a situation of conflicting interests, they would go as far as fighting, or even killing... The Chinese and Indians, on the other hand, stay under the complete control of the King. They only seek commercial gains. For this reason Siam prefers to trade with Chinese and Indian merchants than with Westerners."¹⁵

Amongst the Westerners, only the Portuguese traded under the Siamese conditions, namely the royal rights of pre-emption. Such a Siamese perception of Western practise was perhaps reinforced by the Anglo-Burmese war of 1824. Therefore when John Crawford was sent by the East India Company to negotiate a commercial treaty with Siam, he found their attitude

¹³ The Crawford Papers: A Collection of Official Records Relating to the Mission of Dr. John Crawford sent to Siam by the Government of India 1822. pg 156.

¹⁴ John Crawford: Journal of an Embassy from the Governor-General of India to the Courts of Siam and Cochin-China. D.K. Wyatt Edition pg 89.

¹⁵ Thiphakarawongse: Phraratchapongsawadan Krung Ratanakosin Ratchakan Thi 2 (The Royal Chronicles of the Second Reign).

unfavourable to Western terms, and the following impression was held amongst the Siamese administration;

"(The) English now come with smooth words, pretending to want trade only, that in a little time would ask for a factory... and finally that they would seize upon the country, as they had done on various occasions."¹⁶

Not only were the British terms for free trade incompatible with the Siamese state trading system, but the actual presence of the British was perceived by the Siamese administration as a potential threat to their sovereignty.

Siamese Trade With The British Southeast Asian Ports.

The foreign trade of Siam was concentrated at the port of Bangkok. In 1830 Crawford described Bangkok as "probably the largest Asiatic trading place in the East next to Canton."¹⁷ Crawford's observation was an exaggeration and this can be confirmed by comparing the trade of Singapore with that of Bangkok.

¹⁶ John Crawford: Journal of an Embassy..., Wyatt Edit pg 90.

¹⁷ East India Company Minute Books: On the Affairs of the EIC, pg 311.

Table I

Comparison of Total Trade Passing Through Singapore
And Bangkok in 1826. (Span.dollars)

Value of Singapore Trade		Value of Bangkok Trade
Import	6.8m	.14
Exports	6.4m	.21
Total	13.2m	.36

Source:Crawfurd Papers:Journal of an Embassy..pg 537
D.K.Wyatt edit.
Burney Papers IV,Pt 2,pg 91.

Crawfurd believed that Bangkok would serve as the British "emporium at the head of the Gulf of Siam" thereby securing trade with Cochin-China and the western and southern parts of Asia,which Singapore was in no position to secure.¹⁸

The importance of Crawfurd's observation was that Siam's trade was increasing.According to the trading figures of 1826-31 presented by Henry Burney (a British envoy who concluded a commercial treaty with Siam in 1826) in 1843,the value of total trade passing through the port of Bangkok shows an increase.

Table II

Abstract Statement Of The Annual Imports And Exports
To And From Siam 1826-1829. (thousand dollars)

	1826/27	1827/28	1828/29
Import	148	211	281
Export	219	131	366
Total	367	342	648

Source:Burney Papers IV.2 pg 91.

¹⁸ Crawfurd Papers:A Collection of Official Records...,pg 164.

The year 1828/29 indicates a marked rise which is reflected in the Siamese trade with the British Southeast Asian ports of Singapore and Penang.

Table III

Trade Of Siam With Singapore And Penang 1828/29.

	Singapore	Penang
Export	771	216
Import	167	96
Total	938	312(thous.rupees)

Source: Burney Papers III.1 pg 187
224.5 Company Rupees=100 Span.Dollars.

The trade with Penang was conducted from Pangna in Southern Siam. This trade was partly borne by Siamese junks and partly by overland in the northern parts of the Malay Peninsula.¹⁹ The port of Singapore played a crucial role in diverting the junk-borne trade away from Penang.

The important trading partners of Siam were China and the British Southeast Asian ports of Singapore and Penang. A number of studies have been made on the China trade, notably by Sarasin Virapol and J.Cushman.²⁰ What this section endeavours

¹⁹ Wong Lin Ken: "Trade with Siam and Indo-China" pg 135.

²⁰ Sarasin Virapol: Tribute and Profit: Sino-Siamese Trade 1652-1853. Harvard U. 1977.
J.W.Cushman: "Siamese State Trading..."

to discuss is the trading network existing between Siam and the British South-east Asian ports. The establishment of Singapore and Penang marked a significant influence upon the trade of Siam. Siam was far off the British trading route to China. Yet the British occupation of Singapore in 1819 precipitated the revival of British trade in the Archipelago region followed by mainland Southeast Asia. Wong Lin Ken suggests that in the 1820s, the private traders and textile interests hoped that the success achieved by the sale of British manufactures in the Malay Archipelago might be repeated in Siam and Cochin-China, where British raw and wrought iron and Bengal opium might also find an extensive market.²¹

When Singapore was first established, only 4 junks annually from Siam visited the place. However by 1824 the number of vessels had risen to 35 carrying sugar, rice, salt in exchange for British cotton piece goods, opium and cloth. The following two tables indicate the trend in the value of trade conducted between 1826-1855.

²¹ Wong Lin Ken pg 134.

Table IV

Siamese Trade With Singapore 1826-40 (thousand Mex. dollars)

Year	Import to Siam	Export from Siam
1826-30	207	250
1831-35	192	206
1836-40	303	316

Source: Burney Papers IV.2 pg 91,162.

Table V

Siamese Trade With Singapore And Penang 1840-1855
(thousand rupees)

Export of Siam

	1840-41		1845-46		1854-55	
	Singapore	Penang	Singapore	Penang	Singapore	Penang
no vessels	32	5	30	136	109	144
tonnage	6421	873	8262	14,283	18,000	5999
value	732	312	458	706	988	1.355

Import Of Siam

no vessels	42	2	25	82	95	111
tonnage	10,153	367	8171	1783	17,818	5484
value	877	259	567	523	1.03	939

Source: East India Statement of Trade with Singapore and Penang

Before discussing the factors influencing the trading links, it is worth pointing out that the traded products did not change substantially between 1828-1847.

Table VI

Comparison Traded Products 1828 and 1847

1828/29				1846/47			
With Singapore		With Penang		With Singapore		With Penang	
Export	Import	Export	Import	Export	Import	Exp	Imp
Sugar	P.Goods	Tobacco	I.Piece	Sugar	Cotton	Sugar	
Rice	Opium	Tin	Opium	H.Ware	Opium	Rice	
S.Wood	Sundeies	B.Nest		Gamboge		Gamboge	
Salt	Rattans	Sugar		Sundries			
Tobacco	Glass	Rice		Rice			

Source: Burney Papers III.1 pg 187.

East India Trade with Singapore 1846-48.

(Abbreviations: S.Wood = Sapan Wood. I.Piece = Indian Piece B.Nest = Birds nest. H.Ware = Hardware)

The table shows that Siam was a net exporter of bulky primary products and an importer of manufactured goods. Sugar remained the leading staple export to Singapore and Penang, whilst cotton piece goods and opium remained the major imports. The Chinese prohibition of opium imports in 1823 was an important factor in diverting British opium interests to Siam. These bulky products were transhipped from the Asiatic ports to Europe thereby establishing indirect trade between Siam and the West.

The factors influencing the trade link between Siam and the British Southeast Asian ports can be attributed to the Anglo-Siamese Treaty of 1826 and the trading environment resulting from the commercial terms. Tables IV and V show two

different phases: firstly the period 1826-40;and secondly 1840-55.The development of Siam's trade with Singapore and Penang was a response to the 1826 Treaty.The Agreement consisted of 6 articles designed to permit greater freedom of trade and to define more clearly the levy of duties on goods.The most advantageous concession granted to the British was the provision for free trade between merchants and inhabitants without any official interference;

"Merchants subject to the Siamese or English, going to trade in Bengal or in any country subject to the Siamese,must pay the duties upon commerce according to the customs of the place or country,on either side;and such merchants and inhabitants of the country shall be allowed to buy and sell without the intervention of other persons in such countries."²²

However there were certain limitations on the conduct of free trade.The import of opium was banned in Siam whilst rice was a prohibited article of export.Trade was confined to the port of Bangkok and to the Malay Provinces.The Siamese intended to reserve the power to prevent British ships from participating in the coastal trade.Burney attributed the Siamese intention to promote Bangkok as an entrepot for the entire commerce of the country.²³ Perhaps another reason for restricting trade to Bangkok was to control British trading

²² Burney Treaty 1826.Article VI.

²³ Burney Papers II Pt.4 pg 171.The Burney Papers (5 Vols) are a collection of British official papers relating to the Burney mission to Siam in 1825-1826 and other aspects of Anglo-Siamese relations from 1822-1849.

activity;for in the provincial ports the Siamese administrative control was much less effective.It will later be pointed out that one of the underlying considerations of the Siamese was the fear of conflict arising from British activity in the outlying provinces,which in the Siamese view was a prerequisite for direct intervention on the part of the British government.

The second phase shows an unfavourable balance of trade between Siam and Singapore.Such a sudden change was linked to the reimposition of the royal monopoly.In a petition from the British merchants to their home government in 1843,it was asserted that "the King observed the terms of the Treaty from 1826 till 1840 and then effected his purpose by degrees,and it was only after he found his conduct met with no remonstrance from the British government that he completed the monopoly."²⁴The petition pointed out that the transformation of the trade surplus of 1830-38 into a deficit was caused by the monopoly system.²⁵In order to assess the accusation made in the memorial,the activity of a certain British merchant in Bangkok is worth discussing.

²⁴ Petition of the British Merchants Aug 29,1849.Quoted in Journal Siam Society (JSS),VIII 1959 pg 222.

²⁵ Ibid.

Robert Hunter was a prominent British merchant residing in Bangkok during the pre-Bowring era. This Scotsman arrived in Bangkok in 1824. He first lived in India and then moved on to Singapore where he established business interests. From Singapore he traded with the Rajahs of Pattani, Trengganu, and Kelantan. His trading venture was known as Morgan, Hunter, and Co. In 1824 Hunter approached King Rama III presenting 1000 muskets, and in gratitude the King permitted Hunter to establish a factory in Bangkok. His Factory "Hung Huntra" was engaged in the profitable business of importing products for the Court, most notably glassware from Singapore. In 1835 two young merchants from Singapore, James Hayes and Christopher Harvey, came to join Hunter. Hunter became a royal favourite being granted a noble title Phra Tate Wanet in 1831.²⁶ The American missionary, Dr. Bradley, described Hunter's position as having "a large establishment and doing an immense amount of business" in 1835.²⁷ However in the early 1840s, Hunter's close connection with the King became strained due to certain malpractices on the part of Hunter in his conduct of trade in Siam.

²⁶ Based on Adey Moore: "An Early British Merchant in Bangkok" in JSS 1959. Various studies have been made on the Hunter episode. For more details see Neon Snidvongse: "The Development of Siamese Relations with Britain and France in the Reign of Mongkut". Phd, London U., 1961.

²⁷ Abstract of the Journal of Rev. Dan Beach Bradley. Medical Missionary in Siam 1835-1873. Edited by Rev. George Harris Feltus, pg 8.

The Indian Government to whom Hunter petitioned for support, noted that Hunter lodged his complaints in 1845 whereas the practise of royal monopolies had become effective in 1843, and thus Hunter had traded under that system for 2 years. The Indian Government believed that it was personal conflict with the King that induced Hunter to expose the Siamese re-imposition of the monopoly system;

"with respect to the personal injuries complained (of) by Hunter, they appear to have been in some measure provoked by his own imprudence."²⁸

It may be asserted that the Siamese authorities had no intention of removing the royal monopoly.²⁹ Therefore when the British merchants came to participate in the Siamese trade after 1840, they were unexpectedly confronted with the traditional system of royal monopolies which was thought to have been removed by the Treaty of 1826. The revenue of the Siamese government had continuously been derived from trade and marketing operations. The provisions of the 1826 Treaty and the 1833 American Treaty prohibited government participation in trade which inevitably meant a serious loss in state revenue. As Vella pointed out, the tax farming system expanded so greatly during the 1840s that it soon became as restrictive

²⁸ Court of Directors EIC from London to Governor and Council of Bengal Jan 2, 1846. In Adey Moore "An Early British..." pg 53.

²⁹ The Siamese Government did not express in the Treaty that they intended not to re-establish the monopoly system. See Adey Moore pg 53.

of trade as direct government control had been.³⁰

The Opening Up Of Siam To The World Economy

Western traders in Singapore conducting trade with Siam were connected with commercial firms in Europe. This placed them in the position to express their needs to their government through the various Chambers of Commerce. The Singapore Chamber of Commerce had support from the commercial bodies in England, in particular the East India and China Association of Liverpool. This body was the guardian of Liverpool interests in the East and one of the leading opponents of the East India Company's monopoly of the China trade. Singapore was held as an example of the prosperity that free trade could bring and her success quoted as an argument for the removal of commercial restrictions.³¹

The commercial community in Singapore expressed their request for trade with Siam "upon a legitimate footing" to the Indian Government;

"...all that remains to be done is to prevail upon the Siamese Government, to make those modifications and amendments in those parts of the Treaty, as regards the residence of foreigners and the tariff duties, which

³⁰ W.Vella: Siam Under Rama III. Locust Valley, 1957. pg 139.

³¹ C.M. Turnbull: "The European Mercantile Community in Singapore 1819-1867". In Journal Southeast Asian History (JSEAH) Vol. 10, no. 1, March 1969, pg 32.

experience has shown to be opposed to a full and free development of the commerce of the country. The Siamese King, like most semi-barbarous persons, is slow to perceive the advantages."³²

The merchants of Singapore took up the complaints concerning the spread of monopolies on iron, steel, pepper etc; the heavy tonnage duties; the ban on rice and teak exports; and the requirement that Europeans use Siamese vessels.³³ In 1849 a movement began to spread amongst the merchants and manufacturers of Britain to urge the Government to try to open "the markets of Japan, Korea, Cochin-China, and Siam to the sale of British Manufactures".³⁴ The various Chambers of Commerce; Halifax, Huddersfield, Manchester, Birmingham, and Singapore pressed for government intervention as pointed out by Crawford in 1849:

"The difficulty of dealing with a government so rude, vain, rapacious, and unacquainted with its own relative position, as that of Siam, is very great... I am, therefore, of (the) opinion that the Foreign Office ought to take the direct management of the affair into its own hands."³⁵

Several points can be made about the series of memorials

³² East India 1847-48 No. 174. From Governor Prince of Wales Island, Singapore, and Malacca, to A.R. Young Esq (Under-Secretary to Govt of Bengal) Fort William, Singapore, Dec 28, 1847.

³³ PRO FO 17/162 Memorial of Singapore Chamber of Commerce, Oct 1848.

³⁴ PRO FO 17/161 Memorial to Secretary of State, Palmerston. April 13, 1849.

³⁵ PRO FO 17/161 J. Crawford "Notes on Commerce of Siam and Cochin-China". March 5, 1849.

presented.³⁶ Firstly the Chambers of Commerce in Singapore maintained close links with their counterparts in the large industrial cities of Britain, notably Liverpool, Glasgow, and Manchester. This was strengthened by the presence of former official-merchants who had retired to England from the Straits eg Crawford. Secondly the Singapore mercantile community was now looking to London rather than Calcutta as its economic centre. The direct approach to the Foreign Office was to gain positive support, for earlier the Indian Government had shown an unsympathetic attitude towards the Hunter affair and reluctance over the idea of another commercial mission to Siam.

The Indian Government's perception of the Siamese King being "semi-barbarous" and failing to see the advantages of trade was a rather imperialist attitude and concept. It was the conditions put forward by the British for trade that aroused suspicion amongst the Siamese. This was indicated throughout the Treaty negotiations conducted by the British envoy, James Brooke, who was sent from London to negotiate with the Siamese in 1851. Basically the Siamese refused the proposals presented by Brooke because they were not prepared to grant British merchants "special privileges", namely the right of residence, the reduction of the measurement duties, and the

³⁶ Memorials by the various Chambers of Commerce are published in ML Manich Jumsai: King Mongkut and Sir John Bowring. Chalermmit, 1970 pp 14-22.

general exportation of rice. Such terms were in the Siamese view changing "the fixed rules and customs of a great country..and bring them all into confusion and ruin."³⁷

The failure of the Brooke mission determined certain factions in the Singapore mercantile community to embark upon force. A. Logan, Secretary of the Singapore Chamber of Commerce, suggested to Brooke the need for an aggressive policy;

"Events of subsequent occurrence fully confirm the opinions then expressed to the systematic endeavours of the Siamese to subvert the existing Treaty by pertinacious obstructions to British trade...force would offer the best security against any hostile collisions.. the position of the British subjects and property is now so critical."³⁸

Abraham Logan was one of the leading public figures in Singapore. He was the owner of the newspaper Singapore Free Press and its editor, in addition to being Secretary of the Singapore Chamber of Commerce.³⁹ Yet there existed another group in the Chamber who preferred to await a change of Siamese Government and policy rather than resort to a gun-boat policy. Ironically several members of the Singapore Free Press expressed support for the latter by declaring that warlike

³⁷ PRO FO 69/1 High Officers to Sir James Brooke, Sept 24, 1850. For more details see Nicholas Tarling "Siam and Sir James Brooke" in JSS XIVIII, Pt 2, Nov 1960, pp 43-72.

³⁸ PRO FO 69/1 Logan to Brooke. June 14, 1850.

³⁹ C.M. Turnbull: "The European Mercantile.." pg 18.

demonstration "does not appear to us to be that best suited for upholding the respect due to the British nation, or for assuring the ultimate advantage to British trade with Siam."⁴⁰ The fact was that "British life and property" was in no immediate danger as Logan made believe. A British merchant in Bangkok, John Jarvice, reported to his employer in Singapore that the business environment was stable.⁴¹ Thus ended any hostile proceedings on the part of the British Foreign Office towards Siam.

The conciliatory response of the pacifist faction was adopted. The change in the King and Siamese policy occurred at the accession of Mongkut in 1851. Mongkut's perception of the West was derived from Rama III, namely that of caution and suspicion. However the difference was in response. Vella described Mongkut as conducting a "policy of self-preservation by conciliation and concession."⁴² Mongkut was aware of Western military strength and saw the need to accommodate Siam to Western terms. For instance in 1843 Mongkut undertook English lessons with Rev. Carwell, an American

⁴⁰ Singapore Free Press Jan 24, 1851. Quoted in N. Tarling "British Policy Towards Siam, Cambodia, and Vietnam, 1842-58" in Asian Studies Aug 1966 pg 250.

⁴¹ PRO FO 69/2 Brooke to Austen Oct 4, 1850.

⁴² W. Vella: Siam Under Rama III. pg 124.

Missionary resident in Bangkok.⁴³ Moreover Mongkut's impressions of the West were reinforced by British activity in Burma. In Mongkut's letter to his half-brother, Prince Wongsa, Mongkut attributed the Anglo-Burmese War in 1853 to the error of the Burmese King in encouraging hostility towards foreign merchants;

"The British entered into this war not because they want the Kingdom of Ava, but in order to get monetary compensations, and perhaps some site near the sea for the purpose of trade."⁴⁴

Mongkut realized that the British movement in Asia was for her trading purposes rather than political ambition as reflected in their actions towards the Burmese and the Anglo-Chinese War 1839-41 followed by the Treaty of Nanking. Therefore on his accession, Mongkut embarked upon reforms relating to foreign trade: a heavy "measurement duty" was reduced from 1700 to 1000 Baht; and the prohibition to export rice and import opium was removed, though the opium trade was restricted to the Chinese.

The British Government despatched another mission to Siam for a commercial treaty in 1855. The task was assigned to Sir John Bowring, Governor of Hongkong and British Plenipotentiary in China. The Bowring Treaty was negotiated in less than three

⁴³ Neon Snidvongse "The Development of Siamese Relations with Britain and France in the Reign of Mongkut" Ph.D. diss, University of London 1961.

⁴⁴ King Mongkut to Prince Wongsa 1852. In Mongkut's letters First Collection. Bangkok 1919. Translated in N. Snidvongse Phd pg 211.

weeks. The Treaty rectified the many disadvantages under which the Western merchants traded. The underlying element of the Treaty was that it succeeded in granting "free trade" to British subjects thereby ending the royal monopoly: "they are permitted to trade freely in all seaports of Siam, (Article IV), and British merchants were permitted to buy and sell directly without any interference. The measurement duties and tonnage dues were abolished and replaced by a 3% import tax for all articles "calculated upon the market value of the goods", with the exception of bullion and opium which was duty free. The export of rice was to be permitted unless there were shortages in the country. All articles of export were subject to the payment of only one impost, from production to shipment, and the duty to be paid on each Siamese product was specified in the schedule of tariff to the Treaty.

The success of the Treaty was due to the increasing awareness by the Siamese authorities of the need to conciliate the British. According to the Siamese Chronicles, the 5 Commissioners appointed by Mongkut to negotiate the Treaty were reluctant to accede to British terms, namely the establishment of a British Consulate ⁴⁵ and to the reduction of the duty. ⁴⁶ Indeed Bowring noticed a sense of hesitancy on the Siamese part to conclude the new Treaty. The Kalahome (War

⁴⁵ Pongsawadan No.62 pg 194.

⁴⁶ Ibid pg 135.

Minister) and the Praklang on different occasions made the same remarks to Parkes on the limitation of Siam's natural resources and the incapability of sustaining a large foreign trade.⁴⁷ However, though the Siamese were aware of the economic revolution implied in the provisions for free trade, yet, as Vella points out, it was preferable to being "thwarted" by the British.⁴⁸

The opening up of Siam in April 1856 after 130 years of virtual isolation from Western trade raises three important points. Firstly the introduction of free trade changed the Siamese economic system. It put an end to state trading and the monopoly system, and meant that the King and his nobles could no longer depend upon trade as a major direct source of revenue. Secondly the Bowring Treaty set a pattern for other Western powers to negotiate commercial treaties with Siam upon the same basis. To this effect, Siam had her doors opened to the world economy, and had to prepare herself for the influx of western trade, enterprise, and capital. The problem was the "most favoured nation" clause whereby Siam was to grant equal concessions to all the Treaty Powers. The third point was that the key provisions of the Treaty represented a substantial surrender of sovereignty by Siam, namely the establishment of extra-territoriality; free trade; and the low import and export

⁴⁷ Snidvongse Phd pg 275.

⁴⁸ W. Vella pg 140.

duties. It was the issue of both political and economic sovereignty which was to have a significant influence upon the Siamese response to British economic activity in Siam.

Chapter 2

Trade and Shipping.

The Port Of Bangkok And The Intra-Asian Trade

The opening of Siam marked the influx of Western vessels into the port of Bangkok though not necessarily direct from Europe. Siam continued its position as part of the British network of the intra-Asian trade, and remained a primary producer and an importer of manufactured goods. The impact of the growth of foreign trade was three fold. Firstly the qualitative changes it brought to the Port of Bangkok. Secondly, the necessity to adapt to the events of the international economy. Thirdly, the competition created by German shipping interests. These three issues serve to show Siam's response to the influence of international trade, a study which has been overlooked by historians, and significant to the understanding of Siam's economic development.

/ The port of Bangkok was never a port for ocean-going vessels. This was due to the limitation of "the Bar" which prevented vessels of a greater draft than 13 feet from entering. Vessels drawing 14.5 ft have at times passed the bar at high water. Vessels which exceeded this draft tended to be those carrying bulky cargo as teak, and had to proceed to Koh Sichang or Anghan Head where the cargo was unloaded on to

"lighters" (vessels which plied between Koh Sichang and Bangkok). Koh Sichang is situated west of Bangkok, and was where most of the unloading on to lighters took place. During the North East monsoon ships had to proceed to Anghkan Head (about 20 miles from the bar) to complete loading.¹ /

The influx of Western vessels into Bangkok as a result of the Bowring Treaty marked the need for more defined port regulation. In 1859 the British Consul, Schomburgk, expressed his concern for the safety of vessels at anchor. The Consul reported to the Siamese Superintendent of Trade, Prince Wongsa, that the disorderly system of anchoring where the Master considered it most convenient, tended to result in collisions and accidents.² Schomburgk urged on Wongsa the need for stringent rules and regulations for the port, and an authoritative person to enforce them. Wongsa preferred a Siamese for the post of Harbourmaster, but upon the strong recommendation of the British Consulate, a Briton named John Bush was selected. The fact that port transactions concerning Western vessels would be facilitated if carried out in English was in Schomburgk's view an important factor in considering

¹ For more details about the "bar" see Arnold Wright and Oliver Breakspeare, 20th Century Impression of Siam: Its History, People, Commerce, Industries and Resources. London, Lloyd's, 1908. pg 139.

² PRO FO 628/2/21 Schomburgk to Krom Luang Wongsa March 21, 1859.

the appointee for the post of Harbour master.³

Captain John Bush was a British merchant who had brought a cargo for the Second King in 1857.⁴ As Harbourmaster he drew up a set of regulations, one ruled that Western ships entering Bangkok needed to report to the Harbourmaster, and receive permits from the Customs officials.⁵ Constance Wilson makes a distinction between the procedure for Treaty and non-Treaty vessels. At first the Treaty vessels (British, Americans, French, Danish, Italian) reported to the Customs House and after 1859 to the Harbourmaster, paying the fees and duties established by the Treaty. The non-Treaty vessels paid custom duties to the Superintendent of Customs, Prince Wongsa, and vessels belonging to the Siamese officials were likely to have been granted special privileges.⁶

Statistics on the trade and shipping of Siam during the pre-1914 era tend to vary. It was not till 1890 that the Siamese Customs Department published figures for the trade and

³ Ibid.

⁴ Bristowe: Louis and the King of Siam pg 134.

⁵ Photjana Luang-Aroon: "Commercial Shipping and the Thai Economy 1855-1925". MA diss, (Thai Text), Silapakorn U. 1980, pg 59. The thesis accounts for the growth of the Port of Bangkok.

⁶ C. Wilson: "Siam at the Eve of Modernisation.." Phd pg 614.

navigation of Bangkok.⁷ For the period after 1890, the figures given by the British Consular reports and the Siamese Customs Department continued to differ but fluctuated in the same direction. The difference in figures can be explained by the period of collection. The general point to make about the trading trend in Siam is that the variation in the numbers of British and foreign vessels was dependent on the size of the rice crop, as seen in the following table.

Table I

Correlation Between Rice Exports And Shipping

Year	Average Rice Export (1000 tons)	Average Total vessels cleared	Average GB vessels cleared	Average % of GB vessels cleared
1857-60	56	205	78	38%
1861-70	109	327	104	31%
1871-80	166	486	148	30%
1881-90	287	413	244	59%
1891-1900	415	464	316	68%
1901-10	-	749	107	14%

Source: Various British Consular Reports; W.J. Ingram
Economic Change in Thailand 1850-1970.

Rice was primarily carried by British vessels, and the sharp fall in their number was on account of German competition. Details of the rice trade and the predominance of German shipping will be discussed later. This section endeavours to discuss the trade pattern up till 1900 and in

⁷ 1856-90 statistics for the trade and shipping passing through Bangkok are based on the British Consular Reports, and at times the United States Consular Reports.

doing so will divide it into two phases:1856-70 and 1870-1900.

Throughout the period 1856-70,the number and tonnage of British vessels entering Bangkok increased,as indicated in the following table.

Table II

Number Of British Vessels Entered And The British Share

Year	No.GB vessels	Ton (1000)	Total no vessels	% GB Share.
1856	58	17	141	41%
1863	82	30	304	26%
1866	69	26	281	24%
1867	101	40	327	30%
1868	103	47	346	29%
1869	164	73	460	35%
1870	162	73	404	40%

Source:Various British Consular Reports.

By looking at the British percentage share of total vessels, the British accounted for approximately one-third of total shipping entering the port of Bangkok.The year 1856 when the Bowring Treaty came into effect marked a substantial percentage of British share of vessels,and this was primarily British vessels from Singapore.

It is worth pointing out that in 1856 the British share of the carrying trade was 40%,and it was not until 14 years later in 1870 that Britain was able to regain that

position. The fall in percentage during the 1860s can be explained by the rising competition from the European Treaty vessels. The international environment of the Franco-Prussian War contributed to the re-establishment of British position in 1870. The American Consul, Partridge, reported that "the commerce of the Port (Bangkok) was much reduced by the French and German War".⁸ Already, the figures for 1869 show that the number of British vessels had surpassed those of all Britain's Western competitors combined;

Table III

Nationality	No. Vessels Entered	Nationality	No. Vessels Entered
British	164	Dutch	19
French	31	German	65
Danish	5	Swedish & Norway	4
Russian	2	USA	10
Portuguese	4	Spanish	1
Total: Siamese		155	
Western		141	
British		164	

Source: British Parl. Papers LXV 1870.

British vessels entering Bangkok in 1870/71 were predominantly sailing vessels arriving from the British Colonial ports in particular Singapore and HongKong. The British steamers that entered Bangkok came from Singapore.

⁸ USCR no. 1523. Commercial Relations of USA with Foreign Countries Year 1871 pg 991.

Table IV

Flag	From/To	Entered		Cleared	
		Steamers	Sailing	Steamers	Sailing
British	Australia	-	3	-	3
	China	-	5	-	6
	Europe	-	6	-	6
	H-K	-	38	-	43
	Japan	-	1	-	2
	Manila	-	1	-	1
	Saigon	1	1	-	1
	Singapore	17	21	18	21

Source: US Consular No 1523 Year ending 1871.

There were few British vessels that came direct from Europe. The vessels were primarily from the British Asian ports and the East Indian Colonies. These centres had information on market conditions in Siam. The completion of the telegraph line from Saigon and Singapore to HongKong facilitated the acquisition of information. In addition there was a bi-monthly line of Siamese mail steamers from Bangkok to Singapore, and an American steamer running monthly to Hong Kong, which also assisted the merchants in Singapore in evaluating trading prospects.

Several points can be made about the characteristics of British trade with Bangkok during this first phase. Firstly the British had established predominance in the Siamese carrying trade. Secondly, as the British Consul, Knox, had earlier foreseen in his 1860 trade report, Siamese trade continued to be linked with Singapore rather than directly with Britain;

"Yet little doubt can exist,as to the establishment of a regular and profitable trade with Britain which will avoid the cost of transshipment at Singapore.This trade will most probably be entirely in the hands of British merchants."

As in the pre-Bowring era,Siam continued to be increasingly integrated into the British network of the intra-Asian trade.

The second phase 1870-1900 marked a widespread expansion of world trade which in turn affected the intra-Asian trade.Siam's foreign trade progressed under the favourable international environment:the opening of the Suez Canal,the increased use of steamers,telegraphic communications,and railroads.As already pointed out,there was a direct correlation between rice exports and trade,and this period marked a substantial rise in the world demand for rice which inevitably meant a growth of British participation in Siamese trade and shipping.The Siamese administration adjusted itself to the rapid increase in trade,by establishing exchange banks,telecommunications and mail services,and reorganizing the Customs regulations.

In the following table,the figures clearly indicate an increase in the number of British vessels,tonnage,and percentage share engaged in the Siamese trade.

⁹ PRO FO 69/21 Knox to Russell,Jan 21,1860,Trade of Siam 1859.

Table V

Average Number of British Vessels Entered and the British Share.

Year	No. GB Vessels	Ton (1000)	Total No. Vessels	% GB Share
1886-90	210	217	413	51%
1891-95	319	255	441	72%
1896-99	355	319	495	71%
1900	169	142	454	37%

Source: Various British Consular Reports.

Between 1886-1899, 2/3 of the carrying trade was conducted by British vessels. Again Britain's interest in Siamese trade was oriented towards the British Colonial ports: Singapore, Hongkong, and India; rather than direct trade with Britain.

Table VI.

Siamese Trade With British Colonial Ports

Year	Average Total Value of Trade with India, Singapore, Hongkong. (million tcs)		Average Total Value of Siamese Trade. (million tcs)		Asian trade as % of Siam trade.	
	Export	Import	Export	Import	Export	Import
1895-99	41.4	29.6	49.7	39.1	83	93
1900-04	68.8	40	78.1	60.1	88	66
1905-09	83	42.5	103.3	73.7	80	57
1910-14	74.8	30.5	98.5	77.4	75	38

Unit \$3 Mexican = 5 tcs

Source: Various British Consular Reports.
NA Kh 0301.1 38E.

Table VII.

Siamese Trade With British Colonial Ports and Britain.

Year	With Singapore		With Hongkong		With India		With Britain	
	Exp	Imp	Exp	Imp	Exp	Imp	Exp	Imp
1895-99	18.6	16.7	22	10.4	.8	2.5	-	-
1900-04	31.2	22.8	34.5	15.0	3.1	2.2	1.0	8.4
1905-09	40.8	20.9	35.4	17.6	6.8	4	3.1	11.9
1910-14	41.7	11.9	30.7	10.9	2.4	7.7	6.7	16.6

Source:NA Kh 0301.1 38E.

The greatest proportion of trade was carried out with Singapore. The share of British imports to Siam from Singapore was calculated by the British Consul in 1901 with the following results;

Table VIII.

Country of Origin	Value in Million Mex Doll.	%
United Kingdom	605	50
India	254	21
Dutch East Indies	123	10
Germany	88	7
Others	131	11
Total	1,201	

Source:Various British Consular Reports.

Exports from Siam.

Having presented statistics on the value of trade to indicate Siam's link with the intra-Asian trade, further

discussion is needed on the content of the trade with Asian ports. The leading Siamese exports were rice and teak, followed by cardomons, cotton, pepper, sugar, and sundries. These exports found their destinations at Hongkong and Singapore, whereby they were transhipped to Europe and China. It is worth observing that rice and not sugar came to be the leading staple export. Bowring's prediction of sugar becoming the leading export was short-lived, and by 1881 sugar exports had "dwindled to a mere nothing".¹⁰ The leading exports, rice and teak, had several similar characteristics. Firstly the bulky products were carried by British vessels to Asian ports. Secondly both faced severe competition from British Burma. ✓

It is interesting to note that the rice exports were destined not for Britain but rather for her Empire. An explanation for the lack of demand from Britain was put forward by Knox;

"Siam rice is too small in the grain and too much broken in the cleaning to be much of value in the English market."¹¹

Rice exports had been destined for China. However the Chinese influence upon rice exports came to an end when the price offered in 1867 was much lower than in the previous years. Also in 1867 the Chinese issued a decree to promote the intra-Asian

¹⁰ W.A. Graham; Siam Vol II pg 107.

¹¹ PRO FO 69/21 Knox to Russell, Trade Report for 1859.

rice trade.¹² In response, Siamese rice traders in 1868 sought new markets in Europe and America. These new markets expanded in 1868, and the British Consul reported that 69 vessels had left Bangkok with full cargoes of rice for Europe, Mauritius, California, and Australia.¹³ The British Consul saw the advantage created by the change in market, and the prospects it provided to the European firms;

"In consequence of this change of markets, the rice business of Bangkok came exclusively in the hands of European merchants residing in Bangkok, and these firms owned most of the steam mills, the change proved satisfactory."¹⁴

The main markets for Siamese rice were the British Colonial ports of Hongkong and Singapore.

Table IX.

Destination of Rice Exports 1884 (in piculs)

Hongkong	1.6m	Java	44,787
Singapore	2.3m	Manila	3,412
Europe	780,000	Coast	2,912
China	504		

Source: PRO FO 69/100 Trade Report 1884.
16 Piculs = 1 ton.

Rice exports from Bangkok competed with two other Asiatic ports, namely Rangoon and Saigon.

¹² PRO FO 69/40 Knox to Russell, Trade Report for 1866.

¹³ PRO FO 69/43 Knox to Russell, Trade Report for 1868.

¹⁴ PRO FO 69/48 Knox to Clarendon March 1869.

Table X.

Three Leading Rice Exporting Ports (1000 tons)				
Place of Export	1887	1888	1889	1890
Rangoon	543	493	418	-
Bangkok	402	450	303	480
Saigon	481	505	282	507

Source: British Consular Report No. 938 Trade of 1890.

After 1890 rice exports increased when the Chinese pioneered the process of producing clean, white rice as opposed to the less appealing cargo rice.¹⁵ Therefore, in addition to cargo rice, there were another two types being exported. The first was the "best" Siamese white rice sent to Singapore from whence it was distributed through the Malay Archipelago and to adjacent countries. Secondly there was the "ordinary" Siamese white rice which was sent via Singapore and Hongkong to the major powers in Asia, namely China and Japan.¹⁶

As the rice trade developed, new issues emerged in the mid 1890s which were related to the Unequal Treaty. The foreign rice exporters of Bangkok came into conflict with the Siamese Customs Department upon the question of the duty imposed on broken rice after February 1893. British rice exporters complained to their government, but the latter was unable to

¹⁵ Skinner: Chinese Society in Thailand. Cornell U. Press, 1957. pg 103.

¹⁶ Ibid.

support their claim for a refund of the duties paid on certain shipments since 1893,nor could they object to the action of the Siamese Government in raising the export duties without previous notice.¹⁷The Treaties sanctioned an export duty of 4 ticals per koyan on rice,and 2 ticals per koyan on paddy,but made no mention of broken rice (the residue left after the paddy had gone through the process of milling).Until February 1893,broken rice was invariably made to pay upon export a half duty of 2 ticals per koyan.After then a full duty of 4 ticals per koyan was levied upon certain grades of broken rice,as if it could be classified as a finished article.¹⁸

The German firm Messrs Markwald & Co was the first to protest to the Siamese authorities against the change.However the Customs authorities showed no response and thus the firm placed the matter in the hands of their Ministers.The other foreign representatives likewise took the question up,and on July 10,1894 a joint note of protest was addressed to the Foreign Minister,Prince Devawongse.The foreign representatives were not satisfied with Devawongse's statement on the propriety of the enhanced duty.In their second note of protest October 16,1894,they demanded refunding by the Siamese Government of the entire difference between the duties actually levied on broken rice since the higher export duty

¹⁷ PRO FO 69/160 de Bunsen to FO Aug 5,1895 pg 28.

¹⁸ PRO FO 69/160 de Bunsen to Kimberly Feb 8,1895 pg 83.

was introduced and those which the same exports would have paid under the old system.¹⁹

Devawongse wrote to the German Minister reiterating the full rights of the Siamese Government under the Treaty to levy duty on any form of rice, including broken rice not exceeding the Treaty limit of 4 ticals per koyan. Devawongse admitted that the lower qualities of broken rice should still be at the half duty, and that in drawing the line between rice liable to the higher and that liable to the lower duty, the Customs Department should be guided by some fixed standard of quality. Devawongse enclosed a copy of his note to all the representatives and requested them to furnish him all statistics showing the exact losses which the raised duty had inflicted upon their merchants and defining the precise qualities of broken rice in which they dealt. In compliance with the request, the Borneo Co, the Arracan Co, and a British Chinese firm showed figures indicating they had been affected respectively to the extent of 11,696 ticals, 594 ticals, 3000 ticals. However the Siamese merely shelved the statistics.²⁰

The British Minister, De Bunsen, suggested a settlement to clarify that broken "white" rice should be recognised as chargeable with the full export duty only, and that broken

¹⁹ Ibid.

²⁰ Ibid.

"cargo" rice should be liable to the half duty only. De Bunsen proposed that the Siamese Government should refund all excess of duty paid on broken rice, both "white" and "cargo" over and above the former half duty, during the period between February 1893 (when the half duty was first raised) and the end of that year. For the ensuing period (from January 1894 to the present) only the excess paid on broken cargo should be refunded. For the future, broken white rice would pay at the rate of 4 ticals, and broken cargo rice at the rate of 2 ticals per koyan.²¹

This suggestion was approved by the Borneo Co and the Arracan Co but was opposed by the German Minister who recommended to his Government that Siam should be made to repay every tical of duty levied over the old rates on broken rice of all categories. Messrs Markwald & Co "took the law into their own hands" with the Custom House in January 1894. They deducted about 7000 ticals, an amount representing the refund and they declined to pay this sum to the Custom House. The Siamese made no distinction in the export duties between rice and broken rice, whereas the German Minister did not regard broken rice as rice. However De Bunsen was inclined towards the Siamese interpretation of the Treaty being the correct

²¹ Ibid.

one.²² Devawongse accepted De Bunsen's suggestion of adopting a fixed rule of demarcation between the higher and lower duty but Devawongse rejected any compensation for the past export duty levied since February 1893 and the losses incurred.²³ The German Minister accepted De Bunsen's proposal but considered that:

"The Siamese in introducing the full duty suddenly and without giving notice of such intention to the merchants, and the arbitrariness displayed till now by the Custom House, must be denounced as unjust."²⁴

He also insisted on the full or partial repayment of all duties on broken rice levied since the enforcement of the new duty. Under these circumstances, de Bunsen proposed to await the result of the German Minister's action and if the latter proved successful, De Bunsen would endeavour to claim the repayment to the British merchants on the same principle.

The episode on the duty on broken rice serves to show the increasing concern of the British Legation in protecting their economic interests. From the Siamese perspective, this proved a dangerous precedent as it meant that any conflict with British economic activity could precipitate direct intervention from the Government. This meant that the Siamese needed to take conciliatory procedures so as to diffuse any

²² Ibid.

²³ PRO FO 69/160 de Bunsen to Devawongse June 1895 pg 149.

²⁴ PRO FO 69/160 de Bunsen to Salisbury OCT 9, 1895, pg 233.

political tension. The difficulty was how to concede British terms without arousing hostility from a Third Power, namely Germany. Such concern remained apparent in the Siamese response.

The teak trade was the second leading bulky product which was carried by British vessels and destined for the British Asiatic countries. There are no statistics to show the amount of teak carried by British vessels. What is certain is that teak was an important commodity for the British Empire. Teak output from Northern Siam may be classified into two groups. Firstly, that from Chiangmai territory bordering the Salween, which was floated down that river to Kado, the duty station and thence to Moulmein in Burma (See Map I). These logs were classified as Burmese exports. Secondly, there were those floated down the Me Ping, Me Wang, Me Youm, and Me Nan rivers, all tributaries of the Menam, to Paknampho, the duty station and thence to Bangkok.

The figures for teak exports are based on those exported from Bangkok. Constance Wilson gives the figures from 1883 only,²⁵ but based on the British Consular Trade Reports for the years 1870-77, and the Siam Mercantile Gazette, figures for teak exports can be traced back as early as 1870.

²⁵ C. Wilson: Thailand: A Handbook of Historical Statistics. G.K. Hall & Co., 1983.

Table XI.

Value of Teak Exports From Bangkok 1870-1882 (1000 tcs).

Year	Value	Year	Value	Year	Value
1870	136	1875	113	1880	321
1871	174	1876	177	1881	466
1872	177	1877	324	1882	630
1873	448	1878	495		
1874	242	1879	350		

Source: British Consular Reports; Siam Mercantile Gazette
March 16, 1889.

The value was originally quoted in Mexican dollars ,but this data has converted the value to ticals based on the rate 3 dollars = 5 ticals.

British Consular Trade Reports and Foreign Office correspondents made references to teak as an export commodity, and to the involvement of Western trading houses in teak shipments. In the Trade Report for 1859, Knox reported that royal steamers had transhipped teak to Bombay, and another vessel was loaded with teak destined for France.²⁶ In 1861, Trade Reports referred to the German trading house Messrs Markwald conducting teak shipments to Singapore, and the French house Messrs Remi Schmidt Co delivering 300 tons of teakwood destined for Saigon.²⁷

²⁶ PRO FO 69/21 Knox to Russell, Trade for Siam 1859.

²⁷ PRO FO 628/3/33 Year 1861.

The principal markets for Siamese teak were Europe, India, and the Straits Settlements with occasional shipments to America, Africa, and Australia.

Table XII.

Destination of Teak Exports (1000 tons)

Year	Europe	Eastern and non-European	Total
1898	8.8	17.6	26.5
1899	11.6	22	33.6
1900	11.2	27.1	38.3

Source: Dickson "Teak Industry.." in 20th Century Impressions., Wright and Breakspeare.

It was India rather than Europe which was the important destination for Siamese teak, and this can be accounted for by the increase in Indian railway construction.

Table XIII.

Destination Of Teak Exports (1000 tons)

Year	Europe	India	Mileage Indian Railway	Far East
1891	5.4	3.7	17,300	-
1895	24.7	-	19,500	-
1900	11.0	14.6	24,700	-
1906	19.6	67.8	29,000	9.8
1909	12.5	44.8	31,500	14.1

Source: British Consular Reports, Iyer K.V. Indian Railways pg 119-120.

There were three ports in the world from which teak was exported: Rangoon, Moulmein, and Bangkok. Of these, Rangoon was the most important teak exporting port to Britain, followed by Moulmein and Bangkok. Consular figures show that by 1890

Bangkok had surpassed Moulmein in teak shipments to Britain but continued to remain second to Rangoon.

Table XIV.

Arrivals of Teak to Britain in 1890 from:	Tons
Moulmein	20,000
Rangoon	30,000
Bangkok	25,000

Source:BCR No.A938 pg 22 "Trade of Chiengmai 1892".

As pointed out,teak exports from Moulmein were in fact Siamese teak,and thus the fall in teak exports from Moulmein can be attributed to the decrease of logs sent from North Siam to Moulmein.In 1909,a London distributing company Foy,Morgan & Co presented a table which illustrates the absence of teak logs from Moulmein and important increases from Bangkok and Rangoon.

Table XV.

Quantities of Burmah and Siam Teak Delivered at
London Docks 1909. (logs)

	Moulmein	Rangoon	Bangkok
Landings			
Logs	-	1990	1086
Planks	285	1383	705

Source:Foy,Morgan & Co Dec 31 1909.

Imports in Siam.

British goods imported into Siam during the period included the following: cotton piece goods; machinery; and metal goods, namely railway material. Cotton piece goods came primarily from Singapore and Hongkong, whilst the machinery and metals goods came direct from Europe. The following table gives an indication of the growth of capital goods imported to Siam.

Table XVI.

Value of Machinery and Metal Goods to Siam (million tcs)

	1896-1900	1901-05	1906-10	1910-14
Machinery	.829	1.466	1.350	1.450
Metal Manu	-	4.600	5.0	5.0

Source: Kh 0301.1 38E Statistics Import & Export pg 44.

Machinery included that for milling, whilst metal manufactures consisted of railway material, steel bars, and iron. Most of the machinery for the mills was imported directly from Britain. The British Consul reported in 1898 that "all Bangkok rice mills are installed with British machinery".²⁸ The following table shows the share taken in the import of iron, steel, and machinery by the various countries.

²⁸ BCR No. 2353 Report for the Year 1898 on the Trade of Bangkok.

Table XVII.

Percentage Share of Imported Capital Goods.

Country	1900	1901	1902	1903
UK	46	33	33	43
Singapore	31	20	19	32
Germany	9	37	34	12
USA	5	2	4	3
Others	7	6	8	8

Source: BCR No.2898 Report for the Year 1901 on the Trade of Bangkok.

BCR No.2353 Report for the Year 1898 on the Trade of Bangkok.

Britain and Germany were the main competitors in providing Siam with machinery goods. The large increase in imports from Germany consisted of railway material ordered by the Royal Railway Department which in the British Consul's view was "strongly inclined to favour German productions".²⁹ This issue will be discussed in Chapter 7.

Political Issues Arising from Trade.

As Siam became increasingly integrated into the Asian economy, issues emerged which necessitated the Siamese administration adjusting itself to the events of the world economy. An important issue was the fluctuating price of world silver to which Siam responded in 1902 by adopting the gold

²⁹ BCR No.2898. Report for the Year 1901 on the Trade of Bangkok.

standard.³⁰ However, the experience of the international currency influenced the Siamese Treasury to adopt a policy of revaluation in 1906. Its importance was the attention it drew from the British Legation in Bangkok and the British Financial Adviser. The growing British concern was the impact of such a policy upon British trade with Siam. Ian Brown in his thesis has given a detailed account of the episode, but various points need to be put in perspective.

In 1906 the continuing rise in the value of silver determined the Finance Minister, Phya Suriya, to revalue the baht in October 1906 from 15 baht:£1 to 13.3 baht:£1. Though the British Financial Adviser, Williamson, did not support the policy, both Suriya and Devawongse embarked upon it.³¹ Such a policy stirred strong reaction from the British Charge d'Affairs, Beckett, and from Williamson who pointed out to Devawongse that the revaluation would prove detrimental to

³⁰ Details of the adoption of the Gold-Standard see I.G. Brown "Siam and the Gold Standard 1902-08" in JSEAS, Vol. 10. no. 2 (Sept 1979) pp 381-99.

³¹ NA 5 Kh 26/15 Suriya to King Oct 31, 1906. Suriya was Finance Minister 1906-08. J.F. Williamson was Financial Adviser 1903-24.

The baht/tical was a silver coin, which meant that the rise in the price of silver could cause the baht to exceed its exchange value, and thus lead to an eventual drain of the baht from Siam. Revaluation was a means of preventing the "drain".

trade.³² Beckett reported to his Foreign Office that the three foreign exchange banks had refused to purchase ticals at the advanced rate of 1s 4d. Such resistance was to have an effect upon rice exports due to hoarding by the grain sellers.³³ Yet the Siamese administration did not reconsider their decision.

The merchant community in Bangkok was convinced that in raising the baht to 13.3 = £1, the Treasury had seriously overvalued the currency, and that within a short time the baht would have to be devalued, thereby inducing traders to delay their purchasing of the baht from the banks in anticipation of that fall. The fall in the price of silver in mid-1907 made rumours of devaluation even more realistic because such a fall meant that the Treasury was no longer in a position to revalue the baht to protect the currency.³⁴

The King, having returned from Europe, asked the American General Adviser, Stroebel, to conduct an enquiry into the effects upon trade of the recent revaluation, and to decide the case for devaluation. In January 1908 Stroebel presented a memorandum on the exchange issue, pointing out that "the Government should not even consider the possibilities of

³² PRO FO 371/133 Pt.1, Beckett to Grey Nov 7, 1906.

³³ Ibid. The three foreign banks were: The Hongkong & Shanghai; Chartered Mercantile; and Banque de L'Indo-Chine.

³⁴ Based on I.G. Brown "Siam and the Gold Standard.." pg 391.

reducing the value of the tical".³⁵ StroebeI added that because of the abnormal trade conditions of the previous 18 months, it was extremely difficult to determine the extent to which the export trade had been affected by the revaluation of late 1906, or whether it had been affected at all. There was no doubt that the rice trade had suffered as a result of the poor monsoons of 1906 and 1907, and the confusion of the Hongkong exchange.

Suriya claimed that the difficulties in the rice trade resulted from the monsoon rather than the revaluation. I. G. Brown substantiates Suriya's belief by drawing up a table showing the correlation between the value rate of ticals and the value of rice exports. From the table, Brown concludes that there was little correlation between the size of rice exports in a particular year and advance in the Treasury rate.³⁶ Furthermore there are indicators to show that the 1907 policy stimulated business confidence. Firstly between 1906-11 the number of vessels entered and cleared in Bangkok increased.

³⁵ NA 26/15 StroebeI Memorandum on Exchange Jan 9, 1908.
Edward Henry StroebeI was an American General Adviser 1904-08.

³⁶ I. G. Brown: "The Ministry of Finance and..." Phd thesis pg 250.

Table XVII

Total Number of Ships Entering and Cleared from Bangkok

Year	Entered	Cleared	British Share %
1906-07	766	767	13
1907-08	768	754	14
1908-09	785	791	12
1909-10	830	832	10
1910-11	927	928	10

Source:NA Kh 0301.1 38E

Secondly the total value of trade did fall but the balance of trade was favourable. In 1906 there was a trade surplus of 28.8m baht, and in 1909 the surplus increased to 32.7m baht.

Table XVIII.

Total Value of Trade (million Tcs)

Year	Import	Export	Total Value	British Share	
				Import	Export
1905	68.8	106.9	175.7	17.4 %	1.6%
1906	77	105.8	182.8	15.6 %	1.3%
1907	78.6	99.7	178.3	14 %	3.6%
1908	76.8	100.7	177.5	17 %	3.5%

Source:NA Kh 0301.1/38

The conclusive indicator was that British exports to Siam increased substantially. In Suriya's report to the King, he pointed out that the high value of the baht increased the purchasing power of the baht thereby stimulating imports. This meant that the banks' fear of a baht shortage hindering business transaction did not arise. The high value of the baht precipitated importers to exchange the baht at the banks for

gold coins to purchase imports, thereby enabling the banks to sell baht to the government.³⁷

Shipping.

Towards the end of the 1880s, two British companies entered the Siamese carrying trade: the Holt and the Scottish Oriental Co. Holt controlled the steamers running between Singapore- Bangkok. Holt's interest in Bangkok began with the transport of emigrants from Swatow to Singapore and Bangkok of which by 1885 about a third were carried in Holt's ships.³⁸ The Holt Co did not own the Singapore-Bangkok line. The line was a Bogaardt-Holt participation in which Holt had the controlling interest. Theodore Cornelis Bogaardt was a Dutchman who came to Penang in 1878 and opened an office in the name of Mansfield, Bogaardt & Co. In 1882 he went to Singapore to assume control of W. Mansfields, where he became Holt's agent.³⁹ In conjunction with Bogaardt, Holt built a 1000 ton steamer, the Hecuba, to participate in the Bangkok rice carrying trade. This was followed by the Hecate and Medusa in 1885, and a fourth ship in 1889, the Hydra, built by Patter & Sons of

³⁷ NA 5 Kh 26/15 Suriya to King May 19, 1908.

³⁸ F. Hyde: Far Eastern Trade 1860-1914. Adam & Charles Black, 1973. pg 52.

³⁹ K.G. Trengonning: Home Port: Singapore. OUP, 1967. pg 34.

Liverpool.⁴⁰ In 1892 rice vessels came under Holt's branch company, The East India Ocean Steam Ship Co, running vessels between Singapore-Bangkok; Singapore-Borneo.

The Scottish Oriental entered the Siamese trade in 1890 opening up a regular and direct trade between Bangkok-Hongkong, and the South China Ports. The Company possessed 8 vessels for the Bangkok-Hongkong route and 4 for the Bangkok-Singapore. In addition the Scottish Oriental owned 2 steam lighters which carried rice cargoes between Bangkok and the outer anchorage, and distributed imported goods to the various coastal ports, namely Chumporn and Koh Sichang. The following table indicates the number of lighters.

Table XIX.

Number of Lighters in 1890 Operating Bangkok-Coastal Ports.

Owners	Numbers	Tonnage
British	21	5200
Siamese/Chinese	24	4875
German	11	2155
French	7	1670
Total	63	13,900

Source: BCR No 938 Report for the Year 1890
on the Trade of Bangkok.

Though the British had fewer lighters than the Siamese, yet the British lighters carried more tonnage in 1890. This was an indication of Western interest in developing the coastal trade

⁴⁰ F. Hyde pg 51-52.

which grew in the first decade of the 20th century.

British dominance of shipping in Siam was surpassed by the Germans through 1900-1914, when both the Holt and the Scottish Oriental sold their line of steamers to the Germans. In mid 1898, Messrs Alfred Holt & Co sold the East Indian Ocean Steamship line to a German Syndicate composed of the Norddeutscher Lloyd Steamship Co (NDL), Messrs Behn Meyer of Singapore, and Messrs Windsor & Co of Bangkok. Six months later the Scottish Oriental sold their fleet to the Germans. The British Consul estimated that the sale of Holt's steamers represented a reduction of 33% in British shipping in Bangkok.⁴¹ The Bangkok Times commented the "sale of the Scottish Oriental line will represent another 33%".⁴²

The timing of German interest in the Siamese trade was connected to the rice trade. In 1894 there were 3 German rice mills, and by 1897 approximately 8% of the annual steam tonnage of Bangkok was German. The Norddeutscher Lloyd Shipping Co was at the time in search of localities to establish branch lines for steamers to feed their growing Far Eastern service. Bangkok and its expanding trade offered the advantages desired for such a branch.

⁴¹ BCR No. 2353 Report for the Year 1898 on the Trade of Bangkok.

⁴² Bangkok Times Dec 27, 1899. Quoted in USCR LXIII 236 "Industrial Development in Siam".

Hyde in his biography of the Holt Co attributes the sale to the costs of running the East India Ocean Steamship Co, in that it had "become increasingly difficult to control the management of ships which traded entirely so far from home". Hyde further points out that;

"The decision to sell was not only a wise one in itself but was in line with the general policy of cutting out wasteful expenditure and of increasing the efficiency of each individual unit of the Company's earning capacity."⁴³

Hyde's point can be substantiated by looking at the terms of the sale contract. The 10 Year Agreement stipulated that the NDL Co carry Holt & Co's Singapore transshipments for Siam at a reduced rate, in return for the Holt Co refraining from competition on the Singapore and Hongkong route.⁴⁴ The NDL agreement with the Scottish Oriental was also concluded on the same principles. Butterfield & Swire (agents of the Scottish Oriental in Hongkong) was obliged not to start a competing line but retained its agency. This meant that the German line was entirely represented by a British firm.

The Agreement involved the transfer of 11 Holt lines and 14 Scottish Oriental lines to the NDL Co, and gave the Germans a monopoly of the carrying trade as indicated in the following

⁴³ F. Hyde pg 95/96.

⁴⁴ PRO FO 371/522 Paget to Grey March 16, 1908. Enclosing the Sale Contract.

table;

Table XX.

Share of German Ships Entering Bangkok

Year	No Vessels	GB Ships	German	German %	GB %
1898	518	396	31	6	76
1899	462	301	78	16	65
1900	454	169	195	42	37
1901	591	151	272	46	25
1902	727	104	322	44	14
1903	620	91	306	49	14
1904	738	140	351	47	18
1905	754	106	364	48	14
1906-07	766	99	343	44	12
1907-08	768	107	313	40	13
1908-09	785	98	342	43	12
1909-10	830	88	345	41	10
1910-11	927	94	404	43	10

Source: Various British Consular Reports.

The German share was approximately a quarter of the total carrying trade which did not give them a monopolistic position as had been held by the British in the 1890s. Nevertheless the greatest portion of Western vessels entering the port of Bangkok were German. By 1905 the NDL Co possessed 19 steamers on the Hongkong-Bangkok route; and 9 on the Singapore-Bangkok.

The influx of German steamers into the port of Bangkok raised physical difficulties. These steamers of 2000 tons proved too large to enter Bangkok on account of the sandy bars which (as mentioned earlier) prevented vessels of a greater draft than 13 ft from entering. Instead these steamers

proceeded to the island of Koh Si Chang in the South where the cargo was unloaded on to lighters destined for Bangkok. In 1900 the NDL Co suggested the dredging of the "bar" to enable such steamers to enter Bangkok;

"Several of our ships of the formerly East Indian Steamship Navigation Co and the Scottish Oriental Steamship Co, have stranded at the Menam bar. The bar has become increasingly shallow, ..therefore the Government need to undertake dredging work."⁴⁵

However Prince Henry of Prussia did not support the NDL's scheme, due to the expenses and maintenance involved, on the grounds that "it would be of little use to cut a better channel over the bar than the present one formed by nature." To have such opinion held by Prince Henry was useful to the Siamese, and Devawongse informed the Harbourmaster;

"This is welcome information for me. Prince Henry is right."⁴⁶

Devawongse studied the reports of the Harbourmaster and asserted that the alleged stranding of German vessels was not due to the shallowness of the bar but as a result of the German vessels crossing the bar at low tide.⁴⁷ In response, the NDL attributed the increased stranding to the inadequate lighting. The issue was taken up with the Superintendent of the Naval Department, Admiral Richelieu (Chao Phya Chonlayut

⁴⁵ NA 5 N 9.1/1 NDL to Consul-General for Siam in Berlin, Baron Paul Merling Aug 15, 1900.

⁴⁶ NA 5 N 9.1/1 Devawongse to Mom Baijant-Thep Oct 14, 1900.

⁴⁷ NA 5 N 9.1/1 Devawongse to Baron Paul Merling, Consul for Siam in Berlin Oct 24, 1900.

Yothin).⁴⁸ He reported that the German complaint "was fair enough", but this was not on account of the water depth. Richelieu pointed out that as the steamers were larger and carrying more cargo than before, it was only natural for the steamer to drag the mud. The only solution was to ensure the steamer avoided cruising by the edge of the bar where it was shallow, and also to avoid collisions by placing lightships at mud points.⁴⁹ Such proposals were welcomed by the Siamese. The underlying reason for the Siamese scepticism over dredging the bar was the military threat it created; as it would facilitate the entry of warships into Bangkok which had occurred in 1893 in the "Paknam Incident".⁵⁰

Towards the end of 1905, the NDL endeavoured to secure more adequate coaling facilities for its merchant steamers running to Bangkok.⁵¹ The Germans already possessed a coaling depot at Koh Kram but this was not sufficient. The Germans needed proper facilities to load larger cargoes at Hongkong and Singapore, and to load coal on their outward journey to increase the cargo carrying capacity. The German proposal was handed over to the American Assistant General Adviser,

⁴⁸ NA 5 N 9.1/9 Chonlayut Yothin to King, Aug 4, 1901.

⁴⁹ NA 5 N 9.1/9 Chonlayut Yothin to King Aug 4, 1901.

⁵⁰ NA 5 N 9.1/1 Devawongse to Sommot, Principal Private Secretary to the King.

⁵¹ NA 5 B 12/8 Westengard (Assistant General Adviser) to Luang Anuphan (Harbour Dept) Jan 10, 1906.

Westengard. The latter discussed the issue with the Minister of Local Government, Prince Naret, and both agreed that the NDL be granted a right for 5 years, so as to benefit trade.⁵²

However, the contract was not a perpetual agreement, as it was likely to raise questions concerning the permanent rights given to the Germans. Restrictions were also placed against the use of hulks for any purposes other than supplying the mercantile ships of the Company itself; and the supervision of Koh Si Chang was placed under the Harbour Department.⁵³ In this way, the agreement sufficiently protected Siamese interests. The agreement was also handed over to the British Minister for his approval so as not to raise any British suspicion that the Siamese were biased towards the Germans.⁵⁴

Shipping and politics were intertwined in the need to re-establish the British position to break the German monopoly as seen in an attempted scheme for an Anglo-Siamese Shipping Co in 1902. After the British shipping interests were transferred to the NDL in 1899, the British gradually felt the effect and therefore attempted to re-establish their position. In 1902 Sir Alfred Jones of Elder, Dempster & Co

⁵² NA 5 B 12/8 Westengard to Naret (Minister of Local Government) Jan 5, 1906.

⁵³ Ibid.

⁵⁴ NA 5 B 12/8 Westengard to Luang Anuphan (Harbour Dept) Jan 10, 1906. The British Minister was Ralph Paget.

proposed to establish a subsidized line of mail steamers to run under the Siamese flag between Singapore-Bangkok, and Hongkong-Bangkok.⁵⁵ Jones and the Consul for Siam in Liverpool, Donald A. Stewart, intended to invest £25,000, and the Siamese to subsidize with another £10,000 to carry on a weekly service of 4 steamers, costing £100,000.⁵⁶ In return for the subsidy, Jones proposed the following:⁵⁷

- A) Register the steamers as belonging to Siam.
- B) Place them under the Siamese flag.
- C) Carry at least 6 Siamese apprentices.

Stewart pointed out to the Siamese Minister in London, Prassidhi, that such a scheme would not only benefit Siamese trade but would also provide the opportunity to train young Siamese to becoming shipping experts.

The issue was passed on to the Financial Adviser, Rivett-Carnac. In terms of the cost factor, Rivett-Carnac did not agree with the advantage for the Siamese Government of embarking upon a large subsidy for a regular mail communication with Singapore.⁵⁸ However, in political terms such a scheme was

⁵⁵ NA KT 46.6/1 Donald A. Stewart (Consul for Siam in Liverpool) to Phya Prasiddhi (Siamese Minister in London) Jan 8, 1902.

⁵⁶ NA KT 46.6/1 Devawongse to Sommot March 24, 1902.

⁵⁷ NA KT 46.6/1 Stewart to Prasiddhi Jan 8, 1902.

⁵⁸ NA KT 46.6/1 Rivett-Carnac to King April 4, 1902. James C. Rivett-Carnac was the Financial Adviser between 1899-1903.

advantageous to counter-balance the German hegemony. German steamers held an increasing share in the trade between Bangkok-Singapore. Rivett-Carnac explained the following views to the King: that the German predominance was proving detrimental to the Bangkok trade because it allowed the German companies to impose whatever rate of freight they desired. The Germans controlled the rice trade, milling, and transport, and were thus in the position to withhold rice shipments. In addition the German firms had allied themselves with a combination of rice millers formed for the purpose of suppressing the price of paddy and were believed to have bound itself not to ship rice milled by firms which had not joined the cartel.⁵⁹

The Borneo Co and Messrs Wallace Bros (two of the largest Eastern firms in London) both approved of the scheme and agreed that Jones to be responsible for the implementation.⁶⁰ Rivett-Carnac reiterated to the King's Principal Private Secretary, Sommot, that the Siamese subsidy was not to exceed £6000 for the 4 steamers (£1500 each) per annum.⁶¹ Stewart accepted the Siamese proposal but there was a dilemma caused by the political issue in connection with the

⁵⁹ Ibid.

⁶⁰ NA 5 B 12/2 F. Verney (Counsellor to the Siamese Legation London) to Prasiddhi Jan 2, 1902.

⁶¹ NA 5 B 12/2 Rivett-Carnac to Sommot Sept 13, 1902.

decision. The impending political consideration was the ratification of the Treaty with France.⁶² The Treaty had not been ratified by France, and the Siamese held the impression that the French were in the habit of demanding terms whenever advantages had been granted to other powers. The Siamese believed that the French would use the opportunity to demand a shipping route, thereby placing two Great Powers in competition.

Indeed in 1905 the French "Messageries Fluviales de Cochinchine" was seeking to undertake a postal service between Bangkok-Singapore thereby guaranteeing the connection with English and French mails. The Siamese were reluctant to grant the French any more concessions. The Telegraph Department had already agreed to the French route Saigon-Bangkok subsidising £500 per steamer. Such a subsidy was also granted to the Danish East Asiatic Co. Devawongse preferred to wait for the Treaty with France to be ratified first, and then for the Finance Ministry to decide again whether to subsidize the British company.⁶³ As a result, the issue did not arise again. Perhaps the reason why the scheme was dropped can be attributed to Siam's increasing doubt that the regular mail steamers would prove profitable. Earlier in 1898, the Minister of Public Works had signed an agreement with the Coastal

⁶² NA 5 B 12/2 Devawongse to King Feb 14, 1902.

⁶³ Ibid.

Navigation Co to run a mail steamer between Bangkok-Trak, and Prachin Khiriket with a subsidy of 800 bahts.⁶⁴ However by 1902, there were no regular mail steamers.

British Penetration Of The Coastal Trade

Western enterprise in the coastal trade had the effect of opening up the South, and from Damrong's correspondence with the King's Private Secretary, Sommot, the former was clearly in favour of promoting British enterprise, but with caution. In 1906 the British India Steam Navigation Co conducted steam mail between Penang-Phuket-Mergui-Rangoon.⁶⁵ The Minister for Public Works, Narit, did not see the importance of such a concession, but Damrong saw such a service as facilitating administrative development.⁶⁶ Damrong cited the example of the East Asiatic "mail" steamer running between Chumporn-Nakorn Srithamarat, whose impact had been a rise in revenue and the facilitation of transport.⁶⁷

Coastal navigation served three underlying purposes: mail;

⁶⁴ NA 5 B 12/4 Prince Damrong (Minister of Interior) to Sommot Oct 14, 1902.

⁶⁵ NA 5 B 12/1 Damrong to Narit (Minister of Public Works) Dec 5, 1901. Prince Narit was twice Minister of Public Works: 1892-93; 1900-06. Between 1893-94, he was Finance Minister.

⁶⁶ Ibid.

⁶⁷ Ibid.

convenience to inhabitants and administrative purposes; and trade.⁶⁸ Throughout the first decade of the 20th century, the South-Eastern coastal route was dominated by the Danish East Asiatic Co vessels, and the NDL; whilst the French Messageries Fluviales de Cochinchine monopolised the North-Eastern coastal routes (see Map II). The Siamese attention to the participation in the coastal trade became evident in 1903 when the Commissioner of Nakorn Srithamarat, Phya Sukum, commented that coastal shipping of mail facilitated agricultural marketing in the Southern region with the effect that in 1903 there were applications for the installation of 3-4 steam rice mills at Nakorn Srithamarat.⁶⁹ Later in 1908, the Minister of Public Works, Prince Naret, commented to the King;

"Government subsidy serves a beneficial purpose. By subsidising coastal shipping, this increases trade and brings prosperity to both the inhabitants and Government."⁷⁰

The Danish East Asiatic Co (EAC) was the first western enterprise to operate the coastal trade. In 1905 the Company entered a 2 year contract to run a mail steamer Bangkok-Krat known as the "Chakrabongse", which visited the South-Eastern Coasts: Koh Si Chang, Sri Maharaja, Koh Pra, Payong, Chantaboon, and Trat. For each round trip, the Siamese paid a subsidy of 625

⁶⁸ P. Luang-Aroon; "Commercial Shipping and..." MA diss., pg 93.

⁶⁹ NA 5 B 12/3 Damrong to King Oct 15, 1903.

⁷⁰ NA 5 B 12/7 Naret to King March 4, 1908.
Naret was Minister of Public Works 1908-13.

ticals.⁷¹ The Siamese had an interest in this line and granted subsidies. In 1905 the Siamese subsidized 1000 ticals for an extra steamer running along the East Coast of the Malay Peninsula to maintain the loading of 50 tons of cargo.⁷² In 1908 the East Asiatic Co requested the Siamese Co to subsidize the steamer on the East Coast at a level of 2000 baht per month; Damrong supported the subsidy at the Cabinet meeting.⁷³

Such Siamese subsidies eventually culminated in the Danes ceding their line to the Siamese in 1909.⁷⁴ Anderson of the Danish East Asiatic Co proposed to offer the steam liner to the Siamese public by turning it into a Siamese company called the Siamese Steam Navigation Co Ltd with a capital of 2 million ticals.⁷⁵ The Siamese were required to take over approximately 200,000 ticals worth of shares and then to spread the shares among the public. The Danish East Asiatic possessed 7 steamers running between Bangkok-Chantaboon-Krat under the Siamese flag but purely Danish property.

The cession marked the first Siamese national line of

⁷¹ NA 5 B 12/4 Agreement for a Mail Service Between Bangkok and the Ports on the Southeast Coast of Siam. Nov 1907.

⁷² NA 5 B 12/4 East Asiatic Co to Suriya, Minister of Public Works Oct 6, 1905.

⁷³ NA 5 B 12/7 Cabinet Meeting June 5, 1908.

⁷⁴ NA 5 B 12/7 EAC to Devawongse Jan 9, 1909.

⁷⁵ NA 5 B 12/7 EAC to King June 1908.

steamers. Anderson also intended to carry out the same policy with their Bangkok-Europe line.⁷⁶ In 1907 the Danish enterprise had 2 steamers built for the direct trade Bangkok-Europe, each carrying 4000 tons of cargo.⁷⁷ Based on the British Foreign Office despatches, references were made to the shipping business in Siam, and it is from such observations that some deductions can be made to explain the Danish transfer. By 1909, the NDL service was experiencing severe competition both from the Chino-Siamese and the Japanese.⁷⁸ It was probable that the Danes also faced this competition and thus decided to cede their shares to the Siamese.

The presence of the Danish East Asiatic Co and the NDL Co provides a clear indication that the Siamese were not totally averse to western enterprise. Yet the Siamese did not possess the same attitude towards the British, notably the Straits Steamship Co. The explanation for this is found in the Company's connection with the Straits Trading Co, which proved a challenge to the Khaw family business of tin smelting (issue to be discussed in Chapter 8). Moreover the Siamese Government had a shared interest with the Khaw group in that they

⁷⁶ Ibid.

⁷⁷ NA 5 B 12/7 EAC to Devawongse, Jan 9, 1909.

⁷⁸ PRO FO 371/739 British Legation in Berlin to Grey Oct 15, 1909.

provided subsidies amounting to 5000 baht per month.⁷⁹ In 1906 the officials in the Southern region attempted to exclude the Straits Trading Co and other British enterprises by refusing them the right to purchase land. Damrong endeavoured to make use of the Straits Trading Co by insisting that the Company's steamers (which were operated by the Straits Steamship Co) running between Phuket-Saiburi deliver mail without any Siamese subsidy.⁸⁰

In 1907 both the Straits Steamship Co and the British India Steam Navigation tried to operate their services without any form of concession from the Siamese Government. The first Company had a steamer which called at Phuket port every 6 days; the other plied between Victoria Point and Ranong on a fortnightly basis. By 1909 attempts were being made to counter-balance the NDL monopoly of the Southeast coastal route. It was generally believed that the NDL was considering the possibility of entering into competition with the Danish-Siamese Steam Navigation Co which held a practical monopoly of the shipping trade on the East Coast of the Peninsula. The Straits Steamship Co (with its regular service of 4 steamers) was approached by the Siam Steam Navigation Co with a proposal to restrict the former's service to British ports as far as

⁷⁹ NA 5 B 12/6 and B 12/1 Narit to King Feb 7, 1904.

⁸⁰ NA 5 B 12/1 Sri Sahadhep (Vice Minister of Interior) to King June 23, 1906.

Kelantan.⁸¹ The proposal was declined by the Straits Steamship Co thereby placing the British in direct competition with the Dano-Siamese vessels along the Singapore-Bangkok coastal ports.

The Straits Steamship Co negotiated with the East Asiatic Co to adjust the competition of the carrying trade along the East Coast of the Malay Peninsula. The Straits Steamship Co recognized the growing importance of the East Coast trade, and the possibilities of extension when the railway connection between Singapore and Bangkok had been effected. They had demonstrated their wish to participate in this trade by placing two of their vessels on the Bangkok-Singapore run by way of the East Coastal ports. The negotiations took place in Denmark with the result that the Straits Steamship Co acquired 7/10 of the shares in the Siam Steam Navigation Co; were constituted agents of the company in Singapore and became the central controlling body in place of the East Asiatic Co in Bangkok. The Siamese flag continued to be flown in exchange for Siamese Government subsidy, and the East Asiatic Co and the Siam Steam Navigation Co engaged not to enter into competition with the Straits Steamship Co's runs in the Straits of Malacca and on the West coast of the Peninsula. The Agreement was carried out with Siam's knowledge because fear might arouse Siamese suspicion of a possible transfer of the

⁸¹ PRO FO 371/1220 Beckett to Grey Oct 28, 1904.

Siam Steam Navigation's vessels from the Siamese flag to the British flag.⁸²

The competition faced by the NDL (mentioned earlier) became apparent in 1909. The German vessels of the NDL found increasing difficulty in obtaining outward cargoes owing to Chinese shippers' increasing dislike of German methods, namely the heavy freights charged and the uncertainties and delays attending the delivery of cargoes. The Chinese endeavoured to detach themselves from employing the vessels of the NDL, and to start an independent line of steamers of their own. Several influential Chinese-Siamese had planned to form a company with a capital of 3 million ticals with a view of running a line of 4-5 steamers between Bangkok-Hongkong. The NDL Co sent their Singapore Director on several occasions to Bangkok with proposals to fix freights on a lower scale. The movement resulted in a Charter granted by the King to the new Chino-Siamese Mail Steamship Co Ltd on January 10, 1909. The objective of the new Company was defined as being to establish a service of trading vessels between Siam and foreign countries, especially Singapore, Hongkong, and China; to build or charter vessels with these objects; to lease shipping wharves or coal depots; to act as shipowners and brokers and to transact fire

⁸² PRO FO 371/1474 Beckett to Grey Nov 11, 1912.

and marine insurance business.⁸³ The British Minister, Paget, gave the following description of the Company;

"The establishment of this native enterprise, should, if worked successfully prove a severe blow to the NDL...who.. already approaching the Directors with a view to avoiding cut-throat competition."⁸⁴

The organization of the Company was due to the efforts of Luang Sophon, son of a Chinese merchant in Bangkok. His father Akorn was involved in the teak trade, milling of rice, and the farming of liquor and opium, yet lacked shipping expertise. In 1907 Sophon did participate in the shipment of rice to Messrs Windsor & Co. Sophon was aware that European management was essential. He approached the British Charge d'Affairs, Beckett, to recommend for the post of manager some suitable member of the British mercantile community in Bangkok who was conversant with the Siamese language and with the Chinese shippers. Beckett communicated Sophon's request to Messrs Bradley & Co, and on stating their inability to accept the agency (owing to their non-expiration of their agreement with the NDL), to Messrs Jardine Matheson & Co, who accepted the agency at Swatow for one year, subject to renewal. As regards a British manager at Bangkok, this was overruled by the

⁸³ PRO FO 371/738 Paget to Grey March 10, 1909 Annual Report on Siam 1908.

⁸⁴ Ibid.

Committee, which preferred to dispense with European control.⁸⁵

The difficulty confronting the Siamese in conducting trade with China was the lack of Treaty relations between Siam and China. Yet even if Treaty relations were established, Sophon was averse to flying the Siamese flag and preferred to fly the British flag, as the latter provided security and freedom from molestation. Sophon assured Beckett that he would welcome any co-operation on the part of British owners. The combination of shippers meant that the trade was large enough to admit participation by a fleet of British vessels, and the Chinese were prepared to enter an agreement with any British shipowner. Sophon wanted an arrangement whereby Holt & Co and the Chino-Siam Steam Navigation Co would form a joint venture.⁸⁶ A British company would be able to support capital when funds were low and provide competent management which would then ensure the success of both companies as Sophon had limited experience in shipping. For the British, it was the opportunity to regain the position in the Siamese carrying trade which was lost in 1899 by the transfer of Messrs Holt & Co's vessels to NDL Co. The self-denying ordinance which Messrs Holt & Co made with the NDL in 1899 was to expire in 1909. Therefore there appeared to be no obstacle to Holt & Co

⁸⁵ PRO FO 371/738 Beckett to Grey April 8, 1909. Paragraph based on Beckett Report.

⁸⁶ Ibid.

concluding some arrangement with the Chino-Siam Steam Navigation Co along the lines indicated by Sophon.⁸⁷

However Holt & Co pointed out to the Board of Trade that any co-operation with the Chino-Siam Steam Navigation Co was complicated by the monopolistic trade routes of the NDL Co. The goods sent by Messrs Holt & Co's steamers to Singapore through the Bill of Lading were carried from Singapore by the NDL not only to Bangkok but also to Borneo and that any interruption of existing business relations with the NDL would have a prejudicial effect on this trade.⁸⁸ Further difficulties were anticipated from the fact that the firm of Messrs Butterfield & Swire, who were agents of Messrs Holt & Co, were also agents of the NDL Co in the Chinese ports. The agreement between Messrs Holt & Co and the NDL could be terminated at 18 months notice. Alfred Holt personally saw the most feasible course as being to enter into some arrangement with the NDL Co for a joint service, carried on by vessels owned by Holt & Co under their management, and boats owned by the NDL under German management, such vessels to run not only between Siam and China, but also between Siam and Singapore, and possibly to Borneo.

⁸⁷ Ibid.

⁸⁸ PRO FO 371/739 Board of Trade to Whitehall June 12, 1909. Entire paragraph.

The Borneo Co expressed its willingness to assist in regaining for the British flag a share of the trade to Bangkok. In its letter to the Board of Trade, the Borneo Co stated;

"We, of course, are not ourselves in the position of shipowners, but should British management of the business become necessary, we would be prepared to offer our service to undertake the general management of the combined British and Chino-Siamese Companies and assist in any way we could in regaining for the British flag a share of the trade of Bangkok."⁸⁹

The Borneo Co proposed to invest capital in the Chino-Siamese Navigation Co in hope of securing the agency for the Company in Bangkok.⁹⁰ The British Foreign Office supported the Company's proposal as a step in the direction of reinstating the British flag in the Siamese trade.⁹¹

It happens that Butterfield & Swire endeavoured to arrange a transfer agency from the German firm to a British house. They approached the Borneo Co which provisionally accepted the offer, but hesitated because it was already representing the Japanese Nippon Yusen Kaisha (NYK). Therefore the Borneo Co needed to ascertain whether its acceptance of

⁸⁹ PRO FO 371/739 Borneo Co to Board of Trade Aug 4, 1909.

⁹⁰ PRO FO 371/739 Beckett to Grey Sept 20, 1909.

⁹¹ PRO FO 371/739 Whitehall to Board of Trade Sept 23, 1909.

Butterfield & Swire's offer was compatible with the terms of its contract with the Japanese company. The NYK had at one time endeavoured to eliminate competition with the NDL Hongkong line, whose service it wished to replace. The Nippon Yusen Kaisha was a powerful Japanese line which in 1906 had faced competition from the NDL on the Bangkok-Hongkong route. In 1908 the NDL concluded an agreement with the Nippon Yusen Kaisha whereby the Japanese Co withdrew from the Indian shipping trade whilst the NDL agreed not to compete in the Japan-China route.⁹²

When the First World War broke out in 1914, German shipping in Bangkok was suspended. Windsor & Co were agents for the NDL at Bangkok whilst Butterfield & Swire were agents for the NDL in Hongkong. By an arrangement between Windsor & Co and the China Navigation Co, NDL's interests were maintained by employing British vessels. This was in opposition to British interests, as the British wanted permanently to oust German shipping interests. The business of the German firm Windsor & Co became paralysed; but by securing the services of British vessels, they were able to maintain their business connections with the local market and to retain a shipping practice which would be restored to the Germans once the war was terminated. Thus the interests of Windsor & Co and the NDL Co

⁹² PRO FO 371/522 Paget to Grey March 16, 1908.

were identical.⁹³ This not only deprived local British firms of the opportunity to acquire business, but preserved German commercial practice, which in turn served to restore German trade in Bangkok.

⁹³ PRO FO 422/69 Lyle to Grey Sept 1, 1914.

Chapter 3

British Enterprise in Bangkok

The Role And Importance Of British Trading Houses in Bangkok.

In order to understand the development of the Siamese economy, it is important to discuss the role of Western trading houses in Bangkok among which the British were predominant in both numbers and importance. Falkus has described the features of British investment in Siam as part of the British economic network in Southeast Asia.¹ What this chapter seeks to elaborate is the factors influencing the direction and degree of British enterprise in Bangkok, and the relationship between the British government and its overseas investments. This involves a discussion of the trading houses and the banks.

The characteristic unit of private British trade with the East was the Agency House. The agency or trading house acted as banker, bill broker, shipowner, freighter, insurance agent. It was the medium through which "backward" areas were brought into economic relations with Britain. The main type of business carried out by the agency house was selling and buying for others on commission. The growth of agency houses originated from the loss of the East India Company's monopoly of the

¹ M.E. Falkus: "Early British Business in Thailand" in British Business in Asia Since 1860, edited by R.P.T. Davenport-Hines and G. Jones. CUP 1989.

China trade in 1834. British merchant houses established themselves throughout Southeast Asia in Singapore, Penang, Java, and Manila. Once the Bowring Treaty came into effect in 1856, Siam became part of the British network of establishing agency houses from Singapore.

The opening up of Siam marked an influx of Western import-export houses into Bangkok. The first post-treaty firm was the American firm J.S. Parker and Co, a branch of Heard & Co in Hongkong, which opened in April 1856. A month later the Borneo Co Ltd opened its branch, followed by D.K. Mason, both of them Singapore-based British companies. By 1858 several more British companies had been set up, including S.P. Goodale & Co, and Hamilton Grey, while the renowned American firm of Russell & Co also opened an office. A French concern, Remi Schmidt, opened in 1857. The 1858 Treaty with the Hanse Cities was followed by the opening of two important German houses: A Markwald, and Pickenpack Thies & Co.² Nearly all these firms were branches of Companies already established in Asia, the British being based mainly in Singapore, the others in Hongkong.

Before the 1883 Treaty (by which British firms were permitted to be established outside Bangkok), the main

² M.E. Falkus "Early British Business in Thailand" in British Business in Asia Since 1860. pg 129-130.

activities of the British and other western firms in Siam was the traditional importing, exporting, and general agency business, the latter mainly for insurance and banking companies connected with the finance of trade. For instance the Borneo Co represented three insurance companies: the Netherlands Indies Sea, the Bengal, and the North China. The Borneo also acted as agents for the Chartered Mercantile Bank of India; the Oriental Banking Co; and the Northern Bank of Scotland.³ The German firm of Pickenpack Thies acted as agents for the British Hongkong and Shanghai; and the Bank of Rotterdam.⁴

It can be pointed out that the nationality of the trading house did not necessarily correspond to that of the agencies it handled. British firms were represented in Bangkok by the Americans, Germans, Danish, Dutch, and other houses; in turn British firms represented Western companies of various nationalities. Another interesting point was that several representatives of the agency houses were appointed as consular representatives. In 1867 Paul Pickenpack was the Consul for Hanseatic Republic, Swedish and Norwegian Consulate, and the Netherlands Consulate.⁵

Between 1883-1914 the nature of Western enterprise and

³ Bangkok Calender 1863.

⁴ Ibid.

⁵ Bangkok Calender 1867.

its degree of involvement in the Siamese economy changed markedly. Initially the Western trading houses were located exclusively in Bangkok, and dealt with the interior through the agencies of Chinese middlemen. However, the 1883 Treaty enabled these firms to diversify their operations into the Siamese provinces through the establishment of branches. Therefore the numbers of Western trading houses increased as the Siamese economy itself developed and rice exports rose. Such qualitative changes were accompanied by the extension of a more specialised agency business such as banking houses and shipping companies.

The transactions conducted by Western trading houses were dependent upon the compradores. The compradore system originated in China, and as in China, Western merchants in Bangkok found themselves at a loss as to how to gauge the local market and deal directly with retail merchants.

Westerners were unfamiliar with the language and had limited sources of trading information.⁶ To overcome these problems, Western firms established in Bangkok employed Chinese compradores who provided the link between the Western firm and the native economy ie: between the market and production. The Chinese compradores tended to originate from a respectable background; possessed wide business contacts, were respected by the merchant community, and most important, were fluent in

⁶ Skinner Chinese Society in Thailand pg 102.

the English language. Most of these compradores had received education in Penang, Singapore, or Hongkong. This meant that they were naturally fluent in English and several Chinese dialects. The prominent dialect used in the business community was the Tai Chiew.⁷

From the Chinese point of view, the comprador was the principal trader. According to the contract with the western firm, the comprador was entitled to employ his own choice of assistants; dealt with Chinese merchants from the interior; secured market information; conducted exchange transactions; assumed responsibility for all Chinese personnel and for warehoused merchandise; and even dealt with the Customs House on behalf of the firm.⁸ The compradores were employed by three major Western dominated sectors: trade; shipping; and banking.

The general practise of the compradores engaged in trading activities was that of the firm's contact man. They tended to make an agreement with the Western firm to deliver a certain amount of goods at a particular time. In return, the compradores worked on a commission basis in addition to having a regular source of income. However, if the comprador failed

⁷ Ibid.

⁸ Chee Peng Lee; "The History and Development of the Hongkong & Shanghai Banking Corporation in Peninsula Malaysia" in Frank H.H. King (ed.), Eastern Banking: Essays in the History of the Hongkong & Shanghai Banking Corporation. London, 1983. pg 358.

to fulfill the terms, he was obliged to compensate for the loss. Therefore the nature of the profession required consistency and capability. In order to meet the two qualities, the compradore tended to be recognised and respected by the business community. In the purchase of rice, the compradore had one assistant directly subservient to him. The assistant was also required to master the English language, and his major task was to settle the price with the producer.⁹ The shipping compradores were more specialised in their profession. They were attached to every Western vessel, and their duty was to check the Bill of Lading. Their role was significant due to the competition existing amongst the Western firms. For instance the Danish East Asiatic Co employed compradores to deliver goods throughout its coastal routes: Bangkok-Chantaburi; Bandon-Songkla; carried by its vessel the "Maha Vidjaravudh".¹⁰

 / The banking compradore was the backbone to foreign banking activities in Bangkok. The Western banks were compelled to employ their services to deal with local businessmen. The compradore handled two important documents: the Bill of Exchange and the Commercial Documents. The latter consisted of Bill of

⁹ Skinner: Chinese Society in Thailand. pg 102.

¹⁰ Sirilak Sakkriangkrai: "Origins of the Capitalist Class in Thailand 1855-1910". MA. diss. (Thai Text), pg 93.

Lading, Bill of Invoice, and Bill of Insurance.¹¹ Apart from serving as interpreters, the compradore also became guarantor or underwriter for the foreign banks in their dealings with local businessmen. For instance Cheah Chee Seng, the compradore to the Chartered Bank, was responsible for the entire Chinese banking community. In short the compradore served as a link between the foreign bank and the local business community.

Compradores tended to specialise in their field (trade, shipping, banking) and remained with that particular activity, though not necessarily with the same firm. The high standard inherent amongst the compradores may be attributed to their early training in Western based firms in Penang, Hongkong, or Singapore. Wang Hang Chow, compradore of the Hongkong & Shanghai Bank for 15 years, received his business training in Hongkong.¹² Sam Hing Si, compradore to the Banque de L'Indo-Chine, was trained with the Mercantile Bank of India at Hongkong.¹³ These compradores complemented the operation of Western activity rather than competed with them, because it was through their expertise that the Western mercantile houses could function effectively. Through this system, the Chinese were able to obtain experience and expertise in trade and

¹¹ Wright and Breakspeare; 20th Century Impressions of Siam.. pg 287.

¹² Ibid.

¹³ Ibid.

finance,so that by the end of the first decade of the 20th century they were already in a position to establish their own enterprises in both banking and shipping.

The British Trading Houses.

The most prominent of the Western houses in Bangkok was the British Borneo Co.Out of the five Western firms which came to be established immediately after the Bowring Treaty,only the Borneo Co survived up to 1914.The underlying reason for the latter's success was that the Borneo Co responded to the development of the Siamese economy.The Company diversified its activities from the traditional areas of import,export, shipping,and insurance into areas of productive capital investment,notably teak and tin.The establishment of the Borneo Co in Bangkok depicts the movement of a British mercantile house from its base in Singapore.A number of studies have been conducted on the origins of the Borneo Co,notably by Longhurst and more recently by Stephanie Jones.¹⁴The interesting element about the inception of the Borneo Co was its relations with the Siamese Court,a patronage which was a prerequisite to the Company's success.

¹⁴ H.Longhurst;The Borneo Story:The History of the First 100 Years of Trading in the Far East by the Borneo Co.Newman Neame,1956.
Stephanie Jones;Two Centuries of Overseas Trading:the Origin and Growth of the Inchcape Group.Macmillan,1986.

The Borneo Co began as a trading concern set up by the Scots W.R.Paterson and William Morgan in Manila and Singapore in 1842. In 1847 branches were established in Singapore, Batavia, and Manila, under the General Manager, Robert MacEwan, the headquarters situated in Singapore. In 1849 Paterson retired and MacEwan assumed control under the name of MacEwan & Co, and its Singapore manager was John Harvey. In 1856 MacEwan became in need of capital, and in response, combined with another Scotsman, Robert Henderson, to float the Borneo Co.¹⁵ The headquarters was based in Singapore with operations in Calcutta, Hongkong, Batavia, Siam, and Sarawak. Contact between the Company (at the time still known as MacEwan & Co) and the Royal House of Siam began immediately after the signing of the Bowring Treaty. The earliest recorded correspondence was dated September 2, 1856, addressed by King Mongkut to MacEwan & Co, acknowledging the receipt of "useful articles for our own good copying and employment of philosophical instruments", and allowing the Company to export rice.¹⁶ Correspondence between the Court and the Company continued throughout Mongkut's reign. As early as March 1858, the King himself expressed his satisfaction at the opening of the Borneo Co branch, and the Company assured the

¹⁵ Brief origins of the Borneo Co taken from "The Borneo Co", Chapter 11, in A History of the Inchcape Group by Griffiths.

¹⁶ Letter published in Longhurst, The Borneo Story. . pg 41.

King of its willingness to further commercial development.¹⁷ Some of the correspondence between Mongkut and the Company which has been published consists of twelve letters mostly concerned with the ordering of merchandise for the Palace, namely candlesticks, glassware,¹⁸ a small brass cannon,¹⁹ and books concerning the eclipse.²⁰ One renowned letter concerned the Company's recommendation of Anna Leonowens as Governess to the Siamese Court.²¹

However there are two unpublished letters in the Inchcape Archives between Mongkut and the Company Managing Director in London, John Harvey, written shortly before the King's death in 1868. One concerned the eclipse of the sun. The second letter dated June 3, 1868, and classified as Royal Private communication, contained two interesting points which give a strong indication of the political instability at the time. Firstly, Mongkut discussed his uncertainty of the Law of Succession now that he was "an old man".²² Secondly, Mongkut

¹⁷ Stephanie Jones pg 20.

¹⁸ Letters of Mongkut's correspondence with the Borneo Co. published in the cremation book of Luang Prakob Nitisar, Feb 4, 1971.

¹⁹ Mongkut to Adamson Feb 27, 1862. Published in *ibid*.

²⁰ Mongkut to Adamson Oct 12, 1862. Published in *ibid*.

²¹ Letter published in Longhurst, The Borneo Story, pg. 41

²² Mongkut to John Harvey, Managing Director of Borneo Co in London, June 3, 1868. From private collection.

expressed his grave concern about his descendants, and sought advice from Harvey, "his worthy Friend",²³ on investing royal funds in England;

"I will consider as I place confidence that you might be able to ascertainedly knew the required safe way of placing my fund in such the (a) profitable operation as it may be safe and favourable to my own family in future."²⁴

The significant point to be deduced from the letter is the cordial relation between Mongkut and a British merchant, and the confidence placed with Harvey. The irony of the King's attitude was his perception of business prospects in Siam, for while Western houses were in the process of establishing their activities in Bangkok, being confident of the business environment, the King was seeking ways of diverting his funds abroad. With hindsight Mongkut's intentions may be interpreted as short sighted. However, the political environment was not favourable to Privy Purse investment on account of the uncertainty over the Crown (the ambition of the Second King). Taking this factor into consideration, it was only natural for the King to have adopted such precautions.

The operation of the Borneo Co was begun in Siam by Samuel Gilfillian, who was appointed its first manager in Bangkok. He arrived as the accredited agent of Lloyds of London, and within two years Lloyds appointed the Company as

²³ Ibid.

²⁴ Ibid.

agents. Insurance became the first of the Company's major activities. This was due to the nature of trading difficulties encountered in Bangkok;²⁵ the absence of both a developed commercial infrastructure and accommodation for visiting merchants, the lack of a pilot service to guide vessels up the Bangkok river, and the refusal of marine insurance companies to provide cover for vessels sailing in Siamese waters.²⁶

According to the Company minute books, the firm traded in rice, sugar, salt, and tin, and imported from Britain and Europe calico, metals, marine stores, opium, and Spanish dollars.²⁷ In addition the Company became engaged in steam rice milling using paddy husk as fuel, represented banking houses, owned a saw-mill, and acted as managing agent for the Siam Steam Touring and Navigation Co Ltd from 1881, carrying passengers to the Chantaboon Sapphire mines and shipping pepper and other coastwise goods.²⁸ To facilitate the trading activities, the Company had its own wharf, offices, three long godowns, bachelor mess, and a managers house. The Company assisted in the establishment of the Danish East Asiatic Co by lending 40,000 Mexican dollars to its founder John Anderson. In 1882, the Company began what was to become the Company's prominent undertaking in Siam, namely teak extraction in Northern Siam.

²⁵ Longhurst pg 41-42.

²⁶ Stephanie Jones pg 205.

²⁷ Ibid.

²⁸ Ibid pg 216.

The chart (Appendix V) shows the Company's extensive network and operation in Siam right up to 1914. The long term success was due to the Company's initiative in diversifying its operations into both trading and extractive activities. Such success was complemented by Court patronage, which facilitated its adjustment to the developing Siamese economy. The obstacle to Western enterprise operating in Siam was not the need to combat a land of savages and jungles, as in Borneo, but to cultivate acquaintance with a people who mistrusted European intentions. Bearing in mind this consideration, the Borneo Co earned the confidence of the Siamese elite both before and after its establishment in Siam and maintained it right up to 1914.

The nature of Western enterprise and its degree of involvement in the Siamese economy changed as the economy progressed. Imports became more diversified to accommodate the demand for capital goods; retail and manufacturing services became more widespread in line with the growing Western mercantile community; the growth in trade was accompanied by the establishment of Western exchange banks. It is worth noticing the increase in the number of Western trading houses, in particular the British, and their changing role from traditional trading activities to manufacturing, retailing, and services.

General trading, in particular rice shipments, was the most prominent activity engaged in by the agency houses. The terms of the Bowring Treaty as such did not precipitate Western trading houses to establish themselves in the export of rice. In the years following the conclusion of the Treaty, the management of rice exports continued to be handled by Chinese merchants in Bangkok. The destination of rice exports had an important influence in sustaining the Chinese monopoly in its shipments. Siamese rice to Singapore was managed by Low Poh Jim & Co in Bangkok, whose partner Chop Joo Tye was in Singapore. Low Poh Jim was the first consignee of the steamer Chao Phya which was built at Hartpool in 1858 for the King. This steamer plied between Singapore-Bangkok.²⁹

Another Chinese rice agent was Yap Sian Tee & Co in Singapore whose managing partner resided in Bangkok under the name of Yap E. Gin.³⁰ It is clear that the Chinese bondage between Bangkok and Singapore kept the rice trade under Chinese management.

The profits generated from the rice trade were a strong inducement to the Chinese to continue their participation in rice shipments. This is indicated by the nature of trade

²⁹ Song Ong Siang, One Hundred Years History of the Chinese in Singapore. OUP 1984 pg 100.

³⁰ Ibid.

transactions conducted by the Chinese merchants in Singapore. The Straits Chinese in Singapore bought on credit in Singapore which enabled them to make large shipments to Bangkok to be sold in Bangkok for cash. Such a procedure facilitated trade and was dependent upon the availability of credit in Singapore.³¹ However in 1864 a commercial crisis occurred in Singapore which had the effect of changing the Chinese credit system of trade. The causes of the trade depression involved a culmination of several factors, but the crucial element was the nature of the credit system, which the Free Press picked out as the primary cause;

"The system on which business is conducted here, sale of goods on 3 months' credit, has been frequently blamed as the cause of these disasters. The real evil is the indiscriminate credit given to everyone who chooses to start as a trader."³²

In addition, the accidents experienced by Chinese steamers imposed a severe financial restraint, as the Chinese were customarily reluctant to place their steamers and cargo under insurance. That such risks were involved in the trade between Singapore and Bangkok was reflected in the anxiety inherent amongst Chinese merchants;

"The steamer Ban Yong Seng belonged to Low Sam and traded regularly to Bangkok...he was always

³¹ PRO FO 69/21 Knox to Russell Jan 21, 1860. Trade of Siam 1859.

³² Song Ong Sian; One Hundred... pg 127.

glad to hear of the safe arrival."³³

The significance of the crisis upon the conduct of Chinese trade between Singapore and Bangkok was that the credit system was gradually phased out deterring the participant of speculative traders. This did not create a vacuum in trading merchants but rather confined trade to those merchants with adequate capital to conduct trade in cash, namely the established Chinese trading houses and the Western houses from Singapore participating in the Siamese trade.

The prominent Western firms engaged in the rice trade were the Borneo Co, Markwald & Co, and Pickenpack Co. Their operations were confined to the milling and shipment of rice. The buying and selling remained in the hands of the Chinese middlemen. The rice exported was known as "cargo" rice which was roughly husked rice not properly milled, and had a ready market in Germany. The German firm Markwald & Co erected their first rice mill in Bangkok in 1866. The Company had been established in Bangkok since 1858 as rice millers, importers, and exporters. The Head Office was in Bremen under the name of Rickmers which dealt with rice milling and shipping, possessing its own vessels.³⁴

³³ Ibid pg 140.

³⁴ A.E. Stiven "Rice" in Wright and Breakspeare, 20th Century. pg 144.

The increasing number of Western mills erected in Bangkok reflects the opportunity pursued by European firms, but this only occurred on a short-term basis. As the rice exports were destined for Singapore and Hongkong, the Chinese agents in these countries preferred to conduct their transactions with the Chinese middlemen in Bangkok. Nevertheless the Western firms were the first to establish rice mills and maintained their dominance till 1870, when the number of Western mills had been surpassed by the number of Chinese ones. The first steam rice mill in Siam was built by an American Company in 1858. By 1864 there were three steam mills in European hands (2 British, 1 German), and by 1867 the numbers had risen to 5 western owned steam mills.³⁵

The establishment of rice mills can be regarded as the first clear indication of western enterprise in Bangkok. However in 1877, the British Consul reported the ominous news that Chinese shippers had ordered several steam mills from England for their own purpose;

"Up till very recently foreigners were the sole owners of rice-cleaning mills, which also until very lately have been highly remunerative. Now however, the indefatigable Chinese are setting up mills, and as they are not only the principal owners of rice milled at the European mills, but likewise enter into arrangements in regard to freight, insurance and other matters with their owners, any change in such transactions must be

³⁵ Skinner pg 103.

a loss to the Europeans."³⁶

By 1879 there were as many Chinese as western mills, and thereafter the number of Chinese mills in Bangkok increased;

Year	Chinese	Western
1889	17	8 (3 GB, 3 French, 3 Germans)
1895	28	

Source: Skinner Chinese Society in Siam, pg 203

The procedure by which western traders obtained their cargo of rice serves to illustrate the difficulties involved in undertaking trade, namely an unregulated duty system, and the impending influence of the Siamese officials supervising trade. Western merchants obtained their rice cargo through a series of agreements with the Chinese middlemen to deliver a certain amount of rice, and the merchant would then pay the duty at the Customs House. The Praklang and the Customs officers supervised the loading of rice to ensure that the amount loaded corresponded to the duty collected.³⁷ The Siamese interest was to gain as much revenue as possible through the duty collected. The problem faced by Western merchants stemmed from the uncertainty over the Chinese middlemen. In 1858 a British merchant named Cateau complained to the British Consul, Schomburgk, that his middleman, a Pequán of Paklat,

³⁶ Quoted in Skinner pg 103.

³⁷ PRO FO 628/2/16 Proclamation by Chao Phya Praklang 1858.

failed to deliver 100 koyans of rice as agreed.³⁸ Therefore to ensure a consistent delivery, western merchants endeavoured to pay the middlemen on a commission basis as an incentive. Such a practise was in existence throughout the period.

The corollary of western activity in rice shipment was the competition created amongst them. One incident occurred in 1890 which was brought to the attention of the British Foreign Office. British merchants complained that the German firms were in a privileged position in conducting their trade. The rice mills owned by Messrs Markwald & Co and Messrs Pickenpack & Co had since 1866-1889 paid duty on the picul weight at 21 piculs to the Koyan, whilst the Borneo Co paid at the rate of 22 piculs to the Koyan.³⁹ The complaint was reported in 1889, and the Borneo Co blamed the Siamese administration for the arrangement, and regarded it as an infringement of the Treaty. However nothing came out of this issue, perhaps because the Borneo complaint was found null and void on account of the Treaty terms between Siam and Germany which fixed the duty at that rate.

The change in the nature and characteristics of the British trading houses in Bangkok became evident after 1880. By the 1880s, of those trading houses established after the

³⁸ PRO FO 628/1/15 Schomburgk to Praklang Jan 28, 1858.

³⁹ PRO 30/33/1/17 Satow Papers March 1889.

Bowring Treaty, those that remained were the Borneo Co Ltd, the Germans, and a Swiss firm. However the numbers of new ones did increase as seen in the following table.

Table II

Western Trading Houses in Bangkok 1880

British	German	Swiss
Borneo Co	Markwald & Co	Jucker, Sigg & Co
Bangkok Dry Dock	Pickenpack & Thies	
D. Maclean & Co	B. Grimm	
A. M. Odman	German-Siam Trading	
Bangkok Rice Mill	Windsor & Reillich	
Bonneville & Co		
Bangkok Saw Mill		

Source: Bangkok Times; various British Consular Reports;
Map of Bangkok, published in Portrait of Bangkok by
L. Sternstein, pg 29.

The most prominent activity of the agency houses was general trading. However several changes were apparent, most notably the participation in rice and saw milling. The Bangkok Rice Mill was established through a joint venture between the Borneo Co and A. M. Odman. D. Maclean and the Bangkok Dry Dock were both engaged in servicing ships which reflects the growth of the number of foreign vessels entering Bangkok. Yet the western houses were restricted to operating in Bangkok only.

The 1883 Treaty had an effective influence upon the growth of Western trading houses. It allowed operations to be carried on outside Bangkok, which in turn stimulated the establishment of saw mills to accommodate the timber extracted

by the British teak companies in Northern Siam. The favourable trading environment led to the advent of 2 British shipping companies participating in the carrying trade. The growth in trade induced the establishment of foreign banks to manage currency exchange. Such rapid diversification was a response to the qualitative economic changes in Siam. It may even be suggested that the Siamese economy was entering a transitional stage by the mid 1880s. This can be indicated by a table showing the numbers of British houses present in Siam and a cross-section of their activities.

Table III

British Enterprise in Bangkok 1898

Steamship	Saw Mills	Rice Mills	Banks
Holt & Co	Borneo Co	Borneo Co	Hongkong Shanghai
Scottish Oriental	Bombay-Burmah	Arracan	Charter Mercantile
	Denny Mott	Howard Erskine	
	Siam Forest	Bangkok Rice Mill	
Import/Export	Retail	Retail	
Denny Mott	John Sampson & Co	John Dunlop	
Borneo Co	Bangkok Dock Co	Harry A. Badman	
Stephens, Paul & Co.	British Dispensary	W e s t e r n	
Dispensary			
F. Clarke & Co	Bangkok Dispensary	Ravensway & Co	
	Bangkok Brick & Tile Works	Messrs Douglas & Grant	
Newspapers			
Bangkok Times			
Siam Weekly Advertizer			
Siam Observer.			

Table IV

Other Western Enterprise 1898

Germans	French	Swiss
Markwald & Co	Banque L'Indo-Chine	A. Berli
B. Grimm	Messageries Maritimes	
Schmidt & Fertsch Co		
Windsor & Co	Danish	American
J.J. Riechman & Co		
German-Siam Trading CO	Siam Electricity Co	American Import
	East Asiatic Co	

Source: Bkk Times; Various BCR; Map of Bangkok, published in Portrait of Bangkok.

Among the Western trading houses established in Bangkok, the British were predominantly engaged in steam ship lines, teak, rice milling, banks, newspapers, wholesale general merchants, and retailing. The latter involved engineering, dispensary, tailoring, and a wide range of services to the mercantile community. This structure persisted throughout the period. The major change in British economic activity came at the end of the 19th century, when the two British shipping lines were transferred to the German NDL Co. The opening decade of the 20th century also marked the establishment of two German firms from Singapore; Behn Meyer Co and Katz Bros.

Behn Meyer & Co was a prominent German trading house in Singapore. In 1906 the firm established a branch in Bangkok through the purchase of another German firm Messrs Schmidt,

Fertsch & Co.⁴⁰ Messrs Katz & Bros opened business in Bangkok in 1908 assuming control of the German-Siam Trading.⁴¹ The interesting point to make about these two firms was that they were registered as British companies in Singapore so as to secure privileges in the British Colony. Both Companies applied to the British Legation for registration as British companies on the grounds that they were recognised as such in Singapore. However the British Charge d'Affairs, Beckett, refused to extend the privileges enjoyed by British nationals in Bangkok to the Germans. Beckett pointed out that Siam was an extraterritorial country, which meant that the representatives of the Treaty Powers were established for the purpose of promoting and fostering the interests of their own nationals and not those of other countries.⁴²

As for the British, certain changes also contributed to their trading influence in Bangkok. In 1905 the Louis T. Leonowens Co was established; in 1908 the Siam Forest Co was liquidated and the Borneo expanded its activities into the field of oil godowns. The kerosene godown was used by the Shell Transport & Trading Company's SS Murex which delivered shipments of "Crown" kerosene from Sumatra to the Royal Dutch Petroleum Co. The mutual interest culminated into the formation

⁴⁰ PRO FO 371/739 Beckett to Grey Sept 23, 1909.

⁴¹ Ibid.

⁴² Ibid.

of the Asiatic Petroleum Co in 1903, and the Borneo Co became its agent in Bangkok.⁴³ The extent of British economic activity seemed to have revolved around the teak firms; F. Clarke & Co, Louis T. Leonowens, and the Borneo Co. The nature of the teak trade (the inconsistency of the rate of return) was an influential factor in inducing such enterprises to diversify their activities into general trading. This issue will be discussed in chapter 5 on teak enterprise.

The British firm F.S. Clarke & Co was begun by F.S. Clarke, who entered the service of the Borneo Co in London in 1867 and had spent 10 years in Siam with the Company 1872-1882 before leaving to establish his own firm F.S. Clarke & Co. The Bangkok agency firm was engaged in the saw mill and timber business, which earned him a profit in 1899 of around £4000 annually and "increasing all the time".⁴⁴ Among its agencies were the Siam Forest Co, a French mining company, a sugar refining company, the National Bank of China, and the Commercial Union Insurance Co. Clarke Co bought consignments of goods from Europe, chartered steamers for the Chinese rice millers, bought Japanese coal from Mitsui & Co, and purchased opium on behalf of the Siamese Government. The Company sold

⁴³ The Borneo Co, Past, Present, and Future 1856-1988 and Beyond. Published by The Nation, Dec 1988.

⁴⁴ M.E. Falkus "Early British Business in Thailand" pg 141.

Siamese rice,pepper, hides,and other commodities in Europe.⁴⁵

Yet concurrent with the spread of British activity there was a Siamese movement to participate in the management of certain British companies.In 1912 the Finance Ministry became a share holder in the Bangkok Dock Co.The sources of this particular company are kept at the Commerce Ministry.From the documents,there is no mention of the details involved in the transfer of shares,but what is evident is that the list of shareholders indicates the dominating hold of the British in the Company remained.Amongst the 73 major shareholders,there were 5 prominent ones,holding over 500 shares;⁴⁶

Shareholder	No.Of Shares.
1)Ministry of Finance	750
2)L.Davidson	1400
3)James S,Smythe	636
4)Charles Henry Bush	2000
5)J.S.Sanderson	6895

Source:Registration Dept.Ministry of Commerce.
File 198 Bangkok Dock Co.

The remainder of this section will discuss the business environment of the early 1890s,and account for the establishment of the prominent Western houses in Bangkok. Already in 1891,the Bangkok Times described the increase in

⁴⁵ Ibid.

⁴⁶ Ministry of Commerce-Registration Dept.File no.198 Bangkok Dock Co.

the number of trading houses as "springing up like mushrooms".⁴⁷ The number of firms established in Bangkok in 1891 can be traced through the Bangkok Times, and British and American Consular Reports. From such sources, there were six British houses which came to be established in 1891 from Singapore:

- 1) Harry A. Badman & CO
- 2) McAlister & Co : sailmaking, requirements for steamships.
- 3) M. Fusco & Co : General Store.
- 4) Messrs Douglas & Grant : Scottish Rice Mill Engineer.
- 5) Bangkok Brick & Tile Works (J. Clunis).
- 6) Ravensway & Co : marble merchants, baths, tiles.

Towards the end of 1891, Beckett reported an unfavourable business environment attributed to "the unsoundness of the Bangkok credit system". Beckett also added that "a climax was reached when a large European firm lately went into liquidation" (the Swiss firm Jucker, Sigg & Co).⁴⁸ Indeed the early 1890s witnessed the collapse of several companies, namely;⁴⁹

- 1) The Siam River Steamboat Co : begun in 1888.
- 2) The Siam Electric Co : established 1889.
- 3) MacClean & Co.
- 4) Jucker, Sigg & Co.
- 5) Transfer of the Bangkok Tramway Co concession to the Danes.

Beckett attributed the "unsoundness of the Bangkok credit system" to the large advances made by the Siamese and European

⁴⁷ BKK Times Oct 17, 1891.

⁴⁸ BCR Trade of Siam 1890 in BKK Times Oct 3, 1891.

⁴⁹ BKK Times Jan 30, 1892.

merchants to the "unsound" Chinese retail traders thereby precipitating an environment of business instability.⁵⁰ Beckett gave no specific example nor explanation, but on the basis of the commercial reports from the Bangkok Times, the unfavourable business environment can be linked to the liquidation of two firms in early 1891: those of the Maclean Co, and Jucker, Sigg & Co.

Maclean Co was a British trading house engaged in rice milling. In 1890 the Company bought the Bangkok Rice Mill from a British merchant, Mr. Cairn, for 36,666 tcs. However Maclean did not possess the capital due to Mr. Cairn nor was he able to pay off the mortgage on the piece of property, belonging to Naradhip (a former Cabinet Minister), on which the mill was located.⁵¹ As a result, Maclean Co declared themselves bankrupt in 1891 with a gross liability of £70,000.⁵²

The liquidation of the Swiss firm Jucker, Sigg & Co was precipitated by the withdrawal of capital by its client Prince Sai Sanidwongse. The Company had acted as a depository institution with assets amounting to \$979,000 (1,631,666

⁵⁰ Ibid.

⁵¹ BKK Times Arbitration Case. March 19, 1892.

⁵² BCR No. 1087 Report for the Year 1891 on the Trade of Bangkok.

tcs).⁵³ The company had also granted loans as seen in the table:

Table V

Loan to	Amount	Purpose
Maclean Co.....	5312 Chang	Teak business
B.E.Smith	4000	"
Cowan	2208 "	"
Gard	362 "	Engineering
Western Agent	1208 "	-
Samsen Rice Mill	2000 "	-
Total	20,395 "	

Source: Rattanakamol: "Development and Role of Commercial Banks in Thailand 1888-1914". MA, diss. Chulalongkorn U 1981, pg 38.

In 1892 its financial commitments placed Jucker, Sigg, & Co in a precarious position when Sai Sanidwongse closed his deposit account of 95,000 tcs and was entitled to another 27,862 tcs the 5% interest accrued since 1895, thus a total of 122,862 tcs.⁵⁴ In addition Mr. Sigg had died earlier in February 1891 placing the Company in turmoil.⁵⁵ The Company transferred its Bangkok Tramway concession to the Danes in the same year, and finally went into liquidation, its assets passing to A. Berli.

⁵³ Ratanawadee Rattanakamol: Development and Roles of Commercial Banks in Thailand 1888-1945. MA. diss. (Thai Text) Chulalongkorn University 1981. pg 38.
The thesis concentrates on the establishment of Chinese banks in post 1914 era.

⁵⁴ NA 5 Kh 9/2 Naradhip to Berli, liquidator of Jucker, Sigg, and Co. Jan 2, 1892.

⁵⁵ BKK Times Feb 28, 1891.

The common link between the collapse of the two mentioned companies was the repercussionary effects of the loss of profits in opium farms. In the Arbitration Case of 1892 between Mr. Cairn and the Bangkok Rice Mill, the former claimed that his financial difficulties stemmed from the loss incurred in the collapse of opium farm.⁵⁶ Simultaneously, Sai also faced financial difficulties caused by problems with opium farms, which induced him to withdraw his deposit from Jucker, Sigg, & Co. There are no other sources to indicate whether other Western firms had investments in opium farms, but what can be deduced was that opium farms were regarded as a profitable area for investment, inducing the British merchant Cairn and Prince Sai to divert their funds. Therefore it may be possible that the "unsound credit system" described by Beckett could be referring to the collapse of the opium farms which resulted in the liquidation of several firms towards the end of 1892.

For the purpose of understanding the character of the western trading houses in Bangkok in 1898, it is worth giving a short account of the origins of the prominent firms. The Borneo Co has already been discussed, therefore it serves a useful purpose to make a comparison with two other prominent Western firms during this period: Berli Jucker and the Danish

⁵⁶ BKK Times *ibid.*

East Asiatic Co. Albert Jucker was a Swiss merchant who had arrived in Bangkok after 1866 sent by the French trading House Malharbe & Julian to open a branch. In 1872, A. Jucker was joined by his cousin Henry Sigg and together they formed a trading house in 1872 known as Jucker, Sigg & Co. The trading house acted as general merchants and ship chandlers. Their business expanded when the French House Malharbe & Julian decided to transfer their shares to Jucker in 1882. Jucker, Sigg & Co represented European marine insurance principals, and owned the Samsen Steam and Rice Mill. Jucker died in 1885 and H. Sigg in 1891, and as a result, together with the financial crisis, the company was eventually liquidated to another Swiss entrepreneur Albert Berli.⁵⁷

The new company was then established under the new name of A. Berli & Co. A. Berli was appointed Secretary of the Bangkok Tramway Co in 1896, and in 1901 Edward Jucker (Albert's son) became a partner in the firm and in 1910 married Berli's daughter Mary. Edward Jucker began introducing leading European brands of tinned milk, cocoa, and paper tissues into the Siamese market. The growth in demand for such merchandise led to the opening of branches in South Siam, in Chiangmai, and Nakorn Sawan in 1899, and in Lampang in 1914.⁵⁸

⁵⁷ Based on "The Berli Jucker Album" and "100 Years of Berli Jucker", compiled by Walter Meyer in 1982.

⁵⁸ Ibid.

The Danish East Asiatic Co was one of the prominent trading firm in Bangkok. The Company had its origins in Messrs Anderson & Co in 1897. The importance of the Company's origins was that it was established in Siam for the sole purpose of conducting import-export business. The Company had extensive interests in the teak trade (holding concessions in the northern teak forests and operating a saw mill in Bangkok). The Company was engaged in the import of building materials especially cement, which no fewer than 30-40,000 casks were imported annually; while exports (besides teak) comprised of sticklac, rubber, gum benjamin, hides, horns. The Company was the first to tranship teak directly to Europe by steamer, and by 1908 had established a new line of vessels (5 in number, and 4-5000 tons each) built exclusively for the teak trade. A regular monthly service was maintained from Copenhagen, Middlesborough, and Antwerp to Bangkok, and from Bangkok to London and Copenhagen. In addition the Company operated steamers along the east and west coasts of the Gulf of Siam. This Company also owned the Oriental Store (General Merchants). The Company's extensive operation can be regarded as being of a similar structure to the Borneo Co, on account of the diversity in activities.⁵⁹

⁵⁹ Based on "Imports, Exports, Shipping" by Norman Maxwell in Wright and Breakspeare, 20th Century...

The British Banks in Bangkok.

The establishment of British exchange banks in Southeast Asia was a corollary of the growth of British trade in Singapore, Hongkong, and Penang. Exchange banks were needed to finance trade through their co-ordination of the medium of exchange. The prominent British banks in the region were the Hongkong & Shanghai; the Chartered Mercantile; and the Chartered Bank. In 1859 the Chartered Mercantile Bank established a branch in Penang followed by the Chartered Bank in 1875; whilst the Hongkong & Shanghai Bank controlled an extensive network throughout the region, establishing branches in the Philippines 1872, in Singapore 1877, in Penang and Java 1884.⁶⁰

The three Western banks operating in Siam during the period were the Hongkong & Shanghai Bank 1888; the Chartered Mercantile Bank 1894, and the Banque de L'Indo-Chine 1897. As Bangkok became increasingly integrated in the Asian trade, business prospects were conducive to the operation of exchange activities. The first western bank to establish a branch in Bangkok was the Hongkong & Shanghai in March 1888. Its interests in Siam had existed since 1865, when the Bank appointed the German firm Messrs Pickenpack, Thies & Co as its representative in Bangkok.

⁶⁰ For more details see H.H.King, Eastern Banking: Essays in the History of the Hongkong and Shanghai Banking Corporation.

Historians writing on the Hongkong & Shanghai Bank tend to attribute its establishment in Bangkok to the political atmosphere.⁶¹ The fact that the French had established their authority in Cochin-China after 1863,aroused Siamese suspicions of French designs upon Siam.It was believed that a French company was intending to represent the Banque de L'Indo-Chine which had the effect of provoking the British legation in Bangkok to urge the Hongkong & Shanghai Bank to open a branch.However political considerations were perhaps only one explanation.The economic environment must also be taken into account.In 1884 rice exports were increasing at an annual average of 200,000 tons,which meant that the amount of silver dollars needed for exchange was inevitably beyond the management of the Bank's agent Pickenpack,Thies & Co.Such economic needs for the supply of silver dollars was perhaps another element of inducement.

The Western banks in Siam had three financial activities. Firstly the pure banking business of receiving money for current or deposit accounts and discounting bills.Second was foreign exchange operation which in Siam proved to be the

⁶¹ Historians writing on the history of the Hongkong & Shanghai Bank:Thiravet Pramuanratkarn,"The Hongkong Bank in Thailand:A Case Study of a Pioneering Bank",in Frank H.H.King Eastern Banking...
Maurice W.Collins:The Hongkong & Shanghai Banking Corp, Faber & Faber,1965.

prevailing activity. The third activity was short-lived, namely that of note issue. The underlying point to mention is that these banks confined their operations to Bangkok. Moreover the role of the banks became undermined by a series of movements undertaken by the Siamese Treasury, namely the issue of notes; the adoption of the gold standard in 1902, whereby the Treasury became responsible for the provision of silver dollars; and the establishment of the Siam Commercial Bank which acted as the government deposit bank. It was this Siamese response in challenging the operation of the Western banks which culminated in a political issue involving both the Siamese and British governments.

Both the Hongkong & Shanghai and the Mercantile Chartered Bank acted as depository banks for government funds in Bangkok and abroad. Siamese government records reveal that the Treasury had funds deposited in these banks abroad; namely the tax revenues of the Southern Provinces of Ranong, Takaupa, Pangna, Trang were deposited in the Penang branches of the Hongkong & Shanghai and the Chartered Bank. Although the records are incomplete, there is evidence that \$110,000 was deposited in 1884, with \$24,000 in the Hongkong & Shanghai Bank.⁶² In addition there were deposits with the Chartered Bank in Singapore. This was on account of the trade conducted

⁶² Thiravet Pramuanratkarn, "The Hongkong Bank in Thailand.." pg 424.

between the Siamese Southern States and the Straits Settlements through which the Chartered Bank gained the predominant position amongst the British banks. The Consul-General in Singapore deposited cheques received from the Phuket Treasury with the Chartered Bank in Singapore.⁶³ In 1907 the Chartered Bank established an office in Phuket and had already contemplated a branch in Chiangmai as early as 1904 to exchange rupees into ticals.⁶⁴ The following table shows the amount of funds deposited with the Western banks in Singapore in 1907.

Table VI

Siamese Funds in Singapore 1907

Bank	Amount (tcs)
Hongkong & Shanghai	27,930
Chartered	314,906
Banque de L'Indo-Chine	49,180
Total	392,017

Source: NA Kh 0301.1 30/8 Present Financial Position in Siam 1907.

Although the Chartered Bank appears to have held the bulk of the Penang deposits, the King's private funds were exclusively with the Hongkong & Shanghai Bank in Singapore under the account name of "Ngern nguad Praklang" ie "Treasury monthly deposit, current account" after 1877. Other Siamese

⁶³ Ibid.

⁶⁴ NA Kh 0301.1 37/116 Chartered Bank (BKK) to Williamson, Financial Adviser. Dec 14, 1904.

funds were also kept in the Singapore branches of the Chartered Mercantile, the Chartered Bank, and the New Oriental Bank. By 1890 the Hongkong & Shanghai Bank in Bangkok had some 350 current and deposit accounts, including those of such firms as the British Bombay-Burmah Corp; the Borneo Co; Jucker, Sigg & Co; the American legation; and the Siamese aristocracy. It can be assumed that the accounts under the name of Naradhip, the Finance Minister (1892-93), were in fact the King's private accounts.⁶⁵

Paper Currency.

The Hongkong & Shanghai Bank note issue was the first major issue of the fifth reign. In 1889, the Government permitted the Bank to issue notes in eight denominations; 1, 5, 10, 40, 50, 80, 100, and 400 ticals. Apart from the Hongkong Bank, the Chartered Bank also began note issue in 1897, followed by the Banque de L'Indo-Chine in 1899, both on a more limited scale. The Hongkong & Shanghai Bank manager, Smith, cultivated cordial relations with the Customs Department. This institution had been instructed to receive the Bank's notes in payment of duties.⁶⁶ However the Bank's notes did not gain a wide circulation, nor did Smith attempt to develop the Bank's

⁶⁵ T. Pramuanratkarn pg 424.

⁶⁶ I. G. Brown, "Paper Currency: The Government Note Issue in the Reign of King Chulalongkorn". JSS Vol. 60, Pt. 2, (July 1972) pp23-44.

general business to the outlying provinces beyond Bangkok.

The limitations of the note issue circulation can be ascribed to the response from the indigenous population. The rice cultivators placed no confidence on the value of a paper currency and instead continued to accept silver, which was imported in large quantities. An indication of such attitude is reflected in the substantial amounts of notes returned to the Paper Currency Department and exchanged for baht coins during October-December of each year. It was during these months that the rice crop was harvested and rice millers found that the provincial rice farmers preferred to be paid in coins rather than in notes.⁶⁷ Another factor worth considering was the lack of banking agents in the provinces to supervise the circulation of paper currency. It may just be that the Siamese Treasury was not in favour of the issue being undertaken by foreign banks on a wide scale. In 1890 the Siamese Government was already considering issuing its own paper currency. Various steps were taken in proceeding with the State note issue: Naradhip, the Finance Minister, placed an order with the German printer Giesecke & Devrient of Leipzig for almost 4 million notes, which scheme proved futile.⁶⁸

It was in 1899 with the issue of the Paper Currency Act

⁶⁷ Ibid pg 37.

⁶⁸ Ibid pg 24.

that the Western banks' role in note issue was removed. As in Singapore, where the government came to an agreement with the banks to withdraw the notes within a certain period, the Siamese Treasury's task was facilitated by the banks' voluntary agreement to withdraw their notes. In addition, the Siamese had the strong support of the British Financial Adviser, Williamson, who pointed out to the banks that the government notes would in turn benefit the banks.⁶⁹ The Government paper currency proved highly satisfactory, in that its circulation rose from 3.4m tcs on March 31, 1903 to 7.3m tcs on March 31, 1904, a marked increase of 110% within a year.⁷⁰ The note issue exceeded that of the Hongkong Bank as early as December 1902, and in the following month, the Government issue exceeded the total amount of all three banks combined.⁷¹

The British Response To The Gold Standard 1902.

The next movement undertaken by the Treasury which resulted in the diminishing role of the British banks was the adoption of the gold standard in 1902. Ian Brown has given a

⁶⁹ Ibid pg 37.

⁷⁰ NA Kh 0301.1 38.B/4 Williamson Budget Report.

⁷¹ NA Kh 0301.1 38/4 Williamson Report. April 2, 1910 quoted in Brown article "Paper Currency..." pg 32.

detailed account of the gold standard episode.⁷² What this section seeks to present is the role of the British banks and their response to the gold standard. By closing the mint for the free coinage of ticals, the government made itself responsible for the due supply of currency to the banks. Previous to the closing of the Royal Mint for the free coinage of silver, the Treasury was not required to maintain a large reserve stock of coined ticals for the purpose of financing the trade of the country. When the Banks required ticals, they brought dollars to the Royal Mint to be coined into ticals. The responsibility for ensuring a sufficient stock of coin for trade purposes had rested mainly with the banks.

The Banks reacted to the Government measure by demanding compensation. Each bank held a substantial part of its funds in dollars in Hongkong and Singapore. Consequently, with the revaluation of the baht, the banks asserted that they were faced with losses. The Banks had in their course of business remitted ticals out of Siam, and thus when reimporting those funds at an enhanced value of 17 tcs to the pound sterling, they incurred severe losses.⁷³ The Managers of the Banks approached the Financial Adviser, Rivett-Carnac, on November 27, asking whether the Government intended to compensate them

⁷² I.G. Brown "Siam and the Gold Standard 1902-08", JSEAS, Vol. 10, No. 2, (Sept 1979), pp 381-99.

⁷³ NA Kh 0301.1 23/1 Rivett-Carnac Memorandum Dec 13, 1902.

for the loss.⁷⁴The Hongkong Bank estimated its loss at £150,000;the Chartered Bank at £60,000;and the Banque de L'Indo-Chine at £44,000;⁷⁵all accused the Government of not informing them of the policy before hand.

However,the Financial Adviser refused to consider their claims and reiterated the Government policy,that it was the prerogative of the Government to close the mint,and the measure effected was to be regarded as a normal fluctuation in the exchange rate.⁷⁶He continued that as the Treasury had discussed the proposal with the Banks when it had first been considered in 1899,the Government had given every indication of its intentions.⁷⁷The Finance Permanent Secretary,MC Piya Phakdi,informed the 3 Banks that it was not feasible for the Government to give notice of the change as it would have resulted in speculation.⁷⁸The Treasury proceeded to justify its action by claiming that it was taking similar action to that of the Indian Government in 1895,and was not committed

⁷⁴ NA Kh 0301.1 23/1 Rivett-Carnac Memorandum Nov 28,1902."Interview between Managers of local Banks and Financial Adviser regarding the closing of the Mint".

⁷⁵ NA Kh 0301.1 23/1 Letters from the 3 Banks' complaint to Mahit Nov 1902.

⁷⁶ NA Kh 0301.1 23/1 Rivett-Carnac Memorandum Nov 28,1902.Also in Brown article "Siam and the Gold Standard" pg 384.

⁷⁷ Ibid.

⁷⁸ NA Kh 0301.1 23/1 MC Piya Phakdi to the 3 banks.Dec 8,1902.

to meet the claims for compensation.⁷⁹

As Brown has described, the Banks' response was "immediate and emphatic".⁸⁰ The Managers of the 2 British Banks threatened to refuse to purchase baht at the new rate fixed by the Government, an action which impeded the financing of the export rice crop. At one point, the Banks actually carried out that threat and refused all exchange business.⁸¹ A meeting was held between the Banks and the principal rice millers at which the managers sought to have the export of the rice crop held back.⁸² In addition, both the Hongkong and the Chartered Bank despatched their more senior Singapore managers to Bangkok to press their dissatisfaction.⁸³ The Chartered Bank refused to honour Government cheques.⁸⁴ However as the action was uncoordinated by Browne (Manager of the Hongkong Bank), who acted as the spokesman for the Banks, the Government was able to counter the movement by ordering the withdrawal of all its

⁷⁹ NA Kh 0301.1 23/1 Memo of the Minister of Finance, Prince Mahit Dec 10, 1902.

⁸⁰ Brown article "Siam and the Gold Standard.." pg 384.

⁸¹ NA Kh 0301.1 23/1 Rivett-Carnac to Verney in London Jan 12, 1903.

⁸² NA 5 Kh 20.1/22 Mahit to King Nov 29, 1902. Also in Brown "Siam and the Gold Standard" pg 384.

⁸³ NA Kh 0301.1 23/1 Manager HSB (BKK) to Rivett-Carnac Dec 2, 1902.

⁸⁴ NA Kh 0301.1 23/1 Memo of Finance Minister Dec 10, 1902. Also in Brown article.

revenue accounts.⁸⁵

The Western business community appeared to support the Siamese measures as indicated in an anonymous letter received by Rivett-Carnac;

"If the Siamese Government made up its mind to a gold-standard, the sooner the Siamese Government shows a firm hand in the matter, the sooner everything must develop...Siam appears to always be in the position of being bullied by a big boy, and generally knuckles under, but in this there are many boys being bullied who on being satisfied that Siam has put her back to the wall and really says: "we are going to do this whatever may happen, the boys will doubtless give to a huge grumble and possibly sink away."⁸⁶

Indeed the Government, on the recommendation of Rivett-Carnac, refused to recognise the claim by the Banks for compensation. As a compromise, the Government endeavoured to minimize the loss incurred by undertaking the following steps on December 19, 1902. The Government decided to fix the selling rate at 20 baht:£1 instead of the 17 baht:£1 as originally announced on November 25. The Treasury also allowed the Banks to repay in dollars at the old rate 3 dollars :5 ticals. The Government also gave its consent to accept at a similar rate all the dollars in the vaults of the Banks at the date of closing the Mint, and also all dollars en route to Bangkok on

⁸⁵ T. Pramuanratkarn; "The Hongkong Bank .." pg 425.

⁸⁶ NA Kh 0301.1 23/1 Anonymous letter by a well wisher to Rivett-Carnac Dec 6, 1902.

the same date.⁸⁷ By this concession, the Government estimated it would relieve the Banks of 3/4 of the loss.⁸⁸ In addition, the Government agreed to deliver the following amount of ticals to the Banks between December 1902-January 1903.

Table VII

H-K & Shanghai	Tcs 9875
Chartered Bank	" 2672
Banque de L'Indo-chine	" 975
Total	" 13,527,000

Source: NA Kh 0301.1 23/3 Jan 15, 1903.

The episode showed that the Siamese response to the British Banks was firm, and such a stand was primarily undertaken on the advice from the Financial Adviser. The adoption of the gold standard, and the Government's refusal to meet the Banks' claims, were policies derived from Rivett-Carnac. Therefore it placed the Siamese Treasury in a solid position in that the policies were carried out following adequate consideration and exposed the Banks as interested in securing their own personal interests, rather than considering the trading prospects of Siam.

The various threats and demands by the Banks could clearly have crippled trade. Yet it may be asserted that the Banks' threat of inactivity could not have been prolonged as

⁸⁷ NA Kh 0301.1 23/1 Rivett-Carnac Memorandum Dec 17, 1902.

⁸⁸ Ibid.

the Siamese intended to approach other banks abroad to assume responsibility, namely Baring Bros of London, a prominent British merchant bank. After the crisis, Rivett-Carnac commented in his letter on the near chance which Baring Bros had had of establishing themselves in Siam;

"Baring Bros have missed a splendid opportunity of getting a grand concession, for the Government would doubtless have eventually given them the concession for a National Bank of Siam, with all the Government business at its command, ... I had to ask you to keep the matter secret from the Hongkong & Shanghai Bank and the Chartered Banks as obviously they would have used their utmost influence in London to prevent the Government from starting a banking business in opposition to them in Bangkok."⁸⁹

The Idea Of A National Bank and The Effects on the British Banks.

The significance of the Siamese proposal to establish a National Bank appeared to be connected with a series of policies conducted by the Siamese to limit the role of the British Banks. For instance, the establishment of an autonomous currency in 1902, and the transfer of funds from the Hongkong & Shanghai Bank, are perhaps the key indicators of a well-conceived policy. The proposal to establish a National Bank was a sensitive issue, as it raised several political questions, most notably the British fear of a Third Power. Brown in his

⁸⁹ NA Kh 0301.1 23/3 Rivett-Carnac to Frederick Verney, Counsellor at the Siamese Legation in London. Jan 12, 1903.

thesis explicitly made the connection between the proposed National Bank and the move for monetary sovereignty;

"It would appear that Prince Mahit's principal objective in establishing the "Book Club" was to attempt to break the European monopoly of banking institutions in Siam. It is perhaps significant that the plans for the bank began to take shape in mid 1903, only some 6 months after the Ministry and the European Banks had been in dispute over the way in which the Government had abandoned the silver standard."⁹⁰

Indeed, as mentioned earlier, the 1903 idea of a national Bank was behind the approach made by Rivett-Carnac towards Baring Bros. However, the idea of a National Bank had been apparent since 1898 when a British financier Clarke offered to undertake such a task. The movement became a reality with the establishment of an indigenous bank, the "Book Club", in April 1906, and in January 1907 it received a Royal Charter and became known as the Siam Commercial Bank.

The point to make about Brown's observation is that there does not appear to be any connection between the adoption of the gold standard and the establishment of a National Bank. Indeed, the Siamese intended to establish not an indigenous National Bank, but rather a National Bank to be managed by the British. The approach to Baring Bros reflects the Siamese intentions and the Financial Adviser's intention to sustain British influence. However there is evidence to show that the Finance Minister, Prince Mahit, was enhancing the role

⁹⁰ Brown Phd pg 160.

of the "Book Club", which simultaneously involved the curbing of the European Banks' monopoly over financial transactions. The British Minister, Paget, wrote two letters consecutively to Grey reporting on events which can be seen as detrimental to the Western Banks. Mahit had withdrawn a considerable portion of Government deposits from the Banks and transferred it to the "Book Club". According to Paget, Mahit was inducing important private customers, such as opium farmers and wealthy Chinese rice millers to divert their funds from the British banks to the Siamese.⁹¹ Such action was described by Paget "as a breach of morality".⁹²

The impending threat was the influence of a Third Power in the establishment of a National Bank. A number of shares held by the Bank were taken up in Germany and Denmark, and thus appeared as a German-Danish Bank. The "Book Club" had a German Manager and secured the Deutsch-Asiatische Bank as its correspondent in Hongkong.⁹³ The German domination was a controversial issue concerning the direction in which the Siamese intended the Bank to take. The Bangkok Times and the Siam Free Press announced the formation of the Company as a

⁹¹ PRO FO 371/132 Paget to Grey May 14 and 15 1906 pg 183.

⁹² PRO FO 371/132 Paget to Grey May 14, 1906.

⁹³ Ibid.

sign of establishing a National Bank.⁹⁴

Paget believed that "the fact that it was a German institution in disguise did not bother the British".⁹⁵ Yet his opinion changed as Rivett-Carnac and the British banks in Bangkok gave more attention to the role of the Bank. Both the Hongkong & Shanghai and the Chartered Bank complained to Paget of the Bank Club's change in role from a purely local one to an exchange bank.⁹⁶ There are no documents to confirm the influence of the British Banks upon Paget's view, but rather the context of the complaint that the new bank had been started "with unfair advantages".⁹⁷ Nevertheless several factors can be attributed to the change in Paget's attitude. Paget anticipated German domination given the nature of the Bank's vulnerability. Paget adopted the view that the Siamese shareholders would inevitably sell their shares to the Deutsch-^eAsiatische Bank thereby paving the way for German control.⁹⁸ By March 1907, Paget became confident of the Bank's position as a Siamese institution. There are two important indicators which brought about such confidence; the management

⁹⁴ PRO FO 371/132 BKK Times Feb 11, 1906, and Siam Free Press Feb 13, 1906.

⁹⁵ PRO FO 371/132 Paget to Grey May 14, 1906 pg 179.

⁹⁶ PRO FO 371/132 Paget to Grey May 15, 1906.

⁹⁷ Ibid.

⁹⁸ Ibid.

and the terms of the Charter.

The bank's administration was separated into two: the Director in charge of Foreign Affairs was to be a Westerner (but not of British or French nationality); and the Director for internal management was to be a Siamese. The first Foreign Affairs Director was F. Kilian (German agent of the Deutsch-Asiatische Bank), and Pra Sanpakarn was in charge of Internal Affairs.⁹⁹ The crucial factor in maintaining Siamese sovereignty over the Bank was the provisions of the Charter. Article 7 stipulated that "not more than 1/3 of the capital stock or shares of the Bank, may be owned, directly or indirectly, by subjects of a Power enjoying rights of extraterritoriality in Siam..¹⁰⁰ In Paget's view, it was perhaps this article with which the Siamese endeavoured to escape the "wolf in sheep's clothing", namely the control of the Deutsch-Asiatische Bank.¹⁰¹

In addition, Rivett-Carnac asserted that the Siamese intended the Bank to be purely a Siamese institution.¹⁰²

However Mahit held a different view, warning the King that a

⁹⁹ In Siam Commercial Bank 60 Years Commemorative Book pg 23.

¹⁰⁰ PRO FO 422/61 Paget to Grey March 8, 1907.

¹⁰¹ Ibid.

¹⁰² PRO FO 371/132 Rivett-Carnac to Paget Feb 19, 1906. pg 169.

British Financial Adviser would naturally secure his nation's interest;

"It seems that the Adviser is not willing to get rid of his country's interests."¹⁰³

Mahit's source of evidence was likely to have been based on Rivett-Carnac's approach to Baring Bros in 1903. Moreover just 7 months after Mahit's warning to the King, the City of London was showing interest in participating in the proposed National Bank. In August 1906, Laing & Cruikshank, the broker for Siam in London, offered their services in connection with this establishment. They suggested that the Bank employ a British manager to supervise the State Bank.¹⁰⁴ Nevertheless the Charter and the administrative structure provided security against Western domination.

By comparing the Bank's shareholders in 1907 and 1910, it is apparent not only that Article 7 was enforced, but that the proportion of foreign shareholders had fallen. When the Bank was first established, it comprised 3000 shares of which the Deutsche Asiatic Bank held 350 shares, and the Danish Landmark Bank 250 shares, amounting to 600 shares in foreign hands. By 1910, 544 shares were foreign owned which accounted for 18%, but in relative terms the Germans had increased their influence.

¹⁰³ NA 5 KS 12.2/12 Mahit to King Jan 19, 1906.

¹⁰⁴ NA Kh 0301.1 37/120 Laing and Cruikshank to Williamson Aug 24, 1906.

P.Schwarze, the General Manager, owned 250 of these shares. Schwarze had close connections with the Deutsch-Asiatische Bank and this number of shares gave him considerable voting power.¹⁰⁵ It was the controlling position of the Germans which eventually aroused suspicion amongst the British Banks in 1913.

The German threat to Britain's financial position in Bangkok in 1913 became a contentious issue when A.H.Barlow, Manager of the Hongkong & Shanghai Bank, heard the prospect of the Siam Commercial Bank being converted into a State Bank. The event of such a transaction taking place involved the transfer of Siamese Government funds from the British banks in Bangkok (2m tcs) to the German managed Bank. British fear of such proceedings became more apparent when the British Minister, Peel, received the news that the newly appointed German Minister, Von Buri, was seeking negotiations with the Siamese to surrender their extraterritoriality rights.¹⁰⁶ In return for such a surrender, the Germans were likely to press for the conversion of the Siam Commercial Bank into a State Bank, thereby damaging British financial interests on a substantial scale.

It was clear to the British Consulate and the Treasury

¹⁰⁵ PRO FO 422/65 and 371/984 Peel to Grey April 2, 1910.

¹⁰⁶ PRO FO 422/68 Peel to Grey June 27, 1913 pg 56.

Chambers in London that from a commercial perspective, such an establishment would be advantageous to the Siamese Government, giving it the assistance of a powerful State Bank in remitting funds abroad, in raising loans, and in carrying out its currency policy. Yet the British considered their interests in Siam, in particular those of the British Banks. The British Government were desirous that the authority of the proposed State Bank should not prejudice the position of the British Banks. Even if the State Bank was to be placed under British management, it would be desirable that its powers concerning foreign exchange be restricted, so as not to interfere with the exchange business of the other Banks. Under these circumstances, the conversion of the Siam Commercial Bank into a State Bank, accompanied by continuing German management and without restrictions on its exchange business, would severely undermine British interests.

Another alternative was for the Indian State Bank to establish a branch in Bangkok and to persuade the Siamese to transact their financial business through that branch and its connected establishments in Asia. The Hongkong & Shanghai was currently holding the bulk of Government funds abroad. Therefore even if the Siamese Government were willing to deal exclusively with the Indian State Bank, strong objections would be raised by the three foreign banks established in Bangkok. The British Minister, Peel, suggested that the "only permanent

way" to avert the danger of the German Siam Commercial Bank being converted into a State Bank was to bring about the establishment of a Central Bank of Siam under British management, and having its principal office abroad situated in London. This procedure would serve to augment British financial influence and place an end to any possibility of a German managed State Bank.¹⁰⁷ The difficulty encountered was of selecting the bank which would undertake such task, due to the competition which it would create with the existing banks. Peel recommended that the Board of Trade needed to consult an independent financier who had no particular interest in any of the British Banks in Bangkok.¹⁰⁸

However the Board of Trade did not share Peel's proposal. Complications would arise in approaching the two British Banks with any suggestion for individual or concerted action in the matter, particularly as the British Government was in no position to offer them substantial terms. Moreover they gathered that the French Government might demand that the Banque de L'Indo-Chine be permitted to participate in any Siamese State Bank. The Board of Trade saw it as impractical to proceed with any definite action and suggested Peel observe

¹⁰⁷ Ibid.

¹⁰⁸ PRO FO 371/1751 Minute on proposed establishment of National Bank in Siam. Sept 20, 1913, by Peel.

any developments.¹⁰⁹

It was in December 1913 that constructive action became necessary. A serious banking crisis in which the Siam Commercial Bank became involved brought direct intervention from the Treasury. The crisis was linked to the failure of an indigeneous banking institution, the Chino-Siam Bank, which had close business relations with the Siam Commercial handling its deposits. The Financial Adviser informed Peel that the outcome could result in the conversion of the Siam Commercial to German management.¹¹⁰ Peel asked Grey to despatch a British Financial agent who was "unconnected with any bank here" to make representations over to the need for the State Bank to have a British connection.¹¹¹ The Board of Trade supported such a movement but anticipated difficulty in selecting an appropriate agent. Instead the Board of Trade suggested that the Hongkong & Shanghai Bank and the Chartered Bank be persuaded to form a consortium to assume the management of the Siam Commercial.¹¹²

It was not till mid 1914 that the engagement of a British

¹⁰⁹ PRO FO 371/1751 Board of Trade to Whitehall Oct 30, 1913.

¹¹⁰ PRO FO 371/1751 Peel to Grey Dec 23, 1913.

¹¹¹ Ibid.

¹¹² PRO FO 371/1751 Board of Trade to Whitehall Dec 31, 1913.

financial agent was effected by Rivett-Carnac. Rivett-Carnac proposed a financier named Touche, lately an Inspector of the National Bank of India, but Touche was not experienced enough to deal with the situation.¹¹³ Therefore two more names were submitted; Tegetmeier of the Bank of New Zealand; and Hunter from the Bank of Madras.¹¹⁴ W.B. Hunter was chosen as he had already been engaged in reconstructing the Siam Commercial Bank. His task was to advise the Siamese Government on the most appropriate method for converting the Siam Commercial into a National Bank.¹¹⁵

This episode of the establishment of a National Bank has been primarily presented in the context of the British view. Evidence of the underlying factors which the Siamese took into consideration is limited. However there are two reports submitted by the foreign advisers, Rivett-Carnac and Westengard, from which some deduction of the Siamese consideration can be made. As early as 1899, Rivett-Carnac presented a memorandum to the Finance Minister concerning the Siamese considerations on a National Bank.¹¹⁶ He specified the point that the financial infrastructure was not ready for the

¹¹³ PRO FO 371/2100 Lyle to Sir Walter Langley May 8, 1913.

¹¹⁴ PRO FO 371/2100 Rivett-Carnac to Langley June 26, 1914.

¹¹⁵ PRO FO 371/2100 Lyle to Grey July 30, 1914.

¹¹⁶ NA KT 101/2 Rolin-Jacquemyns Papers. Rivett-Carnac Memorandum to Finance Minister, Feb 25, 1899.

bank to "be a purely Siamese institution".¹¹⁷ In 1906, Westengard warned Devawongse of the political complications arising from securing German participation;

"I do not say that it is a bad thing for Siam that a third power should increase its interests here. But I do say that the Siamese Government should be cautious not to put itself in a position where it can be accused of having directly favoured and encouraged such an increase of influence in a third power, at the expense of England and France."¹¹⁸

Public Works.

British economic activity was primarily geared towards foreign trade, not only through import-export houses, but also in banking, shipping, insurance etc. British involvement in the service sector: dispensary, engineering, and tailoring has also been noted. Yet the role of British activity in the municipal development of Bangkok was limited. The Siamese intended to undertake municipal investment themselves, but the weakness of economic management resulted in continuing dependence on Western influence. One interesting factor was that public work investment was undertaken by the Danes. Such public works and services included the electrification of the city and tramways. The remainder of this chapter will account for the growth of Danish influence and its position compares with that

¹¹⁷ Ibid.

¹¹⁸ NA 5 KS 12.2/12 Westengard to Devawongse May 22, 1906.

of the British in Bangkok. There were certain similarities and differences between the Danish and British operations. Both conducted business under the patronage system. The difference was the Danish showed respect for Siamese intentions to secure various concessions for their own investors. It has already been discussed how the British endeavoured to secure all concessions.

An indication of Siamese preference for Danish influence is indicated in the first tramway concession in 1887 undertaken by two prominent Danes (Admiral de Richelieu and J. Loftus) known as the Bangkok Tramway Concession. Admiral de Richelieu was the first Danish naval officer to enter the service of the Siamese navy in 1876. He assumed the title of Phya Cholyuthathien, became Commander-in-Chief of the Navy, and resigned in 1902 after 27 years service. His brother, Louis de Richelieu (Phra Polsintanevat), was also employed in the Siamese navy, and entered into partnership with another Dane, Aage Westenholtz, to establish the Samsen Tramway Co in July 1901.¹¹⁹ Both concessions eventually amalgamated with another Danish enterprise, the Siam Electricity Co Ltd.

The Siam Electricity Co was formed in Denmark in 1898 for the purpose of supplying electric light and power in Bangkok

¹¹⁹ Thai-Danish Relations 30 Cycles of Friendship, Ministry of Education, Denmark, 1986. pp 54-59.

for 40 years. The Company began its operation through the purchase of an electric light concession which the Siamese had granted to a British entrepreneur L.E. Bennet in 1897. The Danish Company bought the concession for 200,000 tcs and had a registered capital of 600,000 tcs. The Company Chairman was J. Gluckstadt, resident in Copenhagen, whilst the management was undertaken by Westenholz, a resident civil engineer.¹²⁰

Siam Electricity Co Ltd

Bangkok Electric Light Concession 1899.	Bangkok Tramway Concession 1900.	Samsen Tramway Concession 1907.
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The crucial element about this Danish Company which distinguished it from the British was the mutual trust established between Westenholz and the Siamese Government. Such a relationship did not exist with British entrepreneurs with the exception of Louis Leonowens. It was the way in which the Siamese endeavoured to secure tramway concession that reveals the attitude and response from Westenholz. In 1904 the King endeavoured to promote an indigenous tramway company, as it had been twelve years since two Siamese companies had collapsed (Siam River Steamboat Co, and Siam Electric Light Co). In reaction to such a concession, Westenholz expressed his support;

¹²⁰ NA 5 N 21/11 Brief History of Bangkok Electric Light Concession, submitted to the King Sept 20, 1901.

"We understand that the concession be granted to Naradhip, rather than us (Siam Electricity Co) because he will form a Siamese Co and it is considered proper to give it preference over a company of foreign nationality."¹²¹

The key issue was that Westenholz accepted the fact that the King intended the concession to be a Siamese one. To this effect, Westenholz feared the consequences if the Siamese company was to collapse which would open the opportunity for a Western enterprise to assume control;

"We do not see why preference should be given to a company which, though nominally Siamese, would for all practical purposes be owned and controlled by a great foreign nation, whose representative would look after the pecuniary interests of his nationals in the usual way; rather than confide the work¹²² to the subjects of a small nation (Siam)."

Westenholz was of the opinion that it should be stipulated that the concession be granted to Naradhip and that the majority of shares be Siamese so as to prevent foreign intervention.

The Minister for Local Government, Prince Naret, considered Westenholz's advice and suggested to the King that the capital ought to be raised before the concession be granted.¹²³ The amount of capital required was approximately

¹²¹ NA 5 N 21/40 Westenholz to Naret, Minister of Local Government. Nov 23, 1903.

¹²² Ibid.

¹²³ NA 5 N 21/40 Naret to King March 4, 1904.

900,000 tc.¹²⁴ Westenholz offered to work the concession if Naradhip failed to raise the necessary capital. He proposed to construct the tramway under a new Company, rather than the Siamese Electricity Co, subservient to Siamese law, in which the Siamese would assume half the total shares whilst the remainder would be offered for public subscription.¹²⁵

In October 1, 1905 Naradhip formed a joint stock company, Siamese Tramway Co Ltd, to work the concession modelled on the lines of a British limited company. The Siam Electricity Co had shown success in tramway construction which undoubtedly induced the Siamese to embark upon such a project in the expectation of profit. However, faced with financial constraint on account of the costs of material involved, investors were granted only small returns. In 1907 the majority of the shares were brought by the Siam Electricity Co, which operated three lines intersecting the City of Bangkok.¹²⁶

British involvement in municipal enterprise came in the supply of machinery goods. Railway material was an important merchandise supplied from Britain, and will be discussed in Chapter 7. An important event which occurred during this period was the arbitration case between a British engineering firm

¹²⁴ NA 5 N 21/40 Westenholz to Naret March 3, 1904.

¹²⁵ NA 5 N 21/40 Westenholz to Naret Feb 8, 1904.

¹²⁶ Lamont Groundwater, "Engineering" in 20th Century. .pg 192.

in London, the Bruschi Electric Co, and the Siamese Electric Light Company. The contention drew the attention of the British Foreign Office despite its non-interventionist policy.

The Siam Electric Light Co (SEL) was a Siamese syndicate formed in June 1899 with a subscription of 480,000 tcs for the monopoly of public electric lighting in Bangkok. The King held half the shares privately. At the end of June, a contract was concluded between the Syndicate and the Bruschi Co for the supply of all machinery (plant and apparatus for an electric light station). The total price amounted to £44,828 of which the Syndicate paid £30,486 leaving a balance of £14,342 unpaid.¹²⁷ Being short of capital, funds were raised by the further issue of shares but it was discovered that the dynamos were inadequate. The Bruschi Co claimed £14,800 balance due on the contract, with interest on the deferred payments. The Siam Electric Light Co admitted only £11,000 due within 36 months after the commencement of lighting, but denied that lighting had yet begun.¹²⁸

The chief differences of opinion involved the amount of interest due to each party, and to the question of whether the final instalment on the total sum contracted to be paid within the specified period. The arbitration was conducted throughout

¹²⁷ PRO FO 69/147 Bruschi Co to FO March 2, 1892.

¹²⁸ BKK Times May 18, 1892.

May 1892. The decision was carried out on May 13th after an arbitration hearing of 9 days, by which the Bruschi Co was awarded £13,000 in return for a replacement of the dynamos. The problem was that the Siam Electric Light Co did not have the funds to meet the £13,000 payment.¹²⁹ To overcome the financial commitment, the King decided to grant the concession for 50 years to a new purchaser, and to maintain his shares in the Company. In September 1892, Mr. Fritschy took up the King's lease and informed Devawongse that;

"As the King possessed half the shares of the Company, it appeared to be ample guarantee to protect me against losses."¹³⁰

The root of the conflict was the failure of management, as suggested by the Bangkok Times; the SEL Co "bit off more than it could chew in purchasing the amount of plant it did".¹³¹

The dependency on foreign technology, capital, and management, was a prerequisite for Western involvement in business management in Siam. Nevertheless certain projects were kept as State undertakings, namely the water works. In 1899 a French company (Compagnie Generale de Travaux d'Utilite Publique de France) forwarded a memorandum on sanitary measures for Bangkok. The proposal involved the supply of

¹²⁹ NA 5 N 5.10/2 Memo Bruschi Co Arbitration June 30, 1892.

¹³⁰ NA 5 N 5.10/2 Fritschy to Devawongse Sept 23, 1892.

¹³¹ BKK Times Jan 30, 1892.

purified water, sewerage system, and improved housing conditions. The estimated cost of the scheme was £400,000 (6.8m tcs) with an annual expenditure of 312,800 tcs.¹³² The Siamese authorities were in no position to undertake such a programme due "to financial and economical reforms".¹³³ Siamese policy towards the water supply was made explicit when A.J. Corbett (Straits Engineering Syndicate Ltd) applied for a concession to lay pipe lines, for which Westengard informed Naret, it was;

"Not advisable to grant permission...set precedent for others to ask permission for other roads and thus there would be created a concession for a water supply of Bangkok. I do not think the Government wishes to grant such a concession."¹³⁴

The presence of British enterprise in Bangkok served as "agents" of modernisation. The trading houses induced the growth of trade and brought qualitative changes to the business environment in Bangkok. The banks provided a model for the establishment of an indigenous one and the experience for the Chinese compradores. The crucial element was that British and Chinese capital complemented, as opposed to challenging one another. As regards public works, the involvement of the Danes demonstrates an element of counter-balance to British

¹³² NA 5 N 5.11/1 Fariola de Rozzoli to Naret May 10, 1899.

¹³³ NA 5 N 5.11/2 Naret to Monsieur Grevy, Hon. Consul for Siam in Paris, May 23, 1899.

¹³⁴ NA 5 N 5.11/5 Westengard to Naret July 25, 1905.

influence in Bangkok.

Chapter 4

The Development of British Economic Interests in Northern Siam
and the Opening of the Teak Forests, 1856-1883.

The Northern Economy and its Link with British Burma.

An expected immediate result of the Bowring Treaty would have been trade between Bangkok and Northern Siam, yet the latter region continued to be economically linked to Burma. The corollary of the growth of the overland trade was the demand by British subjects, especially those engaged in the teak trade, for greater protection. There were two underlying complaints: firstly the problem of dacoit; and secondly the essence of jurisdiction for British merchants. These two issues necessitated the Siamese Government's intervening in the autonomous Northern tributary states which led to the Treaty of 1874, and a revised one in 1883 known as the Chiangmai Treaty, giving Britain greater authority in that region.

The British Consul in Bangkok, the trading community, and the missionaries, all had vested interests in Northern Siam. The basis of British interests was the caravan trade, and the prospects of securing the trade with Yunnan in South China. From the perspective of British subjects in Burma, it was the rich teak forests of the region which were the luring factor. The region Monthon Payab consisted of 5 tributary

states: Chiangmai, Lamphun, Lampang, Nan, and Phrae. Bangkok's ability to exercise control over these states was limited, thereby allowing the hereditary rulers (known as the Chaos) of these states an element of autonomy. The Siamese King was limited to the role of ratifying the States' officials after they had been chosen for office from among the ruling families. The union between the Chaos and the Bangkok authorities was based on mutual self-interest: the states sought protection and autonomy, whilst Bangkok sought "prestige and the defence of its heartland."¹

The economic system of these states was characterised by state trading; "every cultivator, without exception, at the close of the harvest... paid into the Government granary a quantity of grain equal to what he may have sown."² While the local inhabitants kept the Chaos supplied with rice, the hill-tribes were responsible for the more exotic gifts; weaving and embroidery were the principal handicrafts.³ The principal export from the Northern provinces was teak, which was extracted from the Siamese forests in the Salween side and were floated down the Salween river to Moulmein in Burma. The overland imports to Northern Siam consisted mainly of

¹ N.J. Brailey; "The Siamese Forward Movement in N. Laos States 1850-92", Ph.D. University of London 1969 pg 79.

² J.A. Ramsay: "Development of Modern Bureaucratic Polity", Ph.D, diss, Cornell U, 1971. pg 45.

³ PRO FO 69/55 Captain Lowndes Journal, June 30, 1871.

European goods brought from Burma. The trade was conducted by regular British subject of the Shan States,⁴ to the extent that the Indian rupee was the prevailing currency used in Northern Siam.

The fact that the rupee and "no Bangkok money was to be seen in the bazaar"⁵ is an indication of the northern trade being oriented towards Burma rather than Bangkok. The only trade with Bangkok was that in salt and gun-powder from Bangkok in return for tobacco, grain, and stick-lac. The fact that the economic system provided a small tax-base together with the autocratic rule of the Chao gave the northern states an economic structure inimical to diversification.

The Caravan Trade.

The overland trade of Northern Siam was carried on with three Burmese districts: Amherst, Salween, and Tavoy. The trade between the district of Amherst and the Siamese autonomous states was registered at 3 stations of Hline-bwai, Kawkariet, and Meetan. These 3 stations were situated almost due north, east, and south respectively of Moulmein. The Kawkariet route was the principal one as the road was easier to

⁴ PRO FO 69/55 There had been no trade with China for the past 16 years.

⁵ Ibid.

travel. The Hline-Bwai route was the most direct route to the Shan States of Chiengmai, and secured a fair portion of the traffic, whilst that by Meetan, due to its geographical position, only had access to trade of the most southern part of those states. The overland trade to the Amherst district from Siam consisted of cattle, ponies, livestock, silk, in exchange for European twist and yarn, metal ware, and salt.⁶

The overland route to and from the Salween district was conducted via the Dagwin route. From Kyouk-Hnyat on a bend of the Salween river, direct north from Pahpoon, traders journeyed by water up the Salween, and rejoined the land route from Pahpoon via Kollido, at a point close to the river's edge where the route breaks off into the two branch roads leading into Eastern and Western Karenee. Exports along these Salween routes consisted of piece-goods, betel nut, rice, metal ware, salt, sugar, tobacco, woollen goods and sundries. Imports from Northern Siam consisted of cattle, lacquer ware, grain, vegetables, stick-lac, silk, piece-goods, pickled tea and tobacco.⁷

Trade between North Siam and the Tavoy district was carried on by Shans and Burmese from Rangoon and Moulmein using the Myitta route. Traders starting from Mergui proceeded by the town of Tenasserim and up the Tenasserim River to a

⁶ Report on the Inland Trade of British Burma 1877-78 pg 14.

⁷ Ibid pg 14.

place called Poungyiek in the Tavoy district and then on to a road leading to Siam. When returning, the route via Mergui was more convenient, involving a raft journey down the Tenasserim River. The Siamese State traded treasure, gold bullion, rubies and coral in exchange for precious stones, notably sapphires, silk and metal wares.⁸

The overland trade between Northern Siam and British Burma showed that British trade with the former was part of a horizontal movement from India into Burma, and hence into Northern Siam. The importance of the overland trade is reflected in the growth of two trading centres; Raheng and Chiengmai. According to Consul Edwards in his journey to Chiengmai in 1874, he noted that the "trade of Raheng is considerable".⁹ Raheng was the emporium for the trade between Bangkok and the Northern provinces, Chiengmai, Lamphoon, and Lakhon. The traders were mostly Burmese Tongsoos and other British subjects who travelled from Moulmein passing through Raheng. These traders brought "piece goods, miscellaneous articles of barter, and money to exchange for cattle, elephants, ivory..in the eastern Laos states and Lakhon." Edwards also gave a clear description of the extent of the

⁸ Ibid Year 1878-79 pg 11.

⁹ D.J. Edwardes, "Report Describing Chiengmai and Other Teak Districts of Siam" in BCR 1874 pp.10-23. Reprinted in Political Economy of Siam 1851-1910, edit by Charthip Nartsupha and Suthy Prasartset pg 159.

cattle trade;

"...many thousand head of buffaloes and Kine were thus annually exported to Moulmein, besides a number of elephants, and 200 or 300 parties of British subjects, averaging at least ten or fifteen men in each party, annually passed through the province."¹⁰

The exports from Chiengmai were teak, stick-lac, betelnut, ivory, hides, and various kinds of jungle produce. Teak was the predominant export. Edwardes observed in 1874 that 35,000 logs were annually worked out of the Salween, whilst those exported to Bangkok did not exceed 1000-2000 logs per annum.¹¹ Besides teak, other exports to Bangkok were primarily local products such as lacquer, ivory, hides, used for decorations.

The chief import to Chiengmai was salt which included salt fish and kapee. Next in importance were British manufactured goods which were transacted by Chinese merchants, to whom alone the traders were to sell their goods. There were a small number of Chinese caravans from the borders of Yunnan which exchanged opium and local goods for cotton cloth. The limited economic relations between Northern Siam and Bangkok eventually determined the British authorities in Burma to press the Bangkok administration for intervention.

¹⁰ Ibid pg 161.

¹¹ Ibid pg 179.

British Interest In Teak

For many centuries, the teak forests had been exploited on a small scale to satisfy domestic demand. The local people extracted teak for the construction of houses, temples, bridges, boats. In the Siamese records of Rama III, there are various correspondences concerning the demand for teak from Bangkok.¹² British involvement in the teak extraction of the Siamese Northern forests dates back to as early as 1835, when it was carried out by Messrs. Hunter and Hayes.¹³

In order to understand the importance of teak to British interests and the factors which enabled the British to play a predominant role in its extraction, some general points about the nature of the product needs to be considered. Teak is classed as a medium hardwood. It contains silica, which renders it insect-proof and fire resistant. Its main use has always been in shipbuilding; in Europe ships and decks were made of teak from the early nineteenth century, as a substitute for the diminishing stocks of European oak. In addition teak was also used for railway carriage construction, and for panels.

The area of the earth's surface in which valuable teak forests were found was not extensive, being restricted to the monsoon countries: Southern India, Burma, Siam, and Cochin-

¹² NL R.3 JS 1197, Year 1835.

¹³ Burney Papers IV Pt.2 pg 82.

China. Some teak was found in Java but was not of adequate quality, and the forests of Cochin-China and a part of Siam remained inaccessible before 1914. There were three ports in the world from which teak was exported: Rangoon, Moulmein, and Bangkok, of which Rangoon was the most important.

The teak bearing forests lie in the north of Siam, and the most productive region, around Chiengmai and Phrae, encompassed all the headwaters of the Me Ping, Me Wang and Me Yom. The right bank of the Me Ping from the Me Layan, down to Klong Kong below Kam peng was also a very productive region. Both sides of the range of hills were scattered over with the teak forests; the timber on the west side being floated down the streams to the Thoungyengh and thence into the Salween to Moulmein in Burma, and that on the east side into the Me Ping, and finally to Bangkok (see Map I).

Teak extraction was arduous, time consuming, and involved a significant outlay of capital. This arose from the nature of the teak forests and of the timber. Teak grows in the forest alongside a wide variety of other trees, so that each individual tree that had to be felled needed to be selected, marked, cut, and then dragged by elephants through the thick forests to the river systems. Elephants were also used to push logs into the water, and for freeing floating logs from

obstructing their journeys to rafting stations or mills.¹⁴

The Chaos were content to be forest owners, and in order to develop the forests without disrupting the traditional Siamese beliefs in ghosts, foreign labour was employed, notably the Burmese and Shans, to work them for a consideration. Therefore, the actual work in the forests, the girdling, felling, and dragging were performed by the Burmese and Shans; the lumbermen were not permanent migrants and only remained for 2/3 years, returning to Luang Prabang.

On the eve of the Bowring Treaty, the working of teak by British subjects had already advanced to a significant stage. The teak extracted from the Shan forests was sent to the Moulmein market, where there was a rising demand, partly as a result of British possession of the Tenasserim Division. There was no regulatory control between the two Governments over the flow of teak to Moulmein, except for a duty levied by the Chaos on each tree that was cut.¹⁵ However, the teak trade had grown to the extent that the Commissioner of the Tenasserim Provinces brought the subject to the attention of the Indian Office in 1847;

"...but now that a great number of our subjects

¹⁴ Methods of teak extraction are explained by Falkus article "Early British Business in Thailand", and Hamilton King "Teak Industry in Siam" in Political Economy of Siam 1851-1910.

¹⁵ Burney Papers IV Pt.1 pg 238.

are engaged in working these forests, and large sums of money are embarked in such operations, it becomes incumbent on us to form some permanent arrangement to encourage them as much as possible and to protect our subjects who may embark on them."¹⁶

The Commissioner in Burma feared that conflict might arise between the Shan States and the Northern States over the revenues derived from teak extraction. In order to secure the Shan forests to British interests, the Commissioner advised that "arrangements are absolutely necessary to be made by the 2 States."¹⁷

Disputes Over The Teak Trade.

The development of the teak trade in the Northern states was accompanied by intense disputes over dacoit and dual leasing by the Chaos. Unlike Burma, where the Crown had direct control over the teak forests, the Siamese monarch had limited authority over the Northern autonomous states. The disputes regarding timber cutting in the Siamese territories became ever more frequent after the British assumed possession of the Tenasserim Provinces in 1824.¹⁸ British demand for teak from Moulmein provided the "vent" for teak traders to engage themselves in the forests of Northern Siam. Such an influx of

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ PRO FO 69/42 Col A. Fytche, Commissioner Tenasserim Division, to Sec to Govt India. April 16, 1866.

teak profiteers gave rise to hostile conflict between the Eastern Karenees and the Zimmay Shans.

The disputes involved claims by both parties to certain forest tracts on their mutual frontier.¹⁹ The Karenees claimed the forests at the upper part of the Yuam stream, whilst the Shans claimed those between the river Mee Pai and River Mee Hang.²⁰ These claims frequently led to dacoity. As the forests were worked by Moulmein timber traders who purchased teak for export to British territory, this involved British interest in the prevailing situation. The teak which floated into Burma paid a duty at Kado, and thus any disruption to the flow of teak meant a loss of revenue to the British Burmese authorities.²¹

The British Commissioner of Moulmein, Capt Hopkinson, made the following comment on the the importance of the teak trade in 1860;

"Moulmein has now become part of considerable commercial importance, and this position it owes chiefly to its export trade in teak timber... In 1858/59 teak timber to the value of nearly 400,000 pounds was exported from Moulmein, of this timber not more than 5 % was of home grown, the remaining 95% was all foreign timber, and of this foreign timber, a great portion came from

¹⁹ PRO FO 69/55 J. Talbeys Wheeler, Secretary to Chief Commissioner, to Sec to Govt India. Sept 16, 1871.

²⁰ Edwardes Journey .

²¹ PRO FO 69/55 Wheeler to Sec to Govt of India, Sept 16, 1871.

the territory understood to be within the
 Chiengmai jurisdiction."²²

The prosperity of Moulmein was dependent upon Siamese teak and the Commissioner in Burma had already approached the Indian Office to provide means of sustaining the trade;

"We have in fact, no responsible authority to deal with throughout the whole of the country bordering on the eastern frontier, and it is this utter absence of anything in the shape of a government which ensures the dacoits and murderers, who infest these forests the most entire impunity."²³

As the Indian authorities showed no response to the Commissioner in Burma, Hopkinson approached the British Consul, Schomburgk, for immediate response.

The visit of the British Consul, Schomburgk, to Chiengmai in 1860 focused attention upon the situation. The purpose of his visit, as suggested by British officials in Burma, was to examine the teak trade carried on between Lower Burma and Northern Siam through the Port of Moulmein.²⁴ A number of legal cases were brought before him by British subjects, of which the most important was that of Chew It. Chew It (a British subject) had suffered the seizure of his property, flogging and imprisonment in iron for several months at Chiengmai on a

²² PRO FO 69/21 Capt. Hopkinson, Commissioner at Moulmein, to Schomburgk, March 30, 1860.

²³ Tickell to Hopkinson Nov 24, 1860 in Indian Foreign Proceedings Vol 60. Quoted in Brailey Phd pg 123.

²⁴ PRO FO 69/21 Capt H. Hopkinson, Commr at Moulmein, to Schomburgk March 30, 1860.

charge of coining money. Schomburgk attempted to invoke the Bowring Treaty but the Chao refused;

"Chew It had been dealt with contrary to the Treaty concluded with Britain...Chao pretended that the Treaty referred only to Siam proper.. (Bangkok), and could not be applied to Chiangmai or any of the Lao States, and that Britain would have to enter into separate treaties with them."²⁵

Schomburgk's policy was hindered by the fact that he gained inadequate co-operation from the Siamese Government who claimed that in the Chew It case, they could not intervene in a state which governed with its own laws different from Siam.²⁶ It became apparent that a separate treaty was to be considered. Prince Wongsa confirmed to Schomburgk that the King and his Royal Council considered that; "as Chiangmai is tributary to Siam, the treaty made between Britain and that country, includes all its territories."²⁷

In order to protect the trade of Moulmein, Schomburgk suggested the appointment of a British Vice-Consul at Chiangmai. The idea was supported by Commissioner Hopkinson who declared;

"It is the timber transactions that the value of the Vice-Consul's service would be found inestimable. He would be able to secure honest

²⁵ PRO FO 69/21 Schomburgk to Russell May 7, 1860.

²⁶ PRO FO 69/30 Praklang to Schomburgk July 6, 1861.

²⁷ PRO FO 69/30 Prince Wongsa (Acting Supreme Governor of the Northern Districts and Tributaries of Siam) to Schomburgk. May 7, 1863. Translated by Knox.

dealing among the chiefs and the traders, and what is of more consequence, among the traders themselves; all timber bargains would be registered in his office, and extracts from the registers certifying the ownership of the timber and to the marks on it would be forwarded to Moulmein."²⁸

Schomburgk's plan to regulate the teak trade by the establishment of a Consulate was submitted to the Royal Council. The Council, attended by 8 officials, decided that it was the Chao of Chiangmai's privilege to consent to such an establishment.²⁹ The result was that "an understanding was come to that the Chief would in future protect such British subjects as visited his province and in case of grave dispute refer the matter" to the Consulate in Bangkok.³⁰ The most controversial case was the Mong Shwe Gan case which subsequently led to the 1875 Treaty.

The Mong Shwe Gan case reflects the problems confronting teak traders conducting business in a territory without any adequate system of regulation.³¹ As British subjects from Burma came into the north to compete for forest leases, the Chao took the opportunity to exploit the situation by demanding

²⁸ Hopkinson to India Govt Nov 9, 1860. IFP Vol 60. April 1862. In Brailey Phd pg 126.

²⁹ NL R.4 JS 1223 Vol 34, Year 1860.

³⁰ PRO FO 69/42 Knox to Clarendon Feb 19, 1866. Referring to 1862 Cabinet Meeting.

³¹ PRO FO 69/42 Burn's case. Narrative taken primarily from a petition from Johnstone to Col. A.P. Phayre. See Brailey Phd pg 131-140.

bribes thereby leading to dual leasing. In 1858 Shwe Gan (a forester and a British subject of Moulmein) obtained a lease from the Chao Rachaboot to work the forests upon the Yuam creek in return for the payment of duty, and the Chao agreed not to enter any other agreement concerning the lease.³²

Shwe Gan had his property devastated by the Karens, and faced with the inability to meet the duty payment, decided to take refuge in Moulmein. In 1861 Shwe Gan returned and found that the lease had been transferred to Lenaine, an Indo-British residing in Moulmein, and agent for Messrs Snadden. The Chao had transferred the lease to Lenaine on the justification that Shwe Gan had failed to pay the duty.³³ The Siamese Commissioner, Putararpi, regarded the Chao's procedure as an infringement of the Agreement, as the latter had no authority to conclude another agreement without the consent from the Bangkok administration.³⁴

In April 1863 Snadden, dissatisfied with Lenaine's progress, bought the concession from Lenaine for 180,000 rupees, and transferred the work to Johnstone (a British subject and timber forester from Moulmein) for 170,000

³² NL JS R.4 1226/66 Chao Phya Putararpi, Superintendent of North, to Chao Chiengmai, Year 1864.

³³ PRO FO 69/42 Enclosure pg 23 Snadden to Schomburgk March 15, 1863.

³⁴ NL JS R.4 1226/66 Putararpi to Chao Chiengmai, Year 1864/65.

rupees.³⁵ Johnstone began operations in the Myne Loongye Forests on a large scale and was recognised by the Chief of Chiengmai as the legitimate holder of the forests of Myne Loongyee. However Captain R.C. Burns (agent for Shwe Gan) put forward a case against the Chief of Chiengmai claiming compensation for Shwe Gan. Captain Burn was formerly an officer of the Madras Staff Corps, and a partner of Shwe Gan, whilst Johnstone, as owner of the forest, acted as agent for the Chief of Chiengmai.

The disputed issue was the extent of the concession. The Chao's agreement with Johnstone had given the latter rights over a greater area than the original one with Mong Shwe Gan, including some teak forests to which Burmese and Karens had prior claims. Capt Burn and Mong Shwe Gan attempted to take over these also, and the Chao Kawilorot objected. Burn reported his non co-operation to Knox, who then obtained a promise from Mongkut that, "unless the Chief acts up to his contract, His Majesty will compel him by force if necessary."³⁶

The Siamese authorities decided the case in favour of the Chief and the decrees confirmed by the King. In response, the British Consul wrote to Mongkut before the latter had confirmed the decree insisting upon the detention of the

³⁵ Ibid.

³⁶ PRO FO 69/42 Knox to Russell, June 27, 1865.

Chiengmai Chief and that the Loongyee Forests be handed over to Captain Burn "which he is undoubtedly (entitled) to.." and that there were other charges from British subjects against the Chief of Chiengmai which the Consul had not yet submitted for trial. The Consul threatened that if these cases were not decided in favour of Shwe Gan, he would refer the entire proceedings to the Viceroy and the Governor-General of India. Nevertheless, the King was not intimidated by the threats and confirmed the decree, whilst the Chief of Chiengmai was detained in Bangkok for questioning.³⁷

To resolve the situation, the Siamese Government decided that Capt Burn be appointed Siamese Consul for Moulmein and gave notice that the Chief of Chiengmai might no longer be detained. The arrangement implied that the British Consul would withdraw all cases against the Chiengmai Chief if the latter handed over the forests to Shwe Gan. The Chief of Chiengmai abided by the demands of the British Consul. This meant that Johnstone could no longer work in the forests.³⁸

Finally, with the case reviewed several times, Shwe Gan's case was concluded as invalid.³⁹ Shwe Gan in 1860 had sold his timber to Lenaine at a "fair marketable rate" and also

³⁷ Based on PRO FO 69/42 Burn's case.

³⁸ Ibid.

³⁹ PRO FO 69/42 pg 24 Snadden to Schomburgk. June 12, 1863.

transferred a grant he held of a portion of Myne Loongyee Forests for an old debt. The reluctance of the British Government to interfere in the case was clearly seen in the new Consul General's memorandum to the Secretary of State Russell;

"Many of the Statements in Mr. Johnstone's petitions are essentially false...if Col. Phayre had looked into the matter closer.. he would have found that the petition was not so well₄₀ grounded as he seems to have imagined."

The Shwe Gan case serves to illustrate several points about the nature of conducting trade in the Northern states. Firstly there was no proper system of allocating leases nor any form of registration. For instance Shwe Gan had abandoned the forest for 3 years but yet still laid claim to it. The overwhelming authority of the Chaos encouraged such practise. Kawilorot dissatisfied with Lenaine's progress transferred the work to Johnstone. In reaction to this system practised by the Chaos, Mongkut endeavoured to adopt concrete measures against the Chaos, and this can be seen as the beginning of a centralizing policy. The fact that the British Government showed reluctance to interfere in Northern affairs posed a severe constraint upon any movement for British protection. As a last resort, the British Consul appealed directly to Mongkut to obtain justice for British subjects;

"I fear that unless some change is made in this regard, serious complications between

⁴⁰ PRO FO 69/42 Knox to Russell, June 27, 1865.

the government of British India and that of Siam may arise, which may result in grave contingencies, which I should be the first to deplore."⁴¹

The British Indian Government took the initiative by despatching an exploratory mission to Northern Siam which Gen. Fytche had proposed in 1862 and 1863 whilst Commissioner of Tenasserim. It took Brown and Fytche 3 months to seek an appropriate officer, notably Captain F. Lowndes of the Burma police. Capt Lowndes reached Chiangmai on April 18, 1871. He concluded that there was no hope of an agreement between the Zimmay Shan and the Karenees because both intended to obtain money from the foresters. He pointed out that the Karenees had the upper hand in threatening the Zimmay Shans. Due to their "savage" nature, the Karenees continuously encroached upon the Zimmay forests, sending dacoits and thereby frightening off the foresters.⁴²

As Chiangmai was a distance from Bangkok, the former had no means of protection.⁴³ The normal journey time down river from Chiangmai to Bangkok (a distance of about 500 miles) would take about 3 weeks, while the journey in the other direction could take 3-4 months. It was common for the Chiangmai authorities to mistake the Burmese Shan workers for

⁴¹ PRO FO 69/42 Schomburgk to Mongkut. March 9, 1864.

⁴² PRO FO 69/55 Capt. Lowndes to Col D. Brown, Commissioner Tenasserim Division, June 30, 1871.

⁴³ Ibid.

dacoits. For instance in May 1870, the Chiangmai authorities massacred 80-100 Burmese Shans working teak near Hmyne-Longyee for a timber merchant Mung Tha Quay. Though the case was put forward to the Siamese Government to compensate for damages, the case was merely shelved.⁴⁴

The British Commissioner, Wheeler, pointed out to the British Indian Government that in order to ensure the flourishing teak trade to Moulmein, an understanding between the Karenees and the Zimmay Chiefs would have to be agreed upon defining their rights over the forests and their boundaries. Secondly, there was the need to check the entry of marauding gangs. It seemed clear to the authorities that the most effective way of conciliating the two policies was through the establishment of an administration at the frontier.⁴⁵ According to the British authorities in Burma, the Siamese Government agreed to the British proposal because it was in Siam's interest that some form of stability be maintained in the Northern Provinces. As Chiangmai was degenerating into disorganization thereby leading to a decrease in revenue, Chiangmai would eventually become a valueless tributary of Siam. Therefore the Siamese were in favour of establishing a British Burma station at Zimmay to

⁴⁴ PRO FO 69/55 "Alleged Murder of British subjects in Zimmay".

⁴⁵ PRO FO 69/55 Wheeler to Sec to Govt of India. Sept 16, 1871.

facilitate trade between Bangkok and Zimmay.⁴⁶

The Regulation Of The Teak Trade.

In response to the Burmese authorities' request, the Indian Government induced Knox to assert his influence with the Siamese Court to restore order on the Siamese bank of the river.⁴⁷ The first step was for the Siamese Government to adopt efficient measures for the protection of their own rights in the forests against the encroachments of the Kareenees.⁴⁸ Once the territory was clearly defined separating Siamese territory and the Kareenees, the timber merchants would become more aware of whom they were dealing with.⁴⁹ Therefore what the Indian Government was pointing out to Knox was for the Siamese Government to implement two measures; firstly, to increase the police force on the left bank of the Salween; secondly, to establish posts to correspond with those on the British side.⁵⁰

These measures would partially control the activities of

⁴⁶ Ibid.

⁴⁷ PRO FO 69/60 C.U. Atchison (Secretary to Govt of India) to Knox 17, 1873. pg 10.

⁴⁸ Ibid pg 11.

⁴⁹ Ibid.

⁵⁰ Ibid pg 12.

the dacoits. Perhaps a more effective remedy would be for the Siamese Government to permit the Indian Government to exercise authority on the Siamese bank of the Salween to co-ordinate authority with the Consul over British subjects.⁵¹ According to Article II of the 1855 Treaty, the British Consul alone could determine cases involving British subjects, rather than the Siamese authorities. Therefore civil cases concerning British subjects in Chiengmai were referred to Singapore as the Consular Court in Bangkok was six weeks journey. These cases were settled with delay and crimes committed by British subjects in the Siamese districts on the Salween were often left unresolved.⁵² This contiguity of the frontier rendered it necessary that a convention be established to deal with offences committed by British Burmese in Chiengmai, and by the natives of Chiengmai in British Burma, so as to prevent all future disputes.⁵³

In 1873 a Court of Arbitration was established in Bangkok to investigate the claims brought by the British subjects. This procedure was agreed by both the Siamese Government and Knox. A decree was granted in favour of British subjects, whereby the Chao of Chiengmai was to pay 490,246 rupees, which he applied

⁵¹ Hamilton King "Teak Industry in Siam."

⁵² Ibid.

⁵³ BPP 1874 XLIX 533 pg 14. Foreign Minister, Bhanuwongse, to Chief Commr, British Burma.

to pay within a period of six months;the Siamese Government was to be responsible for this payment.⁵⁴ There was a strong desire by the Siamese Government to assist in the adjustment of the long standing claims asserted by British Burma against the Chao arising from the timber transactions.⁵⁵ Knox demanded the balance be paid with interest,to which the Siamese Government refused to agree on account of financial restraint,as pointed out by a British official from the Consulate,Alabaster,to the British Foreign Office;

"(It was) Well known that the Siamese Treasury was in a temporarily disordered state,and that there was difficulty in meeting claims much smaller than the Chiengmai claims."⁵⁶

However Knox refused to accept such an excuse,which led the Regent to begin to complain about Knox's conduct;

"I believe it is not possible that the present British Consul-General should any longer be allowed to negotiate with us on Indian Affairs. His insolence is beyond the endurance of the Siamese Government."⁵⁷

The Siamese Government refused to negotiate with Knox regarding the Chiengmai affair,and instead,the King sent a mission to the Indian Government in Calcutta.The purpose of

⁵⁴ More details about payment see BPP 1874 XLIX 533 or FO 69/60.

⁵⁵ BPP 1874 XLIX pg 10.Lt Col H.T.Duncan (officiating Sec to Chief Commr British Burma) to Sec to Govt India.June 19,1873.

⁵⁶ PRO FO 69/60 H.Alabaster (British Consulate) to Lordship May 28,1862.

⁵⁷ PRO FO 69/60 Minute by Regent of Siam.July 30,1873 pg 339. The Regent (Chuang Bunnag) held such position at the accession of King Chulalongkorn in 1868.

the mission was explained to Lord Ashley Eden, Governor of Bengal;

"Knox expressed the opinion that it was improper for the Siamese to have approached the Indian Government, and that it was of no advantage. It was necessary for us to negotiate such a Treaty so as to overcome any other problems which may arise with other Powers. We decided to approach the Indian Government because we are familiar with your senior officials and believe they have a sense of justice."⁵⁸

From Ashley Eden's reply to the King, it seems evident that the Indian Office supported the Siamese actions;

"You should bring the northern states under your control, but I understand the difficulties due to the various obstacles."⁵⁹

The Siamese embassy to Calcutta concluded a Treaty which contained two major propositions. Firstly the establishment of a strong police force on the Chiengmai frontier. Secondly, the formation of a regular Court co-ordinated by Siamese judges at Chiengmai. The Treaty was signed at Calcutta on January 14, 1874, for the purpose of promoting commercial intercourse between British Burma and the adjoining territories of Chiengmai, Lakon, and Lampoonchai, and of preventing dacoity. For the repression of crime and the prevention of dacoities, Article I stipulated that the King was to bind the Chao of Chiengmai to establish and maintain guard stations on the right bank of the Salween river, and to maintain a sufficient

⁵⁸ NL 5 JS 1239 no 2169 King to Ashley Eden, Year 1877/78.

⁵⁹ Ibid Eden to King.

force there. British subjects were to be provided with passports to facilitate the distinction between genuine British subjects and those claiming to be so to seek Consular protection.

Definite rules and regulations were stipulated concerning timber transactions in the Siamese territories, purchase, cutting, and girdling. To overcome the problem of "double dealing", a new system of leasing forest was created whereby the lessee was required to obtain a written lease signed by the Chao Muang of Chiangmai and the Siamese judge. Such a procedure was an attempt to prevent forest owners from leasing forests to more than one party. The terms of the Treaty were expected to be modified and revised after seven years. Yet the weakness of the Treaty was the absence of a British Consular resident in Chiangmai. The Treaty represented the first attempt embarked upon by the Siamese Government to control British activity in the Northern provinces.

The delay in the Siamese Government's intervention in the affairs of Chiangmai can be attributed to the resistance of the Regent. The Regent was conservative to any reforms on provincial administration;

"...Keep the tributary states as free from the interference of the King as possible, and, therefore, to allow the chiefs to rule

their own provinces much as they choose."⁶⁰

There are several reasons behind the Regent's policy of non-intervention in the Northern tributary states. Firstly the Regent himself admitted that he feared the consequences of government intervention as it would subsequently lead to rebellion in the Northern states, which would prove of "great expense to the Government...a most unprofitable business."⁶¹ The Regent was indeed aware of the Chao of Chiengmai's misconduct but foresaw a more optimistic future with the new Chao of Chiengmai, who promised to co-operate with the British Burmese authorities in effecting police regulations and settling British cases.

Another explanation may be that the Regent foresaw the border disputes as beyond the means of the Siamese Government to handle. The Regent attributed the problems of dual leasing to the British subjects themselves;

"The forest contains much timber which has a great price at Moulmein and these Burmese British subjects go and struggle for it among themselves and incite the Chiefs to side with one or another of them, and make him small presents and then at last all go against him and each one claims the forest and demands compensation for wood he pretends to have cut, but which if he even cut it, was not taken by the Chief himself but was transferred from one

⁶⁰ BPP 1874 XLIX 533 pg 8. Consul General for Siam to Sec Govt India. May 29, 1873.

⁶¹ PRO FO 69/60 Minute by Regent July 30, 1873 pg 335.

British subject to another."⁶²

Perhaps the underlying reason for the Regent's conservatism, and one which was put forward by the British Consul, Satow, was self-interest. The Regent was head of the Bunnag family whose interests were largely restricted to the maritime provinces of Siam where all appointments had long been their prerogative. Thus it had been the Regent's foreign policy to extend in the direction of the Malay Peninsula, rather than in the Northern states.⁶³

The Treaty Of Chiangmai 1883

When the 1874 Treaty was signed, the British and Siamese representatives had agreed that it would be subject to revision seven years after it came into effect. By 1881 the British were anxious to have it revised for two reasons: firstly the terms of the Treaty had never been fully implemented. Secondly large British timber companies were eager to begin timber operation in the teak-rich states, but were reluctant to move into them without more effective safeguards than provided by the Treaty of 1874. The British therefore began to push for a Treaty which would give their merchants greater protection. At the same time, King Chulalongkorn was beginning to accumulate political authority. The death in

⁶² Ibid pg 337.

⁶³ PRO 30/33/15/10 Satow Diaries Nov 29, 1885 pg 5.

January 19, 1883 of the Regent "Grand Old Man" (who had opposed the new Treaty) enabled the King to conclude a new one, which while meeting British demands, would also serve to increase significantly Bangkok's control over the Chaos and to further the cause of centralization.

Scarcely two years after the Treaty of 1874 was concluded, the Chief Commissioner of British Burma called the attention of the Indian Government to the subject of dacoities, implicating the Siamese Government by their inability to enforce the provisions of the Treaty. For instance in October 1874, a cattle trader of Moulmein, Moungh Phya Hito, was attacked by Siamese dacoits, losing property to the value of 5032 rupees together with three men. Yet no proper inquiry was made into the case. Not only were the Siamese guards unable to protect British subject traders from robbery, but in many cases they refused assistance in following up the dacoits or recovering the plundered property. Col Brown, the Commissioner in the Tenasserim Division, wrote to the Commissioner of British Burma;

"...If attacks of this sort are to be made on traders with impunity, all intercourse will soon cease between our people and the Siamese."⁶⁴

The Indian Government, aware of the existing conflict between Knox and the Siamese Government, despatched Hildebrand

⁶⁴ PRO FO 69/65A Col D. Brown to Major Street, Officiating Sec to Chief Commr British Burma. Oct 6, 1875.

on a mission to Chiangmai and Raheng to gain information as to the state of trade and affairs generally in those provinces, with a view to the possible establishment of a Consulate in the latter place.⁶⁵ Hildebrand reported that Panarin (the Siamese Commissioner) was "ignorant of the most ordinary duties connected with his office" despite his "enlightened views" and familiarity with the West. Yet "probably no better official will be found in Siam for the work which has to be done."⁶⁶ Another Indian Government official condemned the 1874 Treaty on the grounds that the protection, which was guaranteed to British traders by Article III, "is entirely visionary". He quoted the dacoity upon Moungh Bike, a British subject trader, which occurred in June 1875 on the frontier between Chiangmai and the Salween district, as suggestive of the character and reality of the protection from criminals.⁶⁷

Several factors may be put forward concerning the ineffectiveness of the 1874 Treaty, which was summarised in Hildebrand's report.⁶⁸ Firstly, there was the incapacity of the Siamese judge. The latter tended to remain inactive regarding

⁶⁵ PRO FO 69/65A Duncan to Sec Govt India July 22, 1875.

⁶⁶ Ibid.

⁶⁷ PRO FO 69/65A Simkinson to Sec to Govt India Aug 9, 1876.

⁶⁸ PRO FO 69/65A Hildebrand's Report in Duncan to Sec Govt India July 22, 1875.

the case, and refused to decide upon any compensation. A British subject had the choice of the case being decided at the International Court in Chiengmai or at the British Consulate in Bangkok. As British subjects claimed that they were met with injustice from the Chaos, cases were instead sent to Bangkok. The task of the International Court was to investigate and report, and had only one Siamese Commissioner permanently attached, which was not adequate to guarantee a just report.

Secondly there was the problem of communications between Chiengmai and Bangkok, which became an impediment to the enforcement of order, thereby serving "practically to invalidate the treaty, which remains a dead letter."⁶⁹ Thirdly the continuation of "double dealing" can be attributed to the wives of the Chaos. According to the British Burma authorities, it was the wife who exercised great influence in the governing of the states and tended "to make the best use of her position to accumulate wealth as fast as she can."⁷⁰ An Indian Government official summed up the prevailing situation in the North;

"The present system has been weighed in the balance and found wanting: it affords protection to neither life nor property and gives active encouragement to the perpetration of crime in a district close to our frontier by criminals who want but little inducement to extend their

⁶⁹ Ibid.

⁷⁰ PRO FO 69/65A Commr of Tenasserim Division to Sec Chief Commr.

operations in our country."⁷¹

The Chief Commissioner of British Burma saw the need to appoint a resident Consular agent at Chiengmai to represent British interests and to provide for the protection of British subjects conducting trade with the Siamese Northern frontier provinces.⁷²

The Consul-General continuously asserted that the Siamese Government and its officials had treated British subjects with injustice, and an enquiry was conducted concerning such claims. The result of the inquiry was assessed in an interview with the prominent timber traders in Moulmein.⁷³ The latter were unanimously of the opinion that cases of oppression inflicted by the Siamese authorities were almost unknown, and their statements showed satisfaction with the 1874 Treaty. This view was evaluated from the amount of treasure carried into Chiengmai between the years 1880-81 which amounted to 1,232,950 rupees as compared with 721,765 rupees in 1879-80. Yet the number of cases confronting the Consul-General was still considerable-43 cases in 1880.⁷⁴

⁷¹ PRO FO 69/65A Simkinson to Sec Govt India. Aug 9, 1876.

⁷² PRO FO 69/65A Commr of Tenasserim Division to Sec Chief Commr, a report of Assistant Commr's visit to Zimmay.

⁷³ PRO FO 69/107 Commr of Tenasserim Division to Chief Commr. March 28, 1881.

⁷⁴ Ibid.

Even in a case between a British subject and the Chief of Chiangmai, the Siamese authorities continued to disengage themselves from any proceedings. This was indicated in the case in January 1875 of Mong Guna, a British subject from Moulmein who had his workers and property confiscated by the Chief of Chiangmai who claimed to have mistaken the workers for dacoits. Mong Guna presented a complaint to Phya Kalahome Rachasena, the Royal Commissioner. He stated that three of his men and sixteen elephants were arrested by the Deputy Commissioner and the Court of Phre. The Royal Commissioner told Mong Guna to await the return of Pra Pom (Deputy Commissioner). Instead Mong Guna appealed to the Court of Chiangmai despite the absence of the Commissioner.⁷⁵ The case was presided over by Luang Boriban from Lampang, who awarded Mong Guna compensation.⁷⁶ At the return of the Commissioner, Phya Thep Prachoom, Luang Boriban was imprisoned and the award to Mong Guna was declared null and void.⁷⁷

The case was sent to Bangkok to be decided by the British Consulate. A re-investigation was conducted, but the Siamese

⁷⁵ Ibid.

⁷⁶ NA 5 PS 8 JS 1242-1244 Bhanuwongse to Palgrave, the British Consul, (In Siamese) Dec 27, 1882 pg 320.

⁷⁷ Ibid. Luang Boriban awarded Mong Guna compensation without any investigation. An explanation for such procedure was because Boriban wanted to exert his authority above the Chao of Monthon Payab, as he later confessed "in order to frightened the Chao of Lampang".

Foreign Office refused any arbitration on the grounds that the evidence was inadequate. Throughout the case the King remained aloof, but was anxious for the case to be decided upon. The King wrote to the Kalahome (War Minister) Chao Phya Surawongse Wayawadh;

"I am waiting for your opinion...and would like the case to be decided upon as soon as possible."⁷⁸

Mong Guna was finally awarded compensation as it was perhaps the only viable solution to conclude the case. The case was regarded as a turning point in the future of British interests in Siam. Since 1873, no British claimant in Chiangmai had obtained justice, and if the Siamese Government succeeded in evading the case, "no justice can...be looked for in future."⁷⁹

In 1883, the Treaty was due for revision, and this coincided with the death of the Regent. The Treaty of Chiangmai 1883 reflected a positive outlook regarding new regulations in leases. It prohibited British subjects, the Shans and Burmans, from working teak forests without obtaining duly registered permits, and the local Chao was prohibited from issuing permits to more than one lessor for the same forest. The significant protection given to British subjects which the 1874 Treaty had failed to give was the appointment

⁷⁸ Letter King to Surawongse Wayawadh 1240 Year 1878. Published in Sutisongkram, Biography of Ch. Borommahasisuriyawong, Vol I pg 350-351.

⁷⁹ PRO FO 69/107 Palgrave to Granville July 30, 1880.

of a resident British Consul in Chiengmai in addition to a Siamese Commissioner.

As the local chiefs had always been the great offenders in the leasing of forests, and had been the cause of endless litigation in the past, which had been sent to Bangkok for trial, the Treaty made a definite attempt to bring the local chiefs to heel, and to provide the means of assuring the British companies and individuals of a measure of security. The first Consular appointment was Mr. E. B. Gould as Vice-Consul at Chiengmai; while the King's half-brother, Prince Bidyalabh, was appointed Assistant High Commissioner. A Court was established in Chiengmai known as the International Court to deal with cases. In 1883, relations between the Northern states and Britain entered an entirely new phase. The mutual understanding between the Siamese officials in the North and the British Consular officers was a positive movement towards the induction of British Companies working the teak forests.

Chapter 5

British Enterprise in the Siamese Teak Industry.

The period 1883-1914 marked a fundamental period of British interests in the Siamese teak forests. From the Siamese perspective, the entry of the British teak companies in Northern Siam offered the chance for the Bangkok administration to exert its authority over the autonomous Northern States as suggested by N.J. Brailey;

"The Siamese were prejudiced against the small-time British Burmese foresters, but were prepared to welcome large Western Companies due to the latter's orderliness and the chance their entry provided of dispossessing the local Siamese Governors of their traditional control over the teak industry."¹

Furthermore the continuing extraction of teak by Western enterprise secured the Siamese a regular source of income based on the duty collected. Therefore, rather than challenging the operation of the British teak companies, the Siamese embarked upon a programme to regulate and control their presence. Previous studies have overlooked the problems inherent in the equal distribution of leases. The fact that the British were predominant in teak extraction placed them at an

¹ N.J. Brailey Phd "The Origins of the Siamese Forward Movement in West Laos 1850-1892" pg 269.

advantageous position compared to that of the French and the Danes. This chapter serves to show the prevailing issues which the Siamese administration considered in formulating its response.

The reorganisation of the forestry control involved the extension of leases which induced Western enterprise to entrench itself in the Siamese forests. Brown suggests that the forestry measures "should be seen as simply encouraging the emergence of a Western oligopoly in the Siamese teak industry, but certainly not its cause."² The crucial point is that the extension of leases and the conservationist policies induced the already established British firms to prolong their activities. Another important factor which facilitated British operation was the conflict between the Forestry Department, headed by a British Director, and the Interior Minister, Damrong, which gave the companies a chance to manoeuvre in acquiring leases.

The Growth Of British Firms In The Teak Industry.

The opening up of the Siamese teak forests resulted in the growth and domination of British teak companies. By 1905, six European companies had been established to work the

² I.G. Brown: The Elite and the Economy in Siam 1890-1920. OUP 1988. pg 118.

forests: 4 British, 1 Danish, and 1 French. The Borneo Company followed by the Bombay-Burmah Trading Corporation and the Siam Forest Company were the first three British firms which ventured into the teak business from the 1880s. In the 1890s the Borneo Co and the Bombay-Burmah Trading Corp became the two largest teak companies operating in Siam. Both were involved in the teak business in other parts of Asia: the Bombay-Burmah Corp in Burma; the Borneo Co in Borneo.

The nature of teak extraction placed Western enterprise in an unchallenged position. Efficient large-scale working of teak extraction involved an investment of fixed and working capital on a scale that only the major Western companies could provide. From selecting and marking a teak tree to its eventual arrival in Bangkok took an average of 5-6 years. The logs were floated individually down the various tributaries of the Chao Phya River (if destined for Bangkok), where they would be assembled into rafts of some 120-150 logs at a convenient rafting station such as Raheng (Tak).³ Elephants were used to haul the logs from the forests to the river. An elephant could cost several hundred pounds (a good "tusker" perhaps £500-600) and as many as 50 or 60 could be required in a single forest, as well as for transport and for work in the rivers. The need for large sums of capital to finance the forest works

³ M.E. Falkus "Early British Business in Thailand" pg 135. In British Business in Asia Since 1860. CUP 1989.

clearly favoured the British companies, who were also in a position to import the Indian rupees necessary to pay the Burmese foresters up till the early years of the 20th century.⁴ As the teak forests adjacent to the streams became exhausted and logging had to move deeper into the forests, working in such remote areas required heavy investment in elephants, labour, and forestry equipment.⁵

The Borneo Co was the first Western enterprise to embark on the Siamese teak forests. The Company commenced its operations as early as the 1860s but without much success. The British Consul commented in his trade report that;

"Some of the leading firms here (Borneo Co) were very unlucky in their first attempts to develop the teak trade, and are not₆ likely to engage in it again for some time."

It was the British system of working the forests which proved inadequate in a tropical country suspicious of Western activities. The Borneo Co's procedure in working the forests was to send agents to superintend the cutting of timber and its transit to Bangkok. The problem was that these agents were pioneering in a remote region dealing with people unfamiliar with Western customs and suspicious of Western designs. Furthermore there was the continual occurrence of dacoits and

⁴ Ibid.

⁵ I.G. Brown: The Elite... pg 118.

⁶ PRO FO 69/46 Trade of the Year 1867.

fever, and lack of Consular protection. However the Borneo Co managed to renew its teak operations in 1884, after the 1883 Treaty had been concluded. In 1886 the Borneo Co slightly adjusted its procedure by continuing to operate via the system of agents but having agents permanently stationed in Chiangmai. Such a system facilitated the acquisition of forest leases from the local Chaos with the effect that by the early 1890s, the Borneo Co was the largest teak firm in Siam.⁷

The system of agents itself was not as important as choosing the agents themselves. The Company's strength originated in the appointment of agents who had already integrated themselves into Siamese society and more important, had direct access to the Court and the Siamese elite, including the Chaos. The two prominent agents of the Borneo Co were the American Presbyterian Dr. M. A. Cheek, followed by Louis T. Leonowens, son of the famous Court Governess Anna Leonowens.

N. J. Brailey in his thesis has given a detailed account of Cheek's activities in the Borneo Company's early operations.⁸ Several of Brailey's points need re-mentioning to understand the strength of the Company's early success. Cheek came to Siam as a missionary doctor, married the

⁷ PRO 628/224 Archer to White December 6, 1894.

⁸ Brailey Phd.

daughter of an esteemed missionary in the Northern states, and abandoned missionary work to enter the lucrative teak industry as the Chiangmai agent of the Borneo Co. When he joined the Company, he was already on intimate terms with the Chao, an advantage which he pursued in negotiating for leases.⁹ As early as 1886 the American Consul described Cheek's extensive teak business;

"..Known to have large leases of timber forests on his own account, which he is working in Chiangmai and other provinces. This requires the oversight of a very large number of elephants and men engaged in working this timber. He has a saw steam mill and a larger one coming on the strength of which he is negotiating for the contract for building the British Consulate and other buildings."¹⁰

Cheek owed his position largely to loans totalling Rs 90,000 from the Chao of Chiangmai, Intanon, in 1885, partly interest-free but requiring him to build Chiangmai its first solid bridge across the Me Ping River.¹¹ In March 1885 Cheek gained the Me Yom forest in the environs of Chiangmai.¹²

By mid 1888 there were rumours that Cheek intended to disconnect himself from the Borneo Co to conduct an entirely

⁹ Ibid pg 270.

¹⁰ McGilvary to Mitchell March 12, 1886. No. 71 in PMSL Vol 5. Quoted in Brailey Phd pg 333.

¹¹ US Minister H. King to Sec State May Dec 29, 1899. DUSMB Vol 7. Quoted in Brailey pg 334.

¹² Falkus "Early British Business.." pg 138.

independent teak business. C.S. Leckie of the Borneo Co offered Cheek a renewal of the contract by increasing his salary on condition that Cheek repaid the Company loans. Cheek claimed that any forced sale of his assets would ruin his business prospects. Leckie stood firm and as a result Cheek disengaged himself, becoming a formidable competitor to the Borneo Co.¹³ Cheek was replaced by Louis T. Leonowens, who proved even more successful than Cheek, establishing an intimate relation with the Chaos. Leonowens' profound understanding of the northern culture facilitated his integration with the Chaos. He gave the Chaos constant attention, giving them presents and participating in their activities.¹⁴ The Company had employed him in 1886 when he opened a branch in Raheng. In 1892 Louis was joined by another assistant D.F. Macfie who was sent from the London office.¹⁵

The Bombay-Burmah Trading Corporation adopted a different system in its acquisition of leases. In contrast to the Borneo's relationship with the Chaos via agents, the Bombay-Burmah Corp was aggressive in its pursuit of leases through outlays of capital, to the extent that by 1900 the Company was the largest teak enterprise in Siam, having overtaken the Borneo Co. The Bombay-Burmah Corp had undertaken extensive teak

¹³ W.S. Bristowe: Louis and the King of Siam. (1976) pg 76.

¹⁴ Ibid pg 77.

¹⁵ Ibid pg 85.

operations in Upper Burma. However, due to constant confrontation with the Court of Ava, eventually culminating in the Third Burma War in 1885, the Company had difficulties in securing forest leases. Simultaneously, the forests of Burma had experienced intensive exploitation, resulting in rising costs of operation. Such conditions influenced the Company to divert its labour and capital into the teak districts of Siam.¹⁶

It was in April 1884 that the Bombay-Burmah Corp sent its representative Bryce to Bangkok, seeking an audience with the King. On arrival, the King offered the Me Tuen concession which had been a subject of border squabble.¹⁷ However the Company refrained from risking capital in the Siamese teak trade and the forest consequently reverted to the Borneo Co at the end of the year. The Company had experienced diminishing returns from its operation in Burma due to the rigid conservatory measures imposed by the British Colonial administration following the British annexation of Upper Burma in 1886. In 1888, the Company opened a branch in Bangkok, and in 1889 built a saw-mill, and sent a representative to Chiangmai in 1891.¹⁸

The strength of the Bombay-Burmah Corp rested in its

¹⁶ M.E.Falkus "Early British Business.."pg 142.
I.G.Brown:The Elite and the Economy...pg 111.

¹⁷ PRO 30/33/2/17 Bryce to Satow April 23, 1884.

¹⁸ M.E.Falkus "Early British.."pg 142.

substantial capital outlays. This was indicated in their system of acquiring leases from those who had already defaulted. The years 1888-92 marked a period of inadequate rainfall for the timber logs to float down the rivers. This proved disastrous for local foresters in debt. The Company took the opportunity to pay off the debts of the foresters in the Me Tah forests in return for their leases. An example of such a case was the Company's acquisition of the Me Song Forest. The original Burmese lessee of this particular forest, Moungh Kalah, owed Rs 30,000 to a Siamese lady in Raheng (presumably the Chao's wife). The Company cleared the debt, and in return acquired Moungh Kalah's 5000 logs in the river, his future output of logs, and mortgages on his 18 elephants.¹⁹ By 1893 the Company had shown significant interests in the Siamese teak forests as reflected in the number of staff involved: H. Nisbet and W. W. Wood in Chiangmai; J. Grey and F. C. H. Wetherall in Lampang; and H. C. Shekell in Raheng.²⁰

The underlying factor which consolidated the Bombay-Burmah Corp's position in the Northern teak forests was the resignation of Leonowens from the Borneo Co in 1897. The Bombay-Burmah Corp paid Leonowens to disengage himself from the timber trade in the Salween and Menam watershed for a

¹⁹ R. H. Macaulay: History of the Bombay-Burmah Trading Corp Ltd 1864-1910. (1934) pg 51-54.

²⁰ Bristow pg 86.

period of six years commencing in January 1898.²¹ In 1901 Leonowens revived his interest in the teak trade on a free-lance basis. Leonowens used the bidding system to bring the Bombay-Burmah Corp and the Danish East Asiatic into competition. He proceeded to dispose of the logs rejected by the Bombay-Burmah Corp to its striving competitor, the Danes. This precipitated the Bombay-Burmah Corp Manager, Macfarlane, to accept more of Leonowens' undersized logs "in order to undermine their (Danish East Asiatic) connection with Leonowens" by leaving "nothing but almost valueless timber for the East Asiatic Company".²²

The disadvantage of the Bombay-Burmah's early operations in Siam compared to those of the Borneo Co was that the Bombay-Burmah Corp lacked reputable agents who were acquainted with the Chaos. This explains the continual suspicion on the part of the Siamese in granting leases directly to the Company. Such a disadvantage was outweighed by the Company's access to ready capital. As explained earlier, the Company began its operations by obtaining leases through the purchasing of defaulted logs. In addition, the Bombay-Burmah Corp continued the system of advancing payments to the Chaos for forest leases, a system which the Borneo Co had discontinued from October 1896. For instance in 1900, the Siamese withdrew the

²¹ Ibid pg 95.

²² Ibid pg 102-103.

renewal of a valuable lease from the Borneo Co, namely the Me Ta in Lampoon. The reason behind this was because the Bombay-Burmah Corp had secured the lease on behalf of the Chao of Lampoon.²³

Another system adopted by the Bombay-Burmah Corp was to work the forests through financing the locals engaged in teak production. The Company advanced the necessary credit to finance their work on the security of their elephants, so that the Company had to continue paying working expenses even if the foresters were unable to deliver their timber for a considerable time. The Bombay-Burmah Corp financed Phya Pitak Tuayhan (an official from the Forestry Department) to work two forest leases in Uthai Thani. Once Pitak defaulted, the Company secured the concession.²⁴ By November 1902, it was recorded;

Table I

	Total Debts	Elephants Mortgaged	Logs marked & undelivered.	Buffaloes
Rupees	884,715	526	22,409	60
Tcs	277,164			

Source: R.H. Macaulay: History of the Bombay-Burmah Trading Corporation 1864-1910. (1934) pg 79

The available sources of teak supplies in North Siam did not justify the Bombay-Burmah's becoming owners of a herd of

²³ NA 5 M 16.2/31 C.S. Leckie, Borneo Co, to King Aug 30, 1900.

²⁴ NA 5 M 16.2/58 Raja Nukul to King Dec 16, 1896.

elephants large enough to work out an entire forest lease for three years, as adopted in Burma. Instead the Company despatched their officers to supervise the work as opposed to contracting with small foresters or with agents, like Cheek or Leonowens. The only involvement in working the teak was the systematic girdling of trees rather than felling them. This system was consequently adopted by the Borneo Co and the Siam Forest Co.²⁵

The formation of the Siam Forest Co is an example of a Company formed for the sole purpose of working the Siamese forests. Falkus has traced the origins of the Company of which some mention is needed in order to understand the problems encountered by the Western companies in working the Siamese teak forests.²⁶ The Siam Forest Co had its roots in Ewart, Latham & Co (formerly Gillanders, Ewart, & Co) a Liverpool firm trading in Bombay.²⁷ This firm in 1883 acquired the agency of the Bombay Saw Mills of which the Bombay-Burmah Corp was the chief supplier in Upper Burma.²⁸ As the Bombay Saw Mills came

²⁵ M.E. Falkus, "Early British Business..." pg 143.

Girdling involves the cutting of a deep ring round the tree near the base, the preliminary operation in the business of teak extraction. It is performed 2 years before the trees are felled, during which time they die and become seasoned.

²⁶ Ibid pg 139-143.

²⁷ "The Anglo-Thai Corp Ltd" in History of the Inchcape Group, pg 189.

²⁸ Falkus article pg 139.

into conflict with the Bombay-Burmah, the firm needed to seek an alternative teak supplier. Ewart, Latham, & Co sent C.H. Dennis on an exploratory mission to Burma in the hope of obtaining teak at lower prices than that supplied by the Bombay-Burmah Corp,²⁹ but the latter was in itself facing difficulties with the Court of Ava. However in the course of the mission, Dennis had learnt that there were extensive unexploited teak forests in North Siam. Dennis proceeded to the local Governor of Lakhon and acquired a forest lease.³⁰ In 1884 the Siam Forest Co was formed to take up the lease acquired by Dennis with a paid up capital of Rs 100,000. The terms of the lease came into effect on January 1, 1886 for a period of 10 years. The Company obtained rights of working the Me Ngow forests covering around 2000 sq miles in return for a payment to the Chief of Lakon of Rs 8000, and royalty payments on teak logs varying from Rs 4 to Rs 1 according to the size of the logs.³¹

The fluctuations in the floating season were a damaging factor to business prospects. The inadequate floating season of 1888-92 (which period the Bombay-Burmah Corp exploited to their advantage) proved disastrous to the Siam Forest Co and the Borneo Co. The Siam Forest Co tried unsuccessfully in 1892

²⁹ "The Anglo-Thai Corp..." pg 190.

³⁰ Ibid pg 191.

³¹ Paragraph based on Falkus article pg 140.

to refloat the Company in London with an increase in working capital. It was not till 1897 this proved possible, when conditions in the teak market were much more favourable. The new Company was then floated in London with an authorised capital of £50,000 (£30,000 paid up) to take over the assets of the Bombay concern. At this stage the total investment in the Bangkok saw mill and other property was estimated at £12,000 while the estimated value of logs actually felled or in transit was nearly £37,000. Such an event proved to be a turning point in the affairs of the Company. Renewed interest was taken in the working of the Me Ngow concession and the Company bought timber from Leonowens and other lessees. In 1902 a new manager, W.A. Elder, was appointed in Lakon, as Dennis and Phare proved incompetent, and had been dismissed in 1889 by the Company Chairman.³²

The significance of the early experience of the Siam Forest Co shows the importance of capital associated with the teak trade. The fluctuating nature of the floating season required a substantial amount of credit to balance the delay inherent in the rate of return. The lack of ready capital was compensated for by the Company's employment of Tan Chan Piah as their chief Clerk. It was the latter who helped to secure the lease from the Chao Lakhon. Elder later pointed out in his memoirs that without Tan Chan Piah's advice, "I might never

³² Ibid pg 141.

have secured the lease at all, in face of the keen competition of the Bombay-Burmah Corp and the Borneo Co."³³

Amount of Capital Investment in Teak

The teak industry was brought almost entirely under the control of Western firms; this applied to extraction, milling, and shipment. Figures on the amount of capital invested in teak tend to be based upon contemporary estimates by British Consular officials whose concept of "capital" appeared to have been the actual value of teak logs cut in the forests and in transit to Bangkok at a particular time.³⁴ Consular Reports put total British investment in teak alone at £900,000 in 1895, and £2 million by 1899.³⁵ In 1902 Beckett calculated that total British capital invested in teak was no less than £2 million, and that the annual cash disbursements made by British teak firms could not fall short of £300,000. Yet in 1900, the Consular Report stated that it was not possible to obtain accurate statistics on foreign investment in the teak industry but that British interest was predominant.³⁶ What this section endeavours to point out is not the amount of British capital

³³ W. Elder. MS. Memoirs written in 1958 pg 107. JA, ATC 8/1. Quoted in Stephanie Jones: Two Centuries of Overseas Trading, pg 211.

³⁴ Falkus "Early British Business in Thailand" pg 123.

³⁵ Ingram "Economic Change in Thailand 1850-1970", and M.E. Falkus "Early British Business in Thailand", pg 123.

³⁶ BCR No. 2717, Trade of Chiangmai 1900 pg 6.

involved in teak but rather the extent of British predominance by looking at the proportion of logs produced and the geographical extent of the forest leases.

Table II

British Output as a Percentage

Nationality	Quantity 1898	%	Quantity 1899	%
British	30,000 logs	59	83,000 logs	69
Danish	800 "	2	5,500 "	5
Chino/Siamese	20,000 "	39	31,500	26
Total	50,800		120,000	

Source:BCR No.2717 Trade of Chiangmai 1900 pg 6

Table III

Annual Teak Output Sent to Bangkok 1902

Producers	No.Of Logs Per Annum
Bombay-Burmah	35,000
Borneo Co	10-12,000
Siam Forest Co	6-7,000
L.T.Leonowens	8,000
Danish East Asiatic	3-4,000
Chinese Producers	10-12,000
Native Producers	20-25,000.

Source:M.E.Falkus"Early British Business.." pg 143.

From the table,the total annual output was in the region of 100,000 logs in 1902,of which some 2/3 were produced by European firms, nearly all of which were British.The Borneo Co and the Bombay-Burmah Corp alone accounted for over 2/3 of European output.

Table IV

Renewal of Leases for Period of 6 Years in 1899-1902

Year 1899

Total	Owner	Chiengmai	Lampang	Lampoon	Phrae	Tak	Nan	Others.
7	BBC	-	3	-	2	-	-	2
14	Borneo	6	6	-	-	-	-	2
1	Siam Forest	-	-	-	-	-	-	1

Year 1900

7	BBC	-	4	1	2	-	-	-
15	Borneo	7	6	1	-	1	-	-
1	Siam Forest	-	1	-	-	-	-	-
6	Siamese	2	1	-	3	-	-	-

Year 1902

21	BBC	7	4	5	1	-	1	3
17	Borneo	7	7	1	-	2	-	-
1	Siam Forest	-	1	-	-	-	-	-
22	GB Subject	3	14	-	1	2	1	1
2	Dane EAC	-	1	-	-	1	1	-
1	Dutch	-	-	-	-	1	-	-
6	Kim Seng Lee	-	3	-	-	1	2	-
15	Siamese	3	4	-	3	-	-	5

Source: Year 1899 NA 5 M 16.1/19; Year 1900 NA 5 M 16.1/19 Damrong to King Feb 11, 1900. Year 1902 NA 5 M 16.2/77 Damrong to Sommot January 21 1902.

From the table, the years 1899 and 1900 shows the number of leases applying for renewal, and the year 1902 illustrates the actual number of leases being worked. In the years 1899 and 1900 the Borneo Co had more leases renewed than the Bombay-Burmah Corp due to the expiry of leases which the Borneo Co had acquired between the years 1896-97. The table for the year 1902 raises several interesting points. Firstly it shows the geographical predominance of the British in Siamese teak

extraction. Burmese British subjects continued to work the forests but it was the British Companies which had extensive leases, the Bombay-Burmah Corp being the most prominent. Secondly Lampang appeared to be the region of intensive exploitation. The Chao of Lampang continued the practise of leasing his forests to small-holders which accounts for the substantial leases held by the Burmese British subjects. Lampang was considered the stronghold of Borneo's teak enterprise, the valuable forest being the Me Jaffa. For the Bombay-Burmah Corp, Chiangmai was the Company's sphere of influence.

The Siamese did embark upon means to challenge the British enterprise in the teak trade. As early as 1889, the Siamese Court concluded an agreement with Cheek to work the forests for 10 years. Cheek described the partnership as an attempt by the Siamese "to keep out British interest from the interior";

"At this time it was considered desirable to prevent the extension of British trade in the provinces; both the Bombay-Burmah Trading Corp and the Borneo Co were desirous of exploiting the forest resources of the Lao provinces.. It was supposed that I would be able, backed by the Siamese Government, to checkmate these two formidable companies."³⁷

The Siamese were skeptical of the British, as the Bombay-Burmah Corp was regarded as having been responsible for the

³⁷ Case of Dr. Cheek 1893 DUSMB Vol 3. In Brailey Ph.d pg 334.

annexation of Upper Burma. In 1894, Damrong informed the Company agent, H. Nisbet, that when the Bombay-Burmah Corp crossed over to North Siam, the King "did not sleep for a week as he was afraid trouble would come to the country."³⁸ Despite this element of suspicion on the part of the Siamese towards the British, the Siamese were in no position to exclude the British due to both the political implications and the nature of the teak industry itself. Therefore instead of challenging the British enterprise, the Siamese embarked upon a programme to control the presence of the British. Such policy happened to coincide with Siamese intentions to exert greater authority over the Northern autonomous states.

Siamese Control of the British Teak Enterprise

After 1883, the Siamese administration in Bangkok carried out several measures to exert control over the Northern states. The death of the orthodox Regent influenced this timing. In 1884 Prince Pichit Prichakorn was sent to Chiangmai to reorganize the government service. He declared that forest concessions required ratification by the Central administration.³⁹ In 1892, the system was developed by appointing a resident Governor-General for Monthon Payab. Phya

³⁸ Bristowe pg 84.

³⁹ NA 5 M 16/10 Prince Penphat, Assistant Minister of Agriculture, Report 1903.

Song Suradet was the first to assume the position, and the affairs of forestry came under his supervision, including the authority to ratify leases. He advocated that every concessionaire had to plant 4 trees for every tree cut, and raised the lease to 6 years.⁴⁰ This procedure lasted till 1896 when the Royal Forestry Department was established whereby all forestry affairs came under the Department. This curtailed the authority of the Chaos.

The influx of Western enterprise raised several new issues which necessitated the need for forestry regulation. Firstly, the struggle for teak leases no longer took place amongst individual British subjects but rather amongst British companies. In such cases the Chao Muang began to demand bribes to lease forests and to encourage competition amongst potential lessees. The second problem was the continual occurrence of teak theft. In the 1890s the companies were imposing pressure upon the Siamese government for regulatory measures. At the same time, regulation of the timber industry was crucial from Bangkok's perspective as it was a focal point of Western dissatisfaction and likely to precipitate British intervention as experienced in Burma.

The struggle for forestry concessions was precipitated by the Chaos themselves. The Chaos' "game" of creating

⁴⁰ Ibid.

competition amongst the British Companies provided a source of income. The Chao no longer possessed the financial means to work the forests, nor any access to markets, nor the authority to force the Burmese and Khamus to work the forests. Instead the Chao exploited their position as forest owners. One particular case was the struggle between the Bombay-Burmah Corp and the Borneo Co over the Me Ngad and Me Jaffa forests in 1896. There were three contenders for the Me Ngad forest: Pimba, financed by the Borneo Co; a Siamese representative of the Treasury; and the Chao Burirat of Chiangmai. The latter had originally been the hereditary owner of the forest but due to the reorganisation, the forest had now reverted to Crown property. Pimba had already concluded with Leonowens of the Borneo Co to work the forest which agreement was supported by the Chao Burirat. However, C.S. Leckie of the Borneo Co held the impression that Pimba intended to work the forest for the Bombay-Burmah Corp. The Governor-General, Song Suradet, decided that if the Chao Burirat granted the lease to the Borneo Co, the Bombay-Burmah Corp would exert claims upon the lease as Pimba had secretly agreed with Nisbet of the Bombay-Burmah Corp to sell the logs to them.⁴¹

Simultaneously there occurred the conflict over the Me Jaffa forest in Lampang, which was leased by the Chao to Mong Song Kin. At the death of the latter, the Chao transferred the

⁴¹ Episode based on NA 5 M 16.2/58 Damrong to King Nov 1896.

lease to the deceased's, wife Mong Ruen, for which the British Consul, Stringer, sought confirmation from the Commissioner, Phya Krai Kosa. The ratification was denied on the grounds that Mong Ruen had already commenced teak extraction before the terms of the ratification were negotiated. Mong Ruen needed capital to meet her husband's debts, and decided to transfer the lease to the Borneo Co without the consent of the Siamese.⁴²

Both cases became a political issue when the matter was handled by the British Consul, Mr. French. The latter recommended that the Borneo Co work the Me Jaffa, and the Bombay-Burmah Corp the Me Ngad as the latter had already had capital engaged in that forest, and that Pimba opt to work for the Bombay-Burmah Corp. The leases were ratified for a term of 6 years. Yet the Chao of Chiangmai refused to sign the contract for the Me Ngad forest to the Bombay-Burmah Corp. The Siamese used the British forestry officer from India, Herbert Slade, who at the time was observing the forestry system in Siam, to explain the advantages of such an agreement;

"Slade asserted that if the Chao Chiangmai signed the contract as the lessor, then the latter would in return gain part of the duty collected by the Government on teak. If the Chao refuses to lease his forests, then not only would he not earn any more income but furthermore the Government intend to

⁴² Ibid.

confiscate the land and lease."⁴³

Damrong supported Slade's warning and reiterated that he intended Song Suradet to sign the contract on behalf of the Government as owner of the forest if the Chao continued to resist. The point to make is that both the Siamese and Slade wanted to regulate the teak trade so as to prevent Western dissatisfaction. The Siamese were still disturbed by the thought of the Bombay-Burmah Corp's causing the annexation of Upper Burma.

The second impending issue was that of teak theft. The Siamese Proclamation of 1887 had made an attempt to check the constant theft of teak logs and the sawing of stolen timber through the payment of fines. However the payment of a fine double the value of the stolen logs did not prove effective as it virtually exempted the thief from all further punishment. It was only with the presence and advice of the British Vice-Consul that theft frequently led to both fining and imprisonment.⁴⁴ The issue was brought to the attention of the Siamese authorities by both the Borneo Co and the Bombay-Burmah Corp. Leckie and Johnson of the respective companies discussed the problem with Damrong, who agreed to "put a stop

⁴³ Ibid.

⁴⁴ PRO FO 69/190 Vice-Consul Beckett to de Bunsen Dec 6, 1895.

to a growing evil of such dimension".⁴⁵ Damrong drew up regulations for the compulsory registration of hammer-marks, a law imposing adequate penalties on persons found in possession of defaced logs, and appointed an official to superintend the entire teak business. The common practise was stealing timber which was unstamped with the Companies' mark. Many of the cases in which the Borneo Co and the Bombay-Burmah Corp were prosecutors were in regard of teak marked with the hammer-mark of foresters, which they claimed they had instructions to collect. They had no legal proof of this offer to the Governor except their own assertion.⁴⁶

The case of the Borneo Co versus Chin Cheng serves to illustrate the advantage given to British firms owing to the presence of their Vice-Consul. The Borneo Co charged Chin Cheng of possessing a teak log clearly marked with the Company's hammer mark. The accused did not deny that the log was the property of the Company but declared that he had purchased it at Raheng from Siamese subjects. At the same time, he eagerly proposed to pay in cash the usual fine of doubling the value which would have exempted him from imprisonment. The Governor would have given his consent had not the agent of the Company protested. The British Vice-Consul, Beckett, insisted upon the

⁴⁵ PRO FO 422/42 de Bunsen to Kimberly Jan 31, 1895. pg 7.

⁴⁶ PRO FO 422/42 Report by Acting Vice-Consul Black Dec 1894, pg 40.

need to detain the accused until he could produce the sellers of the stolen log. The Governor gave his consent to Beckett's proposal in the hope that such a precedent would have a deterrent effect on timber theft.⁴⁷

The complaints by the British companies concerning the obstructive manner of the Chaos in creating competition and the problem of teak theft were brought to Siamese attention. Damrong saw the need to meet the demands, and explained to the King;

"In my opinion, this is an important issue, and we need to come to terms because it was the complaints of the British Company which precipitated the Third Anglo-Burmese War"⁴⁸

Damrong applied to the Indian Government for the loan of an experienced officer from their forestry department. In 1896, Herbert Slade was employed to establish a Forestry Department. In his lengthy report submitted to the Siamese Government on 10th August 1896, Slade pointed out Siam's problems concerning revenue collection and the indiscriminate cutting of trees.⁴⁹ Slade drew up a table showing the difference between the amount of logs which had already paid a royalty and the amount of logs arriving at Chainat, the duty

⁴⁷ Paragraph based on PRO FO 69/190 Vice-Consul Beckett to de Bunsen Dec 6, 1895.

⁴⁸ NA 5 M 16.1/10 Damrong to King Jan 6, 1894.

⁴⁹ NA 5 M 16/9 Slade Report Aug 10, 1896.

station. In theory all logs extracted from the forests were charged a royalty which was paid at the forest, and it took one year for these logs to reach the duty station at Chainat. The report also noted that the Bombay-Burmah Corp and the Borneo Co were sending an average of 25,000 logs a year to Bangkok, yet in 1894/95 royalty was paid on only 4776 logs and in 1895/96 on only 14,633 logs.⁵⁰ Therefore the Government was not receiving the expected income collected.

In order to continue the teak revenues as a regular source of income, Slade proposed that forests needed conservation. Years of indiscriminate working of the forests without any control had decreased the number of teak trees and was in effect a loss to Government revenue. The British Consul observed that the total number of logs which passed the duty station at Chainat in 1893/94 was 109,957, and of these, 72,730 were full sized logs, which left the number of undersized logs at 37,027.⁵¹ A pessimistic estimate in 1890 suggested that at the present rate of usage, the teak forests would be exhausted by 1910 at the latest. Warrington-Smyth of the Mining Department commented in 1896;

"all the western forests in the neighbourhood of the streams available for floating timber

⁵⁰ NA 5 M 16/9 Slade Report pg 36.

⁵¹ BCR No. 938 Trade of Chiangmai 1890.

have become practically exhausted."⁵²

Slade's emphasis on forest conservation was used by the Siamese as an excuse to transfer the forest administration from the Chaos to the central administration of the state. The King pointed out to the Chaos that;

"If the forest operations are not organised, conflict may arise with the foreigners, namely Britain. Once the forests are exhausted, this would give the British the excuse to accuse us of failing to control our forests as occurred in Burma. Such (an) example is worth considering. It is necessary to conserve the forests before they become exhausted."⁵³

In response to the need for new regulations on leases, revenue and the cutting of timber, a Forestry Department was created within the Ministry of the Interior in 1896 under the British Director Slade. The latter drew up the organisation of the Department, and the legislation of the forests can be summarised as follows;⁵⁴

- 1) A reduction of the areas leased by one-half, the other half being considered as a reserve area.
- 2) Felling cycle was 12 years and no teak tree below 6 ft. 4 inches could be felled.
- 3) The prohibition of girdling owing to the accumulated girdled stocks.
- 4) The imposition of a royalty of 10 rupees on all logs measuring over the pikat rate standard of 3 ticals, or

⁵² Warington-Smyth: Five Years in Siam. Vol I pg 104.

⁵³ NA 5 M 16.3/5 King to Chao of Chiangmai April 9, 1897.

⁵⁴ BCR 1901 No. 2717 Report for the Year 1900 On the Trade of Chiangmai.

about 30 cu.ft and of 6 rupees on all below that size.

- 5) The Siamese Government assumed administrative and technical control over the teak forests and the native chiefs became sharers in the profits only.
- 6) A timber Revenue Station was to be started at Paknampo, the southern most junction of the Siamese rivers, about 155 miles north of Bangkok.

The crucial clause was the 6 year lease plan without guarantees of renewal. Such a condition was not compatible with the Bombay-Burmah Corp system of working the forests. The latter tended to purchase from Burmese foresters the renewal of rights on their 3 year leases.

Competition Between the French and the British.

It is worth considering the presence of the French in understanding the political complications involved in the direction of Siamese policy. The Franco-Siamese Treaty of 1893 established a 35 km demilitarised zone on the Siamese side of the Mekong frontier. This placed the province of Nan adjacent to the territory of French influence. The forests of Nan were scattered unlike in Monthon Payabh. The Nan forests were divided into three parts: Me Ing ; Me Youm; Me Nan Forests. The Siamese were concerned with the French interest in teak concessions especially in the valley draining north into the Mekong. From the Siamese perspective, the French influence in the Mekong region needed to be controlled especially as the Khamu labours in the area were being registered as French

subjects.⁵⁵ In response, the Siamese endeavoured to induce a British Company in Nan to counter the spread of French influence.⁵⁶

In 1895 Damrong offered the Me Ing Valley to the Bombay-Burmah Corp, but the latter refused. Not only was the region remote but, more important, it was an outlet into the Mekong River and thus vulnerable to French tariffs. The Company was not prepared to embark upon an enterprise which would place them at the mercy of the French.⁵⁷ However Nan embraced two other principal rivers which flowed through the teak districts Me Yom and Me Nan, both connected with the Menam. The Bombay-Burmah Corp was anxious to obtain the Me Yom to which Damrong replied that it was not available.⁵⁸ Instead Damrong proposed to offer the Me Nan to the Bombay-Burmah Corp. Not only would the presence of the British serve to counter-balance French influence, but it would also provide the opportunity to break the monopoly of the Chao of Nan, who was "already tottering in his allegiance".⁵⁹ In addition a trader Bun Yim was regarded in Nan as working secretly under French influence. Therefore the Siamese needed the Bombay-Burmah Corp

⁵⁵ PRO FO 422/45 de Bunsen to Salisbury Dec 27, 1895.

⁵⁶ NA 5 M 16/5 Phya Raja Nukul to Sommot May 20, 1896.

⁵⁷ PRO FO 422/45 de Bunsen to Salisbury Dec 27, 1895.

⁵⁸ PRO FO 422/45 de Bunsen to Devawongse Dec 27, 1895 pg 22.

⁵⁹ Ibid.

to counter-balance French pressure.⁶⁰

The Chao of Nan was not hostile to the introduction of British enterprise in the form of teak concessions. Nevertheless he had a traditional fear that the Bombay-Burmah Corp was responsible for the annexation of Upper Burma. The Siamese Commissioner, Song Suradet, used every means to dissipate this suspicion by convincing the Chao that it was the desire of the Siamese Government to reserve the Nan forests as a Government monopoly, to be worked by state capital. It was believed that the Nan forests were in the process of being monopolised by Chin Bun Yin, who was on intimate terms with the Chao of Nan and Phre. In response, the Chao of Nan handed over his forests to the King and declared he had no objection if the King was to lease a portion of the forests to the Bombay-Burmah Corp;

"He (Chao of Nan) has now bowed to the inevitable, and from fear of the French on one side, and the British on the other, has resigned himself into⁶¹ the hands of the Siamese Government."

French interests in the Siamese teak forests became evident in 1901 when M.C. Waternau (a journalist) and his patron M. Raoul d'Hermilly de Chevilly applied to Suriya, the Minister in Paris, for a teak concession in Me Kok and Me

⁶⁰ PRO FO 422/47 Acting Consul Beckett to Charge d'Affairs, Archer, March 9, 1897. pg 94.

⁶¹ Ibid.

Ing,⁶² the finest forests in the Mekong region. They proposed that a Siamese participate as owner of the concession, and the Company be a Franco-Siamese joint venture. They insisted upon the concession and were supported by the French Foreign Office. Devawongse considered that there was a difficulty in denying them the concession because of the rumour in France that the Siamese were excluding the French from the Siamese forests.⁶³ The French pointed out that the teak logs from the two forests would flow to the Mekong and thus be of natural advantage to them. The proposed working capital was 3.6 million Francs.⁶⁴ In response Suriya advised Devawongse not to transfer the forest to the French, as they had refused to accept the terms of the Treaty with Britain for the prevention of crime.⁶⁵

Again in 1904 the attempt by the French to work the teak forests brought the attention of the British. The Chino/Siamese company, Kim Seng Lee, endeavoured to transfer their forests to a Belgian Company on the condition of consent from the Siamese authorities. The Caisse d'Escompte et de Credit of Brussels offered 4 million tcs (2 million in cash and 2 million in shares) for the lease, and to be placed under Siamese

⁶² NA 5 M 16.2/7 Devawongse to Sommot March 9, 1901.

⁶³ Ibid.

⁶⁴ NA 5 M 16.2/17 Suriya to Devawongse July 21, 1903.

⁶⁵ Ibid.

jurisdiction.⁶⁶ The Company represented French capital and the scheme was believed to have been instigated from Saigon to counteract British influence in Northern Siam. The British Foreign Office insisted on Paget's using his influence with the Siamese Government to prevent any measures from being introduced which might jeopardise British interests.⁶⁷ In response, the Bombay-Burmah Corp made an important contract with Messrs Kim Seng Lee, by which for a payment of 25 million tcs it obtained the rights and titles as lessees to 5 timber forests: 3 in the district of Lakhon Lampang; 1 in Nan; 1 in Muang Park. By 1907 the Bombay-Burmah Corp became holders of 27 leases and 2 sole permits of half areas within the Me Nam Valley, for a period of 6 years.⁶⁸ The affiliation of Kim Seng Lee with western capital was carried out with hesitancy but was yet unavoidable, as expressed in the King's own words;

"It is a great pity that Kim Seng Lee, being the only Siamese Company will now have to be dominated by Western capital thereby removing the Company's independence."⁶⁹

Relations Between the Ministry of Interior and the Forestry Department.

It was asserted by Prince Penphat, the Assistant Minister

⁶⁶ NA 5 M 16.2/23 Giard to Damrong Nov 4, 1903.

⁶⁷ PRO FO 422/58 Lansdowne to Paget April 28, 1904 pg 79.

⁶⁸ Macaulay pg 75.

⁶⁹ NA 5 M 16.2/18 Events concerning Monsieur Giard intention to purchase Kim Seng Lee Concession. April 13-21 Feb 1903.

of Agriculture, that Slade was naturally biased towards his countrymen which had the effect of sustaining the British monopoly, in particular the Bombay-Burmah Trading Corp.⁷⁰ Thai historians such as Sunthornsawat tend to adopt this view.⁷¹ However there is some correspondence indicating that it was the lack of co-operation between the Interior Minister, Damrong, and the Forestry Director, Slade, which facilitated the British Companies' obtaining leases. The considerations undertaken by Damrong and Slade in granting leases differed: Damrong was influenced by the political factors, whilst Slade was concerned with the conservation of the forests. Such conflict placed the role of the Forestry Department at stake and allowed the British Companies to manoeuvre.

The structural weakness of the Department enabled Damrong to exert his authority over the institution. The duty of the Department was to conserve the forests, and to this effect it had established agents in 8 leading forestry provinces by 1900.⁷² However, there were several difficulties in carrying out the supervision. Firstly there was the language problem and the limited number of interpreters for those Forestry officers

⁷⁰ NA 5 16/10 Prince Penphat Report 1903.

⁷¹ Chaichome Sunthornsawat: "A Historical Study of Forestry in Northern Thailand 1896-1932." MA diss. (Thai Text). Chulalongkorn U, 1978.

⁷² NA 5 M 16/3 Report of the Forestry Department Year 1900.

posted in remote areas as Nan and Phre. Second was the shortage of staff. In 1900 the Department had 14 Europeans and 2 Siamese which proved inadequate to ensure the collection of revenue.⁷³ Such a shortage also meant that not every timber was necessarily marked. Therefore British firms simply informed the Department that the trees had been marked, and paid the royalty at the duty station Paknampo. The Department trusted the credibility of the British Companies, and diverted its attention towards supervision of the small-holders.⁷⁴

At the initial stages of the work conducted by Slade, there often arose differences in principle and policy between the Department and the Interior Minister. Such friction allowed the British Companies to resist the demands of the Department. The Bombay-Burmah Corp had a practical monopoly of the Salween timber trade by 1900. In that same year, a general scheme was settled for the Me Nam Forests whereby the royalty of Rs 4/- per log was to be raised to 10/- for large logs and 6/- for smaller ones, and that girdling was prohibited. Such legislation was Slade's policy of increasing the revenue and conserving the forests. Both the Borneo Co and the Bombay-Burmah Corp accepted the terms only for the Me Nam Forests but

⁷³ Ibid.

⁷⁴ Ibid.

not for the Salween ones.⁷⁵

In response, Slade used "the threat of prosecution for breach of former leases in the Salween" as his bargaining power.⁷⁶ Yet such lever was removed from Slade when Damrong and the Bombay-Burmah Corp concluded a secret agreement that under no circumstances should they be sued in Court.⁷⁷ From Damrong's point of view the agreement was to prevent the Company's head office from intervening in the affairs of Siam. It seemed evident that the thought of the Bombay-Burmah Corp being responsible for the annexation of Upper Burma was still inherent amongst the Siamese administration. As a result, Slade had to reduce his terms and settled on a basis of differential rates of royalty for each forest without girdling rights.

Another case was the British practise of indiscriminate girdling.⁷⁸ Hitherto there had been no incentive for the lessees to girdle more trees than they could extract. But after 1896, the Bombay-Burmah Corp and the Siam Forest Co were aware that girdling trees would enable them to have their leases renewed. If the girdled trees were left uncut, their dryness would result in forest fire. The danger of indiscriminate

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ NA 5 M 16/3 Report of the Forestry Department Year 1900.

girdling could be overcome if Damrong issued a general order prohibiting all further girdling in every forest. Such a course was strongly recommended by Slade. Slade came to an agreement with the European firms that all girdling be ceased, to which the Western companies agreed. Yet it was in the Siamese interest for the Companies to carry out girdling, as pointed out by the King to Damrong;

"The fact that extra time is granted to Companies for completing the girdling of trees is a means of conducting indiscriminate girdling. As the Department is short of staff to supervise the girdling, we have to continue allowing the Companies to girdle the trees."⁷⁹

The reason for this lack of co-operation between Damrong and Slade was of a personal nature. This is expressed in Damrong's letter to the King explaining his refusal to extend Slade's term of office;

"The reason why I decided to extend Slade's term for 7 months and not for another 3 years was because Slade wants the Forestry Department to become independent, and with the role of the Interior Minister merely to recommend. Slade wants the Director to possess authority as that of the Railway Director. I suggest the Forestry Director should play a role like the Customs or Police Director."⁸⁰

Slade's recommendation for the headquarters in Chiangmai was to facilitate the work of the Department. Slade pointed out to Damrong that the bulk of the correspondence on forestry

⁷⁹ NA 5 M 16.2/6 King to Damrong Sept 25, 1903.

⁸⁰ NA 5 B 9/16 Damrong to King Oct 12, 1900.

matters came from Raheng and Chiangmai, which could be handled there, and only a few issues required the final approval of the Interior Ministry;

"Until the Forestry Department is sufficiently large and important to have a senior officer in Bangkok who would be a sort of secretary on forestry matters, the head quarters needs to be near the work."⁸¹

Slade was in effect implementing the British system in Burma by which the Conservator held extensive authority as pointed out by Damrong;

"Slade wants the Forestry Director to be resident in Chiangmai, whilst I prefer him to be in Bangkok. Slade is following the Burmese in that the Department has full authority."⁸²

Slade pointed out that there was no danger of the Conservator exceeding his authority, but rather the other way round, that he may waste time referring issues to Bangkok.⁸³

Such terms were unacceptable to Damrong. The establishment of the headquarters in Chiangmai and the Conservator to possess authority as in Burma was seen as a threat to Damrong's newly formed provincial administration. The teak business involved Chinese and British companies, which was a serious concern of the Interior Minister. Slade regarded his

⁸¹ NA 5 M 16/7 Slade to Damrong Nov 4, 1896.

⁸² Ibid.

⁸³ Ibid.

role as to advise the Government whilst Damrong treated the Conservator as a junior clerk.⁸⁴ However in cases where Slade and Damrong co-operated, Siamese policy in controlling leases proved effective. For instance in 1896 when the Chao of Chiangmai refused to sign the contract of the Me Ngad forest to the Bombay-Burmah Corp, Damrong supported Slade's warning of confiscation which succeeded in persuading the Chao.⁸⁵ Yet such unity occurred before the establishment of the Department.

The Renewal of Leases.

The fact that the British companies, especially the Bombay-Burmah Corp, were in a position to resist the demands of the Conservator can also be attributed to the support of the British Government. The distribution and renewal of forestry leases serve to illustrate the extent of such support and the effects upon sustaining the British monopoly, in particular the position of the Bombay-Burmah Corp. As the political environment became more favourable to Siam's independence, the Siamese became more rigid towards the renewal of leases. As a result, complications emerged at the opening of the 20th century as the leases of 1897 were due for renewal. The problem was that it was in the interest of the

⁸⁴ NA 5 M 16/3 Report of Forestry Department 1900.

⁸⁵ NA 5 M 16.2/58 Damrong to King Nov 12, 1896.

Siamese not to renew some of the leases.

The 1896 Royal Proclamation had stipulated that forest leases had to be ratified by the Siamese authorities. The leases previously worked continued to be recognised whilst those applied for after February 1897 were required to proceed in accordance with the new regulations. This was to prevent indiscriminate cutting and to allow the Government to close those forests which needed conservation.⁸⁶ The Borneo Co was the first to approach Damrong in requesting the renewal of certain leases. Damrong handed over the applicants to the Forestry Department. Both the Bombay-Burmah Corp and the Siam Forest Co followed suit as they became increasingly aware that any undecided leases would exclude them from working the forests.⁸⁷

The forestry conditions specified that the forests applied for had first to be inspected before being considered for renewal.⁸⁸ The problem was that there were certain leases which the British companies had acquired privately from the Chaos for a fixed term of years thereby bypassing the proper channels of ratification by the Government. The Siamese

⁸⁶ NA 5 M 16.1/19 Sri Sahadhep, Vice Minister of Interior, to Damrong Feb 3, 1900.

⁸⁷ Ibid.

⁸⁸ Ibid.

authorities were obliged to ratify such leases granted by the Chaos on account of approaches made by the companies to both the Colonial and Foreign Office.⁸⁹ Damrong did not approve of the companies' procedure in using the British Minister to assert their demands as it turned the forestry issue into a political one.⁹⁰

The entire discussion revolved round 3 points:⁹¹

- 1) Whether the Siamese were to consider the renewal of existing leases which had been acquired from the Chaos before 1897.
- 2) Whether the Siamese were to recognise leases concluded after February 1897.
- 3) Whether the Siamese were to be held responsible for debts contracted by the Chaos of Phre and other local officials.

Damrong pointed out to the British Minister, Greville, that the Siamese had no desire to disrupt work on account of renewing leases. Though such leases were to revert to Crown property, Damrong showed his concern that in the distribution of such leases, consideration would be taken of previous leases.

The renewal of leases was a complex issue and was handled by Damrong as Slade was in Europe. The Bombay-Burmah Corp (represented by Grey and McDonald), supported by Greville,

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ NA 5 M 16.1/17 Damrong to Greville June 6, 1899.

complained to Damrong about their leases in Monthon Payab. Now that the 6 years lease had expired, the Bombay-Burmah Corp applied for renewal. The Forestry Department refused to recognise the leases on the grounds that they had not been officially ratified. The Siamese regarded the ratification of these leases as being a dangerous precedent because other companies might demand such privileges.

In response to the Bombay-Burmah Corp requests, Damrong urged the Company to be more flexible. As a compromise, the Company demanded that the Chao of Nan and Phre be permitted to continue working the forests as the Company had concluded a contract in purchasing the teak logs. Damrong resisted such demands with the justification that the contract was not known to the Government and thus was not legitimate;

"We are not in a position to extend unratified leases to the Bombay-Burmah because others would claim such privileges. We intend to close those forests whose leases have expired and when appropriate to reopen them... Yet there is a small chance for an open tender system as we intend⁹² to lease the concession to the original lessee."

Damrong also informed Sommot of the explanation for his decision;

"The Bombay-Burmah is not the only teak firm. If the Company was to be allowed to work the forests contrary to the (Forest Legislation), this would hinder Slade's control of the forests, and thus would lead to the removal of

⁹² NA 5 M 16.1/19 Damrong to Devawongse July 1, 1899.

the Forestry Department."⁹³

However the Bombay-Burmah Corp head office in London was not satisfied with Damrong's exclusionist policy.⁹⁴ The Company wanted more assurance, as Sri Sahadhep (Vice Minister of the Interior) commented on the issue;

"The Bombay-Burmah demand for the renewal of leases is a very disturbing issue because its Director in London has financial influence and may create problems for us."⁹⁵

As Slade was on a European tour, Damrong urged him and the Siamese Minister in London, Prasiddhi, to explain to the Company's head office the Siamese motives for refusing to deny the Company forest leases.⁹⁶

Slade and Damrong finally drew up an agreement with the Bombay-Burmah's head office;⁹⁷

1) The Government permitted the Company to purchase the confiscated timber of the Phre forest at 10 rs per log. As for Phya Santow, who was in debt to the Company and had failed to deliver the agreed amount of logs, the Government decided that the Company should cease the contract and renounce any claims to the debt.

2) As for the renewal of leases, the Forest Department needed to inspect the forest before ratification by the

⁹³ NA 5 M 16.2/58 Damrong to Sommot June 27, 1899.

⁹⁴ NA 5 M 16.1/17 Sahadhep to Devawongse Aug 30, 1899.

⁹⁵ NA 5 M 16.2/58 Sahadhep to Sommot Aug 30, 1899.

⁹⁶ NA 5 M 16.1/19 Devawongse to Prasiddhi Sept 3, 1899.

⁹⁷ NA 5 M 16.1/19 Sahadhep to Damrong Feb 3, 1900.

King.

It was in the Government interest to sell the logs as the Company might assert claims and it was likely that the Company would have purchased the confiscated logs. The extension of leases merely allowed the Company to sell those logs girdled, and not to cut any more trees.⁹⁸ The significance of the extension of leases was that more capital was required for its working and thus sustaining the British monopoly. Secondly, the problem of indiscriminate cutting prevailed.

Assessment of the British Companies' Position in Siam.

By the turn of the century the 4 British Companies in Monthon Payab had branches in Chiangmai, Lampang, Me Hong Sorn, Phre, Nan, Swankaloke, and Tak. In 1913 there were 25 British agents representing the 4 British companies in Northern Siam. The Bombay-Burmah Corp had 10 agents; Louis T. Leonowens had 6; Borneo Co had 5; and the Siam Forest Co had 4.⁹⁹ As the political environment changed in that Siam's independence became more secure, the Siamese attitude towards British teak business also changed, as indicated by the renewal of leases. Renewal of leases depended upon the condition of the forests and the amount of trees available for extraction. In

⁹⁸ NA 5 M 16.2/25 Damrong to King Aug 25, 1902.

⁹⁹ Based on photograph in Phornphun Chongwattana Thai MA. diss., "The Disputes of British Subjects..." pg 89.

1903 the Bombay-Burmah Corp was given a 6 year lease at a duty of 6 rupees, whilst the Siam Forest Co was granted a 10 year lease with a rate of 10 rupees.¹⁰⁰ Some leases to the Bombay-Burmah were extended by 10-15 years. For instance the lease on the Forest Me Larn in Me Hong Sorn was extended for another 15 years.¹⁰¹ Another case to show the privileged position of the Company was when its leasing in Lampoon had expired after 6 years, it was extended for another 2-3 months to enable the Company to complete dragging the logs.¹⁰² Other British Companies also had their leases renewed for instance the Borneo Co.

Table V

1)	Forest Me Tan - Lampang	extended	7	months
2)	" Me Tum - "	"	2	"
3)	" Me Ta - Lampoon	"	6	"
4)	" Me Tang Chiengmai	"	6	"

Source: NA 5 M 16.2/77

It was difficult for the Interior Ministry to follow the policy of equal distribution of the Forestry Department on account of the quality of each forest concerned. Such practise often placed the Siamese being accused of favouritism towards the Bombay-Burmah Corp. Another difficulty was the policy of conservation. It may be interpreted that such a policy was not

¹⁰⁰ NA 5 M 16.1/25 Damrong to Devawongse Aug 15, 1903.

¹⁰¹ NA 5 M 16.2/5 Damrong to King July 29, 1908.

¹⁰² NA 5 M 16.2/5 Damrong to King Jan 20, 1907.

to exclude the British but rather to sustain their presence. The reservation of certain forests for future extraction would ensure the Siamese a regular source of revenue.

The key explanation to the Bombay-Burmah's success was due to its capital holdings. Damrong continuously insisted that the Forestry Department (after Slade) provide an equal distribution of leases to the Western companies,¹⁰³ but in practise, the Siamese policy had a contradictory effect in giving the Bombay-Burmah Corp the upper hand. When the Interior Ministry wanted a certain forest to be worked, it adopted the open tender system. The problem of such a system was that the lease was ceded to the highest bidder, which was inevitably one of the British companies. The Borneo Co had complained that such an open tender system was ineffective because it opened the path to the Bombay-Burmah Corp monopoly;

"The problem about the open tender system is that the lease goes to the highest bidder which tends to be a British Company due to their large capital holdings. Such pattern tend to remove the small-holders, and increases the British monopoly."¹⁰⁴

The open tender system may have appeared to be part of the Department's favouritism towards the British companies. However this policy was not consistent. On the contrary, Paget complained that the Siamese had taken discriminatory action

¹⁰³ NA 5 M 16.1/25 Damrong to Devawongse Aug 15, 1903.

¹⁰⁴ Ibid.

against the British;

"Paget has complained that the Siamese have permitted certain companies (Danes) to girdle but not British Companies. Damrong informed me that he sees no reason for Paget's complaint and pointed out the policy of the Forestry Department is not to place a certain company at an advantage but rather to carry out the means which best serves the working of forests in Siam."¹⁰⁵

Paget had heard rumours that the Siamese Government was contemplating the renewal of leases to certain parties thereby giving advantages to those having girdled the timber. Paget urged Devawongse not to endeavour such a step.¹⁰⁶ Damrong reiterated the point that the "Forestry Department policy was not to place any particular Company at an advantage, but rather the interest of forestry as a whole." Indeed the Danish East Asiatic was at the time girdling trees at Phre without Departmental permission.¹⁰⁷ But according to Sri Sahadhep, the Danish East Asiatic had already made a report of their need to continue working the Phre forests, as the girdled trees were not enough to earn a profit.¹⁰⁸ The crucial element was that the Danes not only carried out illegal girdling, but moreover their lease was in the Phre forests which the Siamese had determined to have closed to Western capital. In a private letter from Sri Sahadhep to Sommot, there is evidence that the

¹⁰⁵ NA 5 M 16.1/25 Devawongse to King Aug 7, 1903.

¹⁰⁶ NA 5 M 16.1/25 Paget to Devawongse Aug 7, 1903.

¹⁰⁷ NA 5 M 16.1/25 Devawongse to King Aug 7, 1903.

¹⁰⁸ NA 5 M 16.1/25 Sahadhep to Sommot Aug 15, 1903.

Ministry of the Interior favoured the Danes;

"We intended to give the Danish East Asiatic Co more privileges than any other British Company, but as the Forestry Department did not approve and the British Minister had accused us of being bias, we considered it inappropriate to extend the lease to the Danes."¹⁰⁹

The interesting question is the reason behind the favourable Siamese attitude towards the Danes, and their failure to insist upon the lease. The Interior Ministry may have wanted to use the Danes as a counter-balance against British hegemony. The Danish Company was already faced with financial difficulties, and if the Phre forests were not renewed, the Company would not have been able to sustain their operation.¹¹⁰ Nevertheless the Interior Ministry was unable to appease the Danes. Firstly there was the burden of the British Minister accusing the Siamese of favouritism. As the Bombay-Burmah Corp was a reputable company in Britain, there was the possibility that the Company would approach the British Government for support. Second, and perhaps more conclusive, was that not only did the Phre forests need to be closed for conservation purposes, but if the Danes were to continue operation and then default, the Bombay-Burmah Corp would inevitably purchase the lease (as they had endeavoured to gain a footing in this forest), and would then place the Siamese in

¹⁰⁹ Ibid.

¹¹⁰ Ibid. In 1903 the Danish EAC sold their leases to the British. (NA 5 M Devawongse to King Aug 7, 1903.)

a difficult position.

The Siamese attitude towards the presence of the British can be described in two ways. On the one hand the Siamese endeavoured to prolong the presence of the British as pointed out by a Siamese official;

"Siamese encourage British capital in teak rather than Siamese capital because both the Government and the Chaos earn income from the duty collected, whereas Siamese concessionaires tend to default."¹¹¹

Yet the Siamese administration possessed an element of prejudice against the presence of the British. Indeed the Siamese attempted to participate in teak extraction, but due to the lack of capital and business expertise, British companies remained unchallenged as pointed out by the King;

"British Companies have now ousted Siamese small-holders from working the forests, and have now monopolised the industry.. Siamese (are) not experienced in teak investments whereas the British companies and the Forestry Department are like a kite having flown from Burma with much experience."¹¹²

The Forestry legislation was reorganised in 1909 as most of the teak leases were expiring, and it was found necessary to improve the entire system of leases. The underlying term was that the felling cycle was lengthened to 30 years being divided into two halves of 15 years. The Forestry

¹¹¹ NA 5 M 16.2/21 Prince Pravitr to Queen (Regent) April 21, 1897.

¹¹² NA 5 M 16.2/18 King to Suriya Aug 24, 1903.

Director, Lloyd, described the new system of leases to the
Financial Adviser;

"Under this system the whole of the teak
bearing forests of Siam have been leased
and brought under systematised control."¹¹³

¹¹³ NA Kh 0301.1/10 Lloyd to Williamson March 8, 1910.

The Development of British Interest in Railways, 1885-1905.

Railway construction was a main area of British investment during this period, not only in her Colonies; India and Burma, but also in the industrialising world, notably America. Siam was an obvious area for the British to dominate railway construction. Siam lacked both the capital and the expertise to undertake railway construction. Yet Siam succeeded in protecting herself from being dominated by Western railway companies. A contributory factor to the Siamese preservation of sovereignty was the environment of intense rivalry amongst the British, German, and the French. The British were the first to commence railway surveys in Northern Siam in the early 1880s; and it was the British who constructed and financed the first major railway line connecting Bangkok with the North East in the 1890s. However British intentions to dominate railway construction in Siam was obstructed by the establishment of a Railway Department headed by a German Director.

Several studies have been undertaken on railway construction in Siam. Somjai Phiroththirarach in her thesis presents a descriptive account of Western interests in the Siamese railways and the political complications arising from

the rivalry between Germany and Britain.¹D.Holms discussed the role of railways in the context of Siam's political survival, and the social and economic effects.²The key issue which needs further explanation is the question of economic sovereignty, how the Siamese managed to prevent the domination of foreign railway companies and succeeded in constructing railways through state enterprise. In discussing the role of the British and the Siamese response to their involvement in the railways, certain issues need to be discussed: the rise and decline of British influence in the Siamese railways; the dictatorial nature of the German-dominated Railway Department; three railway arbitrations; and British portfolio investment in the construction of the Northern line.

British attention to the construction of a railway line in Siam was first considered at the London Chamber of Commerce in 1885. Holt S. Hallett addressed the meeting on the topic "Railway Extension to South-West China and Siam". The underlying issue was the prospect of trade to be gained by constructing a railway line from Moulmein across to the Siamese Shan states and northwards penetrating South-West

¹ Somjai Phiroththirarach "The Roles of the Western Powers in Thai Railways Construction During the Reigns of King Rama V and VI". MA. diss. (Thai Text), Chulalongkorn U. 1974.

² David Holm "The Role of the State Railways in Thai History, 1892-1932", Phd. diss., Yale U. 1975.

China.³ Hallett referred to A.R.Colquhoun's exploration mission to the area of the Siamese Shan States in 1871;

"(Colquhoun) was much struck with the fertility of the country and the numerous caravans which were traversing it in every direction. He returned to England in 1881 consulting with me upon the most feasible direction for the construction of a railway."⁴

A.R.Colquhoun was an Engineering Officer of the British Burma administration despatched to explore an alternative route connecting British Burma and Western China. The route via the Irrawady River, Bhana and Talifoo involved political and physical difficulties. The British Burma Public Works Department supported Colquhoun's proposal of a new route through the Shan States as it would involve fewer obstacles.⁵ The line also served a political value as it would counter any French attempt to secure the sea route to China via Yunnan;

"With a large market established at Kiang Hsen, and a railway connecting it with Bangkok and Moulmein, our trade could never be ousted by the French."⁶

The French economic threat originated from the French Governor-General in Indo-China, de Lanessan, who suggested to

³ PRO FO 69/103 Supplement to the Chamber of Commerce May 5, 1885.

⁴ Ibid.

⁵ PRO FO 69/104 Col A.M.Lang, Officiating Sec of the Chief Commr British Burma, Public Works Dept.

⁶ PRO FO 69/103 Supplement to the Chamber of Commerce May 5, 1885.

his government that a rapprochement with the Burmese monarch in controlling the Upper part of the Irrawady would secure the Yunnan route.⁷

In 1884 the two British engineers, Hallett and Colquhoun, applied to the Siamese Legation in London for a railway concession connecting Moulmein with Raheng in the Siamese Shan States. However they were not met with success. Colquhoun attributed the Siamese decision to their mistrust of the Indian Government, rather than to the actual presence of British capital. Colquhoun had the impression from Devawongse, the King's Private Secretary, that the King was aware of the French intentions and realized the importance of the railway line as a safeguard;

"The only means of safety they (Devawongse and the King) see is the opening of the country to trade, the introduction of railways and thus foreign capital and the connection of our commercial interests in Siam and British Burma by means of railways."⁸

However Devawongse was rather apprehensive about the support from the British India Government. There was already the telegraph connection between Bangkok-Chiangmai-Burma frontier.⁹ Any further concession could arouse the French to demands. By contrast Satow, the British Consul in Bangkok,

⁷ S. Phiroththirirach MA. diss.

⁸ PRO FO 69/104 Colquhoun to Satow July 14, 1884.

⁹ Ibid.

attributed Hallett's failure to the Siamese fear of losing their sovereignty;

"I think the Siamese would fear the great extension of extra-territorial jurisdiction which the grant of a concession to a foreign company would involve."¹⁰

Indeed Satow's view can be substantiated by the content of the correspondence between Devawongse, who at the time was the King's Principal Private Secretary,¹¹ and the Siamese Minister in London, Prisdang.

This private correspondence serves to show the connection between railway construction and the question of economic sovereignty. The Siamese were fully aware of the benefits of railways, but as Prisdang pointed out to Devawongse;

"Railways are a means of developing and bringing prosperity to a nation, but we need to consider the question of sovereignty...that it could jeopardise our independence (decision-making). This railway may help to develop the nation at the expense of our independence. We need to possess a strong administration, so that Westerners cannot exploit us."¹²

Prisdang suggested that the Siamese would need to borrow capital and to administer the railway construction so as to direct the route in accordance to Siamese interest. He concluded that;

¹⁰ PRO FO 69/104 Satow to C. Bernard-Singapore. Aug 30, 1884.

¹¹ Prince Devawongse was the King's Principal Private Secretary 1880-1885; replaced Bhanuwongse as Foreign Minister in 1885 which office he held till 1924.

¹² NA KT 5.2/1 Prisdang to Devawongse Sept 1884.

"The Company whose tender gives us the most power in the railways is the appropriate one, not the Company which gives¹³ us the best interest rate or subsidy."

In order to understand the grave Siamese concern over the question of sovereignty, a few points about the nature of railway investment are worth considering. Railway investment involves a large outlay of capital, administration, and supervision, which the Siamese were not prepared for. Prince Naret, Prisdang's successor, was aware of such commitments and emphasised these crucial considerations to Devawongse.¹⁴ Naret perceived the long term consequences of British involvement in railways. The profits gained from railways would induce western investors to extend their control over the administration. On account of the "Most Favoured Nation Clause", the other Great powers would inevitably object to such British predominance, thus creating political complications.

Indeed the Siamese could respond by concluding an agreement to protect its interests, but yet the administration was not strong enough to enforce such terms. Naret recommended the Siamese authorities to administer the construction in order to maintain Siamese control despite the lack of

¹³ Ibid.

¹⁴ NA KT 5.2/1 Naret to Devawongse Nov 31, 1884.

personnel and expertise to undertake such a task.¹⁵ Therefore the question of whether the Siamese Government or a foreign company would undertake the construction remained inconclusive.

What remained clear was the Siamese perception of the Moulmein-Yunnan route as an infringement of their sovereignty. In order to avoid their position from being undermined, Naret decided to approach Sir Thomas Tancred to survey the railway route to Khorat in the North East thereby diverting British interests from the North. The route covered a distance of 150 miles and was an area adjacent to the French frontier. In 1885 Tancred sent two engineers to survey the railway route, and his report was presented to the Siamese Government in 1886.¹⁶ However the Siamese were in no position to provide any security for the construction which dissuaded the Western companies from applying for the contract. The lack of confidence in the rate of return finally shelved the preliminary surveys. On the part of the British Indian authorities, the hope for a Moulmein-Shan-Yunnan route gradually faded, as pointed out by the Secretary of State for India, Lord Randolph Churchill;

"Until the main line is well advanced to completion and the branch is in progress, it would be a waste of money for the

¹⁵ Ibid.

¹⁶ Ibid.

Indian Government to commence any works on the British side of the border. The main line would be a large enterprise which the Siamese Government could not undertake and upon which no European Company would embark without the guarantee from some European Government possessing control over Siam."¹⁷

Nevertheless, the British Government was still interested in the Siamese railways, and Joseph Chamberlain, President of the Local Government Board, endeavoured to convince the Siamese Minister in London, Naret, that the timing was appropriate for railway construction due to the falling price of iron.¹⁸ Chamberlain pointed out that the unfavourable conditions of international trade affected Europe and Britain, and that Britain was seeking new markets;

"Presently trade throughout Europe is slack causing falling prices in coal and labour. Therefore it is in the interest of Britain to sell and the interest of Siam to buy. Britain needs to find markets for her stocks which are at a low price. Therefore this is a good opportunity for railway building."¹⁹

Chamberlain also touched upon the issue of sovereignty by giving reassurances of Siam's independence;

"Siam is an independent state and therefore must not allow France to interfere....It

¹⁷ PRO FO 69/104 Govt of India Foreign Dept to Randolph Churchill, Secretary of State of India. Oct 5, 1885.

¹⁸ NA KT 5.2/1 Conversation between Joseph Chamberlain and Naret at the House of Commons. March 8, 1886. Reported by F. Verney March 9, 1886.

¹⁹ Ibid.

is up to the Siamese Government from whom she wants to secure railway material, perhaps equally amongst French and British manufactures."²⁰

Several points can be made about Chamberlain's meeting with the Siamese Minister. Firstly it indicates that Anglo-Siamese economic relations were not restricted to the Foreign Office nor to the Indian Office, but also concerned the Local Government Board. Chamberlain explained to Naret that "issues involving people's welfare is a concern for any Cabinet Minister."²¹ Secondly his recognition of Siam's independence was the first time that a senior member of the British Government had mentioned it directly to the Siamese. Thirdly it shows that the nature of Britain's interest in Siam was for trading purposes as opposed to political ambitions. Finally Chamberlain's opinion was, in Verney's view, "valuable" because of his "constant contact with leading commercial men in Britain."²² Indeed the Siamese considered the construction of the Bangkok-Yunnan railway line, but were still doubtful of Chamberlain's recognition of Siam's independence. This is reflected by Siam's manoeuvre to involve another Great Power, Germany.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

In 1887 Devawongse, as Foreign Minister, embarked on a European tour in which one of his tasks was, in the American Consul's view, "to form a company and secure proper parties and capital to build the railway".²³ Devawongse visited the leading firm in Germany, Krupp, and British capitalists in London where he induced the Duke of Sutherland and Sir Andrew Clarke to visit Siam to secure the concession. However Sutherland would offer no scheme without a Siamese guarantee.²⁴ In 1888 Sir Andrew Clarke, agent for the British engineering firm of Punchard, Mctaggart, Lowther & Co, visited Siam for the purpose of the concession. The scheme involved a system of main railway lines extending to South West China opening up large tracts of land, and thus opening up trade between Bangkok and Northern Siam.²⁵ The King did not accept the proposal and instead granted a complete survey through Uttradit to the North and a branch line to Khorat,²⁶ thereby discouraging any connection between North Siam and Moulmein, and at the same time enhancing Siam's control over the Northern States. (See Map III).

According to the report of the British Consul, Gould, the King endeavoured to grant the concession to a British

²³ USCR XXII-XXIII 1887 April-Sept pg 106 "Railroads in Siam" by Jacob T. Childs.

²⁴ PRO FO 69/122 Gould to Salisbury March 17, 1888.

²⁵ NA KT 5/17 Messrs Punchard, Mctaggart, Lowther & CO to Devawongse, Oct 21, 1892. (Memo of events that occurred in 1888).

²⁶ NA KT 5/17 Messrs Punchard to King Aug 3, 1888.

Company, but was placed in a dilemma. Firstly the concession involved the extension of extra-territorial jurisdiction, and secondly there was the fear of French demands; the King, he said, merely granted the preliminary surveys to Clarke on the basis of personal friendship.²⁷ Gould's report tended to contradict his earlier conversation with the former Foreign Minister, Bhanuwongse. The latter had expressed to Gould that the Siamese Government did not feel threatened by the French due to their commitments at home.²⁸ Perhaps Bhanuwongse only referred to Devawongse, who did not feel that the French were an impending threat. There is no evidence to show the King's fear of the French, but perhaps the King's scheme for the Khorat route is an indication of a desire to anticipate any French military movements.

Tender For The Nakorn Rachasima Line.

Clarke's preliminary survey of the North Eastern line to Khorat was carried out at a time when the Germans were showing increasing interest in Siam. In November 1888, the German firm Krupp had despatched Bethge, their agent in China, to meet Devawongse in the belief that the latter intended to employ

²⁷ PRO FO 69/122 Gould to Salisbury March 17, 1888.

²⁸ PRO FO 69/122 Memo of Conversation between Gould and Ex-Foreign Minister Bhanuwongse Jan 31, 1888.

a German railway engineer.²⁹ Bethge pointed out to Devawongse that his employment would protect Siamese railway interests from British dominance;

"The engagement of a German just plainly warrants to the Siamese Government a sure guarantee of a really energetic and strictly impartial protection of its (Siam) interests vis-a-vis the English concern entrusted with surveying and such preliminary work."³⁰

In response, Devawongse transferred his responsibilities on railways to the Ministry of Public Works and established the Railway Department, appointing Bethge as the first Director. Such a movement can be interpreted as preventing the British scheme for the Moulmein-Yunnan route. Furthermore Devawongse agreed with the German Minister in Bangkok, Kemperman, to allow Germans to compete with the British on the tender for railway concession;

"Kemperman is suspicious of the British and told me during a private conversation that the British intended to take advantage of Siam's railway interests. Kempermann has continuously warned me that Sir Andrew Clarke is very likely to call for an exclusive use of British material. Therefore Kempermann urged me to permit the Germans to participate in the tender. I replied that such a procedure will be useful to Siamese interest and will be carried out."³¹

²⁹ NA KT 5.2/5 K. Bethge to Devawongse Dec 11, 1888. Karl Bethge was an engineer of the Royal Prussian Railway 1882-86, had worked in Serbia, then obtained the dual post of Krupp and German Government's engineering representative in China.

³⁰ NA 5 YO 5.2/5 Bethge to Devawongse Dec 9, 1888.

³¹ NA 5 YO 5.6/1 Devawongse to King. Feb 12, 1889.

The Germans used diplomatic means through their Minister to gain a foothold in Siam. This marked the beginning of the Anglo-German economic rivalry in Siam. The Germans were aware of the Siamese need to draw on another Great Power to counter-balance the British. Records from the German Foreign Office indicate such an awareness;

"There was the conviction in Thai Government circles that Siam's future could only be secured through a close contact with Germany, and that English and French influence, in particular where the railways were concerned, had to be kept at bay."³²

Clarke was led to believe that the undertaking of the preliminary surveys would secure him the concession. Instead the Siamese decided for an open tender system. In 1891 the concession for the 160 miles standard gauge railway line was advertised throughout the Siamese Legations in Europe (London and Berlin). The concession included both the construction and the supply of railway material, thereby limiting the tenders to companies with large financial holdings. From the Siamese point of view, they intended not to distinguish between the two because it was the supply of railway material which provided a strong inducement for companies to tender.³³ By September 1891, the Siamese Legation in London had been approached by 15

³² Klaus Wenk "The Relations Between Germany and Thailand" in Southeast Asia and the Germans. Horst Erdman Verlag. Tubingen-Basle, 1977. pg 153.

³³ S. Phiroththirarach MA. diss, pg 32.

Companies. However the Legation did not possess substantial details on the concession to attract companies.³⁴ Several would-be tenderers in both Europe and America complained that the Railway Department had provided inadequate information on local conditions to permit accurate estimations of the costs involved.

By October 1891, there were two principal bidders: a German Syndicate and a British Company. The German Syndicate "The Joint Stock Co for the Construction of Railways in Siam" comprised 5 German firms and was represented in Bangkok by F. Lenz.³⁵ The German's rival was a Scotsman, George Murray-Campbell, who represented Murray-Campbell & Co in Singapore, and was financed by Matheson & Co. Murray-Campbell had experience of railway construction in Ceylon, Jamaica, and in the Malay Peninsula, where he had acquired local knowledge of labour and resources.³⁶ Murray-Campbell's bid was 220,000 baht lower than the German, but yet Bethge recommended the German tender, asserting that the Scotsman had not fulfilled the required specifications;

"Regarding the tenderers, I feel compelled to declare that only the German tender fulfilled the formalities prescribed by the specification,

³⁴ NA KT 5.2/15 Phra Srithabakdi (Siamese Legation in London) to Devawongse Sept 19, 1891.

³⁵ NA KT 5.2/20 Suriya to German Foreign Minister, Baron Marshall von Bieberstein, Oct 19, 1891.

³⁶ NA KT 5.2/26 Sir Charles Gregory to Verney Dec 1, 1891.

Messrs Campbell had not filled the declaration, and only sent a simple letter accompanied by a note from Jardine Matheson declaring the bank would support Campbell. As the letter is not binding, therefore it is of no value to the Siamese Government."³⁷

Bethge's decision was reported to the British Minister who counter-argued that Campbell had not received the tender form, and as his estimates were lower than the German rival, Murray-Campbell was the rightful choice.³⁸ Bethge informed the Minister of Public Works, Narit, that despite the lower estimates by the Scotsman, there was a question of quality. Campbell had not carried out any surveys nor studied the plans laid out by the Railway Department, and this might create long-term problems.³⁹

On the one hand, it does appear that Bethge was naturally biased towards the German Syndicate. Hickey, agent of Murray-Campbell, reported to Devawongse that Bethge had approached his Company to raise their bid so as to justify the choice of the German Syndicate.⁴⁰ On the other hand, Bethge's suspicions of Campbell were on account of the technical benefit to railway construction in Siam. Verney (Counsellor at the Siamese Legation In London), who was prejudiced against the Germans, had

³⁷ NA KT 5.2/32 Bethge to Narit, Public Works Minister Oct 19, 1891. Oct 18, 1891.

³⁸ NA 5 YO 5.6/7 Devawongse to King Oct 18, 1891.

³⁹ NA KT 5.2/32 Bethge to Narit Oct 19, 1891.

⁴⁰ NA KT 5.2/18 Hickey to Devawongse Oct 18, 1890.

earlier praised Bethge as a "man of intention and loyalty".⁴¹ However, from the correspondence amongst the Siamese Ministers, it seems clear that they were suspicious of Bethge. Firstly, Narit's letter to the King stated;

"Bethge's report is biased towards the Germans, and the price list is not reliable as the costs that ought not to be reduced are reduced, and those that have been increased ought not have been raised. Therefore the cost factor is not the determining factor."⁴²

The issue was sensitive and it was left for the King to decide with the warning from Devawongse that;

"If this case is mismanaged, it would become a severe issue. Therefore it is for Your Majesty to consider with great caution before making the decision."⁴³

In October, the King informed Narit of his choice;

"We notice that the English party is cheaper than the German one, and is likely to perform the work more in accord with the regulations than is the German party. The contract should therefore be given to the English because it will be more useful to the interests of the country."⁴⁴

The last reason given was perhaps the most important in selecting the British bidder. Holms pointed out that the choice marked the culmination of Devawongse's effort, begun in 1887, on his world tour, to involve non-French and preferably British

⁴¹ PRO FO 69/145 Verney Conversation with Sanderson, Permanent Secretary at the Foreign Office, Feb 14, 1891.

⁴² NA KT 5.2/18 and 5 Yo 5.6/7 Narit to King Oct 21, 1891.

⁴³ NA 5 YO 5.6/7 Devawongse to King Oct 8, 1891.

⁴⁴ NA 5 YO 5.6/7 King to Narit Oct 21, 1891. No longer available, quoted in Holm Phd pg 60.

capital.⁴⁵ But in this case, it was the threatening position of German hegemony which determined the Siamese anxiety for British capital as seen in Devawongse' letter to Suriya;

"Bethge's action during the tender was very biased, so that if I had not been aware of this, we may have ended up with the Germans constructing the railway in their interest at the expense of Siam."⁴⁶

The issue of the tender for the Khorat railway concession was noted by the newspaper, the Bangkok Times. From the various articles, there is a clear indication of the inevitable support for British interest in Siam from the Western community. The newspaper attacked the Siamese, in particular Bethge, for adopting the standard gauge as used in Burma and Malaya;

"By adopting the normal gauge in Siam, a cheaper traffic may be established from the Chinese-Siamese frontier to Bangkok, and no meter gauge competition need to be feared to direct the trade to Moulmein."⁴⁷

The principal reason which the article gave against the standard gauge in Siam was the cost of transloading from one train to another in connection with the Burmese railway. Bethge explained to Devawongse that the Bangkok Times editor was protecting interests which were contrary to those of the Siamese, namely in preventing Bangkok from being linked to the

⁴⁵ Holm Phd.

⁴⁶ Devawongse to Suriya Dec 8, 1891. Quoted in Somjai thesis.

⁴⁷ NA KT 5.2/6 Enclosure of BKK Times in Bethge to Devawongse. Feb 7, 1891.

South China trade.⁴⁸ In response, Bethge accused the editor of being ignorant of railways. Yet in November 1891, after the concession had been granted to Campbell, the Bangkok Times changed its attitude and began praising Bethge's conduct of the affair;

"The whole Bangkok community is disgusted with the absurd fuss made about very ordinary occurrences..What does the whole theme after all amount to. Tremendous efforts are being made to prove that the Director-General has used irregular means to secure the railway contract for his countrymen, as if that was a heinous crime!"⁴⁹

The Quarrel Between British Engineers and Bethge

As pointed out earlier, the appointment and establishment of the Railway Department was the Siamese response to British intentions of dominating the railways. An assessment of the role of Bethge is one way of determining the effectiveness of Siamese restrictions on the British. The responsibility of the Railway Department was to organise and oversee the construction of State railways, and to regulate and inspect any private railway which might be built in the Kingdom.⁵⁰ The Department was placed under the direction of the Ministry of

⁴⁸ Ibid.

⁴⁹ NA KT 5.2/15 BKK Times "Storm in Teacup" Nov 23, 1891.

⁵⁰ NA 5 First Report in Holm pg 48.

Public Works, and was thus subservient to the Minister. In practise, the Department, directed by Bethge, acted as an autonomous body, which placed the British engineers within the Department in a vulnerable position. Murray-Campbell accused the Minister of Public Works, Narit, of being Bethge's puppet, as the former lacked any knowledge of railways and thus became dependent upon Bethge's advice.⁵¹

Complaints about Bethge prevailed throughout the construction of the North-Eastern line. The Murray-Campbell contract involved both the construction and the supply of railway material and had to accede to the requirements of the Department. Implementation of the contract was supervised by the Consulting Engineer and the Inspector General resident in London, which position was occupied by a British engineer, Spence Moss. The latter had spent 15 years under the British Government in Ceylon and the Straits, and was employed by the Siamese in 1892.⁵² Though reports on the railway material were submitted to Moss, yet he was directly subservient to Bethge.

For instance when Messrs Matheson and Co approached Spence Moss concerning the telegraph material for the Nakorn-Rachasima line, Spence Moss had to refer the matter back to

⁵¹ PRO FO 69/158 Campbell to Sec of State Aug 24, 1893 pg 13.

⁵² NA KT 5.2/39 Spence Moss to Devawongse Feb 11, 1892.

Bethge in Bangkok.⁵³ Another British engineer, F.D. Mitchell, pointed out to Devawongse that the Chief Engineer should be empowered to settle all matters of detail directly with the Contractor. Mitchell described the system of waiting for the sanction of the Public Works Minister (who in turn followed the advice of others) as "pernicious", because it could lead to claims by the Contractor against the Department on account of unnecessary delays.⁵⁴

Another example of Bethge dominating the decision making was the issue of iron bridges. Blundell (British engineer of the Department) believed that English bridges were practical and safe, whilst Bethge preferred American bridges. Blundell informed Bethge of his strong views;

"It must be clearly understood that in doing so (signing the contract), I merely act on your behalf to save the delay of sending the drawings to Siam and back again, and that I do not sign them as Consulting Engineer or by signing accept any responsibility for the strength or suitability of the design of the bridges. In saying this I do not wish to appear to criticize or express my opinion on the designs you have prepared, for which you are solely responsible and upon which I have not been officially consulted."⁵⁵

In addition Blundell complained to Maha Yotha (Siamese

⁵³ NA KT 5.2/40 Spence Moss to Secretary Siamese Legation May 18, 1892.

⁵⁴ NA KT 5.2/41 Statement by F.D. Mitchell to Devawongse July 11, 1892.

⁵⁵ NA KT 5.2/50 Blundell to Bethge.

Minister in London) that Bethge accused him of abusing his authority as Consulting Engineer to the Department, quoting Bethge's words;

"Moss Blundell does not recognise the authority of the Railway Department as superior to himself and proceeded to infer that the interests of the Siamese Government are likely to suffer in consequence."⁵⁶

In order to understand the British complaints, it is worth considering that the British method of conducting railway investment was different in Siam from that in her Colonies. In India the supply of railway material was tendered, and the inspection of the work during manufacturing was arranged by the Consulting Engineer. In the English Crown Colonies (Jamaica, Ceylon, Straits Settlements), contracts for construction did not include the supply of material, because it would place the Contractor in a monopolistic position by tendering at a high rate and purchasing inadequate material at the lowest price.⁵⁷ It seemed that Bethge's exertion of authority was intended to undermine the Contractor's authority.

The problem in Siam about purchasing through a Contractor was that the railway material was ordered ahead of demand. Spence Moss sent a statement to compare the prices to be paid

⁵⁶ NA KT 5.2/58 Blundell to Maha Yotha July 3, 1893.

⁵⁷ NA KT 5.2/59 Blundell Statement June 2, 1893.

to the Contractor and the current market price for the same items.⁵⁸ Moss calculated the loss incurred in not purchasing in the open market at £40,000 (480,000 tcs) and pointed out the profits earned by the contractors.⁵⁹ In addition the excess supply of railway material was paid for in cash rather than by instalments.⁶⁰

Blundell questioned Maha Yotha on the large shipments of material and enclosed 16 letters to the Siamese Legation in London advising the Minister to reconsider home orders for the Khorat Line, and that the export of railway material be regulated by the amount of work completed in Siam.⁶¹ In response, Bethge sent a telegram to the Siamese Minister in London "to stop all inspection and shipment of material for the purchase of this railway."⁶² In reaction, Murray-Campbell sent a telegram to Bethge;

"You (Bethge) have exceeded the rights to possess (in the ordering of railway material) by my contract with the Government in thus interfering with the forwarding of material, and I hold the Government responsible to me in all damages and loss that I incur and

⁵⁸ NA KT 5.2/45 Spence Moss to E.H Loftus, Danish engineer in the Railway Department, Aug 29, 1892.

⁵⁹ Ibid.

⁶⁰ NA KT 5.2/51 Narit to Devawongse Jan 3, 1892.

⁶¹ NA KT 5.2/51 RRD to Minister of Public Works Dec 13, 1892.

⁶² PRO FO 69/158 Campbell to Bethge Jan 30, 1893 pg 30.

also on account of this breach of my contract."⁶³

It is evident that the lack of technological expertise amongst the Siamese placed the Railway Department in the hands of the foreign engineers. However the conflict between the German Director and the British engineers gave the Department an element of balance in the sense that no particular Western power possessed a dominating hold over the nature of railway construction.

Conflict Between Campbell and the Siamese Government.

From the Siamese perspective, the construction of a railway line by a British contractor served to counter-balance the German orientated Railway Department. What the Siamese failed to foresee was the dispute created between the German Director and Murray-Campbell, which brought the intervention of the British Government. Such conflict was derived from Bethge's series of complaints against Murray-Campbell, namely the slowness of his work. Campbell offered to set out the entire line without any co-operation from the Department. Bethge refused and decided to place the planning in his own hands to which Campbell agreed. After a year and 3 months, Campbell only received the plan and section of the line up to

⁶³ Ibid.

133 km,⁶⁴ thereby preventing Campbell from continuing any preliminary arrangements. This delay caused a financial constraint upon Campbell. To overcome the problem, Campbell proposed to extend the contract from 5-7 years and claimed 500,000 tcs damages for neglect by the Department.

Campbell had three main complaints. Firstly the delay over the preparation plans; secondly the deduction of payments by the Hongkong and Shanghai bank; and thirdly the prohibition of the supply of railway materials. On account of these complaints, Campbell appealed to the British Foreign Office to intervene. Campbell asserted that the dispute affected "the economical working of the contract and its progressive and satisfactory execution."⁶⁵ Concurrently, Jardine Matheson & Co threatened to cease all financial facilities to Campbell unless the Siamese Government made an immediate payment of all sums improperly detained.⁶⁶ Campbell pointed out that his financial weakness was impeding the construction and thus would jeopardise British commercial influence in Siam. In response to Campbell's complaint, the British Foreign Office pressed Devawongse for arbitration. Devawongse preferred to settle the dispute without acceding to arbitration, but

⁶⁴ PRO FO 69/158 Murray-Campbell to Sec of State Aug 24, 1893-Complaints pp 15-25.

⁶⁵ PRO FO 69/158 Campbell to Sec of State Aug 24, 1893.

⁶⁶ PRO FO 69/158 Campbell to Rosebery Oct 24, 1893 pg 299.

Campbell refused to compromise.⁶⁷

The Siamese Government yielded to arbitration upon the pressure from the British Government and also agreed to hold the proceedings in London. Campbell nominated Sir Guildford Molesworth as his representative, whilst Bethge nominated Herr Lange (Chief Counsellor to the Imperial German Government's Minister of Public Works) to represent the Department. The award of March 19, 1894 granted Campbell less damages than he had claimed, only 172,000 baht plus a one year extension of the contract to compensate for the Department's delay in handing over mechanical drawings and in going to arbitration.⁶⁸

However changes in the political environment raised issues concerning the Campbell contract. Due to the French occupation of Chantaboon, the Siamese decided not to extend the line eastwards to the Nongkai at Mekong. The Siamese Government negotiated with Campbell to give up the last portion of the contract so that the line would terminate at Genkoi-70 miles from Bangkok.⁶⁹ The termination was advised by the two British engineers in the Department (Newman and Blundell), on the grounds that it would be to Siam's advantage to undertake the construction in the French sphere of influence, carried out by

⁶⁷ Ibid pg 39.

⁶⁸ PRO FO 69/158 Sanderson to Verney Oct 27, 1893. Holm pg 69.

⁶⁹ PRO FO 69/180 de Bunsen to Salisbury Oct 20, 1895 pg 55.

a joint stock company incorporated as a Siamese company;

"It might avoid possible trouble with the French if the Khorat terminus were in the hands of a commercial company instead of under the control of a Siamese state railway official."⁷⁰

Campbell agreed to terminate his contract only upon the condition that his previous claims be met and he could secure the contract for the proposed Northern line Ayuthaya-Chiangmai. The Siamese refused these terms and decided to terminate Campbell's contract. The British Minister, de Bunsen, expressed another view, namely that Campbell was reluctant to extend the line further.⁷¹ The geographical difficulties in the eastern part of the region and the scarcity of labour beyond Genkoi involved financial constraints which Campbell was not prepared to meet.

The Siamese termination of Campbell's contract resulted in another Court case. A Dutchman, Van Bosse, declared the Department to be justified in cancelling the contract and advocated Campbell be paid 578,222 baht retention fund and damages of 50,133 baht, still no where close to the 9 million

⁷⁰ NA 5 YO 5.2 Newman and Blundell to Bidyalabh Sept 26, 1896. Prince Bidyalabh was Acting-Minister for Public Works 1894-97; Minister 1897-99.

⁷¹ PRO FO 69/180 Memo of de Bunsen by Black Sept 20, 1895 pg 63.

baht claimed by Campbell.⁷² Jardine Matheson who financed Campbell, approached the British Minister, Greville, to support Campbell's contentions.⁷³ On July 30, 1898, Greville, with Foreign Office approval, presented Devawongse with documents which indicated that Lange and Van Bosse had acted contrary to the procedure in the matter of arbitration.

The General Adviser, Rolin-Jacquemyns, raised the issue with the British Foreign Office, and both agreed that a third Court of Arbitration take place, the matter to be decided by a professional jurist. Rolin-Jacquemyns proposed to appoint a Russian Privy Counsellor, but Salisbury objected that the case needed to be conducted under British law declaring that, "nobody but an English jurist would be competent to decide it."⁷⁴ A. Clarke was appointed and pronounced the following judgement;⁷⁵

1) The Railway Department was unjust in cancelling the contract.

2) The Railway Department should pay Campbell in addition to £37,000 another £161,000 by May 1901.

This meant that Murray-Campbell and Jardine, Matheson & Co had managed to turn Van Bosse's annulled award into a net profit, to be equally divided between the contractor and his

⁷² NA 5 YO 5.3/10 Umpire's Award, Nov 15, 1897. Holm pg 73.

⁷³ NA 5 YO 5.3/14 Memorandum of Railway Arbitration June 1900.

⁷⁴ Ibid.

⁷⁵ PRO FO 69/180 Campbell to Salisbury June 29, 1897.

financier.

The dispute between Campbell and the Siamese Government left an unfavourable mark on the Siamese attitude towards the private construction of railways. Sir Alexander Randle, Consulting Engineer to the Indian Government for railways, had warned Devawongse in 1891 of the dangers involved with contractors;

"Troubles with contractors, even in India, have been so serious, that the rule there now is... that the Government and Companies do their own work by their own engineers,⁷⁶ without the intervention of contractors."

The Siamese mistake was that they believed the agreement was only between the Railway Department and the Contractor, but in reality the Siamese had to deal with the British Government, which led to difficulties and financial loss.⁷⁷

The Northern Line and the Siamese Loan.

The scheme for the Northern line Bangkok-Chiangmai (Map III) had been contemplated since 1895, and by the end of 1896, the Siamese had turned down 4 British applicants: J. Macarthy; Murray-Campbell; Liversey and Henderson; Newman

⁷⁶ NA 5 YO 5.1/25 Enclosure of Verney's letter of August 5, 1899.

⁷⁷ NA 5 YO 5.1/25 Sommot to Verney Sept 1, 1899.

representing the Borneo Co.⁷⁸ The British Foreign Office did not exert its influence to ensure a British contract for the concession. On the contrary, the British Foreign Secretary declared to the London Chamber of Commerce his recognition of Siam's decision to manage the railways;

"Siam is absolutely an independent State, and any railway which is made through it will depend entirely upon the control and judgement which the⁷⁹ Siamese Government will exercise over it."

The British Foreign Office was aware that the timing was not appropriate due to the Murray-Campbell railway arbitration, and furthermore, the Siamese experience with the arbitration case was dissuading the Siamese from granting contracts to Westerners;

"Doubt that the Siamese give the concession to Campbell-sick of quarrels with contractors and more likely to try own hands at railways."⁸⁰

Indeed the Murray-Campbell incident had deterred the Siamese from granting the contract to a Western enterprise, and made them instead inclined to undertake the construction themselves. Yet the Siamese administration was faced with the decision of whether to grant the contract to a Siamese company or have it constructed by the Railway Department.

⁷⁸ NA KT 5.10/17 Rolin-Jacquemyns to de Bunsen April 13, 1896; de Bunsen to Rolin-Jacquemyns April 12, 1896; Newman to Bidyalabh Oct 30, 1896.

⁷⁹ PRO FO 69/190 Enclosure "The Times" June 13, 1896.

⁸⁰ PRO FO 69/180 de Bunsen to Wilde Dec 5, 1895.

The General Adviser, Rolin-Jacquemyns, recommended a private company to operate the construction and to be incorporated under Siamese law.⁸¹ Rolin-Jacquemyns' opinion was based on his argument that departmental construction involved more expenditure. In addition Rolin-Jacquemyns favoured private construction because he did not trust the Department. This is evident in his model concession which formed the terms to which any future concession would be granted to foreigners. The two main points were :⁸²

1) Companies should be Siamese Companies-those concerned to be placed under Siamese Law.

2) Profits to be equally divided between the government and the Company. Concession to be limited to 25 years.

On the other hand, the Siamese administration found it more appropriate to build railways departmentally than through contract. The Cabinet feared the dominance of private entrepreneurs. Damrong abhorred the large railway companies in France and America. Experience with Campbell had shown the problems involved with private entrepreneurs, and this influenced the Siamese preference for state enterprise. The Government laid down 3 principles in June 1899 favouring departmental construction:⁸³

1) All main railways to be built by the Railway Department: the Nakhon Rachasima

⁸¹ NA 5 YO 1-9 Rolin-Jacquemyns to Bidyalabh Jan 6, 1897.

⁸² Ibid Bethge to Bidyalabh Jan 8, 1897.

⁸³ NA 5 YO 5.2/19 Cabinet Meeting June 29, 1899.

Railway;the line north of Chiengmai;and Southern line to the Malay Peninsula.

2)Some regions were not to have railways.This was a precaution against foreign enemies (from) using them for attacking Bangkok.

3)Other lines could be built by private entrepreneurs.

These principles were a means of maintaining Siam's sovereignty. This became evident when the Government bought the Bangkok-Petchburi line from Aage Westenholz and transferred it to Naradhip.

The British Government were convinced of the Siamese Government committment to undertake construction,but there was the question of finance and administration being dominated by other Western powers.Departmental construction would allow the German Director to exert his influence,whilst construction by a Siamese Company would involve a foreign loan.Greville warned Salisbury that;

"The control of the railway system of Siam by foreign officials,or the construction of lines by foreign capital,would be a distinct blow to British ascendancy."⁸⁴

The only means left for the British to maintain some influence in the Siamese railways was by participating in the loan. Salisbury insisted Greville to persuade the Siamese Government to apply to the London market for the loan.⁸⁵

⁸⁴ PRO FO 422/51 Greville to Salisbury March 16,1899 pg 51.

⁸⁵ PRO FO 422/51 Salisbury to Greville April 20,1899 pg 52.

The issue of a loan had been considered since 1896, when J.J. Richmenn offered to Devawongse to negotiate with the German financial houses whenever Siam was in need of capital.⁸⁶ In December 1897, the British Financial Adviser proposed to raise a European loan,⁸⁷ and in 1898 Mahit, the Finance Minister, was instructed to make inquiries as to the terms and conditions upon which a loan could be raised.⁸⁸ In 1899, there were practical considerations which meant that the time was not ripe for a loan. Not only did the Cabinet fear the political implications of a foreign loan, but moreover the political environment of Siam's uncertain position was detrimental to a loan on favourable terms as pointed out by Suriya, the Siamese Minister in Paris;

"So long as the independence of country is assured and ability to pay up interest and capital is in conformity to agreement, Siam can borrow any amount."⁸⁹

In 1902 the issue of the loan re-emerged in connection with the construction of the Northern line, linking Bangkok with Uttradit. The scheme involved the doubling of funds to the Railway Department, an amount which the Government's current

⁸⁶ NA 5 T 1 Devawongse to Phya Nonth-Siamese Minister in Berlin May 19, 1896.

⁸⁷ Brown Phd pg 122 no.9

⁸⁸ PRO FO 69/196 Greville to Salisbury Aug 30, 1899.

⁸⁹ NA Kh 0301.1 25/1 Suriya to Devawongse March 12, 1903.

revenue was unable to meet. The Public Works Ministers, Narit, pointed out to the King that the raising of a loan would give Siam two advantages.⁹⁰ Firstly, it would provide capital, and secondly the opportunity to negotiate with foreign powers. Narit also made the point that as the loan would place Siam in debt, such a disadvantage outweighed all other advantages. The Finance Minister, Mahit, who saw the necessity of a loan, had the support of the Financial Adviser, Rivett-Carnac. The latter was in favour of Archer's scheme of procuring a loan of 1 million sterling to be equally shared between France and Britain.⁹¹ Mahit enquired at the Hongkong & Shanghai Bank in London on the terms for raising the loan.⁹² In December 1902, Mahit informed the King that Rivett-Carnac was to enquire in Europe about the loan under the supervision of the Siamese Minister in Paris, Suriya.⁹³

There was the question of the loan being linked to the rate and speed of railway construction. There were 2 factions: Gehrts (German successor to Bethge as Director of the Railway Department) advocated a slow pace, whilst Mahit wanted a fast pace. Gehrts made the point that it was important not

⁹⁰ NA 5 Kh 25/1 Narit to King Feb 2, 1902.

⁹¹ PRO FO 422/56 Charge d'Affairs, Archer, to Lansdowne Aug 27, 1902 pg 309.

⁹² NA 5 Kh 25/1 Mahit to King Dec 18, 1902.

⁹³ NA 5 Kh 25/1 Suriya to Devawongse Jan 16, 1903.

to construct railways ahead of commercial requirements;

"In Siam the increase of population and cultivation will follow the railway lines, and under due consideration of this fact, it is my opinion that the railway of this country might not (to) be built too quickly. The spending of an average of 3.5 million baht yearly as done in the years 117 (1898) to 120 (1901) is in general quite sufficient for the effective development of the country and will insure a better financial result than the spending of large sum."⁹⁴

Gehrts did not expect the trunk lines in Siam to generate a revenue higher than a 5 % rate of interest. Furthermore Suriya believed that the Lopburi-Uttradit line would give a depreciating return of 10%, and thus preferred to use the loan for establishing a National Bank for agricultural development.⁹⁵ In contrast Mahit saw "no harm in quick construction",⁹⁶ as railways was the key to stability, and the profits from railways could be used for further construction.

The decision to raise the loan was passed on to the General Adviser, Stroebel. The latter pointed out that;

"The real danger in making (taking out) a loan lies not in making a loan but in making a loan and not paying it."⁹⁷

In his view the loan was unavoidable, and he gave his

⁹⁴ NA 5 Kh 25/3 Gehrts to Narit (Minister Public Works) Jan 20, 1903.

⁹⁵ NA Kh 0301.1 25/1 Suriya to Devawongse March 13, 1903.

⁹⁶ NA 5 Kh 25/1 Mahit to King Feb 5, 1902.

⁹⁷ NA 5 Kh 25/1 Memorandum by Stroebel on question of loan Oct 25, 1904.

consent. The negotiations for the 1905 loan were entrusted to Suriya and Rivett-Carnac. Suriya pointed out to Devawongse that there were two types of financing houses:⁹⁸ private financiers such as Rothschilds; and Joint-Stock ones such as the Hongkong-Shanghai Bank. Rothschilds had several branches throughout Europe, and if the Siamese were to secure the loan from the French House, it might give the impression that the Siamese were merely using the French name but had in fact negotiated with the British house.⁹⁹ As for the Joint Stock banks, the loan was determined by the public as it was the latter who subscribed to the shares. In 1903 there was no such bank in France which would accede to the Siamese terms.¹⁰⁰

Therefore Rivett-Carnac then approached the Hongkong & Shanghai Bank, but the London Bank offered only 92 nett at 5% with no security.¹⁰¹ In January 1905, Suriya wrote to the Consul for Siam in Stockholm, Axel Johnson, for assistance,¹⁰² who then contacted Wallenberg and Suriya. Wallenberg and Johnson met in Paris and negotiated with the Hongkong & Shanghai Bank, and the Banque de L'Indo-Chine which offered 90 and a half nett at 4

⁹⁸ NA Kh 0301.1 25/1 Suriya to Devawongse March 21, 1903.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ NA 5 Kh 25/5 Suriya to Devawongse Feb 18, 1905. Brown Phd pg 145.

¹⁰² NA 5 Kh 25/5 Axel Johnson to Devawongse April 18, 1905. Also in Brown Phd pg 145.

and a half % pa. The Danish Landtmann Bank of which Wallenberg was the Director also underwrote a small part of the loan. The loan contract was negotiated by Suriya and Rivett-Carnac in London which was signed in March 19, 1905.¹⁰³ The loan was for £1 million at an interest of 4 and a half issued at 95 and a half, to be repaid within 40 years, using the general credit of Siam as security.

Ian Brown pointed out that the main reason for the European confidence in Siam's credit was the employment of a British Financial Adviser and the publication of the budget, as it reassured the investors of the safety of their investment.¹⁰⁴ Perhaps Brown's point covered the overall confidence but not the actual timing of the loan. It may be suggested that the confidence in 1905 was firstly due to Siam's adoption of the Gold standard of 1902 and, secondly, to the Entente Cordiale, as it placed an end to Franco-Siamese hostility, thereby Siam was successful in raising a loan via the Joint-Stock banks. The fact that the French Banque de L'Indo-Chine participated in the loan clearly illustrates the public confidence in Siam's credibility. By the end of the 19th century, the Siamese administration was committed to its policy of departmental construction of railways. The termination of the Murray-Campbell contract and the construction of the

¹⁰³ Ibid.

¹⁰⁴ Brown Phd pg 145.

Northern line indicates the firmness of Siamese policy. Another important issue which also illustrates Siam's commitment to their policy was in 1903 when the Siamese refused the French the construction of two railway lines in Northeastern Siam.

British Involvement in the Siamese Railways, 1905-1914: The
Construction of the Southern Line.

The construction of the Southern railway was of an entirely different nature to that of the Eastern and the Northern lines. The Siamese experience with the Murray-Campbell arbitration case, and the British confrontation with the German-dominated Railway Department influenced the characteristics of Southern railway construction. Firstly the construction was primarily British in nature. The line was built in the British sphere of influence with British capital and by a British Railway Department. Secondly there was a difference in purpose. It has already been discussed how the purpose of the Northern line, to penetrate Yunnan, remained unresolved, whilst the Northeastern line was to serve political interests. However the Southern line was more realistic in its purpose, namely to connect with the Malay Peninsula railway line for trading purposes.

The importance of the construction of the Southern line in the context of Anglo-Siamese economic relations was shown in controversies over several issues: the exclusion of German engineers from participation in construction; the establishment of a separate department for the control of the line; and the

origin of the funds for the financing of the line. These issues revolved round the Secret Agreement of 1897, whereby Siam was required not to grant "any special privilege or advantage whether as regards land or trade" in the Peninsula to the subjects of a Third Power "without the written consent of the British Government". The Siamese perceived the railway line as an attempt by the British to extend their influence from the Federal Malay States. It was attempts to prevent these issues from developing into a political crisis which culminated in the 1909 Agreement.

The Idea of the Southern Line.

The scheme for the Southern line was associated with the British Colonial Office's intention to open up Southern Siam. British interest in the construction of a railway line in Southern Siam began in 1890 when there were two applicants. Firstly the Penang Syndicate ¹ proposed to construct a line from the mouth of the Pry River in Province Wellesley to Kulim in Kedah which was favourably viewed by the Raja of Kedah. ² The second applicant was a British investor, Dunlop, on behalf of Kulim and Singora Railway Syndicate, who applied for the route from the Port of Singora (Songkla) to Purlis Kedah or

¹ NA KT 5.10/3 Dunlop to Devawongse Jan 26, 1890. Penang Syndicate was the strongest banking mercantile and shipping interest of Penang.

² NA KT 5.10/3 Gould to Devawongse Oct 21, 1889.

Penang,³ under the name of "Royal Siam Transpeninsula Railway".

From the Siamese perspective, such a railway route offered both political and economic advantages. As Singora (Songkla) was closed to navigation for 5 months of the year, a railway line would bring constant communication between Bangkok-Singora. In addition, the line would serve to open rich tracts of mineral and agricultural land, thereby increasing the revenue of the country; provide rapid transport of mail and merchandise between the 2 seas; and above all strengthen Siamese control of the Malay States.⁴ The Siamese decided in favour of the project and Dunlop proceeded to Europe in 1892 to make the necessary arrangements for construction.⁵ From the British point of view, the proposed railway line would allow the development of the Purlis coalfields, and create Penang as a coaling station.⁶ The scheme was undertaken by the Malay Railways and Works Construction Co Ltd, consisting mainly of railway contractors and capitalists of a high reputation in England.⁷ However the Franco-Siamese Paknam incident, whereby

³ NA KT 5.10/3 Dunlop to Devawongse March 26, 1889.

⁴ NA KT 5.10/3 Dunlop to King July 29, 1892.

⁵ Ibid.

⁶ PRO FO 69/240 Straits Independent (Penang) March 21, 1891. Enclosed in Perks to Grey Dec 1, 1893.

⁷ Further discussion see Chandran "Private Enterprise and British Policy in the Malay Peninsula: the case of the Malay Railway and Works Construction CO 1893-95" JMBRAS Vol 37 Pt. 2, 1964 pg 25-46.

French gun-boats entered Bangkok, resulted in the postponement of the scheme,⁸ and the Siamese decided to cancel the concession, as explained by Bidyalabh, the Deputy Minister of Public Works;

"In my opinion, it was not necessary to delay because this railway route serves no particular importance to us. If Dunlop fail to construct in time according to the concession, we can cancel it."⁹

Perhaps the Siamese cancellation of the concession can be regarded as a retaliation against the British for their non-interventionist attitude during the Paknam incident.

The line proposed by the Penang Syndicate of the route Phrai to Kulim was modified, thereby giving a direct connection between Kota Star and Kulim, Kota Star to Phrai and from Phrai to Kulim and Selama. From a commercial point of view, much of the trade would be diverted to Penang.¹⁰ Such a consideration dissuaded the Siamese from adopting such a proposal. The difference between the two route concessions was that one was to be built from Siam into the Peninsula; the other from the Peninsula into Southern Siam. The former had found favour amongst the Siamese as it implied the extension of

⁸ NA KT 5.10/3 Dunlop to Sanprasit (Minister of Public Works) Sept 13, 1893. Prince Sanprasit held the office 1893-94.

⁹ NA KT 5.10/3 Bidyalabh (Deputy Minister for Public Works) to Devawongse. Dec 29, 1893.

¹⁰ NA KT 5.10/3 Bethge to Minister for Public Works Dec 18, 1893.

administrative control from Bangkok.

British interest in Southern railway construction was revived in 1896 when two retired British civil servants, Sir Luther Vaughan and Sir Edward Thorton, applied for a railway concession Bangkok-Chumporn, and the Kra Trans-Peninsula Railway. Sir Luther Vaughan was a retired army officer who had served in India. He had experienced railway management on the North Western Railway, whilst Sir Edward Thorton was a retired diplomat who had served as British ambassador to St. Petersburg and Constantinople. These two applicants had no experience of conducting business in a tropical country, and this reflects the nature of concession hunters who were merely profit-seeking speculators whose only experience was that of dealing with foreign subjects. The Siamese decided to deny the concession giving the excuse that their policy was to construct their own line.¹¹

Indeed Thorton and Vaughan may have held the impression that such an excuse was fallible, but when considering the actual nature of the Kra-Transpeninsula line, and the political environment in 1898, the Siamese refusal was based upon their mistrust and suspicions of Western enterprise. The purpose of the Kra-Transpeninsula line and the Bangkok-Chumporn was to

¹¹ NA 5 YO 5.2/14 Thorton and Vaughan to Bidyalabh July 23, 1898.

accommodate the foreign trade of Siam.¹² The construction of a harbour at Chulai was to serve the large ocean steamers, whilst the harbour at Kra would shorten the distance between Bangkok and Europe by more than 1000 miles. The railways would serve the inland transport of goods between Bangkok and the South. The estimated cost for the grand scheme amounted to 2.8 million baht.¹³ The grand scheme would open up the South at such an advanced pace that the sovereignty of Siam might be placed at stake. Such a perception was seriously considered by Bidyalabh.¹⁴ The capital involved, the construction of bridges, and the withdrawal of Siamese shipping services on rivers in the area was seen as a surrender of sovereignty;

"On the whole I should call it an ultimatum for a concession for a railway purpose, or if it is a concession, it is not for a railway purpose but to concede the kingdom to them."¹⁵

In this sense, the crucial element was that the Siamese were suspicious of foreign investment as a threat to their sovereignty, and thus preferred to construct their own railway.¹⁶ It is also worth considering that the year 1898

¹² NA 5 YO 5.2/11 Thorton and Vaughan to Bidyalabh Sept 23, 1896.

¹³ Ibid.

¹⁴ NA 5 YO 5.2/11 Bidyalabh to Bethge Oct 25, 1896.

¹⁵ Ibid.

¹⁶ NA 5 YO 5.2/14 Thorton and Vaughan to Bidyalabh July 13, 1898.

coincided with the Campbell arbitration, an experience which determined the Siamese to undertake railway construction directly rather than through granting contracts to Westerners. It may also be added that the idea of the proposed port accommodating ocean steamers raised the issue of gun-boats entering Siam.

The Development of the Southern Railway Line.

The construction of a Southern railway line began with the extension of a line southwards from Bangkok to Petchburi. The concession was initially granted in 1894 to Westenholtz, a Danish resident Civil Engineer who had been involved in tramways in Bangkok. In 1895 the Cabinet decided to undertake the project and Westenholtz agreed to transfer his concession on condition that he became the sole manager.¹⁷ Westenholtz also faced financial difficulties in undertaking such a concession, and thus it was in his interest to transfer the concession, as was made explicit in his letter to the Royal Secretary;

"It has from the beginning been my desire to see this railway as a Siamese Co, with as much Siamese capital as possible, but the difficulty of obtaining considerable subscriptions amongst the common people has amply been proven, even on such

¹⁷ NA 5 YO 5.5/5 Memorandum of Cabinet Meeting Oct 4, 1895.

profitable undertakings as the tramway."¹⁸

Westenholtz requested the concession be transferred to Naradhip, asserting that he wanted to see the concession "carried out as speedily and efficiently as possible."¹⁹ Though Naradhip was not a member of the Cabinet, he had served as Finance Minister, and perhaps regarded as experienced in business matters.

Naradhip obtained the King's sanction for the concession and intended to conduct the enterprise with Siamese capital.²⁰ However the Siamese Finance Ministry offered to assume control of Naradhip's concession and recompense him for a certain number of shares, which offer Naradhip refused.²¹ Naradhip's concession became unacceptable to the King unless he accepted the Finance Ministry offer. The reason behind the administration's suspicions of Naradhip's concession was his intention of seeking German financial support. Naradhip had drawn up a draft Agreement with a German firm Rickmers whose conditions certainly affected Siamese economic sovereignty. In clause 5 it was stipulated;

"Prince Naradhip shall, if required by Rickmers, register the said railway line and the concession therefore as a German concern in His Imperial

¹⁸ NA 5 YO 5.5/5 Westenholtz to Sommot Feb 9, 1895.

¹⁹ NA 5 YO 5.5/5 Westenholtz to Bidyalabh Sept 23, 1896.

²⁰ NA KT 5.4/1 Extract from the "Siam Free Press" Oct 5, 1896.

²¹ Ibid.

German Majesty's Consulate General at Bangkok."²²

Clause 6 granted Rickmers "full power and authority".

In response, the Siamese decided to transfer the concession to Armstrong, a British representative of the Chartered Bank. The financial houses supporting Armstrong did not agree to the Siamese specified route, and the concession was finally sold to a Dane, P.B.C. Kinch, who in turn sold it back to the Siamese.²³

The Southern Railways

In 1906 the idea of the Malay-Peninsula emerged on account of the strong intentions on the part of the Straits authorities to connect their railway line with Siam. The American Consul noted that the Federal Malay States had already completed 396 miles of railway; were in the process of constructing a line through Johore which was expected to be completed by 1908; and that there were other lines being contemplated running north through Pahang, for which preliminary surveys had already been undertaken, including a route through Kelantan to Kota Baru.²⁴ The Singapore Free Press asserted in an article that there was no reason why the

²² NA 5 YO 5.4 Cabinet Meeting, April 17, 1897.

²³ NA 5 YO 5.4 Cabinet Meeting April 17, 1897.

²⁴ PRO FO 422/60 British Charge D'Affairs, Beckett, to Grey Sept 12, 1906 pg 94.

railway line through Johore could not be extended through Kelantan with the object of meeting a continuation of the Siamese railways, traversing the Eastern Siamese States southwards from Bangkok.²⁵ Such direction would provide convenience as the north-east monsoon often proved a hindrance for access into the east coastal ports.

The Federal Malay States' Officers wanted to extend the railways northwards through the Siamese Malay States along the eastern and western coasts of the Peninsula. The idea of the line through Johore was to complete the connection between Singapore and the northernmost limits of the Federal Malay States. This scheme had, in Beckett's view, prevailed amongst the more "enlightened and far seeing" Siamese authorities, notably Damrong. These Ministers supported the scheme on condition that the northward extension would provide commercial advantages.²⁶ Yet there was much doubt as to the commercial success on account of the geographical difficulties of the region lying between the Federal Malay States and the Siamese territory.

The railway scheme can be regarded as a reflection of British interest in extending their influence into Southern Siam as indicated in Westengard's report to the King;

²⁵ PRO FO 422/60 Extract from "Singapore Free Press" Sept 6, 1906 pg 97.

²⁶ PRO Fo 422/60 Beckett to Grey Sept 12, 1906 pg 94.

"The British Government,once having been informed that there is a chance of great industrial development in the territory lying next to the British possessions, will not rest until that territory has been developed.The British Government will insist that the country shall be opened up either by Siam,or,if she is unwilling,then by Great Britain herself."²⁷

Simultaneously,Damrong saw the necessity of opening up the south on account of the political pressure.Damrong regarded the isolation of the South as an excuse for the British to use force in establishing their influence in the region.²⁸At the same time,the opening up of the region would result in the immediate influx of Western capital;

"If we turn to an open door policy by granting every concession to the British investors, the region will be full of foreigners within a short period like Johannesburg..²⁹

In order to accommodate the presence of Western activities, Damrong endeavoured to provide the infrastructure and the administration to control and regulate Western activities;

"..the Government has to develop the southern provinces in accordance with the British practice in its Colonies.Such a consequence will probably satisfy Britain,which is a business-oriented nation,rather than a territorial expansionist.Secondly,the Government must construct a railway into that region without delay so that it will

²⁷ NA 5 M 14/50 Westengard,Assistant General Adviser,to King Dec 17,1906.

²⁸ NA 5 YO 5.5/24 Cabinet Meeting Dec 17,1906.

²⁹ Ibid.

communicate with the capital with ease."³⁰

The first step proceeded by the Siamese was to survey the route for the railway line. In 1906 the Government employed a British engineer, Henry Gittins, to study the feasibility of such a line. Gittins submitted a report recommending the immediate construction of a trunk line from the Port of Trang on the West Coast by way of Patalung, Nakorn Srithamarat, Bandon, and Bangtaphan, to be connected with Bangkok (see Map IV). In comparison to the Northern line, Gittins asserted that;

"The line will be easier and cheaper to construct..and has the great advantage of close connection with the sea. It will go through a country capable of producing the best of tropical production...And which is most extensive plains for the cultivation of paddy, the wealth of the nation."³¹

The estimated length of the line was 530 miles at the cost of £3m. The proposal was supported by Damrong and Phya Sukum (Acting Minister of Public Works) who had already made a tour of the Southern States and concluded that railways were a means of extending Siamese administrative control over the Southern States.

Several points may be made about Gittins' memorandum of 1906. Firstly the timing of the construction was vital to the

³⁰ Ibid.

³¹ NA KT 5.5/2 Gittins to Sukum, Acting Minister of Public Works May 24, 1906.

opening up of the region. Any failure in the Siamese response to open up the south to British interests might induce the Federal Malay States "to take action".³² Secondly the line would bring commercial benefits to the Siamese. The construction would accelerate the opening up of a port on the west coast, namely Trang, whereby Siam would be in the position to conduct direct trade with Burma and India instead of via Singapore. Thirdly the line was to commence from Trang northwards to Southern Siam, rather than from Petchburi, and was thus an indication of adhering to British influence.

The Establishment of a Separate Railway Department.

Gittins foresaw the political problems arising from the construction of the Southern railway. He anticipated that the German dominated Railway Department would bring an influx of German engineers into the Peninsula thereby expanding German political and commercial influence into the region. This would inevitably create friction with British interests in the Peninsula and Britain's privileged position which the Siamese had come to recognise under the 1897 Secret Convention. By this Convention, the Siamese had agreed that non-British capital was to be excluded in the British sphere of influence in the Malay Peninsula without British consent.

³² NA 5 YO 1-8 Gittins Memorandum Oct 20, 1906.

In order to maintain the predominance of British interests, the British Charge d'Affairs, Beckett, proposed two schemes. Firstly the survey, the construction, and the management of the proposed trunk line would be handled by British engineers. Secondly Siam would establish a separate Railway Department to control the Peninsula line under a British Director, whose status would be on a par with that of the German Director. Such a scheme would ensure the route was in accordance with British interests. A British Director was necessary to the scheme because there were rumours that the German Director was to be granted some influence in Cabinet decision-making concerning the railway route.³³

Furthermore there were two other major rumours which aroused British anxiety. Firstly, the German Director was preparing large schemes for railways throughout Siam including a trunk line down the Malay Peninsula; an extension of the Khorat line to the Mekong at Nongkhai; and an extension of the Chiangmai line with branch lines in various ^{directions.} Secondly,

there were rumours that the German Director was persuading the Siamese Government to commence the Malay Peninsula line from Petchburi southward, whereas if the Siamese had showed any inclination towards British interests, it would have begun at both ends or at Trang, where easy access from the sea would facilitate the shipment of British railway

³³ PRO FO 422/60 Beckett to Grey Oct 1, 1906.

material; or in the region of Nakorn Srithamarat which offered a profitable commercial field.³⁴

Grey pointed out to the Legation Office the crucial effects of the extension of German influence and insisted that the "proposed railway must not be handed over to the German engineers, but be left in the hands of the Siamese or British officials".³⁵ The Straits Settlements authorities feared that departmental construction of the proposed line would destroy any hope of annexing the Siamese Malay Tributary States under the Union Jack.³⁶ Such a view was expressed by Beckett;

"The Siamese Government neither appreciated sufficiently Britain's special position in the Peninsula nor realized how unpleasant a situation might arise if the control of railways were to fall into the German hands."³⁷

The Colonial Office endeavoured to establish a separate Railway Department. As the matter was to be discussed in London, the Governor-General informed Lord Elgin, the Colonial Secretary;

"I would urge that any proposal for departmental construction should be firmly refused. It would mean that German influence and interests would exceed ours in the north of the

³⁴ PRO FO 422/60 Memorandum of Conversation between Beckett to Westengard Oct 1, 1906.

³⁵ PRO FO 422/60 Grey to Beckett Aug 18, 1906.

³⁶ PRO FO 422/60 Beckett to Grey Oct 1, 1906 pg 80-81.

³⁷ Ibid.

Peninsula."³⁸

The Colonial Office held the view that the Siamese were intending to involve Germany as a supporter against the pressure from Britain and France.

The Siamese Ministers especially the Public Works Minister were surprised at the British idea of establishing a separate department which would exclude others. Beckett put forward several reasons for the surprise. Firstly the Siamese Government had endeavoured to avoid the nationalization of any particular department.³⁹ Indeed the Siamese were intending to train and prepare Siamese officials to run the various Government agencies, for instance Luang Ramphai (German educated) for the Railway Department. Secondly by excluding other powers from the commercial privileges in the Malay Peninsula, this would inevitably lead to difficulties with the other Powers on account of the "most favoured nation clause". Westengard reiterated fears often expressed by Stroebel in connection with concessions, that the denial of commercial privileges to the Germans and the Americans would induce their respective Governments to assert diplomatic action to protect their nationals, and thus place the Siamese

³⁸ PRO FO 422/60 CO to FO Feb 22, 1907 pg 45.

³⁹ PRO FO 422/60 Beckett to Grey Sept 12, 1906 pg 91.

Government in a serious dilemma.⁴⁰

The crucial element was that the British Government endeavoured to receive an assurance that the construction and control of the new railraod would be entrusted to British engineers and not left in the hands of the German dominated Department.⁴¹ Stroebel did not understand the need for a separate department if the construction were to be placed in the hands of British engineers. The formation of a separate department would incur greater expense for the Siamese Government. Futhermore there was the political consideration that any railway project built in the direction of the Mekong Valley would allow the French the justification to claim a separate control for such an enterprise.⁴² The British Minister, Paget, endeavoured to justify his demands by claiming that where railways were state-owned, it was not unusual to have a separate department for a different railway.⁴³ The underlying factor behind the British assertion was that as the Malay Peninsula railway was being constructed to join with the Federated Malay States railway, a German Director would be incompatible to its working; and that a British staff under German control was regarded as detrimental to British

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² PRO FO 422/60 Duff to Beckett Dec 6, 1906 pg 30.

⁴³ Ibid.

interests.

In order to reconcile the British proposals, the Siamese were confronted with several problems. Firstly they found themselves in the difficult position of having to choose between giving offence to the British by pressing a desire to construct the Peninsula line departmentally under the Germans, or to Germany by withdrawing the Southern part of the railway system from the existing Department which was being administered by the Germans. Secondly, if the British seriously intended to press their claims, then the railways could not be built departmentally. Thirdly the Siamese Government was disinclined to encourage the extension of British enterprise in Siam, and more especially in the Malay Peninsula. In Beckett's view, the Siamese were interested in encouraging enterprises of other powers to maintain a balance among the commercial interests of all the Powers, thereby preventing the predominance of any single Power;

"...in the construction of the Malay Peninsula Railway, the Siamese Government will resort to its favourite trick of playing one Power off against another; in this instance, Britain against Germany."⁴⁴

Indeed in the construction of the Nakorn Rachasima line, the Siamese conducted the policy of balancing the Germans against the British. Whereas with the Southern line, the Siamese

⁴⁴ PRO FO 422/60 Beckett to Grey March 15, 1907 pg 106.

intended to limit all Western enterprise in the construction, in particular the British. The Siamese authorities themselves were showing an increasing awareness of British preponderance in the Malay Peninsula. Devawongse referred to Siamese relations with Britain as "Shylock bonds" and Siam as the "slave" of Britain.⁴⁵ Beckett repudiated the word "slave" in connection with the relations of Britain and Siam in the Peninsula and gave the following description of the British position in Siam;

"Britain was developing her garden and rendering it each year more fertile and productive. She did not want to see a stone wall erected on the boundary, nor to hear Siam say "I am not going to develop my garden, and I do not intend that you should do so." She wished rather to co-operate with Siam in mutual progress, to open up the Peninsula to her merchants as a new market at a time when new markets were becoming difficult to secure and where world competition was severe."⁴⁶

The most favourable terms on which the Siamese Government was disposed to allow the extension of the Federated Malay States' system into Siamese territories were those laid down by Devawongse. The underlying terms were;⁴⁷

- 1) Capital to be provided by Siam.
- 2) The extension to be surveyed, constructed, and controlled by the Federated Malay States' railway Department and leased to the Federal Malay States

⁴⁵ PRO FO 422/60 CO to FO Feb 22, 1907 pg 45.

⁴⁶ Ibid.

⁴⁷ PRO FO 422/61 Paget to Grey March 15, 1907 pg 106.

Government for a term of years.

- 3) The Siamese Government should have the option of assuming control after the expiration of that term.

The significance of these terms was that the Siamese saw the need to compromise with the British, and indeed the proposal marked a strong element of ceding authority to the British. On the one hand, the establishment of a separate department was undermining Siamese control of the construction. On the other hand, the railway line would eventually be transferred to them. The implication of this proposal was that the route would inevitably be carried out to British advantage, and therefore the long term effect could prove detrimental to the Siamese.

The British Foreign Office was anxious that the funds for the loan be secured by the British.⁴⁸ Various financial houses in London were interested in financing the railways, especially the official brokers to the Siamese Government in London, Messrs Laing and Cruikshank. In particular there were two other British financial groups⁴⁹ who submitted to the Minister of Public Works proposals for the surveys, construction, and financing of the Malay-Peninsula line. One was from the Duff Syndicate Co represented by Duff, and the other by Leonowens, agent for the Siam Trading Corp Ltd. Duff recommended the railway be constructed by a British Co with British

⁴⁸ PRO FO 422/60 Beckett Dec 6, 1906 pg 39.

⁴⁹ NA 5 YO 5.5/26 Sukum to King Nov 22, 1906.

capital to safeguard British interests and provide an assurance that the ownership of the railway would never be transferred to the subjects of foreign Powers. Leonowens advocated the formation of a company with British and Siamese capital, to be administered by both British and Siamese employees.

The proposals of both representatives followed similar lines in that the object was to provide some scheme which would grant a large measure of control to the Siamese Government, whilst at the same time being in harmony with British interests. The Siamese would then be in a position to avoid any cause of offence to Germany or loss of prestige to themselves, whilst complying with British interests.⁵⁰ The following were the chief features of the proposals;⁵¹

- 1) Interest at 5% p.a. to be guaranteed by the Siamese Government.
- 2) A fixed period for the completion of railways.
- 3) Option of purchase by the Siamese Government.
- 4) Administration and control to be vested in a Director of Siamese nationality.

Neither the Siamese Government nor the British were in the position to give them official support until they had given satisfactory evidence of their ability to carry out their proposals. There were no details of the proposed Syndicate, but it was presumed at the time that it was to be a Siamese one

⁵⁰ PRO FO 422/60 Beckett to Grey Oct 31, 1906 pg 100.

⁵¹ Ibid.

controlled by Siamese Directors.⁵²

The Siamese arranged for the issue of the line to be discussed between the General Adviser, Stroebel, and the British Foreign Office in London.⁵³ The main core of Stroebel's task was to induce the British Foreign Office to withdraw its opposition to the departmental construction of the Southern line under German direction. To convince the British, the Siamese Government intended to assert that it had raised a loan on favourable terms and thus would be in a position to construct the line itself. The fact that the negotiation was to be undertaken by Stroebel was in Beckett's view a wise move on the part of the Siamese. It meant that the Siamese Government was avoiding any clash of interest amongst the Great Powers, and was thus able to assert that it was merely following the decision of a General Adviser from a neutral country.

The Railway Agreement.

Throughout the negotiations between Stroebel and the British Foreign Office, Stroebel stated the strong objection of the Siamese Government to the publication of the Secret

⁵² Ibid.

⁵³ PRO FO 422/61 Duff to Beckett Dec 6, 1906 pg 30.

Agreement of 1897.⁵⁴ The main point made by Stroebel against the publication was that other Powers would at once question the right of Siam to conclude such an Agreement, which they would regard as a violation of the "most-favoured nation clause" of their Treaties with Siam. The British Foreign Office pointed out to the Siamese Minister in London, Visutr Kosa, that they needed to publicize the privileged position of the British to protect the Malay Peninsula from German infiltration.⁵⁵ Publication of the Secret Agreement was in Beckett's view linked with the subject of British engineers on the building of the Southern line.⁵⁶ Stroebel asserted that publication would not alleviate matters; that the Siamese Government would merely unload its difficulty on to the shoulders of the British Government, and would be able to inform foreign Powers that they (the Siamese) would be glad to grant the concession, but needed British consent with accordance to the Treaty.

The Siamese Government had no intention to establish a separate department. Stroebel suggested as a means of overcoming the difficulty that the Federal Malay States might

⁵⁴ PRO FO 422/61 Paget to Grey March 30, 1907.

⁵⁵ NA 5 YO 5.5/27 Devawongse to Sommot 1906.

⁵⁶ NA 5 YO 5.5/27 Westengard, Assistant General Adviser, to Devawongse Oct 1, 1906.

lend annually to Siam to finance the construction.⁵⁷ The interest rate was to be low and each section completed to be held as security. Stroebel privately proposed 4 points;⁵⁸

- 1) That an agreement on non-political and business lines should be made with the Federated Malay States.
- 2) To advance capital at an interest rate of 3 1/2 -4%.
- 3) The Federal Malay States to construct the line with their own materials and engineers, each section when completed being handed to the Siamese Government, who would have virtual control after construction.
- 4) Obviate any control by the German dominated Department and staff to be British. Personnel may be selected by the Federal Malay States.

The Siamese Government was willing to borrow but refused to consult with the Federal Malay States over the railway route.⁵⁹ Westengard stated that the Siamese intended that the lines should become a through traffic route between Bangkok and Singapore. The plan contemplated by the Siamese Government was for the line to run from Patalung to Trang on the West Coast. Anderson from the Colonial Office informed Paget that the Federal Malay States intended to construct railways to Kuala Legoh, in Kelantan and thence northward to the Kelantan frontier. The line between Patalung and Trang was most likely to be advantageous to Siamese interests and least likely to bring any advantage to the Federal Malay States.

The Siamese Government refused to consent to the

⁵⁷ PRO FO 422/61 CO to FO April 23, 1907 pg 115.

⁵⁸ PRO FO 422/62 Paget to Grey Feb 27, 1908 pg 38.

⁵⁹ Ibid pg 57.

construction of the Peninsula line being in the hands of the FMS railway authorities. The Siamese rejected the offer of a loan at a low interest rate of 3 3/4% providing the Siamese handed over the construction. The Draft Agreement showed evidently that the Siamese preferred to pay a higher rate of 4% to such an alternative.⁶⁰ The Siamese Government stated that any obligation might hinder them from constructing the line in the directions which best serve Siamese interests, and might be made to promote British influence.⁶¹ The Siamese intention was to construct railways between Bangkok-Singapore. However the existing plan contemplated construction between Patani on the east coast and Trang on the west. It was hoped that the FMS would share the same view. Paget believed the Siamese would consult the FMS on every point of importance, for under paragraph 11, the Siamese Government had agreed that the principal engineers were to be British. This assurance in itself appeared to Paget to convey security in the matter of the FMS being consulted. Therefore there was the prospect of harmony and co-operation between the FMS and the Siamese railway administration.

The railway and the loan requisite for its construction formed only part of the negotiations between Britain and

⁶⁰ Ibid.

⁶¹ PRO FO 422/62 FO to Law Officers of Crown April 10, 1908 pg 60.

Siam. The Treaty contemplated a partial surrender by the British of her extra-territorial jurisdiction in return for a cession of territory and for the grant of the right not hitherto possessed by British subjects of holding land in Siam.⁶² The Colonial Office raised its objection to the Agreement on the lack of provision regarding the junction of the Siamese with the FMS railway system, especially as the Siamese Government was not committed to construct the trunk line in which the FMS were interested. Beckett sent a telegraph to Paget that the Siamese Government should give an assurance that it would undertake the construction of the trunk line, and that the decision relating to it be left to the Chief Engineer of the Siamese portion of the line and the General Manager of the FMS railway.⁶³ In response Westengard inserted a clause into the Railway Agreement to the effect that the following terms be secured;⁶⁴

- 1) That a junction to be made between the FMS and the Siamese line.
- 2) That the region in which the junction shall be made is approximately fixed.
- 3) Indefinite postponement of the "linking up" is precluded by the provision that the line shall be systematically and continuously constructed.
- 4) Expenditure of capital borrowed from the FMS was not to be used for other purposes.

Westengard was unable to add a time period (7-8 years) within which the 2 systems should be connected.

⁶² PRO FO 422/62 Paget to Grey March 31, 1908 pg 59.

⁶³ PRO FO 422/60 Paget to Grey March 24, 1908 pg 69.

⁶⁴ Ibid.

Despite the favourable terms, the Siamese were reluctant to commit themselves to completing their line and linking it with the British within a certain period. The explanation for this was not material reasons connected with the construction, but rather the political consequences arising between the Siamese Provinces and the territories under British rule. Westengard admitted that with the junction of the railways, the Siamese Government was aware of the possibility of a substantial influx of foreigners into the mining districts of the Siamese Malay States.⁶⁵ They were much disturbed by the idea of such a possibility, as it would prove a strain on the administration. Paget pointed out to Westengard that the Siamese Government was advised not to publicize their fears,⁶⁶ as this would be interpreted as a revelation of Siamese intentions to close their territory to the West.

According to Paget's report to his Foreign Office, the King himself was opposed to the Railway Agreement and to the raising of the loan, despite Damrong's support. The King refused to agree to any terms outside the Agreement which would bind the Siamese Government further. Paget and Westengard were of the opinion that the King was rather uncompromising as the Siamese Government was prepared to abide by the Agreement as

⁶⁵ Ibid.

⁶⁶ PRO FO 422/62 Paget to Grey April 2, 1908 pg 74.

it stood at the expense of the Malay States' interests.⁶⁷ The Siamese had the choice of either confirming the Agreement or abandoning railways. Westengard commented;

"The Siamese are now terrified at the grip which the loan and the railway may give the FMS over them."⁶⁸

Paget added his observation on the consequences should negotiations collapse;⁶⁹

- 1) The construction of the railway will be indefinitely postponed.
- 2) Time will be given to Germany to put pressure on the Siamese Government to oppose our veto against the employment of German engineers and to intrigue in other ways.
- 3) Without the combination of other issues in negotiation we are not likely to abandon all the advantages which the present draft of the Railway Agreement embodies.

Anderson, of the Colonial Office, suggested that if the Siamese refused to alter the Draft Agreement to suit British requirements, the entire negotiations should be postponed until the requests were met.⁷⁰ The Colonial Office underestimated the Siamese determination to counter-balance British interests. The British resident Minister, on the other hand, was clearly aware of the extent of the Siamese bargaining power and the willingness to exploit it, and endeavoured to resolve the complications. Paget warned his Government that the

⁶⁷ PRO FO 422/62 Paget to Grey April 23, 1908.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Ibid.

Siamese had at their disposal means such as the denial of the teak forest leases and the strict enforcement of the Treaty clause concerning rights of residence and of holding land, by which they were able to cause severe loss and annoyance to British companies and subjects in Siam.⁷¹ If the negotiations were to be abandoned or postponed, as favoured by the Colonial Office, it was likely that the Siamese Government might approach the Americans, Dutch, and French to establish themselves in the region.

The Straits Settlements authorities were finally convinced of the consequences if the Agreement were to be totally abandoned. It meant the postponement of the railway construction, and even if the construction was carried out, there was the controversy over finance, engineers, and supervision. The Straits Settlements authorities made the decision to agree to the terms.⁷² On March 10, 1909, the Siamese and the British reached an Agreement concerning both the Treaty and the loan. Siam agreed to cede her Malay Vassal States of Trengganu, Kelantan, and Kedah to the British and to allow the British to supervise the entire project of the Southern railway. The financing of the construction was covered by the loan from the FMS of £380,000 to be used for the branch line Bandon-Patalung section over a period of two years. In

⁷¹ PRO FO 422/62 Paget to Grey April 2, 1908.

⁷² PRO FO 422/62 PAget to Grey April 23, 1908.

addition there was a loan of £4m from the British to cover the third year of construction.⁷³ The line was to connect with the FMS North East system.

Between 1909-1913, the British made no attempt to interfere in the railway construction. In accordance with the Agreement, it had been distinctly stated that the order in which the different sections of the railway were to be built was at the discretion of the Siamese. This was chiefly to allow the Siamese Government the choice of postponing the connection with the FMS line on the South until the connection with Bangkok in the North had been completed.⁷⁴ However events began to change in mid-1913 (after the death of Rasada, the Superintendent of Phuket, who was opposed to the presence of the British). The British Railway Director, Gittins, recommended the abandoning of the line from Ootapao to Kelantan Boundary, and the construction of a line to connect with the FMS on the Kedah Boundary on account of both costs and strategic purposes.⁷⁵

The Ootapao-Kelantan route passed through scantily populated districts, and involved infrastructural work on the

⁷³ NA KT 5.5/7 Gittins to Wongsanupraphand, Minister of Agriculture. April 24, 1913.

⁷⁴ NA KT 5.5/8 Westengard to Devawongse Aug 8, 1913.

⁷⁵ NA KT 5.5/7 Gittins to Wongsanupraphand April 24, 1913.

Chana pass as it was vulnerable to floods, and the terrain being rough. By contrast the Ootapao-Kedah Boundary ran through comparatively easy country, thereby reducing costs by 11 million tcs.⁷⁶ Moreover, as the Straits Government had not commenced its railway construction from Singapore, the line to the Kelantan Boundary would not serve the initial purpose of promoting trade.⁷⁷ Not only was the route within the Siamese budget and in accordance with the Loan Agreement, but it would divert trade to Penang. Such a route would disrupt Siamese intentions of establishing Trang as a thriving port.

The British Minister, Peel, advised Devawongse to "defer" rather than "abandon" the route because it was in the interests of the British mercantile firms for rapid communication with Europe.⁷⁸ Devawongse hesitated to substitute the word "defer" in the agreement as it implied the possibility of taking up the work at a future date,⁷⁹ and the financial provision had to be arranged. The Siamese eventually accepted the British terms, being granted another loan of £750,000 for the construction of the line Ootapao-Kedah, and

⁷⁶ Ibid.

⁷⁷ NA KT 5.5/7 Wongsa Nupraphand to King April 28, 1913.

⁷⁸ NA KT 5.5/7 Peel to Devawongse June 9, 1913.

⁷⁹ NA KT 5.5/7 Devawongse to Peel June 10, 1913.

Ootapao-Kelantan.⁸⁰ Other new sections were also completed during 1913-1916. The sections of Trang-Thungson (in Nakorn Srithamarat) and Songkla-Patalung opened in October 1913, and other sections above Songkla were completely constructed in 1916.

The events leading up to the Railway Agreement and its aftermath shows the confidence inherent amongst the Siamese administration of protecting their own interests. The fact that the Siamese were allowed to construct the line at their discretion, was significant in creating a Siamese identity for the Southern region. From the British perspective, a British Railway Director was security for FMS interests, as indicated in the Ootapao-Kedah railway proposal. Whether the Siamese had any intentions of approaching a Third Power for the construction of the Southern line as the British Legation was led to believe, remains inconclusive. What is clear is that the Siamese intended to comply with the "Most Favoured Nation Clause" which perhaps suggests that the region was to be classified as a neutral zone. The next section endeavours to show the Siamese approach in responding to the tenderers for railway material.

⁸⁰ NA KT 5.5/8 Westengard to Devawongse Sept 30, 1913.

Tender System For Railway Material 1900-1914

The provision for railway material was another contentious issue which aroused British suspicions of Siamese favouritism towards the Germans. From the start of railway construction in Siam, Germany had been the main source for railway material. It was only in 1906 that Britain was able to penetrate the Siamese market despite the monopolistic position of the Germans. The key factor which allowed the British to penetrate the Siamese market was the adoption of an open tender system. Throughout the 1890s and the early 1900s, the Railway Department became German orientated, despite the Consulting Engineer being a Briton. When Phya Sukum assumed the position as Minister of Public Works in 1907, the latter was able to exert more influence over the Department's policy of purchasing material. Though the position of Director continued to be occupied by a German, both the Public Works and the Finance Ministers were able to exert some control over railway expenditure.

Throughout the construction of the Nakorn Rachasima line, it has been pointed out how the German Director, Bethge, overshadowed the British Consulting Engineer in adopting a closed tender system and insisting upon German specifications. In 1899 a Ministerial discussion was held

concerning the practise of Bethge⁸¹ and how he managed to adopt such a procedure. Bethge informed the panel⁸² that in Germany the Railway Director possessed absolute decision in railway expenditure. Damrong pointed out that this was not in accordance with Siamese law. Damrong then questioned the extent of the Public Works' involvement in the purchase of railway material. Bethge replied that when Bidyalabh was Minister (1894-99), Bethge merely informed the Minister of the various purchases, but for purchases exceeding 80,000 baht, Bethge claimed that he sought official permission. Such a practise was also adopted during Phya Thewet's tenure as Minister of Public Works (1899-1900).⁸³

The British Charge d'Affairs, Beckett, claimed that Bethge's procedure was inclined towards German interests at the expense of the Siamese. Beckett based his accusation on the Financial Adviser's Report of 1901 explaining the excess costs of the Siamese railway compared to the Burmese which was six times the distance.⁸⁴ Rivett-Carnac pointed out that railway material and stores were not purchased in the cheapest

⁸¹ NA 5 YO 5/1-8 Ministerial Discussion July 15, 1899.

⁸² NA 5 YO 1-8 July 11, 1899. Panel included Devawongse, Damrong, Bidyalabh (Minister of the Palace), Mahit (Finance), Thewet (Public Works): panel was set up to discuss the extravagance of the RRD.

⁸³ Ibid

⁸⁴ Ibid.

market. Similarly, the British engineers of the Railway Department claimed that tenders were called for in a few European newspapers, but did not appear in the Bangkok newspapers, thereby preventing the merchants in Siam, who were agents for the manufacturing firms in Europe, to advise their respective clients as to the best means of meeting the Department's requirements.⁸⁵ Moreover the Report asserted that the tender system was confined to Leipzig by Mr. Renbein, the Department's agent in Germany. Renbein had opened an account for the Department with the Leipziger Bank, depositing £30,000 without the knowledge of the Finance Ministry.⁸⁶ The Finance Ministry only became aware of this procedure when the Bank defaulted, and no less than £20,000 remained in the bank.⁸⁷

This is then linked to the next issue of the Finance Ministry's role, namely that the latter did not appear to have control over the Department's expenditure. Bethge informed the panel that within the past 7 years (1892-1899), the Finance Minister had only twice checked the accounts.⁸⁸ It was not till 1898 that the Finance Ministry insisted that all receipts of railway purchase be sent to the Ministry on a monthly

⁸⁵ NA 5 YO 5.1/32 Report of the Financial Adviser, Rivett-Carnac Dec 27, 1901.

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ NA 5 YO 1-8 Ministerial Discussion July 15, 1899.

basis.⁸⁹ According to Rivett-Carnac's report, the Railway Department refused to take notice nor to reply to the objections on Audit raised by the Comptroller-General.⁹⁰ In the ordering of railway material, the Director had arranged the matter himself prior to any Ministerial consent.

Rivett-Carnac's report clearly indicates the discriminatory procedure of the Railway Department. To assess the report, it is worth comparing the tenderers for the supply of railway material. Such an assessment serves to explain the predominance of the Germans as the chief supplier of railway material to Siam. Between 1900-1914 various American firms tendered for the supply of railway material, but without much success. One case, in particular, was the failure of the prominent American firm, Baldwin Locomotive Works of Philadelphia, to obtain the supply of locomotive for the Petchburi line.⁹¹ The contract was awarded to a German firm. The American Minister, Hamilton, complained to Devawongse of the unfair supervision of the tender system, concerning which Devawongse denied all allegations.⁹²

⁸⁹ Ibid.

⁹⁰ NA 5 YO 5.1/32 Rivett-Carnac Financial Advisor Report. Dec 27, 1901.

⁹¹ NA 5 YO 5.5/17 L.E. Bennet to US Minister Hamilton King. Jan 10, 1900.

⁹² NA 5 YO 5.5/17 Devawongse to Hamilton King March 4, 1900.

The Siamese needed to find a formula whereby government expenditure on railway material was to her advantage and at the same time assured satisfaction to all bidders.⁹³ The principle held by the Siamese was to use funds to obtain the most suitable materials at the most reasonable price. In 1903, the Siamese dealt successfully in accepting rails from the British firm, Dorman Long & Co, and accessories from the Belgian firm Cockerill, the two lowest bidders.⁹⁴ However in the case for an open tender system on the construction of the railway bridge over the Menam near Uttradit, the German Railway Director, L. Weiler, intended not to call for public tenders, and instead limited the tenders to three firms in Germany. The American, Belgian, and British representatives in Bangkok protested, following which Weiler gave technical reasons for the limited tender system.⁹⁵

In response to the pressure for an open tender system, the Assistant General Adviser, Westengard, consulted with the Minister of Public Works and forwarded three proposals;⁹⁶

1) Tenders will be public.

⁹³ NA 5 YO 5.5/40 Phya Pipat Kosa, Permanent Secretary at the Foreign Office, to Von de Goltz, German Minister. June 15, 1911.

⁹⁴ NA 5 YO 5.9/12 Devawongse to Suriya July 5, 1903.

⁹⁵ PRO FO 371/132 Paget to Grey April 4, 1906.

⁹⁶ PRO FO 371/132 Beckett to Grey Aug 17, 1906.

- 2)The decision as to tenders when received,
shall rest with the Minister of Public Works.
- 3)The Minister will then take steps.

Phya Sukum, the Minister of Public Works, admitted that it was not the acceptance of the lowest tender that was important, but acceptance of the tender which was most likely to fulfill the conditions of workmanship. Beckett went a step further by proposing the establishment of an International Committee to judge all cases of tenders for railway material;

"Unless we insist on the International Committee.. the choice of railway material in future, will, I fear fall entirely into the hands of the German Railway Department."⁹⁷

The proposal was a reaction to the Department's specification that the Uttradit Bridge must conform to the standard laid down by the German Ministry of Public Works.⁹⁸ The British Government felt that the insistence on German standard was discriminating against other nationalities.

The German administration of the Railway Department persisted in endeavouring to perpetuate the type of locomotives and the same measurements of detailed specifications. This bestowed a twofold advantage upon the German manufacturer. Firstly, the standards, the measurements, and the types of various parts specified were German. Secondly, as the Department had in stock a certain

⁹⁷ PRO FO 371/132 Beckett to Grey July 17, 1906.

⁹⁸ PRO FO 371/132 Beckett to Westengard June 29, 1906.

quantity of spare parts manufactured in Germany, Weiler asserted that German locomotives should have preference in order that the spare parts in stock may be put to use. Paget informed his Foreign Office that this system of competition was at the expense of other manufacturers.⁹⁹

The Siamese attitude towards the Germans' endeavouring to gain the upperhand can be described as passive. The Siamese Government was indeed in favour of an open tender system, but made no effort to ensure its implementation. Paget described the Siamese reaction;

"They (Siamese) allow matters to drift on under the system of closed orders... The main object of a great number of Siamese officials is to get through life with the least possible trouble."¹⁰⁰

Paget had several Ministers in mind but in particular there was Narit, whom Paget described as being "more concerned with avoiding any discussion and controversies with Weiler than he was with saving a few £100 to the Siamese Government."¹⁰¹

However when Sukum was Minister of Public Works (1907-08), the tender system became more organised in that the Railway Department became increasingly subservient to the Ministry, and in turn was inclined towards British manufacturers.

⁹⁹ PRO FO 422/64 Paget to Grey June 17, 1908.

¹⁰⁰ Ibid.

¹⁰¹ Ibid. Narit was Minister for Public Works in 1893 and between 1900-06.

In 1910 the Department passed over all the German firms tendering for locomotives and instead accepted the British tender from Brusch Manufacturing Co which was more expensive, but of reputable quality.¹⁰² The German Minister, Von Goltz, accused the Siamese of unfair open competition in passing over the lowest tender.¹⁰³ Even the American Charge d'Affairs, Tatler, complained to Devawongse;

"There has been an apparent discrimination against American manufacturers...because of the fact that departmental advisors in directing purchases of such supplies have apparently favoured the markets with which they are best acquainted. (The) Result of this policy of favouritism means that Siam is closed to the market of America."¹⁰⁴

Again in 1912, a German firm, Henschel & Co, in Kassel was rejected in favour of a British firm, North British Locomotive Co, whose price was higher.¹⁰⁵

The General Adviser, Westengard, pointed out that as long as the Chief of Mechanical Engineering was of British nationality, the specifications would best suit British firms, and this would then discriminate against other

¹⁰² NA KT 5.5/40 Gittins to Von Prollius Feb 24, 1910.

¹⁰³ NA KT 5.5/40 Von de Goltz to Pipat Kosa June 6, 1911.

¹⁰⁴ NA KT 5.2/84 Tatler to Devawongse June 2, 1910.

¹⁰⁵ NA KT 5.5/40 Westengard to Devawongse Jan 29, 1912.

nationalities.¹⁰⁶ Westengard did not attack the Siamese, but made a general point that contracts were thrown to the nationality of the engineer who drew the specifications, and in 1912 it happened to be a Briton. This implied that such action was unavoidable until the Siamese had her own standard specifications and her own engineers.¹⁰⁷

Despite the German complaints, the Germans still monopolised the supply of railway material. In the open tender awards on the Southern railway 1909-1911, awards to German firms amounted to nearly eight times the value of those to British firms.¹⁰⁸ Von Goltz justified Germany's predominant position on the basis of the quality and price of the German workshops.¹⁰⁹ Such a justification was, in Devawongse's view ironic;

"It is amusing to think that we should have to be pressed by the German Government to show them strict impartiality in our decision concerning the tenders. The true meaning of this hope is that we should show them the antithesis-partiality to the German firm above all others."¹¹⁰

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

¹⁰⁸ NA KT 5.5/40 Devawongse to Goltz Jan 30, 1912.

¹⁰⁹ NA KT 5.5/40 Goltz to Devawongse Feb 2, 1912.

¹¹⁰ NA KT 5.5/40 Devawongse to Westengard Feb 2, 1912.

British Interest in Mining

Various studies have been undertaken on the role of Western tin enterprise in Southern Siam (J.Cushman and M.E.Falkus), concentrating on the Australian Khaw-Melbourne enterprise and the Straits Trading Co.¹ However these historians tend to direct their discussion on mainland Southern Siam in the vicinity of Phuket where Western enterprise was rather limited due to the Chinese monopoly. These studies have overlooked the growth of British mining in the Siamese Malay vassal states of Kelantan, Trengganu, and Kedah. The influx of British enterprise in the Malay Peninsula raised political complications concerning Siam's control over these States. For this reason, the Siamese authorities became wary and sceptical of British activity in the region, and in response, embarked upon a programme of limiting British mining operations. The purpose of this chapter is to discuss the Siamese attitude and response to the growth of British enterprise in both mainland Southern Siam and the Malay Peninsula.

British Mining in Precious Stones and Gold

¹ J.W.Cushman: "The Khaw Group: Chinese Business in Early 19th Century". JSEAS Vol. XVII No. 1 March.
M.E.Falkus "British Business in Thailand".

British Mining in Precious Stones and Gold

Contemporary Western observers such as Malloch and Crawford described Siam as being rich in mineral resources possessing tin, lignite, iron ore, gold, and precious stones. This drew the attention of western speculators to prospect for such minerals in Siam throughout the closing decades of the 19th century. As it turned out, the chief mineral worked by the British was tin, followed by precious stones and a little gold. Precious stones and gold were the first minerals to have attracted British concession hunters to Siam. Rubies and sapphires were found in the eastern provinces of Chantaboon and Battambang, whilst the gold mines in Monthon Chumporn on the northeast coast of the Southern Peninsula. The extraction of precious stones was undertaken by 3 British companies: The Gold Fields of Siam Ltd 1888; The Siam Exploration Co 1894; and the Siam Syndicate Ltd 1904. The French also made an attempt being represented by the French Societe Anonyme des Mines d'Or de Wattana, but collapsed in 1905.² The problems confronting the Western activity was operating in an unexplored region and the difficulties in co-operating with the natives. For this reason, British involvement was limited and short-lived.

The first sign of British interest in Siam's minerals was that of W. Barne in 1888. Barne was a British gold speculator who was denied a mining lease having prospected

² NA 5 KS 6.6 Damrong to King Jan 30, 1905.

the region of Kabin.³ By clause 7 of the prospecting agreement, Barne was entitled to work any point connected with the concession.⁴ Instead the prospectus was transferred to a Briton named F. Clarke, who formed a company in London with a working capital of £8000.⁵

The Barne experience raises several points about the nature of undertaking mining activity in Siam; firstly the inadequacy of a Mining Agreement due to the lack of mining regulations to enforce the terms, secondly, the attitude of the British Consulate in Bangkok. The British Consul, Jones, shared the Siamese view that the case was inappropriate for arbitration.⁶ The British Consul was not concerned as to which company possessed the concession as long as it was of British nationality. Thirdly there was a certain consideration which deterred Devawongse from granting a mining lease to Barne. Barne applied for a lease which was in the process of being prospected by an Italian, Signor Angelo Luzzati, who sold his prospectus to a British company called the Gold Fields of Siam Ltd 1888. The mining concession was in Bangtaphan covering

³ PRO FO 69/148 Barne to Devawongse Dec 5, 1888. Barne applied to Devawongse for the lease, who, at the time was responsible for all issues concerning foreign concessions.

⁴ Ibid.

⁵ NA 5 KS 6.7/4 H.G. Scott to Messrs Clarke & Co March 10, 1903.

⁶ PRO FO 69/148 Phya Pipat Kosa, Permanent Secretary at the Foreign Office, to Barne. April 26, 1890.

an area of 15,000 acres. The authorised capital was £250,000; the Company Chairman was Lord Thurlow; and both Devawongse and the British Counsellor at the Siamese Legation in London, F. Verney, were appointed honorary directors.⁷ This perhaps indicated that the Siamese preferred a British company whose reputation and financial status was secure, and which respected the Siamese, rather than a gold speculator whose status and working capital was insecure. This point remained evident in the Siamese consideration in granting tin mining leases to the British.

The sapphire and ruby mines of Siam are situated in the provinces of Chantaboon, Krat, and Battambang. The sapphire mines of Phailin were at Battambang, whilst the ruby mines of Nawong were at Chantaboon and Krat. These mines were discovered in the 1860s and had been worked by the Shans and Lao. Towards the end of the 1880s, Westerners began to prospect for such mines and by 1895, three British companies were formed in London to work the leases: The Sapphires and Rubies of Siam Ltd 1890; and the Siam Exploration Co 1894, and the Siam Syndicate 1904. The Sapphires and Rubies of Siam Ltd had its origins in 1889 when the King granted the right of working the sapphire and ruby mines in Chantaboon and Krat to the Italian Luggati, representative of the Anglo-Italian Exploring Association

⁷ The Mining Manual 1889-90 "Gold Fields of Siam Ltd 1888" pg 138.

Ltd. Luggati floated a company in London "Sapphires and Rubies of Siam Ltd" in 1890. The concession was for 25 years covering an area of 40 miles with an authorised capital of £300,000.⁸

The Sapphires and Rubies of Siam carried out business through the practise of purchasing precious stones from the natives. The Company announced a measure that all stones found in the area were to be sold to them, at a value fixed by the Company. The Burmese miners interpreted the measure as an exploitative action and thus resulted in their outflow causing a severe shortage of labour.⁹ In due time the Sapphires and Rubies of Siam became ousted by another British company, The Siam Exploration Co 1894. The company was formed with a capital of £100,000 to work the mines of Phailin and to purchase the rights of the Sapphire and Rubies of Siam for £55,000.¹⁰ The Siam Exploration Co Ltd possessed both the concessions of the gem-bearing area and the gambling, spirit and opium farms. It was these farms which induced the influx of Burman labour. The company was aware that it needed to co-operate with the Burmese diggers to facilitate their operation. The method used to place the diggers under their control was by leasing the various farms to a British subject named Mong Keng, who was

⁸ The Mining Manual 1894 "Sapphires & Rubies of Siam" pg 336.

⁹ PRO FO 422/42 Report by Acting Vice-Consul Black "Sapphires and Rubies Mine" March 17, 1895.

¹⁰ Ibid.

responsible for controlling the Burmese mining community.¹¹

Mong Keng's overwhelming authority gradually diminished in 1896 when the company decided to sublet the entire farms at Phailin and Nawong to a Syndicate on account of Mong Keng's unsatisfactory progress.¹² In accordance with the Agreement made between the Siam Exploration Co and the Phailin-Nawong Syndicate in March 1896, the Syndicate was made responsible for working the duty farms and collecting the mining licences. However the members of the Syndicate were dissatisfied with the management of their Headman, Mong Sia. The cause for the members' dissatisfaction remains unexplained, but The British Acting Consul, Stringer, presumed that the Syndicate under Mong Sia had failed to pay the Company half the share of profits upon the working of the Company's duty farms let to the Syndicate in accordance with clause 3 of the Agreement. Mong Sia left for Bangkok where he proceeded to take legal action against the Company and Mr. Hall, the Company agent.¹³

In 1904 the Siam Exploration Co sold their concession in Phailin and Chantaboon, and the Nawong-Phailin Syndicate to another British Company, the Siam Syndicate. The Siam Syndicate

¹¹ PRO FO 422/45 de Bunsen to Salisbury May 26, 1896.

¹² Ibid.

¹³ Paragraph based on Stringer report to Greville March 23, 1898 enclosed in PRO FO 422/49 Greville to Salisbury April 10, 1898.

was registered in London with an authorized capital of £2000 and also purchased the gold concession at Kabin. The Syndicate's director was F. Clarke. As in earlier operations, the Syndicate did not work the mines directly. The Syndicate granted licences to the miners in return for a small annual payment. The Syndicate also controlled the opium monopoly of the district and the sole right to grant licences for the sale of liquor and for gambling.¹⁴

The change in the international environment was a significant consideration in the continuing existence of the Siam Syndicate's activities in the region. When the Franco-Siamese Treaty 1907 was announced whereby the east bank of the Mekong area came under French sphere of influence, Mr. Blech, the manager of Messrs. Clarke and Co (agent of the Syndicate in Bangkok), felt disturbed by the French intentions. Any French intervention with the Shan community and the gem trade might induce the Shans to migrate which would cripple the gem trade. However the French authorities recognised the existing state of affairs at the Phailin mines, and disclaimed any intention of exerting their influence over the Shan community. On the contrary, the French Minister, Collin de Plancy, suggested that it would be advisable for the British Consul at Hanoi to visit the Phailin mines on an annual basis as had been practised by the Consular officer

¹⁴ Ibid.

from Bangkok.¹⁵

It was clear that the French had no intention in interfering with Messrs Clarke & Co's concession concerning the mining rights, gambling, opium, and the spirit monopolies. Nor did the French introduce fiscal measures which would have proved detrimental to the gem trade.¹⁶ Perhaps an explanation for this conciliatory French attitude was because they saw the essence of the British presence in controlling the British Shan community. By the terms of the 1907 Treaty between Siam and France, the population of the British Shan subjects now came under French jurisdiction. The Company possessed the mining lease till 1915.

Background to Tin Mining in Siam.

The tin deposits known and worked in Siam by both the Chinese and Western capital up till 1914 were found in the Southern Peninsula provinces. The nature of the tin mines in this region was that of alluvial deposits which are shallow and easily worked through the labour intensive method of open cast mining. These deposits formed part of a chain network stretching from the alluvial deposits of cassiterite (tin oxide) associated with the granite ranges of the Sumatran

¹⁵ PRO FO 422/61 Paget to Grey April 26, 1907 pg 141.

¹⁶ PRO FO 371/331 Paget to Grey April 23, 1907 pg 7.

islands of Banca and Belitung, through the Malay and Siamese Peninsulas, and reaching into Central Siam near the Burmese Border. In contrast to Bolivia, where the existence of rich tin lodes encouraged large-scale enterprises using western capital and technology, the easily worked alluvial deposits of Southeast Asia were suited to the more primitive labour-intensive methods of extraction.¹⁷ The tin mining region of Siam can be divided into 2 regions: firstly on the western side of the Peninsula especially in the vicinity of Phuket; secondly in the Siamese-Malay vassal States of Perlis, Kedah, Kelantan, and Trengganu which deposits contributed to the British imports of Straits tin.

Until the last quarter of the 19th century, the Bangkok government exercised limited control over the Southern Peninsula provinces. These semi-autonomous States were therefore largely under the control of the local governors, or "Rajahs". Although in theory the governors were appointed by the King and were not hereditary, yet in practice powerful families came to govern the major tin regions. Significantly, nearly all the Rajahs in the tin areas were Chinese who were granted noble titles by the King. Most of them were Hokkien Chinese, and many had climbed the social ladder from humble beginnings in trade. They were therefore suited by background

¹⁷ Based on M.E. Falkus "Aspects of the Development of Tin Output in Siam and Malaya, 1870-1914.", unpublished seminar paper 1985.

and inclination to act as merchant-entrepreneurs and to participate in the development of the Siamese tin resources.¹⁸

An example of a Chinese governor whose family assimilated into the Siamese aristocratic society was a Hokkien merchant named Kaw Su Chiang. He had migrated to Penang around 1810, starting as a coolie labourer and having accumulated adequate savings, began trading between Penang and Siam. He became actively engaged in developing the tin trade of Takaupa under the patronage of the local rajah, and eventually founded a mining enterprise in the environs of Ranong. From this enterprise, he built up and administered his own mining community at Ranong. He was appointed Rajah of Ranong and was granted the noble title of "Phya". His family the "Na Ranong" became one of Southern Siam's most powerful cliques, and four of his sons became provincial governors. The most distinguished was Phya Rasada (formerly Khaw Sim Bee) Rajah of Trang, who in 1900 was appointed Commissioner of Monthon Phuket and remained in firm control, preventing the influx of British enterprise until his death in 1913.¹⁹

The interesting point about these "rajahs" was their authority over the provincial network. The system by which the local rajahs exercised their economic control was called the

¹⁸ Ibid.

¹⁹ Ibid.

"Mao Muang", a name described by Damrong to explain the rajah's power. Such a system gave the rajahs full prerogative in the collection of tax and royalty on tin. Unlike the "Chao" in Northern Siam who depended on teak as their major source of income, the local Chinese rajahs based their income upon the duty farms of liquor, opium and rice. Due to the fluctuating nature of tin prices, the income from the duty farms was used to finance the rajah's mining activities. Butcher has discussed the link between the farming system and mining. Basically the revenue farmer could offset the loss incurred in operating his mines by selling to his workers food and opium on credit.²⁰ The intention of the local rajahs was to increase the market for their duty farms, and it was the mining industry which induced the influx of Chinese coolie labour. As Wong Lin Ken puts it; "the farming system was an integral part of Chinese mining".²¹ The positive effect of the "Mao Muang" system was the incentive given to the rajah to develop the region so as to generate revenue.²²

The Movement To Control The South: The Mining Administration.

²⁰ John G. Butcher "Demise of Revenue Farm System in Federal Malay States" in Modern Asian Studies 17,3 (1983) pp 387-412.

²¹ Wong "Malayan Tin Industry" pg 81 quoted in *ibid* pg 395.

²² Pannee Ounsakul; "Tin Mining and Economic Change in the South 1868-1932". pp 400-445 (Thai Text) in Economic History of Siam, edit by Sompob Manarangsawan and Chartthip Nartsupha. Thammasart U, 1984.

A series of steps were conducted by the Bangkok administration to strengthen their control over the Southern economy. The first development took place in 1875 with the appointment of a Commissioner from Bangkok to control the tin revenues. The Siamese administration endeavoured to control the rapidly growing Chinese communities, who were in perpetual state of disturbance (perhaps the Bangkok authorities were fearful of British intervention to control the disturbances as happened in Perak and Selangor); and to enhance its own revenue from the flourishing tin trade.

The most significant movement in controlling the Southern economy was the establishment of a mining administration in 1891. Formerly, the granting of mining leases to foreign subjects was handled by the Foreign Office, whilst applicants from Siamese subjects were directed by the various local authorities. Such a system raised several difficulties. Firstly the Foreign Office lacked the technical expertise, nor was it acquainted with the local conditions of the particular area. Secondly Bangkok had insufficient control over the leases granted by the local authorities. There was no clause in the lease agreement which committed the concessionaire to work the mines.²³ This induced concession hunters to hold leases in hope of transferring them to a company. Such a practise had been

²³ John H. Heal "Mines and Mining Administration" in Political Economy of Siam pg 216-217.

witnessed in the gold concession. Thirdly there were no established procedures for setting the boundaries of mining concessions. Neither were there regulations to prevent miners from diverting water channels (which were essential for mining operations) to the severe disadvantage of others.²⁴ As Brown pointed out, conflict over mine boundaries and water rights was therefore endemic.²⁵ Towards the end of the 19th century, Western interest became more apparent; British interest in the tin mines of Siam was developing. In 1890, Henry Norman a British tin concessionaire explained to Devawongse the increasing British awareness of the rich mineral resources in the Southern Peninsula especially in the State of Kelantan;

"European residents in Singapore are drawn to the Siamese State of Kelantan to work the supposed deposits of gold and other minerals. However the Sultan of Kelantan is unwilling to grant concessions to Europeans fearing the fate of Pahang. Yet Kelantan cannot be kept closed. The river Kelantan is the highway to many ports in the interior of the Malay Peninsula."²⁶

The development of Western interest in the extraction of Straits tin was accompanied by the extension of Western control over the smelting of the region's ore. Until the end of the 19th century, the ore from Chinese mines had been

²⁴ NA 5 KS 6.2/1 Meeting of Special Committee April 1, 1896 quoted in I.G. Brown The Elite and the Economy in Siam pg 98.

²⁵ I.G. Brown The Elite and the Economy in Siam pg 98.

²⁶ NA 5 KS 6.3/3 Memorandum for Devawongse by Henry Norman, Jan 14, 1890.

smelted locally in "little iron-bound mud blast-furnaces" fuelled by charcoal taken from the nearby forests.²⁷ Brown points out that comparable technique was also employed in the British territory to the South until the end of the 1880s when the newly established Straits Trading Co challenged the Chinese monopoly by erecting a modern smelter on the Palau Brani, a small island just off Singapore.²⁸

The Straits Trading Co held exclusive rights over purchasing tin ore for exports in the States of Selangor and Sungei Ujong. The manager, J.A. Sword, endeavoured to obtain similar rights in the Siamese States and the adjacent islands on the western coast of the Malay Peninsula for a period of 10 years. The manager cited two advantages for such mining rights. Firstly the company would provide a new outlet for the Siamese mineral. Secondly the company's adoption of technology would extract from the ore a larger return of metallic tin than by the primitive method adopted by the natives. Such advantages in the cost of production would in turn lead to improved wages for the miners.²⁹

There were several factors in existence which may have

²⁷ Warrington Smyth pg 328 quoted in I.G. Brown The Elite and... pg 102.

²⁸ I.G. Brown The Elite and... pg 102.

²⁹ NA 5 KS 6.5/3 Straits Trading Co General Manager, J.A. Sword, to Devawongse Nov 28, 1890.

dissuaded British capitalists from embarking upon any significant movement in the mid 1890s. The infrastructure was inimical to the influx of Western enterprise on a large scale. For instance in 1895, the Ratburi Tin Mining Co under the management of Heggie complained that the Company was unable to commence work at the Nau Rou mines due to the dense jungle.³⁰ In response, the Agriculture Ministry was advised by the British Director of Mines, Warrington-Smyth, to assist the company in road works.³¹ By contrast with Siam, the British authorities embarked in developing the Malayan tin. The British cleared the jungles, constructed roads and bridges, so that by 1891 every important mining area in the Kinta valley had a road linked with the Kinta river where transshipment points existed.³² The Chinese were encouraged to migrate through liberal taxation policies and grants of the revenue farms. Whereas in Siam heavy dues resulted in the migration of Chinese coolie to the British Protected States of the Peninsula.

The Siamese administration was aware of the backward condition of the tin industry in the Peninsula provinces and the progress that had been achieved in the British Malay

³⁰ NA 5 KS 6.1/9 A. Berli to Warrington-Smyth Feb 2, 1895.

³¹ NA 5 KS 6.1/9 Warrington-Smyth to Phya Sursak Montri, Minister of Agriculture. Feb 4, 1895.

³² M.E. Falkus Tin Paper.

States. The awareness originated from the King, which concern he expressed in a letter to the Minister of Agriculture, Chao Phya Thewet, in late 1890. The King maintained that the tin resources of Siam exceeded those of the Malay States, and attributed the rapid development of the Malayan industry to the vigorous commitment of the British administration.³³

Indeed the Siamese had already shown a response anticipating the influx of western capital in 1891 as indicated by the programme for regulating the Siamese tin industry. Attention was directed towards the absence of an effective legal and administrative structure by establishing a Mining Department in June 1891 placed under the Ministry of Agriculture. The government engaged the services of two Westerners to assist the organization of the department: W de Muller (German) and H. Warrington-Smyth (British).³⁴ A Western educated Siamese Yam Saeng-Xuto acted as engineer to the department.³⁵

The immediate duty in organizing the Department was the drafting of the Mining Regulations. W de Muller proposed that the royalty was to be collected only on the profits of tin

³³ NA 5 KS 6.2/1 King to Chao Phya Thewet Nov 29, 1896. Quoted in I.G. Brown The Elite and... pg 98.

³⁴ Heal article "Mines and Mining Adm..." pg 216.

³⁵ Phya Pracheep Boribol was the first Siamese student to have studied Mining Engineering in France.

production so as to provide an incentive to mining investors. However the Cabinet viewed such a procedure as impractical due to the difficulty of inspection. Instead the Cabinet introduced a 16% taxation on tin extracted. In reaction to this, Warington-Smyth argued that a 16% rate was excessive due to the existing high cost of production. Expenditure on extraction and transportation combined with the tax would outweigh the investor's expected profit. Warington-Smyth did not gain ground in his argument, and the Cabinet adhered to their terms.³⁶ It seems clear that both Advisers endeavoured to encourage the influx of Western enterprise as a means of developing the South.

The Mining Regulations were first drafted in 1895 and finally passed into law in 1901. There were 84 clauses covering all matters of the mining industry. The Department came under the supervision of the Interior Ministry in 1899, allowing the Interior Minister, Damrong, to exert his authority in the Southern States through the Superintendent of Mines (the chief officer of the Mines Department appointed to a Monthon). In a situation where the Department had no representative, the Provincial High Commissioner made the appointment. All applications were sent to the Central Government for consent. Such regulation gave the Siamese greater authority

³⁶ Paragraph based on NA 5 KS 6.2/2 Discussion on Lowering Royalty on Tin.

over their tin mines, and in Damrong's opinion;

"I've always distrusted foreign officials in the Royal Mining Department because all of them are determined to regulate the mining laws for the benefit of British investors. For this reason I exercised my power as the Minister to change parts of their first draft."³⁷

The regulations also provided means of guaranteeing the working of mines. A prospecting licence was first to be applied for at the Mining Department. Such a licence was valid for 1 year and was not to exceed an area of 300 rai. Having prospected the mines, the investor needed to apply for a working concession. The procedure involved the submission to the Mining Department of the surveys and estimates. It must be noted that in carrying out a prospecting licence, this involved a substantial amount of capital in surveying and land demarcation. The determining factor on the part of the Siamese in granting a Mining Licence was the possession of capital held by the applicant as specified in Article 23;

"In applying for a Mining Lease, the applicant must show to the satisfaction of the Government that he has sufficient capital to properly work the mines."³⁸

This reflects the Siamese policy of preventing rapacious concession hunters from applying for leases merely for speculative purposes. The Siamese perceived that any social disturbance emanating from conflict between the locals and

³⁷ NA 5 T 2.12/23 Damrong to King June 2, Undated.

³⁸ NA Kh 0301.1 11/1 Siam Mining Act 1901. Article 23.

Western concessionaires was a prerequisite to political intervention on the part of the British government. This issue becomes clear throughout the discussion.

In 1894 the Mining Department established a branch office in Phuket, and by 1908 there were branches at Ranong, Pangna, Pattani, and Betong in lower Rahman.³⁹ The first Director of the Department was de Muller (German) till 1895 being replaced by his British Deputy, Warrington-Smyth. In November 1896, the latter resigned on ill-health and was replaced by another British Director, H.G. Scott. After Scott's retirement, a new position of Inspector-General of Mines was created and was assigned to a Briton named John H. Heal.⁴⁰ The continual appointment of British Directors was presumably to facilitate the Department's relations with the concessionaires who were primarily British. Like the Forestry Department, its purpose was to prevent any conflict from arising between foreign (British) mineral concessionaires and the local authorities or the Chinese labourers.

The Nature Of British Mining Enterprise In Siam.

The nature of British mining enterprise took the form of

³⁹ Heal article "Mines and Mining Adm.." pg 218.

⁴⁰ Ibid.

free-standing companies.⁴¹ The first British company to work the mines was the Pattani Concession Ltd in the Siamese vassal States. The Company was registered in 1889 to acquire the work and mining concessions in Pattani, Kelantan, and Trengganu. Most of the British firms established themselves after 1900 when the Mining Law of 1901 had come into effect. The encouragement created by the legislation to British prospecting concessions is illustrated in the following table, whereby 16 prospecting licences were primarily granted to British applicants from Penang in 1903.

Table I

British Applicants from Penang 1903.

Date	Name	Type of Mine	Place
May	D.J. Collin	Normal	NakornSawan.
July	D. Heggie	Tin	Takaupa
Sept	H. Maxwell	Tin	Reman
Sept	J. Marcelis	Gold	Saiburi
Oct	S. Ellsborough	Tin	Ranong
Oct	Campbell & Osmond	Normal	Srithamarat
Oct	S.G. Brischna	Tin	Saiburi
Nov	Karagan	Tin	Saiburi
	Hydraulic		
Dec	Mong Bli	"	Nakorn-Sawan
Dec	J.S. Mick Gueylan	Various	Reman
Mar	C. Phrom	Tin	Srithamarat
Mar	Borneo C	"	Reman
Mar	Thomas-Jones	"	Priwen
Apri	Lafuichen	Normal	Saiburi
Apri	C. Stevens	"	"
Apri	Phillips	"	Phuket

Source: NA 5 R ks 6.1/11 Phya Sittisongkram Phakdi and Phya Saiburi to King. Sept 25, 1903.

⁴¹ Mira Wilkins: "The Free-Standing Company, 1870-1914: An important type of British foreign direct investment." in Economic History Review XLI, 2 (1988) pp 259-282.

It was normal procedure for British subjects holding a prospecting licence to sell their leases to companies due to the shortage of capital to work the mines. This benefited the companies as it meant that they need not waste time and expenditure on prospecting.⁴² From table II it can be seen that the nationality holding the mining lease did not necessarily correspond with the prospector.

Table II

Transfer Of British Prospecting Licence 1902.

Name	Amount (rai)	Place	Passed on to
Clarke-Kabi	-	Petchburi	Societe de Mine (French)
A.Heggie	300	Chumporn	Gulberg (Dane)
Mckay & Macarthur	4292	"	Langsuan Tin Mining Co(GB)
J.D.Camp	542	Peninsula	Reman Tin Syn (GB).
Cecil Burst	1685	Pattani	Reman Hydro Ltd(GB).

Source: NA 5 KS 6.1/32 Damrong to King Jan 8, 1902.

The pattern of transfer tended to be from an individual to a company. The obvious reason for the transfer was due to the shortage of capital. The fact was that these subjects who had been granted a prospecting licence tended to possess inadequate capital to undertake the extraction or had failed to float a company. This explanation correlates with Damrong's

⁴² NA 5 KS 6.3/8 Mahit (Finance Minister) to King Jan 13, 1898.

opinion that the nature of British interest in tin mining was that "they were not interested in working the tin itself but rather in establishing a company to sell shares".⁴³

Such a pattern began to change whereby companies undertook the prospecting themselves. The reason was because these companies possessed the capital to prospect extensive area exceeding those laid down in the Mining Regulations. The area prospected ranged from 800 to 10,238 rai, whereas prospecting licences carried out by individuals averaged only 1500 rai.

Table III

Table Of Prospectus 1908

Date	Name	Place.
1905	Siam Trading Co	Vicinity of Phuket.
1905	Mckay & MaCarthur	Chumpawn
1905	Ibid	Langsuan (3400 rai)
1905	Nather Lambert Co	Saiburi
1906	Lichdon, Selchun Syn (10,238)	Nakorn Srithamarat
1906	Siam Prospecting	Koh Samui
1907	Ply & Siam Corp.	Saiburi
1908	Wyamtin Ltd	Trang (1800 rai)
1908	ibid	Trang (3000 ")
1908	ibid	Phuket (800 ")

Source: NA 5 ks 6.3 Prospect Mine.

The extent of British enterprise in the extraction of Siamese tin was predominant amongst western capital. The

⁴³ NA 5 KS 6/2 Damrong to King Aug 15, 1909.

British Minister submitted the following report on the mining leases in the Malay Peninsula held by westerners;

Table IV

British	20 leases	9233 rai
Dutch	4 "	1140 "
USA	1 "	300 "

and the list of prospecting licences;

British	48 leases	Swiss	2 leases
Dutch	16 "	USA	2 "
German	6 "	Italian	4
Total: 76 leases.			

Source: PRO FO 371/523 Paget to Grey Feb 28, 1908 Annual Report 1907.

By 1909 when the Siamese vassal States were ceded to Britain, there were 10 prominent companies engaged in the tin mines of Siam and the Malay-Peninsula: 1 Dutch; 1 Danish; 1 German; 1 Australian; 1 American; and 7 British:

Table V.

Pattani Concession Ltd	1889
Straits Trading Co	
Duff Development Co	1903
Rahman Tin Co Ltd	1905
Renong Dredging Co Ltd	1908
Siamese Tin Syndicate	1906
Kelantan Exploration Syndicate	
Tungkah Harbour	
Danish East Asiatic Co	
Sinkep Ltd (Dutch)	
Hutenbach & Bros (German)	
Wyamtin (USA)	

The prospects for tin mining in Siam were discussed by K. Van Dort, of Bangkok, in an article published in the Engineering and Mining Journal in 1907. He stated that there

"seems to be a very slight appreciation of the potentiality of the Siamese States " and that "it is only recently that active steps have been taken to investigate this source".⁴⁴The driving force can be accounted for by the introduction of a sea mining dredge by an Australian trader named Captain E.T.Miles, who precipitated the formation of two British companies. The great advantage of the bucket dredges was that they could work large areas with limited labour, and that they were not dependent on water courses since they pumped their own water. The heavy capital outlay involved and the technology they used put them beyond the reach of the Chinese who continued to work the deposits by their traditional methods. The two London companies which operated sea mining dredge in Ranong were the Renong Tin Dredging Co and the Siamese Tin Syndicate, both floated in 1906. An extract from The Mineral Industry described the prosperous tin environment;

"The Monthon of Phuket has lately been attracting the attention of European prospectors. A large Company has obtained a concession in Renong, and there are several Englishmen prospecting in the neighbourhood of Junk Ceylon."⁴⁵

The Siamese Tin Syndicate was founded by Henry G. Scott, an official of the Siamese Mining Department who had served as its Director. He became impressed with the possibilities presented to European mining engineers to explore and develop

⁴⁴ The Mineral Industry During 1907, Vol XVI. Edited by W.R. Ingalls. pg 87.

⁴⁵ Ibid.

the alluvial tin bearing areas. Owing to the various physical difficulties such as the excess of water and unstable ground, the Chinese miners were unable to adopt their usual opencast or shallow underground methods. H.G. Scott discussed a dredging project with his brother, T.G. Scott (a stockbroker), and eventually the Siamese Tin Syndicate was floated in Nov 1906.⁴⁶

The Renong Tin was founded by Sir John Anderson of Guthrie & Co; E.T. McCarthey; and Louis Leonowens in 1906 under the auspices of Guthrie & Co. The Company grew out of the Temoh Gold Hills Ltd which had been formed in the 1890s by T. Scott (a senior partner in Guthries and the financier Chachick Paul Chater). The subscribed capital was £125,000 though not much is known of the activities of the Company. In 1904 when the gold mines were becoming exhausted, the Company began prospecting in the Renong district and discovered tin. On the advice of E.T. McCarthey, the mining engineer, it was decided to exploit the tin by the use of bucket dredges. In 1906 the Renong Mines was formed as purely an exploratory and prospecting Company. As a result of favourable prospects, the Renong Dredging Co was incorporated in London in July 1908 with a paid up capital of £30,000. The Directors included

⁴⁶ PRO FO 371/1751 Peel to Grey Nov 22, 1911 pg 35.

Captain F.B.Lawson,J.Anderson,and Louis Leonowens.⁴⁷ Their first dredge,the first land-dredge to be used in Southeast Asia,began work in March 1910.The Company soon ordered two more dredges,and in 1913 a new company,the Renong Tin Dredging Co,was formed to enlarge operations and assume control of the former concern.⁴⁸

According to the British Consular Report 1907,the exportation of tin,including metal and the metallic content of ore from Monthon Phuket was approximately 4000 tons per annum.In 1906 the export from Tongkah alone amounted to 18,476 piculs (1109 tons) of smelted tin,and 1839 tons of tin ore of which the Straits Trading Co exported 1270 tons to its smelting works in Penang.By 1913 the Siamese Tin Syndicate and the Renong Dredging Co became the chief tin-producing firms in Siam.Of the output of tin in 1913,the Siamese Tin Syndicate exported 4616 piculs whilst the Renong Dredging Co exported 3874 piculs,approximately 2/3 of the total tin exported from Siam being from these 2 British firms.⁴⁹

The Siamese Response To British Mining Activity.

The scale of British activity in the tin mines of Siam

⁴⁷ Mining Manual 1910.pg 972.

⁴⁸ M.E.Falkus "British Business in Thailand" pg 152/153.

⁴⁹ PRO FO 371/1751 Peel to Grey Nov 22,1911 pg 35.

was rather limited and was concentrated in the Siamese Malay Peninsula rather than in the district of Phuket. British mining enterprise was confronted with a Siamese administration which was suspicious of western intentions and endeavoured to restrict British operation. The Mining Department was placed under Damrong's Ministry of the Interior between the years 1896-1909. Throughout these years, Damrong conducted a "cautious and restrictive" policy towards mining leases. Firstly the Siamese administration feared the complications which might arise from Western enterprise operating in a region where the Provincial administration was not seen as adequate to accommodate the influx of western investors. Secondly, Damrong had a strong distrust of rapacious Western concession hunters whom he regarded as an "objectionable type of adventurer".⁵⁰ Damrong held the impression that concessionaires sought leases for purely speculative purposes, floating companies comprising of investors who were naive of the mining industry.

There were two particular procedures which the Siamese adopted to restrict Western enterprise in Siam. Firstly in the district of Phuket, the administration responded to the operation of the Straits Trading Co by collaborating with the prominent figure in the region, namely Phya Rasada. The second means was the Secret Agreement of 1897, whereby Southern Siam

⁵⁰ I.G. Brown The Elite and... pg 104.

became a British sphere of influence which excluded non-British capital. In a despatch to the British Foreign Secretary, Lansdowne, in 1901, the British Charge d'Affairs, Archer, described the Siamese attitude to Western enterprise in Southern Siam;

"The difficulty is that the Siamese Government seem reluctant to grant even reasonable concessions to British subjects, preferring to keep the Malay States closed⁵¹ to foreign enterprises altogether."

Archer's observation is perhaps an exaggeration of Siamese policy for there were a number of British prospecting licences in 1901. However the Siamese administration, especially Damrong embarked upon means to restrict British enterprise in the tin mines of Siam both in the Peninsula and the Siamese vassal States. The first instance of such policy was seen in the experience of the Straits Trading Co.

The Straits Trading Co established a branch in Phuket in 1902. The operation of the Company was not in the extraction of tin but the purchasing of tin ore for smelting in Penang and Singapore. It may appear that such limited activity by the Company offered no competition to the local Governor's monopoly of the tin trade. Yet various restrictions were imposed upon the Company's operations especially by the Commissioner of Trang, Phya Rasada of the Khaw family, who was

⁵¹ PRO FO 422/54 Archer to Lansdowne March 26, 1901. Quoted in Cushman "The Khaw Group....".pg 63.

also engaged in the business of tin smelting. The Penang smelter which belonged to the Straits Trading Co successfully competed with the local smelters operated by the Khaw family. The Chinese had formerly smelted most of Phuket's tin, but by 1907, most of the 3,228 tons of the ore exported from the region was being shipped to the Straits Trading Co's smelter in Penang.⁵²

The Straits Trading Co had its head office in Singapore, and had been engaged as buyers and smelters of tin ore since 1887. The Company pointed out to Damrong that they carried out about 55% of the total tin exported from the Straits Settlements.⁵³ The Company had opened a new smelting work at Province Wellesley Penang which in their view "offered greater facilities for dealing with ore coming from Siamese territory."⁵⁴ In 1902 the Siamese Government granted the Company permission to establish agencies in Saiburi (Kedah), Phuket, Nakorn-Srithamarat, and Chumporn. However Rasada allowed the Company to establish only one office and warehouse in Phuket under a lease of 33 years.⁵⁵ The significant limitation which Rasada imposed upon the Company was to deny

⁵² BCR 1907 Trade of Saraburi and Phuket pg 7. Quoted in Ibid pg 66.

⁵³ NA 5 T 2.12/17 Straits Trading Co to Damrong Jan 23, 1902.

⁵⁴ Ibid.

⁵⁵ NA 5 T 2.12/17 Sri Sahadhep (Vice Minister of Interior) to Straits Trading Co June 6, 1902.

the Company's proposal that it be allowed to use property as collateral in advancing credit to the miners. This was part of the Company's programme in developing their business at Tongkah and the tin mines in West Siam.⁵⁶

In co-operation with Rasada, Damrong advised the King to deny the Company's request for the right to confiscate land. The Mining Director, Scott, pointed out to the Company that the confiscation of property by a Treaty Power possessing extraterritorial rights was a sensitive issue as it involved the Siamese Law of Mortgages and the question of land tenure. The regulations stipulated that foreign subjects were prohibited from being issued land mortgages. Scott recommended the company arrange the security advances through a Chinese compradore. Chinese compradores were used by British subjects in Penang for advancing capital to the miners in Phuket and pepper planters in Trang.⁵⁷

Damrong imposed his own policy on the Company by establishing a list of rules weakening the process of financial deals between the Company and its clients. Under the provisions, the Company was prohibited from confiscating any property belonging to the debtors, whilst the previous

⁵⁶ NA 5 T 2.12/23 Damrong to King Nov 29, 1902.
NA 5 T 2.12/23 Straits Trading Co to Scott June 17, 1904.

⁵⁷ NA 5 T 2.12/23 Scott to Straits Trading Co June 27, 1904.

confiscated property had to be put up to auction, in which the mortgagee was not permitted to participate.⁵⁸ Moreover, the auction system was directed by Rasada who also acted as the representative of each debtor.⁵⁹ It was not till 1906 that the shortage of capital was resolved as a result of the establishment of the Chartered Bank from Penang.⁶⁰

It appears that amongst the British mining interests in mainland Southern Siam, the Straits Trading Co was regarded as a potential threat to both Rasada and Damrong. The fact that the nature of the Company's business involved the provision of capital to the Chinese mining community was perhaps in Damrong's view seen as inflammable. Any conflict between the Company and the Chinese would inevitably result in intervention on the part of the British Government. As for Rasada, the presence of the Company imposed a direct challenge to the Khaw monopoly of the trade in tin ore. The Khaw family controlled the Penang-based Koh Guan Shipping and Trading Co. The Koh Guan Co had in 1902 purchased 4 New Zealand steamships through the agency of Capt Edward Miles (Australian) for the purpose of transporting tin ores to their

⁵⁸ Ibid.

⁵⁹ NA 5 T 2.12/17 Damrong to King Sept 1, 1904.

⁶⁰ NA 5 M 53/10 Economy of Phuket Feb 27, 1906.

smelter in Penang.⁶¹ By 1906, the Khaw family felt the effects of the Straits Trading Co's operations. The total tin ore exported from Tongkah was 1839 tons, out of which 1270 tons was carried by the Straits Steamship Co fleet to Penang.⁶²

The Siamese administration was aware that they were in no position to obstruct the Straits Trading Co in an outright manner because of the 1904 Anglo-French Declaration, whereby the region south of Bangtaphan was recognised as a British sphere of influence. Moreover the Siamese took into consideration the Company's political influence in London as warned by the Assistant General Adviser, Westengard;

"The Straits Trading Co is too important a concern to be passed over without notice. It is a very powerful company which has much influence throughout the British territory in the Peninsula. Shares in it are said to be owned by many officials. It smelts a large proportion of all the tin mined, and so figures largely in the commerce of the country. It is therefore advisable to exercise care in dealing with so strong a concern."⁶³

Damrong proceeded in containing the Straits Trading Co by co-operating with Rasada. In 1907 the Koh Guan Co increased its fleet and was renamed the Eastern Shipping Co. Among the directors of the Company were members of the Khaw family, its

⁶¹ K.G. Trengonning Home Port Singapore.. pg 56.

⁶² The Mineral Industry During 1907 Vol XVI pg 870.

⁶³ NA 5 M 2.14/15 Westengard's Report Sept 6/7 1906.

business associates in Penang, and a European, H. Jessen.⁶⁴ In 1908 the Khaw family established their own smelting firm in Penang called the Eastern Smelting Co. This placed the Koh Guan Syndicate in the position to challenge the Straits Trading Co but by 1913, the Khaw empire collapsed.

Mining In The Malay Peninsula.

It has been widely accepted by historians, namely Cushman and Brown, that the Siamese Minister of the Interior, Damrong, had a strong distrust of Western intentions in working the Siamese tin mines. Damrong regarded the Western concession hunters as detrimental to the international reputation of the Kingdom. This view held by Damrong tended to influence his policy towards Western concessionaires, namely a "cautious and restrictive" attitude. Damrong's intentions of excluding Western enterprise was complemented by the Secret Convention of 1897 concluded between Britain and Siam.

Under this Convention, Siam undertook not to cede to a Third Power any part of her territory south of Bangtaphan. For Britain the Agreement secured her strategic position in the Straits of Malacca, while for Siam, Britain recognised Siamese sovereignty over the States of Kedah, Kelantan, Trengganu, and Perlis. The key point of the Agreement was its specification

⁶⁴ K.G. Trengonning Home Port Singapore.. pg 56.

that Siam was not to grant "special privilege or advantage whether as regards land or trade" in the Peninsula to the subject of a Third Power "without the written consent of the British Government. The British intention to enforce the terms of the Convention was clearly emphasised by Archer;

"To draw a line between large and small concessions would be impossible and for Siam to grant any concession to a foreigner whether large or small, without the knowledge of the British Government, would be to defeat the object of the Convention."⁶⁵

The Secret Convention was a means by which Britain could secure her hegemony amongst Western capital in the Southern Provinces of Siam. For the Siamese, the erection of such a barrier served to protect the southern region from the influx of Western concession hunters. Inevitably complications emerged for the Siamese Foreign Office under Devawongse in denying applicants from a Third power, in particular the Germans.

Based on the British Foreign Office despatches, references are continuously made to the factors which the British took into consideration when confirming concessions to foreign powers. The British Foreign Office did not place any emphasis on applicants for prospecting licences. The Dutch Company Sinkep Tin Mining was granted a prospecting licence

⁶⁵ NA 5 KS 6.5/13 Archer to Devawongse April 2, 1897.

in the State of Trengganu,⁶⁶ and so was a Frenchman, Lebelief.⁶⁷ By the end of 1905, there were 11 mining leases held within the Malay Peninsula, and only one was held by a non-British, issued to an Italian Cerruti granted on May 1905. Cerruti, an Italian, formerly Superintendent of the Sakai tribes,⁶⁸ applied for a hydraulic tin mining lease of 2300 acres in the Liang district of Kuala Muda, Kedah. He was supported by 2 Penang based firms; Martyn & Co (Dutch), and Golden & Zeitlin (German). Cerruti held a prospecting licence issued by the Sultan of Kedah and had the approval of Damrong.⁶⁹ The British Foreign Office gave their consent providing that Cerruti obtained an assurance that precautions would be taken to obviate damage to localities from floods in the British territory caused by the hydraulic mining.⁷⁰ The Siamese agreed to grant the concession as they were not prepared to adopt a policy of excluding non-British capital.

Two other cases; Kaulfuss and Stoltz, exposes the underlying factor that the British were not concerned with the nationality to which the mining concession was to be

⁶⁶ PRO FO 422/47 Devawongse to de Bunsen Nov 12, 1896

⁶⁷ PRO FO 422/47 Archer to Salisbury Jan 7, 1897.

⁶⁸ PRO FO 69/255 Beckett to Governor Sir J. Anderson Nov 8, 1904.

⁶⁹ PRO FO 422/59 Scott to Stroebel Nov 11, 1905.

⁷⁰ PRO FO 422/59 FO to CO April 29, 1905 pg 63.

worked by as long as it was financed by British capital. Kaulfuss, a German subject from Penang, applied for a hydraulic tin mining lease in the same district of Kwala Muda covering 10 sq.miles. Anderson (from the Colonial Office) had strong views against the introduction of German capital and enterprise in the Peninsula;

"The German Government are fully alive to the strategic and commercial importance of the half-way house to the East, and...they are not unlikely to take a⁷¹ more active interest in Siam before long."

The General Adviser, H. Stroebel, advised the Siamese Government to refuse the application.⁷² The difficulty was that Kaulfuss had the support of the German Legation. However Kaulfuss failed to raise his capital from the Germans and instead obtained British capital. He came into partnership with Messrs Adams & Allen, solicitors in Penang. They floated a Syndicate with an authorised capital of 30,000 dollars, called the Cherok Klian Co. The aim was to prospect the lease and then to dispose the property to another company, either in England or the Straits Settlement.⁷³ Such terms became acceptable to both the Siamese and the British.

A Dane, N. Stoltz, applied to the Rajah of Kelantan for a mining concession which covered all the mining rights between

⁷¹ PRO FO 422/59 Anderson to Lyttelton Feb 16, 1905 pg 49.

⁷² PRO FO 422/59 Beckett to Lansdowne Dec 2, 1904 pg 15

⁷³ PRO FO 422/59 Paget to Lansdowne July 18, 1905 pg 117.

the river Kelantan and the Trengganu border for 40 years of which the proposed transfer was for the remaining 38 years.⁷⁴ Stoltz, who was a Kelantan agent for the Danish East Asiatic Co, had already disconnected himself from the Danish Company⁷⁵ and intended to get the Borneo Co branch at Singapore to raise the capital.⁷⁶ Beckett reported to Lansdowne that;

"Should this British firm eventually decide in favour of the concession and be willing to provide Stoltz with the working capital, the British Government may not be averse to the latter obtaining the transfer. If however, the Borneo Co withdrew from all connections with the matter, your Lordship may consider the introduction of capital other than British ...undesirable."⁷⁷

However the Borneo Co was not disposed to take up Stoltz's concession. The Company sent 2 of their agents to make preliminary examination from which there was no discovery of value.⁷⁸ Yet by 1907 Stoltz formed a British company in London called the Kelantan Exploration Syndicate Ltd.⁷⁹ The authorised capital was £10,000 for the purpose of working the concession in addition to certain gold dredging in the State. As the

⁷⁴ PRO FO 422/58 Graham to Damrong Jan 14, 1904 pg 111.

⁷⁵ PRO FO 422/58 Memorandum of Conversation between Scott and Stoltz June 12, 1904 pg 114.

⁷⁶ PRO FO 422/58 Graham to Beckett July 1, 1904 pg 114.

⁷⁷ PRO FO 422/58 Beckett to Lansdowne Aug 15, 1904 pg 109.

⁷⁸ PRO FO 422/58 Borneo Co to Lansdowne Oct 27, 1904 pg 121.

⁷⁹ Mining Manual 1909.pg 823.

Company was registered in London, Westengard pointed out that "there cannot be any objection in the ground of nationality."⁸⁰

An important early concern of the Mining Department was to secure detailed knowledge of the mining concessions then being worked in the Peninsula, and to this end inspecting towns were undertaken in the south by the Interior Ministry. Yet these visits did not appear to have had the administrative effect intended, for frequently the local authorities withheld assistance from the Bangkok officials. Moreover there were instances whereby western applications were made direct to the local Rajahs thereby by-passing the Bangkok administration. Such procedure inevitably stirred political complications involving the British government. An interesting case was the Leech and Duff concession which dominated the scene between the years 1899-1908.

In 1895 the Managing Director of Liang Exploration Co, Massey Leech, concluded an agreement with the Rajah of Legeh to grant him 6 months option purchasing the concession for a sum of £1500.⁸¹ Warrington-Smyth replied that the Siamese Government was unable to recognise such a concession as it

⁸⁰ PRO FO 371/332 Westengard to Paget March 22, 1907 pg 285.

⁸¹ PRO FO 69/276 Rajah Legeh to Rajah Idris Sept 23, 1892 pg 104.

would be contrary to precedent.⁸² The other Rajahs might adopt such a procedure, but more important was the fact that the Siamese refused to agree to the clause agreement as pointed out by Damrong that "we want no chartered companies in Legeh".⁸³ Instead, Leech was granted a prospecting licence.

In 1901 Leech left Bangkok for Europe with the prospecting licence to float a Syndicate in London. Yet the Siamese Government was reluctant to grant him the mining lease.⁸⁴ Devawongse put forward two reasons for the Siamese scepticism. Firstly, according to the Anglo-Siamese Boundary Agreement 1899, Britain maintained Siamese suzerainty over the Northern Malay States. This meant that "if Phyas and Rajahs in the Malay Peninsula are free to grant concessions", such precedent was an infringement of the Agreement. The second reason was that other foreign powers would appeal to their governments for intervention by asserting that the Siamese favoured Britain at the expense of excluding other Treaty Powers thereby being in breach of the "most favoured nation clause."

The financial group supporting Leech had registered

⁸² PRO FO 69/276 Warrington-Smyth to Leech April 24, 1896 pg 100.

⁸³ NA 5 KS 6.4/5 Warrington-Smyth to Verney Aug 1, 1897.

⁸⁴ PRO FO 69/276 Archer to Lansdowne Aug 26, 1901, pg 54.

itself as the Legeh Concession Syndicate with Leech as Chairman;

"The Syndicate formed is a very strong one financially, and therefore there is no fear but that work will be properly carried out."⁸⁵

Amongst the members of the Syndicate were; Henderson of the Borneo Co; Kenneth James of Messrs James & Shakespeare (a prominent metal merchant of the City); and Stanley Baldwin of Messrs Baldwin (Tin Plate Manufacturing in South Wales). The Syndicate subscribed £30,000 to carry out the work, which was more than the Siamese government required, namely £10,000. H.C. White was sent to Bangkok to obtain authority to commence work and to arrange the details in which the British Minister, Paget, was to assist him.⁸⁶

⁸⁵ PRO FO 371/131 Sudeley to Whitehall Feb 16, 1906, pg 219.

⁸⁶ PRO FO 371/131 FO to Leech Feb 24, 1906.

The Duff Concession.

The most prominent British enterprise operating in the Siamese Malay vassal States was the Duff Development Co. D.K. Wyatt has discussed the activity of this Company in the context of the political development of Kelantan.¹ A more relevant study is an article by L.R. Robert "The Duff Syndicate in Kelantan 1900-1902".² Robert traces the nature and objectives of the Duff Syndicate in relation to British policy in the Malay Peninsula. What has been overlooked is the Siamese attitude towards the Duff concession. The purpose of this study is to examine the Siamese perception of and response to the operation undertaken by Duff up till 1908. The Company's experience in Kelantan played a significant part in Anglo-Siamese economic relations. Firstly the Company stirred up confrontation between the British Foreign Office and the Siamese Government. Secondly it witnessed the intervention of the Colonial Office in pressing forward British interests in the region. Thirdly the rivalry exposed the nature and extent of Siamese attitude towards British economic activity in Southern Siam, which previous studies have not been able to determine.

¹ D.K. Wyatt: "Nineteenth Century Kelantan: A Thai View" in Kelantan-Religion, Society, and Politics in the Malay States. Edited by William R. Roff OUP 1974.

² Leslie R. Robert "The Duff Syndicate in Kelantan 1900-1902" in JMBRAS Vol. 45, Pt 1, 1972. Pages 81-110.

Historians have based their assessment of British policy towards Siam primarily on Foreign and Colonial Office records due to the limited availability of Thai sources. The Duff concession was a sensitive issue concerning the administrative and foreign policy. Records of these accounts are primarily in the Siamese Foreign Office despatches as the issue was handled by Devawongse rather than the Mining Department. These records had hitherto been kept at the Ministry Of Foreign Affairs, Saranrom Palace where it was opened for research and has been referred to by a Thai thesis.³ However these documents have now been transferred to the National Archives under the category of Thai-Malay Border and have been classified as confidential. Access to these documents can be obtained through the Thai National Security Council. Fortunately with the permission from the mentioned institution, such documents have been consulted for the purpose of this study. These documents comprise correspondence between Devawongse and the Siamese Legation in London; the Siamese Consul in Singapore; Damrong; and the King himself.

R.W. Duff was a retired British official who had once served in the British Malay States. He had initially been employed by the Public Works Department in Perak, but later

³ Wanchalee Boonmee "Some Aspects of Relations with Britain in the Reign of King Chulalongkorn: A Case Study of Forestry and Mining". MA diss., Sri Nakharinwirot U. 1977.

volunteered to work in Pahang where he was granted an appointment in the Police force and served as Chief Police Officer 1894-97.⁴ Duff took an active part in the suppression of the Pahang rebellion and in 1895 participated in an expedition led by Hugh Clifford which pursued the remnants of the rebels deep into Kelantan and Trengganu.⁵ There Duff became impressed with the mineral wealth in those States, and in 1900 retired from the Civil Service and formed a Syndicate to prospect the two States for minerals.⁶ The Duff Syndicate was registered in London with a preliminary capital of £10,000,⁷ and was composed of representatives from respectable commercial houses in the Far East namely :

T.E.Vickers, Chairman of Vickers Maxim & Co.
 F.Pratt Barlow, Chairman of Messrs John Dickson CO.
 C.Ingram, Director of the Illustrated London News.
 C.Sugden, Manager of the Borneo Co.
 A.P.Adams, Partner in Messrs Mansfield &
 Co, Singapore.

The Syndicate despatched Duff to Bangkok on April 1900

⁴ W.J.P.Hume: "The Federation of Malaya and its Police Force". Quoted in Wyatt article pg 36.

⁵ Wyatt article pg 36.

⁶ Duff retired officially from the regular FMS service after exactly seven years and nine months service in the Malay Peninsula on March 2, 1900 on medical grounds. In L.R.Robert article pg 84.

⁷ PRO FO 371/523 Memorandum respecting the Mining Concession of the Duff Syndicate and Duff Co in Trengannu and Kelantan. Jan 1, 1908.

⁸ PRO FO 69/224 Secretary of Duff Syndicate to British Permanent Secretary Foreign Office Oct 5, 1901.

in order to obtain letters of recommendation from the Siamese Government to the Rajahs of the States. These States were the vassal States of Siam and any concession needed Siamese approval. However Duff was confronted with a Siamese administration which was wary and skeptical of British intentions. Duff first approached the British Director of Mines, and reported to his government;

"I (Duff) called on the Director of Mines who was willing to assist but said that "he could not run his head against a brick wall" and feared that it would be impossible to get my request granted. He said that the Siamese Government are not prepared to admit Europeans owing to the unsettled state of Kelantan and Trengganu."

The Mining Director was placed in a difficult position as it was in Damrong's authority to grant the concessions, and according to the British Charge d'Affairs, Stringer, Damrong had a reputation for being prejudiced against British economic activity in Southern Siam.¹⁰ Damrong's attitude is reflected in his refusal to see Duff and instead left a note "the British are now in Pretoria, tell him (Duff) to go there for a concession, ... send him away."¹¹ It was only Duff's threatening to approach Damrong through the British Foreign Office that determined him to explain his policy directly to Duff, and granted him a visiting pass to Kelantan;

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

"He (Damrong) said that he was not the one who wished to keep the country shut up, but that on the contrary he was most desirous to open it up so that Siam might benefit by an increase of revenue. But he told me that so many people of doubtful character applied to him for concessions, that he was obliged to be firm in his refusals."¹²

An important principle of Damrong was that large scale mining should take place only in those districts where there was strong local administration. Adequate provincial administration was essential for two purposes. Firstly, it would provide a stable environment conducive to mining activity. Secondly (as emphasised by Brown) it would ensure that the disruptive elements commonly associated with mining could be firmly controlled, namely riots amongst the Chinese coolie labour.¹³

From the correspondence between Devawongse and Damrong, it appeared that it was the King's policy to exclude western capital from Kelantan, fearing that a concession to Duff might come into conflict with the existing leases which the Rajah of Kelantan had granted;

"The King expressed his opinion that it was not appropriate to grant Duff the concession. For the Rajah of Kelantan had granted various prospecting licences in the tambons (district). A prospecting licence to Duff, would merely create difficulties and obstacles."¹⁴

The existing leases referred to were those alienated to a

¹² Ibid.

¹³ I.G. Brown The Elite... pg 103.

¹⁴ NA KT 99.4/1 Devawongse to Damrong Feb 2, 1901.

Chinaman, Seck Tan Lim, covering 600-1000 sq.miles. The concession was a deed of partnership with Siamese officials stationed in Kota Baru. It appears that the King anticipated any concession granted to Duff would stir conflict with those of the Chinaman.

When Duff arrived at Kelantan, several more issues came to his knowledge which determined him to exert his intentions. He learnt that the Rajah exercised the right to alienate land without the consent of the Siamese Government. Furthermore the Rajah's concession to the Chinaman would have the effect of closing Kelantan to British enterprise. In response, Duff proceeded to persuade the Rajah not to complete the transaction with the Chinaman by promising him assistance "in doing the Siamese out of his country".¹⁵ As a result a Deed of Partnership was concluded between the Rajah and Duff by which the Syndicate acquired "an absolute monopoly of all mineral, trading, and other rights" within half of Kelantan estimated at 2500 sq.miles for a period of 40 years.¹⁶ The terms of partnership also granted the Company "administrative power throughout its territory..in

¹⁵ PRO FO 69/224 Report on Rights Acquired by Duff Syndicate Ltd in Kelantan.

¹⁶ PRO FO 69/275 Facts Concerning Malay Peninsula pg 242-256.

consultation with the Raja."¹⁷ The Deed was signed on October 10, 1900.

The Siamese were unaware of the Deed of Partnership. The Siamese Commissioner in Kelantan, Phya Sunthorn, assumed that Duff intended to work a gold mining concession in Kelantan. The Commissioner gave the following report to Damrong in April 1901, 6 months after the Deed of Partnership had been concluded;

"(There are) rumours that the Raja of Kelantan has granted Duff a gold concession. When I asked the Raja, he gave me his word that he has no intention in doing so. I will try by all means to prevent the Raja from granting the gold concession, by insisting the Raja not listen to persuasion."¹⁸

Duff was confident with his Deed of Partnership. The fact that the terms gave him administrative control in the territory would facilitate his operations. Duff justified his concession by pointing out that "mining and trading was synonymous",¹⁹ which was in accordance to the 1826 Treaty;

"Siam shall not go and obstruct or interrupt commerce in the two states of Trengganu and Kelantan, English merchants and subjects shall have trade and intercourse in future with the same facility and freedom as they have heretofore; and the English shall not go and molest, attack or disturb those states upon

¹⁷ Terms of Partnership Deed, see appendix of L.R. Robert article.

¹⁸ NA KT 99.4/1 Phya Sunthorn Report to Damrong April 24, 1901.

¹⁹ NA KT 99.4/2 Sri Sahadhep to Devawongse June 8, 1901.

any pretence whatever."²⁰

Duff believed that the British Foreign Office would support his concession as a means of countering the Siamese exclusionist policy.²¹

The arrival of Duff in London was followed by political complications. The Duff Syndicate endeavoured to gain government support for the concession to prevent the Siamese authorities from hindering any of their operation in Kelantan. The Duff Syndicate asserted the validity of the concession and their intention to ignore Siamese claims to suzerainty. However the British Government had formally recognised Siamese claims to suzerainty in the Boundary Agreement of 1899. On account of the Foreign Office reluctance to assist Duff, the Syndicate bargained with the British Government that unless the latter protected them from Siamese interference in working the concession, they would seek the support of a certain western power which was anxious for a footing in the Malay Peninsula.²² To this effect, the British Foreign Office recognised the arrangement made between Duff and the Rajah, and requested the Siamese not to delay their

²⁰ Burney Treaty 1826 Article III

²¹ NA KT 99.4/2 Mining Dept Memo on Duff May 22, 1901.

²² PRO FO 69/224 Reports on Rights acquired by Duff Syndicate.

approval.²³

Such requests made by the British Government were felt by the Siamese administration to be an imposition upon Siamese policy. Damrong felt that the British were exerting their influence upon the Siamese to ratify the Duff Concession.²⁴ The Consul for Siam in Singapore, John Anderson, advised Damrong that the Siamese could justifiably refuse the concession by asserting that "Kelantan is not yet ready or ripe, nor safe, for Europeans to speculate with their capital in the interior of that country." Anderson referred to Sumatra whereby the Dutch had excluded certain areas from European investment.²⁵

The Siamese decided to ratify the Duff Concession upon the condition that certain clauses of the Agreement were to be modified. The British Government had proposed that any sublease of the concession needed Siamese ratification.²⁶ Such a proposal was compatible with Siamese political concern for the region as Damrong pointed out to Devawongse;

"We are frightened that the Duff Company may transfer its lease to another company of a different nationality, and this would cause greater confusion. Such a situation would in the British view, be seen as a loss of British

²³ NA KT 99.4/1 Archer to Devawongse May 21, 1901.

²⁴ NA KT 99.4/2 Sahadhep to Devawongse June 10, 1901.

²⁵ NA KT 99.4/2 J. Anderson to Damrong June 8, 1901.

²⁶ NA KT 99.4/2 Archer to Devawongse Oct 2, 1901.

interest in Kelantan and Trengganu. It would provide an excuse for the British to assume control of the Peninsula as their region of influence. Therefore it is in our interest to carry out the Duff issue as soon as possible."²⁷

The British proposal on the sublease was perceived by the Directors of the Syndicate as a hindrance to their operation in Kelantan as pointed out by Duff;

"Objection to the insertion is due to the desire to exploit our concession to the best advantage, and is based on a firm conviction that such a condition would very materially affect the value of our right besides very much increasing the difficulties of working the property to the best advantage."²⁸

In essence it meant that the effective development of the concession required the employment of a large amount of capital and decentralisation of effort by means of subsidiary companies. Without the restrictive clause, the directors of the Syndicate were confident of raising capital without difficulty. However, if the condition of Siamese confirmation on every transfer or sublease were imposed, then it would hinder the Syndicate's procedure in raising capital.²⁹

Both the British Foreign Office and Duff resolved their different interests with the proposal that sub-leases were to be limited to British subjects with the consent of the

²⁷ NA KT 99.4/3 Damrong to Devawongse Nov 27, 1901.

²⁸ NA KT 99.4/2 Duff to Archer Oct 20, 1901.

²⁹ L.R. Robert article pg 91.

Rajah.³⁰ This meant a new principle that the local Rajahs possessed the sole authority to dispose of land. The British Minister, Tower, informed his Government that such terms of agreement on the transfer clause were unacceptable to the King.³¹ The King insisted that a clause be inserted so as to make transfers dependent upon his consent,³² namely to replace the words "Rajah of Kelantan" with the "Government of the King of Siam."³³ The Counsellor at the Siamese Legation, Verney, explained to the British Foreign Secretary, Lansdowne, the Siamese concern on the clause;

"(The Siamese Government) were not asking anything which was unreasonable. They needed to know with whom the Syndicate was dealing to prevent the concession from being transferred to persons not in a position to fulfill their obligations satisfactorily."³⁴

It seemed evident that the Siamese were not concerned with the nationality, but rather the financial credibility of the company. The Siamese Charge d'Affairs in London, Ratanayapiti, emphasised the point to Lansdowne that the Siamese were not prejudiced against western capital, but rather that they endeavoured to exclude speculative hunters from damaging the reputation of Siam;

³⁰ NA KT 99.4/3 Archer to Devawongse Nov 18, 1901.

³¹ PRO FO 69/275 CO to Fo Jan 24, 1902.

³² PRO FO 69/275 CO to FO March 1, 1902 pg 54.

³³ PRO FO 69/275 Verney to Bertie March 6, 1902 pg 74.

³⁴ PRO FO 69/275 Duff Syndicate to Fo March 21, 1902.

"My Government are fully aware that it is for their interest that their Malay Provinces should be developed by European, and especially by British energy and capital. They have no wish whatever to prevent this being done, but, unfortunately, the experience of past years show that men who go to Eastern countries for the purpose of making money are by no means always scrupulous in the methods they adopt...and therefore it is very necessary for the Government to maintain an effective control where they carry on their operations."³⁵

The British Foreign Office appeared to undermine the Siamese concern by asserting that the insertion desired by the King would serve no effective purpose in the form of ratification as Duff had already signed the Agreement, and commenced working in Kelantan.³⁶ Lansdowne also pointed out that the British authorities would take caution in the transfer of sub-leases by examining the financial standing of the proposed transferees. Lansdowne requested the King's confirmation for the concession, which astonished both Ratanayapti and Devawongse;

"This answer is a surprise after the British Foreign Secretary has given us to understand that there would be no difficulty with regard to this insertion."³⁷

Ratanayapti attributed the change in Lansdowne's attitude

³⁵ NA KT 99.4/4 Luang Rattanakapiti to Lansdowne March 12, 1902.

³⁶ NA KT 99.4/3 Lansdowne to Ratanayapti March 6, 1902.

³⁷ NA KT 99.4/4 Ratanayapti to Devawongse March 8, 1902.

to Duff's influence in the Treasury and the Colonial Office headed by Joseph Chamberlain. According to Ratanayapti, Duff had been receiving information on the issue from the Treasury Department.³⁸ In addition, Verney was convinced that Chamberlain had made a direct effort in influencing Lansdowne. Indeed, from the British Foreign Office despatches, correspondence between Duff and Chamberlain revolved round the presence of the Syndicate being synonymous with British influence in the Malay Peninsula;

"In advancing the interests of my Syndicate I am, in a small way, advancing British interests in a corner³⁹ of Asia which has been too long neglected..."³⁹

Duff placed emphasis on the prospect of foreign intervention. The Syndicate informed the Foreign Office that the Germans were working through the Danish and Chinese botanical expedition supposed to be then in Kelantan.⁴⁰

It appears that the Syndicate had a dual motive concerning the concession. On the one hand, a motive of preserving Kelantan for British trade, and on the other, the economic ambitions of the Syndicate. The latter motive is reflected in the terms inherent in the Deed of Partnership, namely that of possessing extensive authority

³⁸ NA KT 99.4/4 Ratanayapti to Devawongse March 20, 1902.

³⁹ PRO FO 69/275 Duff to Chamberlain March 21, 1902.

⁴⁰ L.R. Robert article pg 89.

within the concession. Such privilege would allow the Syndicate to work the concession to its full advantage. By upholding the independence of the Rajah, Duff was in the position to exert his influence in the region. To secure the terms specified in the Deed of Partnership, the approach to the Colonial Office as opposed to the Foreign Office was an effective initiative adopted by Duff. Unlike the Foreign Office, the Colonial Office believed in direct intervention. This was a positive outlook for Duff as he endeavoured to gain the ratification by the Siamese before any barrier was raised against British interests in the Malay Peninsula. In particular, any barrier erected against French encroachment in the northeast could justify the Siamese in conducting such an exclusionist policy against the British in the Malay Peninsula. The Siamese were already attempting to undermine Duff's concession by delaying the ratification.⁴¹ The Siamese considered that their "most effective weapon is the powerlessness of the British Government to insist on the ratification of the concession."⁴²

The Siamese delayed the ratification by asserting the legal issues, namely the Mining Regulations which specified Government consent for all concessions. The Siamese Minister in London pointed out to Lansdowne that any proposal to enable

⁴¹ PRO FO 69/275 Siamese Minister, Prassidhi, to Lansdowne March 26, 1902.

⁴² PRO FO 69/275 Duff to FO April 2, 1902.

Duff to acquire land within Siamese territory by a concession was contrary to the Mining Regulations, thereby breaching one of the Laws of Siam.⁴³ Duff counter-argued this by asserting that the Rajah had exercised the right to grant concessions within his State, and that the Siamese Government had never claimed to interfere with his right until a concession was being granted to a British subject.⁴⁴

It was highly probable that Chamberlain's policy was influenced by the British Governor-General in Singapore, Sir Frank Swettenham. Swettenham, from 1901 Governor of the Straits Settlements and High Commissioner for the Malay States, was at the forefront of British expansionism and regularly engaged in persuading London of the advisability of a further forward movement. In his despatches, Swettenham reported on the deteriorating political situation in the northern States, especially Kelantan, and pointed out the dangers for Britain inherent in the existing state of affairs. In particular, he referred to imminent German and American intervention.⁴⁵ Swettenham endeavoured to conciliate the rivalry between the Siamese Government and the Duff Concession, and his proposals culminated to the Anglo-Siamese Treaty of 1902.

⁴³ NA KT 99.4/5 Prassidhi to Lansdowne March 26, 1902.

⁴⁴ PRO FO 69/275 Facts concerning Malay Peninsula.

⁴⁵ Wyatt article pg 40.

The Treaty contained two fundamental clauses as a means of reconciling the interest of both the Siamese and the British.⁴⁶ Firstly, Siam was recognised by Britain as the suzerain power over the northern Malay States. As a safeguard to British interests was the appointment of a British Adviser to the Raja of Kelantan. The appointment was to be made by the Siamese Government, and an Adviser was sought to facilitate the free intercourse and trade of British subjects in Kelantan an area in which the Treaty of 1826 had proved inadequate. In Duff's opinion, the Treaty was in favour of securing British interests and he was confident of its implications, as reflected in Duff's letter to the Syndicate;

"From the Syndicate's point of view, nothing could be more satisfactory than the Agreement which has now been arrived at..."⁴⁷

The issue over the ratification of the Duff concession exposes the factors influencing British and Siamese policy. The British Foreign Office under Lansdowne conducted a "wait and see" policy in that they played for time especially on the transfer clause. The British Minister in Bangkok, Tower, showed sympathy for the Siamese as reported by the Financial Adviser;

"Mr. Tower is in sympathy with my views on this question but he said that the British Foreign Office is being pushed by a wealthy City Syndicate and that he must, as in duty bound, be the mouth piece of the Foreign Office

⁴⁶ PRO FO 69/275 Facts concerning Malay Peninsula.

⁴⁷ PRO FO 69/275 Duff to Secretary of Syndicate Nov 4, 1902. Enclosed in Duff to FO April 25, 1903.

in this matter."⁴⁸

It appears that the Foreign Office was pressed by the Colonial Office to adopt an interventionist policy. The character of the Colonial Office is depicted in Verney's statement;

"I share the conviction which many Englishmen feel that if South Africa had been under our Foreign Office and not under our Colonial Office, we never should⁴⁹ have had this deplorable war in South Africa."

From the Siamese perspective, the presence of British activity in the Malay Peninsula was not the threatening factor. The King was aware of the commercial prospects offered to Siam by opening the South to British enterprise.⁵⁰ It was the lack of an effective administration to accommodate the operation of such enterprise and its subsidiaries. The Siamese regarded the inhabitants of the vassal states as "barbaric "⁵¹and uncivilised, and thus any conflict with the British investors could result in direct intervention on the part of the British Government. The presence of the Duff Syndicate was perceived by the Siamese administration as a flammable project.

The British Financial Adviser, Rivett-Carnac, intended to

⁴⁸ NA Kh 0301.1 34/1 Rivett-Carnac to Damrong April 24, 1902.

⁴⁹ NA KT 99.4/4 Verney to Devawongse March 21, 1902.

⁵⁰ NA 5 M 62/1 King to Damrong June 26, 1901.

⁵¹ Ibid.

"expose the Buccaneer (Duff) in his true colours" and was inducing the King to despatch him to England to convince the Foreign Office of the unworthiness of the entire concession.⁵² Devawongse pointed out to Tower that the King's intention was to co-operate with the British Government in strengthening Siamese control in Kelantan and Trengganu so as to facilitate the influx of foreign capital;

"...aim of bringing the administration of those States on a modern and effective footing, so as to obviate the possibility of any obstruction being placed in the way of foreign capitalists and their enterprises."⁵³

Such a policy was continuously stressed in Verney's correspondence with Devawongse, and Ratanayapiti's letters to Lansdowne. The implications of a foreign enterprise operating under a disorganized administration and in an environment inimical to the conduct of business, was pointed out by Devawongse to Tower;

"...how reluctant his Majesty the King was hitherto to ratify the concession of such magnitude in a country quite undeveloped and under most primitive system of government, the possibilities and wealth of which as regards successful development are very doubtful. Fears are entertained that a large number of subsidiary companies may be floated on the Stock Exchange in consequence of the enormous area and reputed richness of concessions. Should it not turn out to be as valuable as supposed, it is feared that the unfortunate investors whose money is lost will raise an outcry against his Majesty's Government which will depreciate Siam as an area for the future investment of

⁵² PRO FO 69/275 Tower to Lansdowne May 4, 1902.

⁵³ NA KT 99.4/5/1 Devawongse to Tower May 14, 1902.

British capital."⁵⁴

The Anglo-Siamese Agreement October 1902 temporarily closed the breach between Duff and the Siamese Government. The Siamese appointed W. Graham as their adviser to the Raja of Kelantan. Graham had had administrative experience in British Burma and in the Siamese Land Department.⁵⁵ Graham's arrival in Kelantan on July 25, 1903 was a period where the Duff Development Co held extensive commercial and administrative rights within their concession. In response to the privileged position of the Duff Syndicate, Graham persuaded the Rajah to impose an "Exploratory Document" on the company in August 1903. The Document removed the Company's administrative authority in Kelantan and in particular the Company's taxation rights enjoyed within its concession. From here emanated conflict between Graham and Duff. According to Duff, Graham was still dissatisfied with the effectiveness of the Document in controlling the Company's activities, and thus began to proceed to hinder the Company's operations, as pointed out by Duff to the Colonial Secretary of State;

"...thereupon (Graham) instituted a policy of systematic opposition to the Company's interests and desires, thus thwarting all their attempts at developing the territory

⁵⁴ NA KT 99.4/5/3 Devawongse to Tower June 9, 1902.

⁵⁵ PRO FO 69/248 Candidates for the Posts of Advisers and Assistants in Kelantan and Trengganu Feb 24, 1902.

which they held.."⁵⁶

In assessing the comments made by Duff on Graham's policies, two cases need to be discussed: Duff's railway scheme, and his proposal for land regulations.

Duff endeavoured to link his Kelantan concession with those at Legeh and Reman.⁵⁷ This involved the construction of a railway from the sea-board at the mouth of the Kelantan River extending across the Peninsula through the States of Kedah and Reman thereby joining with the FMS railway system on the western coast. Such a scheme would enable the Company to transport minerals to and from the boundaries of the concession and the East coast. Duff submitted his proposal to Graham, laying stress on the prospects of commercial development;

"The construction of this line would be the surest way to hasten and promote the development of the commercial resources of the State of Kelantan, by offering inducements for the introduction of capital and thereby improving the condition of the natives, by affording them incentives to labour."⁵⁸

Duff prepared a budget of £400,000 for the entire scheme and proposed the privileges of free import duty on railway

⁵⁶ PRO FO 371/523 Duff to Earl of Crewe, Secretary of State for Colonies, April 2, 1908.

⁵⁷ Duff had also acquired mineral rights from the Rajahs of Legeh, Reman, and Johore. PRO FO 422/56 FO to CO Jan 13, 1901 pg 111.

⁵⁸ NA KT 99.4/17 Duff to Graham Undated.

materials, foodstuffs and other materials.⁵⁹

Both Damrong and Graham feared the consequences of such a scheme. Damrong viewed the proposal as damaging to the Siamese administration in Kelantan;

"Duff would transport goods from Kelantan to his established market thereby causing the people to migrate out of Kelantan, to the Eastern States, and thus reducing Kelantan's tax base."⁶⁰

Graham was convinced of the Company's goal as "purely and simply the development of trade".⁶¹ What Graham feared was that such concession would consolidate Duff's position in the region, as he pointed out to the Rajah;

"This Company already holds so very large an interest in the State...and to grant to it the concession now applied for, must inevitably greatly increase that influence, as the merest glance at the excessive privileges asked for to accompany the concession if given, must at once make clear."⁶²

Graham informed Duff that the Rajah had temporarily refused the application on the grounds of the "present rudimentary condition" of the State.⁶³ The Duff Company sought the intervention of the British Government claiming that Graham

⁵⁹ PRO FO 422/58 Paget to Lansdowne Dec 4, 1903.

⁶⁰ NA KT 99.4/17 Damrong to Devawongse June 30, 1903.

⁶¹ NA KT 99.4/17 Graham to Rajah Kelantan Oct 14, 1903.

⁶² Ibid.

⁶³ NA KT 99.4/17 Graham to Duff Undated.

was using his influence with the Rajah against the Company which was a breach of the Agreement;

"..embued with a feeling of distrust which was necessarily with any desire to promote the Company's interest or encourage its success... whilst conducting all business in the name of the Raja, the Advisor is now the actual ruler of the State."⁶⁴

The Company's Chairman in London, Major Wemyss, pointed out to the British Foreign Office that "once the concession was lost, the Company's confidence would be destroyed, thus ending British enterprise in Kelantan."⁶⁵ The Company also pointed out to the Colonial Office that the "Kelantan Government had either intentionally ignored the Company's interests or had so designed their new administrative measures as to reduce the company's rights."⁶⁶

The British Government supported the Company's claims in Kelantan and in 1905 embarked upon another Agreement in Bangkok involving Graham, Duff, and Stroebel, the General Adviser. The dispute revolved round the issue of import dues. Duff accused Graham of having breached an agreement made concerning free import dues. Graham denied the existence of such agreement and said that the Company was liable to import dues, despite Duff's claim that the Rajah had exempted the

⁶⁴ PRO FO 422/61 Duff to Paget Dec 3, 1904.

⁶⁵ PRO FO 422/61 Paget to Lansdowne April 14, 1905 pg 84.

⁶⁶ PRO CO 273/333 Encl in despatches July 3, 1907. Quoted in Wyatt article pg 49.

Company from import dues.⁶⁷ The negotiations lasted for 10 days resulting in the signing of a new agreement, executed on May 28, 1905. This abrogated practically all administrative rights held by the Company, thereby reducing it to a purely commercial concern.

The 1905 Agreement did not settle the conflict between Duff and Graham, which continued to develop in intensity. Constant representations were made by the Company to the Siamese Government through the British Minister in Bangkok regarding Graham's unsatisfactory conduct and hostile attitude. The issue at dispute concerned the land regulations. The issue of land regulations marked the last phase of the disagreement between Duff and Graham. The Company had interests in developing planting rights which required definite land regulations to induce merchants in Singapore to assist the Company. The Company despatched Duff to Kelantan to reach an agreement. Duff approached Graham on the subject of these regulations on April 1906. The purpose of such regulations was to enable the Company to "alienate and to administer the land situated within the concession."⁶⁸

Graham gave no assistance to Duff in drawing up these

⁶⁷ PRO FO 422/61 Beckett to Grey Jan 19, 1907 pg 58.

⁶⁸ PRO FO 422/61 Beckett to Duff Aug 24, 1906.

land regulations. Duff then drafted a set of regulations based on the torrens land system of the Federated Malay States.⁶⁹ Duff was given the impression that Graham approved the draft and was obliged to submit them to the Siamese Government in Bangkok. However when Duff arrived in Bangkok, the Vice-Minister of Interior had no knowledge of such a draft. Not only did Graham postpone the drafting of the regulations, but wrote to Wemyss (Chairman of the Company) insinuating that Duff's motives were political, whilst those of the Chairman were commercial, thus pointing out that Duff had failed to assist the Chairman's policy. In reaction to this, Duff requested Beckett;

"to urge on the Siamese Government the desirability of appointing an Adviser to the Government of Kelantan who will more readily support the established interests of those British subjects... to develop the commercial interests of the State.."⁷⁰

Graham pointed out to Beckett that any impediment to Duff's interest was not a policy of hindering British interests. On the contrary, Graham indicated that he was fostering British interests. Graham asserted that he had granted 5 mining concessions to British subjects, and other planting rights notably rubber and coconut. In 1905 the Kelantan Corporation Ltd was registered in Singapore to acquire coconut exports in

⁶⁹ PRO FO 422/61 Beckett to Grey Jan 19, 1907 pg 61.

⁷⁰ Ibid pg 61.

Kelantan.⁷¹ In addition over 100 shops for wholesale or retail of general merchandise had been opened in Kota Baru all owned by British subjects of which half the stocks were supplied by the Borneo Co.⁷²

Beckett suggested, as a solution, the removal of Graham. Yet it appeared that Damrong was protecting Graham. Firstly Damrong overruled Westengard's command to summon Graham to Bangkok for questioning. Secondly there was Damrong's response to any threat of dismissing Graham;

"Is it Graham's dismissal that you want? Very well, I say that if Mr. Graham is dismissed, I will resign my office of Minister of Interior. I will not have Mr. Graham humiliated."⁷³

It was clear that the proposed land regulation was a direct breach of the terms laid down in the Duff concession. Clause 13 stipulated that the Kelantan administration undertook not to enforce any new law relating to land or mining within the concession. For this reason, Damrong showed firm support for Graham, as the latter was upholding the principles of the Agreement so as to restrict the authority of the Syndicate. The issue subsided once the Siamese and British embarked on preparations for the secession of Kelantan to Britain which took effect in 1909.

⁷¹ NA Kh 0301.1 34/2 Prospectus of Kelantan Corp Ltd 1905.

⁷² PRO FO 422/61 Graham to Beckett Aug 13, 1906 pg 1.

⁷³ PRO FO 422/61 Beckett to Grey Jan 19, 1907 pg 62.

The interesting point about the dispute over the land issue was the Company's attention to plantation rather than mining activities. This point perhaps justified the Siamese fear of a Western enterprise becoming disillusioned with the mining prospects of Southern Siam, and hence needing to diversify its activities. Indeed by the end of 1907, the Company endeavoured to close all work in the State as pointed out by Stroebel;

"The present condition of the Company results from the failure of its mining enterprises to meet the expectation held out to the shareholders. (It) Appears that the Company would be compelled to depend upon the slow returns of agriculture instead of the rapid profits of successful mining. This means dividends long deferred and further sacrifices on the part of the shareholders. In other words, the cause of the present crisis in the Company's affairs grows out of difficulties far more deeply rooted than any question of administration."⁷⁴

Stroebel's observation can be substantiated by the Company's sublease of its gold concession in Kelantan in 1905.

As early as 1903, there were already reports made by the Siamese administration on the Company's diminishing returns from the gold concession. The Siamese Permanent Secretary, Pipat Kosa, reported that the Duff Company had only exported 8000 dollars worth of gold having invested 600,000

⁷⁴ NA KT 99.4/18 Stroebel to Beckett Nov 30, 1907.

dollars.⁷⁵ Damrong also reported that the Company had lost 2 months profit on gold mining due to drought, and had experienced theft on 6 occasions causing a loss of 1500 dollars.⁷⁶ In 1905 the Kelantan Gold Dredging Co was formed to acquire from the Duff Development Co the gold dredging concession along the River Kelantan covering 2000 sq.miles.⁷⁷ In June 1908 the Company was prepared for liquidation. Duff attributed the financial crisis to the lack of funds and the payment of interest. The Company's working capital of £12,000 had been used to pay the interest due on the debenture stock;

"The Company's financial position was very critical, that owing to the uncertain condition of affairs which existed, we could not see our way to recommend the provision of more working capital... For the past 6 months the Company have only been able to conduct their work on a very reduced scale, owing to the lack of funds."⁷⁸

Tin Mining 1909-1913

The 1909 Agreement marked the re-establishment of Siamese economic sovereignty in mainland Southern Siam. The Siamese administration was still in the process of consolidating its

⁷⁵ NA KT 99.4/16 Pipat Kosa to Sri Sahadhep June 28, 1903.

⁷⁶ NA KT 99.4/17 Damrong to Devawongse July 7, 1903.

⁷⁷ NA Kh 0301.1 34/2 Prospectus of Kelantan Corp Ltd 1905.

⁷⁸ PRO FO 371/523 Duff to Duff Co June 16, 1908.

control over the Southern region especially in Trang. The political administration had not become effective in this zone, and certain mining areas were reserved for Chinese capital. Complications followed as these areas were applied for by foreign concessionaires and consequently involved the British Foreign Office, as seen in the Pearson Concession.

The firm Pearson and Co was a well established mining company a great portion of whose capital was held by British subjects. It had offices in Kedah and Trang and intended to expand its operation into southern Siam. In December 1910 the Siamese Mining Department issued the Company with a licence to prospect for minerals in the province of Nakorn Srithamarat. The Document specified that prospecting was forbidden for a distance of 5 miles on each side of the Southern railways which was in the process of construction and which would pass through the province concerned. The Company's prospector ignored the endorsement and commenced operation in the reserved zone. When the Siamese became aware of this, the Company withdrew its prospector and made serious efforts to induce the Siamese Government to cancel the clause in question, and for a fresh application for a new licence to be made. The Company did not succeed in obtaining such a licence, and was informed by Heal, the Inspector-General of Mines, that there were certain difficulties in the way of it being granted. Messrs. Pearson & Co had already invested in a

preliminary survey, in expectation that the entire province of Nakorn Srithamarat would be opened up for prospecting. The Company further alleged that local Chinese were to be permitted to pursue mining operations within the reserved zone, and, under these circumstances, they appealed to the British Consul, Dunn, for assistance in procuring the issue of a more generous prospecting licence.⁷⁹

The issue was taken up with the British Foreign Office, and the Siamese Government proposed to create a reserved zone on each side of the Southern railway line, thereby restricting the operations of foreign capital, and the consequent introduction of foreign political interests within their dominions in the Malay Peninsula. The British Minister, Peel, pointed out that such policy was detrimental to both the Siamese and British Governments;

"Siamese interests would also suffer by such a policy as it would retard development of their Peninsula provinces and render it impossible for the Southern railway ever to become a profitable undertaking. British interest would also suffer since it was hoped that the Siamese Peninsula provinces would offer possibilities for the investment of British capital."⁸⁰

Peel wrote a private letter to Devawongse concerning

⁷⁹ PRO FO 422/66 Peel to Grey Nov 22, 1911 Entire paragraph.

⁸⁰ Ibid.

Pearson's licence to be adjusted.⁸¹ Peel asserted that if British subjects in Siam were faced with difficulty in being granted land while Siamese subjects were treated differently,

"our extra-territorial privileges..have been taken away;we are placed on the same footing as the Siamese in regard to the payment of tax and liability to services,but we are told that as compensation we should enjoy the same rights in regard to the ownership of land;as this is not the case..then let us⁸² have our extra-territorial privileges back again."

The Mining Department considered Pearson's application for an exclusive prospecting licence,⁸³ but the Siamese Government asserted that the Siam Mining Act had not been applied to Trang as Trang was being reserved for agriculture.This therefore determined the denial of the application from the Pearson Co in August 1910.

In Peel's opinion the land was a "government reserve" and parts of its area were being acquired by influential Siamese for rubber plantations.Pearson and Co then applied to Fitzmaurice (Vice-Consul at Phuket) to request the Siamese authorities to open Trang for mining,and give the British priority for a prospecting licence.Yet Damrong insisted upon the closure of the mines despite the presence of Chinese

⁸¹ PRO FO 422/66 Peel to Grey Jan 3,1912 pg 5.

⁸² Ibid.

⁸³ PRO FO 422/67 Peel to Grey March 27,1912 pg 26.

miners operating in the region.⁸⁴

The fact that the Chinese were still working the mines in Trang shows that the Siamese had other motives in denying Pearson the prospecting licence. One explanation was that reforms in the provincial administration had not reached Trang nor was there a representative from the Mining Department. Earlier in 1907 a British subject Luang Pipat Nichkarn had been denied a prospecting licence in Trang.⁸⁵ The Interior Vice-Minister, Sri Sahadhep, was strongly against the opening up of mines where the administrative infrastructure was not fully developed.⁸⁶ Sri Sahadhep believed that if westerners were granted licences in such provinces and where there was no representative from the Mining Department, this would give the westerners the excuse of being ignorant of the Mining regulations and would in turn lead to political difficulties. The underlying reason for the closure of Trang was that in August 1909, the Cabinet had agreed that no further prospecting licences or mining licences be issued for Monthon Chumphorn, Nakorn Srithamarat, and Pattani. The decision was carried out on account of the railway construction down the East Coast which would have substantial affects on the tin

⁸⁴ PRO FO 371/1751 Pearson Co to British Consul at Trang Jan 12, 1913.

⁸⁵ NA 5 KS 6.5/82 Sri Sahadhep to King Nov 30, 1907.

⁸⁶ Ibid.

deposits. In Damrong's view, such a railway would result in concession hunters.⁸⁷

The restrictive Siamese attitude towards western mining enterprise reached its turning point when the Mining Department was transferred from the Ministry of Interior to that of Agriculture under the new Minister Chao Phya Wongsanupraphand. Unlike Damrong, who was cautious and restrictive of western investors, Wongsanupraphand saw the importance of foreign capital to the Siamese economy. This is reflected in his analogy of foreign capital to the action of a river inflood;

"Although dikes and dams might be built to protect an area from flooding, water (foreign capital) would always create a passage through which it would flow."⁸⁸

In 1912 the Minister's proposal to remove the prohibition on the issue of prospecting licences and mining leases for the East Coast provinces became effective.

The character of British infiltration into the Siamese mining districts may be described in two ways. Firstly, for political reasons, the Siamese government was anxious to avoid the pattern of rapid development and influx of foreign capital which might jeopardise Southern autonomy. The Siamese perceived

⁸⁷ I.G. Brown The Elite... pg 106.

⁸⁸ NA 6 KS 6/2 Wongsanupraphandh Memorandum on Prospecting for coal Oct 1911. Quoted in I.G. Brown The Elite... pg 108.

the presence of speculative concession hunters as a potential threat to the social order. Secondly, economic development also brought dangers of intervention, extra-territorial privileges for foreigners, and foreign capital in resources and communications. Under these circumstances, the Siamese especially Damrong had to form an equilibrium between the two extremes, by a policy of control and after 1904 an element of challenge. The Siamese endeavoured to challenge the British in their co-operation with Rasada in containing the activities of the Straits Trading Company. However the policy of direct challenge was dangerous as it was likely to spark intervention by the British government. Therefore in response to the influx of British enterprise, the Siamese conducted a policy of control as reflected in the Mining Code of 1901. Both policies were complemented by the Siamese erection of a barrier in their vassal States, namely the Secret Convention of 1897. This had the effect of restricting western enterprise to British dominance and for the Siamese it guaranteed the mining industry be undertaken by credible enterprises like the Duff Syndicate rather than by speculative concessionaires.

Anglo-Siamese Economic Relations 1856-1914 in Perspective.

The history of British business in Siam is an important element in the modern economic history of South-East Asia, revealing a number of distinctive features; firstly, the conduct of British economic activity in a non-colonised country; secondly, the reaction from the Siamese administration; and thirdly, the contribution to Siam's modernisation. At the opening of Siam to free trade in 1856, Siam was regarded as a "backward" country. The administration was fragmented, with the governing of the Provinces decentralized and communications with the interior confronted with impediments due to the lack of proper roads and a postal service. The inadequate infrastructure together with the lack of capital and expertise proved inimical to economic progress.

More important was the cautious Siamese attitude towards the West as reflected in Rama III's last words;

"The Vietnamese and Burmese are no longer a threat, it is the Farangs (Westerners). Be cautious (of western intentions); do not concede to them. Employ their system where necessary, but do not think too highly of them."¹

The Siamese Embassy to England in 1857 is an indication of the

¹ Pongsawadan No.51 "Closing Years of Rama III". pg 5.

Siamese attempt to understand British intentions as the mission involved an observation of the nature of British economic activity in their homeland. The mission involved a tour of the leading manufacturing centers in Britain; Liverpool, Manchester, Birmingham, and Sheffield. The head of the mission, Phya Montri, took an interest in machinery, and made purchases of the various manufactures, which the Illustrated Times described as;

"..Not for the purpose of trade, but for the King, who is anxious to famialiarise his people with the various productions of Great Britain, and to encourage and improve their manufacturing abilities, by displaying² to them the results of European civilization."

The influx of British capital and enterprise aroused suspicion amongst the Siamese of British intentions. There were several factors which precipitated Siamese suspicions of the British. First was the British involvement in the political upheaval of neighbouring countries. The annexation of Upper Burma in 1886 determined the Siamese to exert their authority over the Northern autonomous States. The Siamese held the view that the Bombay-Burmah Trading Corporation had been responsible for the intervention of the British government. Similarly, in the Southern States, the Siamese perceived any disorder in the environment of the tin mines could precipitate a British forward movement to be directed towards the Siamese

² The Illustrated Times Nov 28, 1858 quoted in "Press comments on the Siamese Embassy to England 1857-58." Pongsawadan No.45 pg 76.

Malay vassal States. The reputation of Britain as an expansionist power was a constant threat to Siam. Apart from the consideration of political independence, there was the question of economic sovereignty. The threat of Western railway companies dominating the Siamese infrastructure influenced the Siamese response towards Western enterprise. The Siamese needed to secure their interests but simultaneously to be dependent on western capital and expertise.

The Siamese were aware of the need for Western enterprise to overcome their economic "backwardness", but yet had to avoid the political consequences of Western domination. In response, the Siamese conducted a series of policies to regulate and control British economic activity as opposed to challenging. This involved the employment of foreign advisers, in particular the British, to establish and organise the necessary institutions. These agencies were fundamental to the Siamese programme for modernisation as they provided the administrative infrastructure to accommodate Western activity. This in turn was to prevent the disruptive elements inherent in the Siamese political system from developing into a political crisis.

The Role of British Advisers

A number of studies have been undertaken on the role of

foreign advisers. Thamsook Nunmonda, Kenneth T. Young, and Chompunut Nakiraks have assessed the role of the General Advisers in the context of diplomatic negotiations.³ More relevant here is the work of I.G. Brown, who has discussed the role of the British Financial advisers.⁴ The purpose of this study is to assess the role of the British advisers in relation to the granting of concessions. The crucial question revolves round the attitude of the various British advisers towards the granting of concessions to their own nationality.

Amongst the foreign advisers, the British were the most prominent in both numbers and importance. The Siamese applied for these advisers through the Indian Office. As the resources of Siam resembled those of the British Colonies, it was found most appropriate to employ such experienced officers. Another factor which influenced the choice of British advisers was that British economic activity was predominant. To this effect, British advisers would be dealing with their own nationality, thereby providing a favourable environment for concessionaires.

³ Chompunut Nakiraks: "The Role of Foreign Advisers during the Reign of Rama V 1868-1910", MA. diss., (Thai Text) Chulalongkorn U, 1974. Thamsook Nunmonda, "The First American Advisers in Thai History", in JSS Vol. 62, Pt 2. Kenneth T. Young, "The Special Role of American Advisers in Thailand 1902-1949", Asia No. 14.

⁴ I.G. Brown, "British Financial Advisers in Siam in the Reign of King Chulalongkorn", Modern Asian Studies, Vol 12, Pt 2 (April 1978), pg 193-215.

The nature of British advisers employed by the Siamese administration changed as Siam became increasingly confronted with British enterprise. Up till the 1890s, the British advisers were confined to trading establishments, namely the Harbour and the Customs Departments. The first British official employed was Captain John Bush as Harbour Master in 1857. In addition there was S. Bateman as Commissioner of Customs. It was found appropriate to employ officials of British nationality on account of the English language being widely conversant amongst the Western shipping crews. The increasingly wide range of British activity in Siam was accompanied by a diversification in the employment of British advisers. These advisers were not only confined to direct activities in government, but also brought the benefit of their experience to the Siamese, thereby gradually becoming less dependent on them. By 1900, British subjects held important posts in the Departments of Inland Revenue, Customs, Survey, Forests, Mines, and Police, and in the Ministry of Education. In 1902, the British Financial Adviser submitted the numbers of foreign officials employed in Siam, of which the British were by far the most predominant.

Table I

Table of British and German Employees in 1902 with
a Salary over 1000 baht

British

Rivett-Carnac	: Financial Adviser and Comptroller-General
A.J.A.Jardine	: Inspector-General of Police
W.J.L.Tottenham	: Conservator of Forests
R.W.Giblin	: Director of Surveys
F.H.Giles	: Director of Land Revenue
W.A.Graham	: Official in Ministry of Agriculture
E.Ambrose	: Director of Customs
A.C.Carter	: Headmaster of King's College
W.O.Johnson	: Chief Inspector of Schools
W.A.B.Tilleke	: Attorney General
H.Campbell Highet	: Health Officer
F.W.Verney	: Counsellor at Siamese Legation in London.
E.St J.Lawson	: Superintendent of Police
H.G.Scott	: Director of Mines

Germans

H.Gehrts	: Director of Railways
C.Sundrecski	: Chief Architect
E.Kioke	: Railway Engineer
T.H.Colman	: Adviser to Post and Telegraph

Source: NA 5 B 8.2/39 Rivett-Carnac Minute upon the
Political Situation in Siam.

The following table shows the significant departments
concerned with British economic activity in Siam established
by 1908.

Table II

Office of the Financial Adviser		Forestry	
A.Mitchell-Innes	1896-99	H.Slade	1897-1902
C.J.Rivett-Carnac	1899-1903	F.W.Tottenham	1902-05
J.F.Williamson	1903-24	W.F.Lloyd	1906-1924
Mining Dept		Southern Railway	
de Muller (German)		H.Gittins	
H.Warington-Smyth.	1895-96		
H.G.Scott	1896-1902		
J.H.Heal	1902-		
Railway Department (German Directors)		Engineers of the Department.	
K.Bethge	1895-1901	April 1896	March 1898
H.Gehrts	1901-1906	GB	9 28
L.Weiler	1906-	German	8 15
		Siamese	19 25
		Danes	3 6

Source: NA 5 YO 5.6/17 Reports From April 1896-
March 31, 1898.
The Singapore and Straits Directory.

It is worth noticing the dominance of the British in the Office of the Financial Adviser; the Forestry; and the Mining Departments. Though the Railway Directors were continuously held by the Germans, the engineers were primarily British.

It is evident from the various official reports that a large faction of Siamese officials held the impression that British advisers were naturally biased towards their nationality. The British Consulate even held the impression

that "Prince Devawongse ..has always had a profound distrust of all foreigners".⁵ Similarly,British Ministers in Bangkok expressed their views on the advisers' disregard for British interests,especially that of Rivett-Carnac,the most prominent amongst the British Advisers.In order to assess the two opposing views,the role of certain British advisers is worth considering, namely J.C.Rivett-Carnac,H.Slade,and H.G.Scott.

I.G.Brown has made a comprehensive study of the British Financial Advisers in particular Rivett-Carnac.Brown concludes that these advisers played a limited role in determining the Siamese economic and financial policy.Brown based his assessment on the various issues which confronted Rivett-Carnac,namely the adoption of the gold standard and the raising of the 1905 loan.It is evident that Rivett-Carnac performed an advisory and consultative role,and guided Siam through monetary policy.⁶ However it is worth adding to Brown's assessment the speculation that Rivett-Carnac endeavoured to become the General Adviser.

The idea of Rivett-Carnac wanting to be appointed as General Adviser was put forward by the British Minister in 1902,based on Rivett-Carnac's handling of the gold

⁵ PRO FO 422/39 Scott to Rosebery Jan 28,1894.It has been suggested that Devawongse' distrust of foreigners originated from the Paknam incident in 1893.

⁶ Ibid.

standard.⁷ To recall, Rivett-Carnac refused the banks' claims for compensation, and to this effect, the British Minister regarded Rivett-Carnac's action as prejudiced against British interests in Siam. Indeed, as early as 1899, there were already signs of Rivett-Carnac exerting his authority beyond his area of concern. The Director of Survey, J. Macarthy, complained to the King of Rivett-Carnac's interference with his department;

"Rivett-Carnac tends to ignore the rules of the Indian Government, notably not to interfere with officers of the Survey Department. He encourages subordinate officers of the Survey Department to consult him on matters pending before the Minister.."⁸

Despite the accusation forwarded by the British Minister, there are indicators to show that Rivett-Carnac did not neglect British economic interests in Siam. His approach to the British merchant bank, Baring Bros, in 1903, and his criticism of Mahit's procedure in establishing an indigenous National Bank in 1906 are strong indicators of Rivett-Carnac's support for British interests. Yet in 1906, Rivett-Carnac recommended the introduction of the tical as the monetary unit in Southern Siam, warning that;

"..if Siam were to adopt in the Province of Phuket the currency unit of the Straits Settlement Governments either wholly or in part, she would inevitably tend to increase British political and commercial influence

⁷ I.G. Brown, "British Financial Advisers in Siam in the Reign of King Chulalongkorn", Modern Asian Studies, Vol 12, Pt 2 (April 1978). pg 200. PRO FO 800/142 Tower to Lansdowne March 10, 1902.

⁸ NA 5 T 5.1/87 James Macarthy to King Sept 17, 1899.

at the expense of that of Siam."⁹

It appears that Rivett-Carnac's conduct of affairs was full of contradictions, which in turn makes it difficult to determine whether he had plans to be appointed as General Adviser. The King himself was fully aware that the nature of Rivett-Carnac's role would involve issues relating to British interests, and that it was only natural for him to maintain the balance;

"Though Rivett-Carnac is hired by the Siamese Government, his duty is to be loyal to the Siamese, but yet not to work against the interests of the British."¹⁰

Indeed his loyalty to the King was shown in late 1906 when Rivett-Carnac offered to put his duty to the affairs of Siam before his personal commitment to be with his dying wife.¹¹ In turn, the King's gratitude for Rivett-Carnac's loyalty to Siam was shown in 1908 when the King granted Rivett-Carnac's newly born son from his second wife, the name "Chula".¹²

One of Rivett-Carnac's roles which has been overlooked by Brown was that of financial agent. The Office of Financial Agent in London was established in February 1904 by the

⁹ PRO FO 371/133 Pt 1 Report by Rivett-Carnac to Mahit May 31, 1906 enclosed in Colonial Office Minute: Currency in Phuket, June 15, 1906 pg 21.

¹⁰ SRL K 6/4/4 King to Devawongse Feb 4, 1898.

¹¹ NA 5 B 82/40 Rivett-Carnac to King Undated.

¹² NA 5 B 82/40 Sommot to Rivett-Carnac April 25, 1908.

Finance Ministry. The purpose was to relieve the Siamese Ministers in Europe of their responsibility of dealing with financial matters unconnected with diplomatic affairs. The task was to arrange payments in Europe for railway purposes.¹³ The position was undertaken by Rivett-Carnac, and his procedure tended to undermine the influence of the Siamese Minister's role in financial affairs. Rivett-Carnac took direct orders from the Director of the Railway Department in making payments for railway material.

The Siamese Minister in London forwarded a series of complaints concerning the authority of the Financial Agent. The Minister warned the Finance Minister of the dangers of entrusting such privileges to a foreign adviser;

"The Minister appears to think it is wrong for the Director of railways to give orders to the Financial Agent to pay large sums, and for the Siamese Representative to have no voice in the matter beyond finishing the cheques."¹⁴

The Finance Minister, Prince Chantaburi, explained to the Siamese Minister, Phya Visutr Kosa, that the authority granted to Rivett-Carnac and the Railway Director was to avoid delays which would occur if orders were sent through the Minister of

¹³ NA Kh 0301.1 16/3 Rivett-Carnac Memorandum Nov 27, 1909.

¹⁴ NA Kh 0301.1 16/3 Rivett-Carnac to Prince Chantaburi, Minister of Finance Feb 14, 1910.

Public Works to the Siamese Legation in London.¹⁵ The duty of the Siamese Representative would be confined to the administrative task of ensuring that payments made were supported by the required documents. Chantaburi initiated a new system of payments for the construction of the Southern line. The principal alteration excluded the Financial Agent from any transaction concerning the Southern line, and instead placing it with the Director, Gittins, and the Inspector Engineer in London, Sandberg.¹⁶

The importance attached to the role of the Financial Agent demonstrates the continuing dependence on foreign advisers in economic affairs. Indeed railway material was a specialised and technical issue which the Finance Ministry presumably regarded as appropriate to be handled by foreign employees. At the same time, the transactions being conducted by someone of British nationality was inevitably to facilitate the arrangements and to establish Siamese credibility with British engineering firms. The fact that the Siamese Representative was excluded from such affairs shows the confidence of the Siamese administration in foreign officials.

The Forestry Department was continuously headed by a

¹⁵ NA Kh 0301.1 16/3 Chantaburi to Visutr Kosa, Siamese Minister in London March 16, 1910.

¹⁶ NA Kh 0301.1 16/3 Visutr Kosa to Rivett-Carnac Feb 9, 1910.

British Director up till 1930. From the Siamese perspective, the British offered both the expertise and the co-ordination in the administration of the Department. At the appointment of Herbert Slade to establish the Forestry Department and to become its Director in 1897, the King pointed out to the Chaos the advantages to be gained;

"Slade is an expert in forestry, having had experience in Burma. Being of British nationality this ought to facilitate negotiations with the European, British, and Burmese British subjects."¹⁷

The King reassured the Chaos of Slade's position being an asset to Siamese interests;

"Though he is British, he is employed by our Government and takes orders from me and not the British authorities. Therefore there are no grounds to suspect Slade of being a British agent."¹⁸

However in 1903, Prince Penphat submitted a report indicating the privileged position Slade had given to British firms in particular the Bombay-Burmah Trading Corporation. The report was based upon the witness of an official from the Forestry Department that private correspondence between Slade and the Bombay-Burmah Corporation was frequent, and that Slade had given priority to the Company concerning leases;

"Any forestry lease which the Bombay-Burmah desires...or any logs which the Company is interested in..are given first priority. The Director (Slade) shows favouritism to Western enterprise due to its substantial

¹⁷ NA 5 M 16.3/5 King to Chao Chiangmai April 9, 1897

¹⁸ Ibid.

capital outlays which guarantees¹⁹ the operation of the teak forests."

On the other hand, the Forestry Annual Reports gave a different impression of Slade. These reports were published by the Forestry Department (though only a few copies can be found at the Archives), and are thus likely to have presented a favourable assessment of Slade's work.

The opposing views on Slade stemmed from his controversial proposal of establishing the Departmental Headquarters at Chiangmai;

"Until the Forestry Department is sufficiently large and important to have a senior officer in Bangkok who would be a sort of Secretary on Forest matters to the Minister of Interior, it is important²⁰ for the headquarters to be near the work."

Such a scheme was regarded by Damrong as a dangerous challenge to his administrative authority in the North, a view most likely to have been shared amongst his colleagues. From the aspect of the Department, the proposal would enhance the effectiveness and the authority of forestry conservation. Damrong was probably doubtful of the Department's inclination towards British interests, and to this effect needed to place the Department under close supervision.

¹⁹ NA 5 M 16/10 Prince Penphat Report on Forestry Feb 1, 1903. Penphat was Assistant Minister of Agriculture.

²⁰ NA 5 M 16/7 Slade to Damrong Nov 4, 1896.

There is no substantial evidence to support Penphat's observations. One explanation is perhaps that Slade's association with the British community may have stirred suspicion of Slade's attitude towards his own nationality. The British Sports Club, the "Chiengmai Gymkhana Club", included officials from the British Consulate, staff from the teak firms, and Slade.²¹ On the other hand, it has already been discussed how Slade's policy revolved round conservationist considerations rather than any inclination towards British firms. Another ambiguous point was the extent of the conflict between Damrong and Slade. Evidence has shown that the lack of co-operation had allowed the British teak firms to manoeuvre in acquiring leases. Yet the King indicated to Rolin-Jacquemyns the shallowness of the conflict;

"Damrong said that the former (Slade) and himself (Damrong) have been on friendly terms and that there has never been any cause for ill-feeling between them. There has only been a difference of opinion in an important point..²²"

Likewise, the British dominated Mining Department consistently came into conflict with Damrong. Damrong was opposed to the Department's policy of opening up Southern Siam to Western enterprise at an abrupt pace. Damrong was not totally against the idea of opening up the South as reflected

²¹ Bristowe: Louis and the King of Siam. pg 96-97.

²² NA KT 101/8 Rolin-Jacquemyns' Private Papers: King to Rolin-Jacquemyns Dec 31, 1900.

in his decision to permit the construction of the Southern railway. He preferred to allow Western activity to be conducted in areas where the administrative infrastructure was adequate to accommodate the presence of large-scale mining firms.

It is interesting to note that though the Mining Department was headed by a British Director, yet various correspondence indicate the inclination towards Siamese interests. In 1902 H. Scott recommended various means of facilitating the growth of Chinese capital. He pointed out to Damrong that the reserves of tin ore in Phuket was greater than those in Perak and Selangor. Scott suggested;

"..in order to achieve this result, the Government merely need to make all working of the mines easy for the Chinese..which will encourage them to invest large amounts of capital,²³ and enable them to make a profit."

Scott tends to raise two significant points on the tin mines. Firstly there was the commercial advantage of tin ore. The fact that the deposits in the British Protected States were becoming exhausted by 1900, this inevitably raised the world price of Straits tin. The second and more important issue was the political implications. The idea that the Siamese needed to develop the Southern region was linked to the question of political sovereignty;

²³ NA 5 YO 5.1/25 Scott to Damrong Dec 19, 1902.

"It is only a question of whether the Siamese Government will take the bull by the horns, and leading it by easy paths to succulent pastures, allow it to gorge itself into happy contentment, or whether, on the other hand, by restraining its natural appetites, it will allow it to grow so furious from hunger, that bursting all bounds, and making a clear sweep of all trammels, it will bring disaster on the Government in its furious on rush."²⁴

The opening of the South was not necessarily to Western enterprise. Yet it is not clear whether Scott intended to restrict Western enterprise for his own interests. Scott eventually disengaged himself from the administrative work to begin a career in the mining business. He floated two British firms in 1906 to work the mines, the first British enterprise in the region of Trang. His credibility with the Siamese administration was obviously the crucial element in establishing any operation in the region. Damrong was not prejudiced against Western enterprise but rather the speculative concession hunters. There may have been an element of self-interest in that Scott was aware of prospects in the tin business. As the nature of mining became increasingly capital intensive, this provided the opportunity for Western firms to establish their presence and to apply their technology.

²⁴ Ibid.

Between 1909-1912, a series of Western applicants for mining licences were denied in the region of Trang. The British Vice-Consul, Wood, considered such a policy as "a very blind and foolish policy".²⁵ The Bangkok administration had instructed the Mining Department at Phuket to exclude British applicants. Wood observed that the Siamese identified the influx of British capital as a movement towards "further interference and ultimate annexation",²⁶ which he regarded as a "foolish policy". Wood tried to convince the Siamese that it was the contrary; British capital and enterprise would afford the British much less excuse for annexation.²⁷

The differing views and the lack of co-operation between Damrong and the two British advisers can be attributed to Damrong's failure to adjust to the economic progress in Siam. Damrong's vision of both the Forestry and the Mining Department was to conduct the routine administrative work: the Forestry Department to collect the revenue and protect teak theft. This is reflected in the employment of four British forestry revenue officials by the Siamese from the Indian Government.²⁸ The employment of Slade was to conduct a programme of forest conservation, and to organise a system in

²⁵ PRO FO 371/985 Acting Consul Wood to Peel Oct 11, 1910.

²⁶ Ibid.

²⁷ Ibid.

²⁸ NA KT 35.9/2 de Bunsen to Devawongse Oct 31, 1896.

the collection of teak revenue. Likewise the task of the Mining Department was to survey and assay the land.²⁹ However, such administrative work raised complicated issues which required substantial intervention on the part of the British Directors. In the case of forestry, Slade needed to establish the headquarters in the teak region. The British Directors were concerned with the economic progress associated with the presence of Western enterprise. The revenue collected and the infrastructure required were qualitative changes to the economy. However Damrong's main priority was the political considerations. Concessions were granted to satisfy the British so as to prevent any intervention from the Government.

The Role of the Third Power.

The Siamese response to British economic activity can be described in two phases. In the first phase, the Siamese administration encouraged the influx of British enterprise as part of her policy of modernisation. The second phase was marked by a policy of involving a Third Power, in particular Germany. Such a policy has been referred by historians as a political move "of playing one Power against another". This view of counter-balancing the British is a general description based on the observations made by the British at the time. In 1899 the British Minister, Greville, informed his Foreign Office

²⁹ NA KT 35.9/12 Damrong to Devawongse Dec 6, 1904.

of the Siamese intention of involving the Germans;

"The policy of Siam is to maintain its independence by offering special facilities to the European powers to acquire large interests in Siam, and then when these interests are acquired to play off the powers against each other."³⁰

There are various cases that demonstrate the involvement of a Third Power was based upon economic considerations, and at times upon political factors. The involvement of the Germans in railways is a clear example of the concern for both political and economic interests.

The decision for departmental construction of railways under a German Director was partly due to the technical reputation of the Germans, but more so to avoid the construction of the Moulmein-Chiengmai-Yunnan line. The political consideration was that such a line implied a linkage between Northern Siam and British Burma. At the same time the line would have diverted the China trade to British Burma at the expense of Bangkok. The concern for economic interests becomes evident in the construction of the Southern line. The Straits Settlement authorities held a different view regarding departmental construction as part of Siam's policy in involving a Third Power;

"I would urge that any proposal for departmental construction should be firmly refused. It would mean that German influence and interests would

³⁰ PRO FO 422/52 Greville to Salisbury March 16, 1899.

exceed ours in the north of the Peninsula..This is the Siamese Government's real aim;they desire to bring in Germany as a supporter, against the pressure of France and England.."31

The Siamese endeavoured to undertake the construction to ensure that the route be built out in accordance with Siamese economic interests in promoting the Port of Trang, rather than in accordance with British interests in promoting Singapore;

"The Siamese administration has no intention to commit a project to a certain nationality, but rather to those who seem suitable. We intend to employ British, German, and Italian engineers to supervise the construction of the Southern line."32

Yet in the case of teak, the Siamese persuasion in encouraging the Bombay-Burmah Corp to operate in Nan was induced by the need to counter-balance the French. It is perhaps fair to conclude that throughout the 1890s, the Siamese were primarily motivated by political considerations, especially after 1893;

"We learned our lesson in 1893, and in the events which followed, namely, that England intends to exploit us, all the time conducting herself in a courteous and helpful manner. But to this day she still has not really helped us.... The idea that Britain would go to war with France over Siam is to us unthinkable, but to those two (Damrong and Devawongse) it

31 PRO FO 422/61 Governor Sir J. Anderson to Earl Elgin, Jan 7, 1907.

32 NA 5 YO 5.2/24 Sukum to King Sept 17, 1906.

is credible."³³

The 1896 Convention did not secure Siam's independence as was made to believe. It was the 1904 Entente Cordiale which placed Siam's political independence on a secure footing. It is worth noticing that after 1904, the Siamese pursued a policy of challenge rather than control in her response to Western economic activity. This is indicated in the Siamese intentions to limit the operation of the Straits Trading Co, and the establishment of an indigenous bank. Both cases are an indication of the growth in Siam's self-confidence in its dealings with Britain, and its willingness to stand up for what it regards as its own interests. The entire spectrum of Siam's response to British economic activity was driven by the need to preserve both political and economic sovereignty. In doing so, the Siamese were torn between their fundamental attachment to the "Most Favoured Nation Clause" and pressure to place Britain in a predominant position.

An Assessment of British Economic Performance in Siam.

Business historians have generally agreed that attempts to measure the performance of British business in Asia raises fundamental empirical and theoretical difficulties. The most satisfactory criteria in determining economic performance is

³³ NA 5 F 35/3 King telegram to Suriya, April 7, 1903. Quoted in Holm Phd pg 124.

an assessment of the "market share".The distinct element about British investment in Siam was that it never dominated the Siamese economy, but was predominant amongst western capital.To this effect the "market share" criteria is perhaps inadequate to measure British performance.What is perhaps sufficient is to assess how the British maintained their predominance considering the constraints within which the British conducted their business,and the qualitative changes brought about by their presence.

The pattern of British economic activity in Siam was markedly similar to that which emerged in Southeast Asia.The growth of British trading houses,banks,extractive companies, and shipping lines operating in Siam were British Asian based enterprises.This may be explained by the limited opportunities for investment.The main export staple,rice,was produced by village peasants working with traditional technology.The lack of an effective consumer market was inimical to manufacturing. The extractive industries operated within the framework of an ethnic structure as found elsewhere in Southeast Asia,namely Burmese foresters in Northern Siam,and Straits Chinese labour and capital in Southern Siam.The final processing of the bulky products was dependent on British technology (smelting and saw-milling),and distributed throughout the British Asian economy.

The distinct element about British business in Siam was that business was conducted in a non-colonised country suspicious of British economic activity. The British were confronted with several constraints. Firstly, in Siam there was no Colonial Government legislation as in Malaya and Burma to facilitate British activity. Moreover the British were confronted with an administration which sought to restrict British enterprise. Secondly, neither the infrastructure nor the political administration were conducive to economic activity. The system of regulation and control, and communications with the interior were still in the developing stages. Thirdly, there was the competition from other Western Powers. This allowed the Siamese to manoeuvre against the expansion of British influence. Fourthly, the challenge from the Siamese proved more constructive as Siam's political independence became secure. However, British entrepreneurs were able to confront such problems with support from their government.

Diplomatic historians of the late 19th and early 20th centuries have described the growing association between British diplomats and business in areas of international diplomatic rivalry such as China and Iran between 1890-1914. This issue is also evident in Siam during the same

period. British entrepreneurs turned to their Foreign Office for support declaring that their presence was synonymous with British influence. It is evident that the British legation continuously showed official support for those of their own nationality, whereas in India, Sir William Ramsay commented in 1910;

"the English Ambassador does not care ... what happens to any English enterprise, so long as he can get his shooting and his golf, and avoid being pestered with.... business."³⁴

It may be claimed that the British Foreign Office adopted a non-interventionist attitude in its support for British entrepreneurs. For this reason, the Colonial Office was often consulted, and it was the latter that pressed the British Government for intervention. The reason for the reluctance on the part of the British Foreign Office to meddle with political affairs in Siam is indicated by the case of Duff concession. The Foreign Office proceeded in resolving the situation without creating hostility on the part of the Siamese, whereas the Colonial Office was more insistent in its approach of trying to affiliate British economic interests in Siam with those in the Malay Peninsula. Again, the Duff episode reveals the interventionist attitude of Joseph Chamberlain and Sir Frank Swettenham. It can be asserted that the Straits

³⁴ British Business in Asia since 1860. Edited by R.P.T. Davenport-Hines and G. Jones. CUP 1989. pg 23.

authorities endeavoured to exert their influence in the Malay vassal States as part of their forward movement.

However, in Northern Siam, the attitude of the Indian authorities can be described in two phases. Firstly, they did not show any intention of exerting political control over the region, but rather were anxious for the Siamese to regulate and protect British teak concessionaires from molestation through the establishment of a British Consular Office in Chiangmai. Secondly, the Indian authorities perceived the North as a gateway in securing the Yunnan trade. It was in the Siamese interest to co-operate with the British as part of the King's policy of centralization, as pointed out by the latter to the British Foreign Office;

"A foreign representative might support me in certain changes, his support would not be enough if I could not depend on his support throughout."³⁵

The significance of Colonial Office and Foreign Office support was that British entrepreneurs were able to alleviate, to a degree, the restrictive attitude of the Siamese administration.

³⁵ PRO FO 69/67 King to His Lordship, Aug 10, 1877.

Britain's position became vulnerable as Britain faced competition from the Germans. This is evident in the increasing German share of the carrying trade. Yet this did not mark an overall decline in Britain's position in Siam, but rather only on one particular sector. Both the extractive enterprises and trading houses remained predominantly British, and trade itself was primarily conducted with the British Asian ports, namely Hongkong and Singapore. It is fair to say that in relative terms, the Germans were challenging Britain's position. The outbreak of the First World War reduced German enterprise and influence in Siam at a time when it was growing strongly, thereby sustaining British pre-eminence.

Given the background of difficulties confronting British entrepreneurs, British economic performance in Siam between 1856-1914 may be described as successful in its own right. The "cautious and restrictive" Siamese response towards the British inevitably inhibited the degree and direction of British enterprise. Despite official support from the British government, the Siamese determination to protect Siam's sovereignty meant that British economic activity had to work within the framework provided by the Siamese. In this sense, the British needed to conduct their business activity without creating hostility from the Siamese or precipitating any social disorder.

In this thesis, we have examined the development and role of British capital in Siam before 1914. By no means all the various aspects of this subject have been explored in equal depth. One obvious question still remains, namely the impact of British capital on the Siamese economy itself. An analysis of this remains beyond the scope of this thesis, but a few underlying remarks may be made.

Two points seem of significance. Firstly, for all its attempted modernisation, social change, and economic progress, Siam did not experience structural change. Economic historians such as Ingram and Feeny, and prominent Thai scholars, Suthy Prasartset and Chatthip Nartsupha, have argued that the Siamese economy has not experienced "much progress" or "much development" in relation to the factors of production.³⁶ These studies have focused their attention on the role of the Siamese elite as being responsible for the absence of substantial economic change. More recent is the work of I.G. Brown, who has examined these views from a different perspective by considering the economic vigour and vitality

³⁶ Ingram pg 216-217.

David Feeny: The Political Economy of Productivity; Thai Agricultural Development, 1880-1975. pg 5.

Suthy Prasartset and Chatthip Nartsupha "The Rise of Dependent Commodity Production in Siam" in Political Economy of Siam, 1851-1910.

in Siam.³⁷ Brown traces the establishment of several prominent commercial and industrial enterprises before 1920, showing the emergence of a business alliance between the Siamese elite and Sino-Siamese entrepreneurs. He concludes that the economic structure was subject to the internal constraints and the influence of the international economy.

Secondly, it is worth pointing out that the nature and scope of British investment and activity did not seem to have been wholly directed towards changing the structure of the Siamese economy. British investment in the two extractive industries, the northern teak forests and the southern tin deposits, did not provide any substantial linkages. The teak logs were sent to British saw-mills in Bangkok, whilst tin output was smelted by two British companies in Penang. British interest in Bangkok was primarily for commerce, leaving the construction of tramways and the provision for electricity to be undertaken by the Danes. Siamese joint ventures were formed with the Germans and ^{the} Danes; the Deutsch-Asiatische bank had substantial shares in the Siam Commercial Bank until 1910, whilst the Danish East Asiatic Co participated in the establishment of the Siam Cement Co in mid-1913.

³⁷ I.G. Brown "The Siamese Administrative Elite in the Early Twentieth Century and Historical Origins of Underdevelopment in Siam.", pp.151-190 in Lai Su Thai: Essays in honour of E.H.S. Simmonds, Edited by J.H.C.S. Davidson. School of Oriental and African Studies. 1987.

It is evident that Siam benefited in many ways from the British transfer of enterprise and technology. The growth of modern banking, shipping companies, business management and expertise, were qualitative benefits which the Chinese community adopted, and in this sense the British may be described as "agents of modernisation". But for all its significance and presence, British capital may be seen as cementing an economic pattern inimical to structural change.

APPENDIX

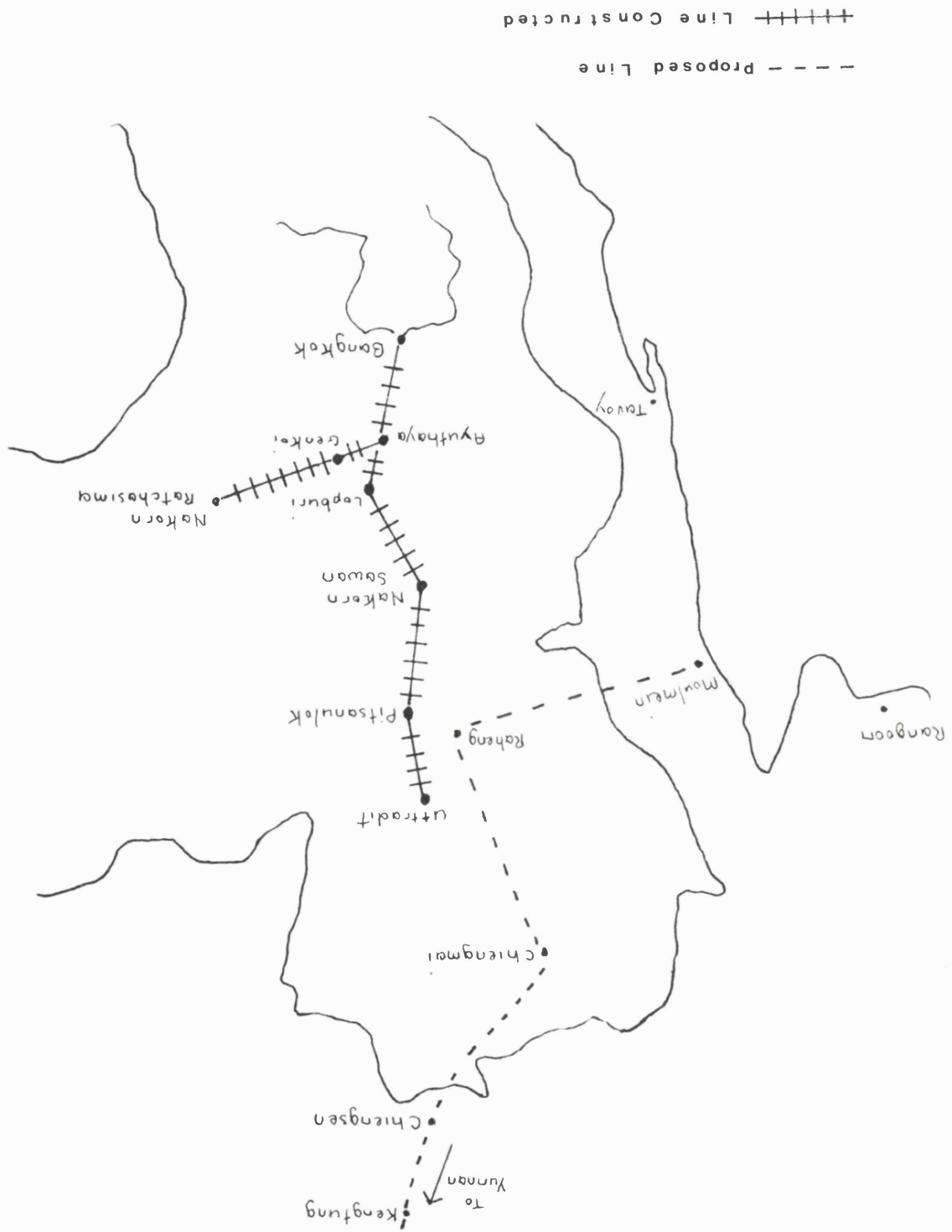
1. Teak Region of Northern Siam.
2. Coastal Shipping Routes, Pre-1914.
3. North and North-Eastern Railway Line, 1909.
4. Southern Railway Line, 1914.
5. Structure of the Borneo Co. Investment Group, Pre-1914.

MAP 1
TEAK REGION OF
NORTHERN SIAM





MAP III NORTH and NORTH-EASTERN RAILWAY LINE 1909



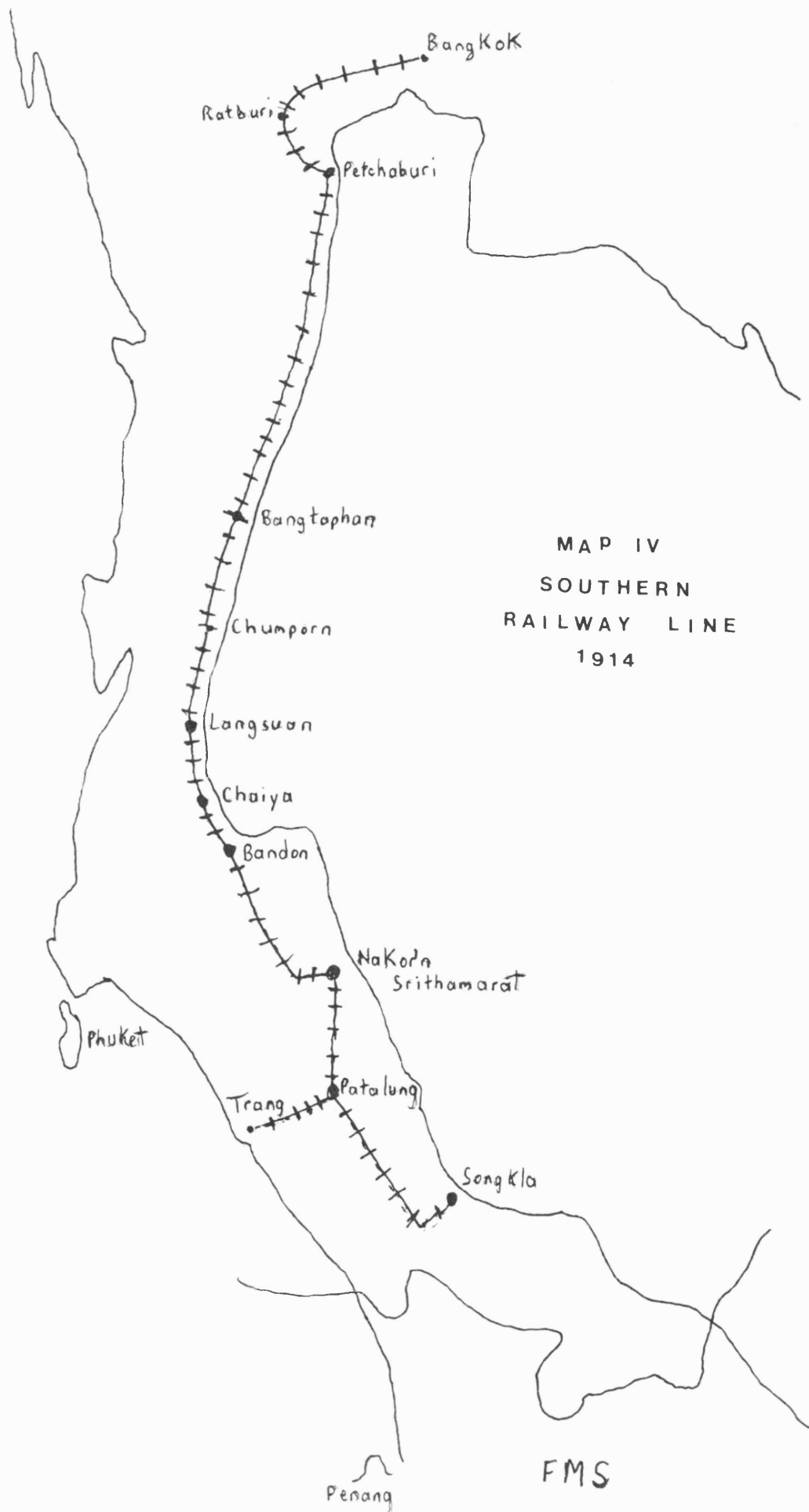


CHART V

Structure of the Borneo Co. Investment Group, Pre-1914.

Borneo Co.

Banking Agents For	Insurance Agents For	Retail Agents For	Manufacturing	Extractive Investment
1) Chartered Mercantile Bank of India	1) Lloyds	1) Buchanan's Scotch Whisky	1) Partner with A.M. Odman forming the BKK Rice Mill	1) Teak
2) Northern Bank of Scotland	2) First & Second Netherlands India Sea & Fire Insurance	2) Nobel's Ballistite Cartridges	2) Saw Mills.	2) Tin.
3) Oriental Banking Co.	3) Bengal Insurance Co.	3) Ross Dry Gingerale	4) Portland Cement	
		5) Asiatic Petroleum Co.		

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- 6.1 Administration
- 6.2 Royal Proclamation
- 6.3 Prospecting Licence
- 6.4 Mining Licence
- 6.5 Tin Mining
- 6.6 Gold Mining
- 6.7 Precious Stones

12 - Trade

- 12.2 Trading Activities.

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2 - Administrative Division

- 2.14 Official Inspection

14 - Administration

16 - Forestry

- 16.1 Forest Conservation
- 16.2 Tree Cutting
- 16.3 Tax on Tree

53 - Monthon Phuket

62 - Administration

Ministry of Local Government (Nakorn Bahn) - N

5 - Sanitary Dept

- 5.10 Electricity
- 5.11 Waterworks

9 - Harbour

- 9.1 Administration
- 9.6 Shipping

21 - Tramways.

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2 - Foreign Subjects

2.12 Trading.

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8.2 Foreign Subjects

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