

CHAPTER III

CHINESE SOCIETY IN THAILAND

3.1 Introduction

Oversea Chinese society in Thailand makes a significant contribution to the country's development. On one hand, the region has a long history of ethnic Chinese immigration, and accommodates the highest population. On the other hand, these ethnic Chinese people represent a very important and vibrant ethnic minority in the nation-building process of Thailand. In this chapter, I will introduce the history of Chinese immigration in Thailand first, and then oversea Chinese business activities and patterns in different periods will be given. Thailand's economy is dominated by a small group of family empires, and majority of them are ethnic Chinese families. Four distinct families in different fields are selected to represent their growth patterns and some features in common.

3.2 History of Chinese immigration in Thailand

The Chinese had been visiting and dwelling in Siam for centuries, but their immigration in large numbers is a matter of only the last century. In the time of King Narai there were only about 3,000 Chinese permanently settled in the country. They had been coming mostly overland from southern China, but in the late nineteenth and early twentieth centuries they arrived more and more by sea from Hainan, Chaozhou and other adjacent mainland ports. From 1840 to 1850 Chinese immigration averaged around 15,000 annually. The increased flow in more recent years may be attributed to

the expansion of Siam's export trade.¹ Some brief introduction of Chinese immigration history in Thailand will be given below.

3.2.1 Chinese Immigration History Prior to 1800

The history of Chinese immigration to Thailand dates as far back as the first Thai dynasty of Sukothai. Many scholars believed that Chinese traders already appeared in the markets and ports of Siam before the Thai reached the Chaophraya Delta and the Malay Peninsula in the thirteenth century.

There is evidence showing that Malay Peninsula was the first part of Siam where Chinese arrived initially. In thirteenth and fourteenth centuries, Chinese traders with goods destined for India and further west might have gone only as far as Surattani or Nakhonsithammarat with the northeast monsoon. Then their cargoes had to be unloaded for transshipment overland. Thus, fleets of junks from China would stop at various ports on the east side of the peninsula every year.²

The general trend in the fourteenth and fifteenth centuries showed a steady increase in the number of Chinese who came to trade in old Siam. The kingdom of Sukhothai was established in the mid-thirteenth century and was enrolled as a tributary state by the Chinese in Yuan dynasty. Chinese emissaries were sent to Sukhothai king, Ramkamhaeng, and Ramkamhaeng sent tributary missions to Peking six times since 1296 to 1323. At the same time, private Chinese traders continued their commerce with Thai ports to the end of the Yuan dynasty.

¹ Kenneth Perry Landon, The Chinese in Thailand (New York: Russell & Russell, 1941), pp. 197-214.

² Victor Purcell, The Chinese in Southeast Asia (London: Oxford University Press, 1965), pp. 82-83.

The number of tributary missions decreased steadily during the first two and a half centuries of the Ming dynasty. On the other hand, private Chinese trade with Siam expanded steadily during the entire period. “During periods of free trade, the frequency of tributary missions should be inversely proportional to the activity of private traders in supplying desired imports from China, the theory being that if private traders supply the needed merchandise and pay taxes on their imports into the royal treasury, the economic function of tribute missions is more or less obviated.”³ This trend was seen clearly through the Sino-Thai relations prior to 1620. Tribute mission declined in the early fourteenth century while private Chinese trade with Siam and Chinese immigration increase. By the early seventeenth century, the position of Chinese traders and immigration in Siam was more substantial.

The situation of Chinese traders in Siam declined to a nadir during the period 1620-1632, because of the close relations with Japan and the increase of Japanese influence in Siam during the reign of King Songtham (1620-1628). But, during Prasat Thong’s reign, the Siam-Japan trade was passed back to Chinese bands again soon and Chinese traders were adapted into the new system of royal trading monopolies.

During King Narai’s reign, Chinese were also supreme among the private traders at Ayutthaya. The anti-Western revolution in 1688 compelled other foreign nationals such as Portuguese, Japanese, English, French, and Dutch to quit and leave the kingdom and passed their share to the Chinese. Thus, the Chinese had the biggest share of the trade at Ayutthaya. “Siam is really friendly to the Chinese that they never consider Chinese as foreigners.” Therefore, “Chinese immigrants were attracted to Siam in ever greater numbers throughout the sixteenth and seventeenth centuries.”⁴

³ G. William Skinner, Chinese Society in Thailand: An Analytical History, (Ithaca: Cornell University Press, 1957), p. 6.

⁴ G. William Skinner, Chinese Society in Thailand: An Analytical History, p. 11.

The majority of Chinese immigrants were certainly numerous Chinese traders, but Chinese political refugees were also among the earliest immigrants to Siam. The first case of this kind occurred at the beginning of the fifteenth century when the Mongols conquered south China from the Song rulers and enemies of the Ming court, fled to Siam from Canton. Later in seventeenth century, the Manchu conquest of south China was a further impetus to sizeable emigration from China to Siam. There were two main groups of refugees from the Manchus coming to Siam: those from Chaozhou (Teochius) to Southeast Siam, centering on Bangplaso, and those from southern Fujian to South Siam, centering at Songkhla.⁵

Chinese trade and settlements flourished in ports all around the Gulf of Siam in the seventeenth century. It was estimated that there were a minimum of ten thousand Chinese population in Siam during the latter half of the seventeenth century and these Chinese formed as much as one percent of the total population of the country.⁶

The majority of the Chinese community in Ayutthaya was made up of merchant, but other occupations were represented as well. There were some Chinese big breeders around the city and various kinds of Chinese artisans appeared in the market place. Besides, there were several troupes of Chinese actors, for the Chinese drama was exceedingly popular with the Thai court at that time. The most respected physicians in Ayutthaya were from China, and in particular the King's chief doctors were Chinese.⁷ Some educated Chinese had been appointed to high positions and offices. Most of the Chinese officials governed the Chinese community at Ayutthaya and other officials at the Thai court were occasionally Chinese too.⁸

⁵ G. William Skinner, *Chinese Society in Thailand: An Analytical History*, p. 12.

⁶ G. William Skinner, *Chinese Society in Thailand: An Analytical History*, p. 13.

⁷ Victor Purcell, *The Chinese in Southeast Asia*, p. 98.

⁸ G. William Skinner, *Chinese Society in Thailand: An Analytical History*, p. 15.

It is clear that the Chinese community in Ayutthaya in the seventeenth century was composed not only of merchants and traders, but also of scholar-officials, physicians, artisans, actors, and pig breeders, gardeners.⁹

As for speech groups, the seventeenth-century sources specifically mention only Chinese from ports in southern Fujian and Canton. Teochius had already settled in Southeast Siam at that time.¹⁰

The number of Chinese who came to Thailand in the early 18th century became smaller relative to the preceding one because of the imperial edicts. But the relations between China and Siam continued close for several decades. Tributary missions were sent by Siam and trade flourished. The general position of Chinese merchants and shippers in Siam were improved and Siamese started to employ Chinese as officials, administrators, and finance and tax comptrollers. By the second half of 18th century, the Chinese immigrants have been involved in almost every aspect of life in Thailand. At the end of the Ayutthaya period, Burmese troops marched across the border in force and laid siege to the capital city. A large number of Chinese residents in the city joined the Thai defenders, attempting to ward off the attack.¹¹

With the fall of Ayutthaya, a new Thai leader who was incidentally a Chinese descendant emerged. Phraya Tak, was born in 1734 of a Chinese father and Thai mother. His father was a Teochiu, migrating to Ayutthaya from Chaozhou. Taksin established his capital at Thonburi, on the west bank of Jaophraya River.¹²

⁹ Lois Mitchison, *The Overseas Chinese* (London: The Bodley Head, Ltd, 1961), p. 15.

¹⁰ Victor Purcell, *The Chinese in Southeast Asia*, p. 90.

¹¹ Kenneth Perry Landon, *The Chinese in Thailand*, p. 200.

¹² G. William Skinner, *Chinese Society in Thailand: An Analytical History*, p. 27.

Because King Taksin's father belonged to the Teochiu dialect group, it is natural that Teochiu people found it advantageous to live near him. During Taksin's reign, Teochiu people were known as *jin-luang*, "royal Chinese". Taksin's policies doubtless attracted many Teochius immigrating to Bangkok.¹³

After King Taksin's death, the first two Chakkri kings developed state trading and royal monopolies to an unprecedented degree. In order to increase the productions of Siam's exports and provided crews for their royal ships, they encouraged Chinese immigrations. "Chinese emigrants were encouraged beyond all former examples."¹⁴ From this we may assume that the upward trend in Chinese immigration, begun in King Taksin's region, continued without break into the nineteenth century.

3.2.2 Chinese Immigration History to 1917

The number of Chinese steadily increased at the beginning of the 19th century. The reasons for this were obvious. The South China territories were plagued with over population, unemployment and starvation, while the Thai Kingdom was entering a period of relative calm. Moreover, there were signs that Thailand in that period was comparatively under population, as continuous wars in the preceding dynasties had reduced the number of adult men.

During the first half of the nineteenth century, immigration to Siam was perforce seasonal. The junks arrived on the northeast monsoon from January to April and departed on the southwest monsoon in June and July. The bulk of the immigrants came in Thailand by trading as an additional item of cargo. However, with the growth of the

¹³ Victor Purcell, The Chinese in Southeast Asia, p. 95.

¹⁴ N.A. Simoniya, Overseas Chinese in Southeast Asia-A Russian Study (Ithaca, Cornell University, 1961), p. 23.

Chinese immigration traffic, some passenger junks were evolved as well.¹⁵

It is difficult to estimate the number of Chinese immigration prior to the last quarter of the nineteenth century. After a study of available data, Skinner believes that the rate of Chinese immigration increased gradually from around 7,000 annually during the 1830 until 14,000 by about 1870, thereafter showing a slight decline until the big jump in 1882.¹⁶ It is impossible to estimate the magnitude of early immigrants accurately, because beside the arrivals, there were still departures. Unlike merchants, some laborers returned to China permanently after a shorter stay. Several nineteenth century writers estimated the proportion of Chinese immigrants to Siam that eventually returned to China. The guess was that the annual Chinese immigration surplus may have been somewhat over 3,000 in the 1820's, increasing gradually to approximately 7,000 by around 1870.¹⁷

Beginning in 1882, calculations of the number of immigration can be based on firmer ground. As of 1882, the great majority of passengers for Siam began traveling on steamers under European flags. The introduction of the steamship service greatly facilitated the immigration traffic. In the late 1880's the port of Bangkok began recording immigration figures, and after 1899 returns for the total deck-passenger traffic between Bangkok and Eastern ports were reported regularly.¹⁸

From 1882 to 1917, the number of immigrants showed a fluctuating, though slowly increasing trend. The fluctuation was brought about by several causes. The internal situation in China and the changing demand for labors in Thailand were the two main reasons for the fluctuations in the number of Chinese immigrants. The inauguration of

¹⁵ Victor Purcell, *The Chinese in Southeast Asia*, p. 121.

¹⁶ G. William Skinner, *Chinese Society in Thailand: An Analytical History*, p. 59.

¹⁷ G. William Skinner, *Chinese Society in Thailand: An Analytical History*, p. 80.

¹⁸ Kenneth Perry Landon, *The Chinese in Thailand*, p. 205.

the steamship service between Bangkok and Swatow, and the reduction in fares led to the increase of arrivals and departures in 1882-1883. The labor market was full during 1884-1888 resulted for the slow increase rate. The sharp drop in arrivals in 1891 resulted from a business depression in Bangkok. The gradual increase in arrivals during 1893-1899 was a response to the increasing demand for labor in Siam for railroad and canal construction and the growing number of processing mills. The poor agriculture crops and high food prices in Chaozhou and Hainan during these years were also responsible for the spectacular increase. The rapid increase during 1901-1910 resulted from the bubonic plague outbreaks in China, the food shortages and also the competition of passenger run, which lowered the passage fare to really cheap. The sharp fall in immigration from 1914-1917 was consequent to the withdrawal of the shipping after the outbreak of the First World War.¹⁹

During this period, majority of the immigrants so Siam were poor, with origin as agricultural workers or peasants in China, and came to Siam to work initially as common laborers. The bad state of the crops in China and the desire for economic development in Thailand were the chief motivation for the emigration from China to Siam.

The Chinese immigration into Siam during eighteenth and nineteenth century were mostly males. They assimilated easily into Thai society by marrying Siamese women and their children were brought up in Siam. The children of these marriages were called *luk-chin*. They spoke Thai, went to Thai school and named in Thai. In the second or third generation the immigrants were completely absorbed by Thai society and considered themselves as Thai.²⁰

¹⁹ William Skinner, Chinese Society in Thailand: An Analytical History, p. 90-103.

²⁰ N.A. Simoniya, Overseas Chinese in Southeast Asia-A Russian Study, p. 36.

3.2.3 The Climax and End of Mass Immigration of Chinese

After the First World War, the number increased by leaps and bounds until the figure reached almost 100,000 a year. Several factors combined to bring this spurt. According to Skinner, the period between 1918 and 1931 could be seen as a boom period, while during 1932-1945 was the depression and war years. The last one is period after the World War II.²¹

During the boom period, Chinese immigration rushed into Siam at a spectacular rate. High arrivals, almost 95,000 annually and relatively low departures contributed to the approximately half million Chinese immigration surplus during this fourteen-year period. This mass influx of Chinese resulted from the bad condition in south China and favorable situation in Siam.²² The 1920's enjoyed a boom in rubber and tin production in south Siam, further expansion in rice milling and sawmilling, a rapidly expanding foreign trade, and railroad construction. All of these factors contributed to the high demand for labor. On the other hand, social order and agriculture product yields declined to the lowest level in the middle of 1920's. The rice crop in Hainan was completely destroyed during 1924-1925 by continued natural disaster. The proportion of cultivable farm land in Chaozhou decreased during the 1920's from 75 to 40 percent due to the political unrest, military conflicts and disordered society.²³ All of these conditions brought the unprecedented rate in immigration.

The period 1932-1945, in contrast to the preceding boom period, was one of low arrivals, about 33,800 annually, and relatively high departures time. Obviously the depressed Thai economy, with a resultant drop in employment opportunities, had much

²¹ G. William Skinner, Chinese Society in Thailand: An Analytical History, p. 112.

²² Lois Mitchison, The Overseas Chinese, p. 17.

²³ Victor Purcell, The Chinese in Southeast Asia, p. 134.

to do with this decreasing trend. The world depression brought a collapse in tin and rubber markets, a contraction of rice milling and a big decrease in the volume and value of imports and exports. On the other hand, south China enjoyed more peaceful and stable conditions after 1930.

The low level of immigration rate from 1932 to 1937 resulted from the effects of the depression on the world and Thailand's economy. The drop in migration traffic from 1938 to 1940 was due to the effects of Sino-Japanese War. Another important factor which contributed to the fluctuation of the rate could not be ignored. That was Thai government's immigration policy. The Thai government had enacted an immigration law and collected a fee since the 1920's, but the measures were ineffective in controlling the flow of Chinese immigrants. In 1937 another immigration law²⁴, in the form of an alien registration act, was promulgated and put into force. When the immigration rate remained at a high level, the Thai government imposed a quota, which was fixed at 10,000 first and was reduced to 200 in the next few years. A series of polices provided severe restrictions and controls on immigration.

The Second World War temporarily disrupted the Chinese immigration traffic. During the post-war period, however, the traffic recovered and an increased number of Chinese immigrants began to pour into Thailand again.

The Chinese who came to Thailand since the First World War have found it more difficult to be assimilated than their predecessors, since the 1920's, the number of female Chinese immigrants has risen steadily. Inter-racial marriage between Thai and Chinese people was at a lower level than in the previous centuries.

²⁴ Kenneth Perry Landon, The Chinese in Thailand, p. 211.

3.3 Oversea Chinese Business in Thailand

Chinese businessman is one of the most populous and dynamic ethnic groups in the world. Southeast Asia is a region that has interacted with this group to a considerable extent. One of the key reasons that make this minority people stand out as an amazing ethnic group is their economic success in Southeast Asia countries. Their economic wealth, which is disproportionate to their percentage of the national population or their participation in national politics, is always explained by Chinese entrepreneurial practices. Their family orientation, risk-taking inclination, perseverance, frugality, diligence and Confucian codes of behavior embedded in ethnic Chinese mentality provided them with competitive advantage over local and foreign businessmen in some cases.

Oversea Chinese have established themselves as an integral part of Thailand's economy for centuries. It is inevitable that ethnic Chinese made a far more significant contribution than European capital to the country's overall economic growth. Chinese people actively participated in trading activities in the Siamese Kingdom and in modern Thailand, and ethnic Chinese businessmen have formed the majority of the private sector in the national economy. They have been actively engaged in all business sectors, such as agro-business, banking, finance, manufacturing, construction, retail and wholesale trading and real estate, as well as all business sizes—small and medium-sized enterprises and big conglomerates.

In the following part, I will analyze different Oversea Chinese business activities in Thailand according to the time sequence.

3.3.1 Oversea Chinese Business Activities in the Late 19th Century

The number of Chinese immigration into Thailand increased rapidly after the Opium War due to the series of anti-colonial movements and natural disasters in southern China. Those who arrived in Thailand mostly found jobs as unskilled laborers. Among these coolie workers, some saved a small amount of money and then invested in other commercial or industrial activities, and a few of them grew into capitalists in some industries by attaining access to local political power or European capital.

Suehiro noted in his classic book that there were basically five paths into modern business activities for the Chinese in the late 19th century. They were: (1). Tax or revenues farmers for opium, spirits, gambling, etc. (2). Compradors employed in European trading firms and colonial banks. (3). Merchants engaged in import and export business at major ports. (4). Cultivators and processors of commercial crops and products such as sugarcane, pepper, and rubber. (5). Mine owners.²⁵ Among these growth patterns, the first three groups, tax farmers, compradors and port merchants, were most important ones. These three major types of Chinese capitalist played a vital role in the early stage of capitalist development in Thailand.

3.3.1.1 Tax Farmer

Most tax farmers during the late 19th century came from a group of merchants who had originally engaged in the junk trade with China and Singapore. When the tax farm system was introduced, they changed into this business quickly. The four major important tax farming items were opium, spirits, gambling and lotteries.²⁶ Those who

²⁵ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, (Tokyo: The Center for East Asian Cultural Studies, 1989), p. 172.

²⁶ N.A. Simoniya, Overseas Chinese in Southeast Asia-A Russian Study, p. 39.

did successfully on collecting taxes on particular commodities got large profits and accumulated some wealth and then turned to invest in junk trading with China or in the newly expanding rice milling, exporting, trade and warehousing.

Two of the most famous of the Chinese tax farmers who followed this pattern of development were Khaw Soo Cheang and Kim Seng Lee.²⁷ Khaw Soo Cheang rose from poverty to riches as a tax farmer and promoter of tin mining in the southern province of Ranong, was appointed governor of the province for his services to the Thai monarchy and founded a family commercial empire which flourished in the south until the early 20th century on the basis of tin mining and shipping industries there. But some Chinese tin miners gradually declined in the 1910s, because of their technology could not compare with modern European capital.²⁸

Kim Seng Lee got his start in teak logging, gambling house, spirits farm and tax farming in Chiangmai, then moved into rice milling, sawmills, a bank and a shipping company. By 1910, he controlled the largest enterprise, becoming one of the largest Chinese business groups in Thailand, but ran into financial difficulties soon after and collapsed entirely.²⁹

There are several common characteristics about the development of tax farmers' pattern during the late 19th century. Firstly, the difference between tax farmers and other Chinese merchants was that they belonged to a class of Thai political officials. They had honorable names and high social status, and more important, they had some political privileges. Secondly, tax farming was the most profitable and lucrative official business at that time. Tax farmers could get tremendous profits easily. Thirdly,

²⁷ Jamie Mackie, "Chinese Business in Thailand", Chinese Business Research in Southeast Asia (New York: Russell & Russell, 2000), p. 89.

²⁸ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 175.

²⁹ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 80.

Chinese tax farmers could obtain political patronage from the king, the royal family members, aristocrats, and high-class bureaucrats by matrimonial connections. Lastly, some leading Chinese tax farmers established firm personal network through intermarriage, which helped solidify their dominant status in this profitable business.

3.3.1.2 Port Merchants and Rice Millers

This path was taken by a new wave of Swatow-based merchants who became dominant in rice milling and rice export trade after World War I. These merchants were able to expand their businesses by establishing and utilizing their own marketing networks and financial channels in the intra-Asian rice trade, so they relied less on political patrons or government appointments to help them.³⁰ Their three major entrepots were Swatow, Hong Kong and Singapore. They usually had overseas branches or head offices outside Bangkok and engaged in importing manufactured goods and exporting rice and other local products to Europe and China through these entrepots.³¹ Koh Mah Wah & Co Ltd and Lee Teck Oh (Nai Tom Yah in Thai) are the typical cases.³²

The worldwide economic crisis which continued from 1930 to 1932 severely attacked these leading rice millers. Big rice miller, Kao Mah Wah & Co. Ltd. and Kwang Hap Seng faced bankruptcy one after another in 1931. In this process, all the remaining tax farmers groups also disappeared entirely. Significant for these rice millers' business in late 19th century was their trade and information networks established in Asia, which paved the way to the giant business empires based on the rice

³⁰ Jamie Mackie, "Chinese Business in Thailand", Chinese Business Research in Southeast Asia, p. 90.

³¹ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 83.

³² Jamie Mackie, "Chinese Business in Thailand", Chinese Business Research in Southeast Asia, p. 90.

industry appeared in the 1930s.³³

3.3.1.3 Comprador

The comprador system developed together with the expansion of free trade between Europe and China after the Opium War. When European merchants started to engage in the free trade with China, they found difficulties in expanding their trade, because of the different business practices, language barriers and limited information on local markets as well. Therefore, these Europeans found it was necessary to employ some educated, English-speaking Chinese as intermediaries between European firms and local suppliers and customers. The same system was introduced into Thailand for the similar reasons.³⁴

Thus, some educated and English-speaking local-born Chinese comprador appeared in European trading houses, colonial commercial banks and some shipping companies. Many Chinese merchants in Malacca, Hong Kong, and Singapore also came to Bangkok to act as compradors. In Thailand, some missionary school provided English education to local-born Chinese, and those who graduated from these schools were able to find a job in European firms easily. Famous compradors Seow Kheng Lian, and Seng Wet-chachiwa were the examples of this pattern. They received a high monthly salary and established a network of sales and customers tied to the international trade through this job. After accumulating some savings and contacts, they moved out into one's own business.³⁵

³³ Joseph P. L. Jiang, "The Chinese in Thailand: Past and Present" Southeast Asian History Journal Vol.7 No.1 1966, p. 45.

³⁴ Jamie Mackie, "Chinese Business in Thailand," Chinese Business Research in Southeast Asia, p. 90.

³⁵ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 87.

3.3.2 Oversea Chinese Business Activities Since 1932 to World War II

After the 1932 overthrow of the absolute monarchy and the establishment of a more bureaucratic military-civilian regime, former Chinese tax farmers all lost their political patronage along with the changing power structure, but a new set of leading groups of Chinese merchants emerged and dominated in the rice industry after the 1920s. Former big rice miller Lee “Khun Seng” and Kho “Guan Huat Seng” shut down operation after the world wide economic crisis in 1930-1932, but some new Chinese families—“Big Five” family groups³⁶ came into being in the rice industry and substantially dominated it throughout the 1930s and 1940s, and shifted into banking and other commercial activities.

3.3.2.1 “Big Five” Family Groups

The most prominent and enduring of these five families were the Wanglee group, the wealthiest and most influential group between the 1940s and 1950s. The Wanglee group was founded by Tan Tsu Huang, who came to Thailand around 1865 as a penniless Teochiu. He originally engaged in the junk trade and overseas shipping between China and Bangkok and later moved from shipping into trading and set up his own shop. Over several years, he extended his business to the rice industry and established his first rice mill in 1874. By the early 1900s, he owned two large-scale rice mills in Bangkok. His son succeeded and expanded his business, by setting up another two rice mills and opened overseas branch in Singapore to export rice. In 1920s, there were at least three large-scale rice mills in Bangkok operated by the Wanglee group and by the 1930s the Wanglee group had undoubtedly become the largest private business group in Thailand.³⁷

³⁶ Suehiro Akira, *Capital Accumulation in Thailand 1855-1985*, p. 183.

³⁷ Joseph P. L. Jiang, “The Chinese in Thailand: Past and Present,” *Southeast Asian History*

The Lamsam group was founded by Ung Lamsam, who came from Guangdong Province. He originally engaged in teak business in northern Thailand. By 1908, he extended his business into rice and saw milling. The second generation of this family actively extended their family business lines by opening overseas branches to export rice, taking over new rice mills and building good relations with new government and the People's Party (Kana Pasadone) after 1938. Owing to these active strategies and effective division among the family members, the Lamsam business group grew rapidly during 1920s and 1930s. The Lamsam group became not only the largest Hakka Chinese business group throughout the 1930s, but also the most trusted Chinese business partner for the new government and the People's party.³⁸

The third family group is the Bulsuk group. This group was founded by Lo Su Chin, who made his wealth mainly through the trade business. The rice business was started by the second generation of the family, Lo Tek Chuan, who established his own rice mill after several years' working experience with the Wanglee family. Lo Tek Chuan set up new rice mills one after another actively and by 1920s, there were at least five mills were under his hand.³⁹

The Bulkun group, or better known by the name of the Mahboonkrong group in Thailand, had its origins in the engineering industry. The founder of this family was Ma Thong Jen, who came to Thailand in 1888 from Guangdong Province of China. He came into the rice business circles from a skilled engineer, who could solve the problems of imported rice milling machines successfully. He set up his own rice mill in 1917, which became the largest mill soon. His son succeeded and expanded his business

Journal 7, 1, (1966), p. 55.

³⁸ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 189.

³⁹ Joseph P. L. Jiang, "The Chinese in Thailand: Past and Present" Southeast Asian History Journal 7, 1, (1966), p. 55.

and made his two rice mills into the most modernized and largest-scale facilities of the 1930s.⁴⁰

The last one is the Iamsuri group or better known as the Kuang Heng Lee group at the present. Hia Kuang Lam, the founder of this group came to Thailand in 1901 and started small-scale towing and shipping. He turned into the rice milling industry during the early 1930s and set up several new, large-scale rice mills.⁴¹

3.3.2.2 Expansion and Common Characteristics of “Big Five”

The prominent growth of these “Big Five” groups built a monopolistic structure in the rice industry of 1930s. The “Big Five” owned and operated 20 of 72 rice mills in 1938-39 and had a market share of 44%. The Wanglee family was the largest producer with 7 mills, followed by the Bulsuk family with 6 mills and the Bulkun family with 2 mills.⁴²

After assuring their business bases in rice milling industry, these leading groups started to extend their business into other sectors, such as banking, insurance, and shipping. The Wanglee group moved into the banking business in 1933 by setting up Wang Lee Chan Bank and Luang Lee Insurance Co. Ltd.⁴³ Other groups such the Lamsam, Bulsuk, and Bulkun groups were also embarking their business in foreign exchange, insurance services, international trading respectively in 1930s and 1940s.⁴⁴

⁴⁰ Jamie Mackie, “Chinese Business in Thailand”, Chinese Business Research in Southeast Asia, p. 90.

⁴¹ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 193.

⁴² Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 116.

⁴³ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 133.

⁴⁴ Jamie Mackie, “Chinese Business in Thailand,” Chinese Business Research in Southeast Asia, p. 90.

Chinese commercial banks which appeared in 1930s were not large enough to compete with European-owned banks and also had difficulty in challenging the superior banks emerged after war, but they truly laid a great foundation for the large banks in the postwar years.

Observing growth pattern of these Chinese rice business groups, we can easily find some characteristics in general. First, there was a prevailing intermarriage among these families. Intermarriage between the second generations of these families helped these families to build close connections with each other, so that their business status could be consolidated and they were all interlocked as a powerful block through the kinship system. Besides, they established personal relations through both business associations and non-commercial organizations. All the leaders of the “Big Five” were chairmen of some important Chinese associations, such as the Chinese Chamber of Commerce of Siam, the Rice Millers Association of Siam, the Teochiu Association and Hakka Association. Thus, these leaders of Chinese rice industry, not only economically controlled Chinese business activities, but also socially dominated the Chinese community during the 1930s. Finally, their position in economy was consolidated further by building connections with some state-sponsored business and some People’s Party members.

3.3.3 Oversea Chinese Business Activities in Postwar Years

The domination of Japanese during the World War II demolished ethnic Chinese business in Thailand, several leading persons shifted their business base to other countries and some influential leaders were compelled to close down their business. But Japanese ruling also damaged the economic interest of the European trading houses and colonial banks in Thailand. They were destroyed so severely that they could not restore after the war easily. After the collapse of the Phibun government and the end of the war,

Chinese groups got the chance to restore and rebuild their business in various fields, in particular, in the commercial and financial sectors.

The structure of the economic activity of Chinese capital changed dramatically after the war. The rice millers and exporter declined while the financial and industrial groups rose. Financial sector became an independent and more influential business sector for the new Chinese merchant class.⁴⁵ Eight new Chinese banks and 25 insurance companies formed in the year from 1944 to 1951, out of which emerged five large bank-based business groups which played a crucial role in Thailand's development over the next twenty years.

3.3.3.1 Emergence of the “New Big Five”

The most significant Chinese business groups forming in the early 1950s constituted the “New Big Five”: the Asia Trust (Bangkok Bank) group, the Thai Hua group, the Ayudhya group, the Thai Farmer Bank group and the Mahaguna group⁴⁶. Asia Trust group, the largest one, based around the Bangkok Bank, which grew under the leadership of Chin Sophonpanich came to be the country's most successful business group by far. Thai-Hua group, based on the Bangkok Mercantile Bank and an assortment of importing and trading companies, which exceeded even the Asia Trust group in size in the late 1950s although it later fell far behind it. Another two big banking groups were the Bank of Ayudhya group, headed by the Ratanarak family, and the Thai Farmer Bank group, headed by the Lamsam and Wanglee families and has persisted to be second only to the Bangkok Bank group in the 1990s. Last one is the Mahaguna group, which had its own commercial bank, Union Bank of Bangkok Ltd.

⁴⁵ Jamie Mackie, “Chinese Business in Thailand,” Chinese Business Research in Southeast Asia, p. 91

⁴⁶ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 145.

All these groups have since been prominent as the main financial leaders of Thailand's new industrial, commercial and financial enterprises, which brought the post-1960 'economic miracle'. The Bangkok Bank and Thai Farmers groups outstood the others dramatically in 1980s.⁴⁷

3.3.3.2 Common Distinctive Characteristics of “New Big Five”

During the process of development of “New Big Five”, we can conclude some characteristics in common as follows. First, all these five groups were developed and grew focusing on the banking and insurance businesses, although they gradually expanded their business into other fields such as international trade, warehousing, shipping, and several types of manufacturing. Secondly, these ethnic Chinese-owned banks were mainly incorporated on the basis of personal relations involving kinships and community ties. All these five groups were founded by the same dialect group and same business association group. Except Thai Farmers Bank was incorporated by leading members of the Hakka association, all other groups were built by Teochiu Chinese group. Thirdly, business activities of these groups were operated by groups of leading families rather than single families. The former “Big Five” rice millers in 1930s developed the family-type business by a single family. In contrast, the “New Big Five” were set up and operated by joint investments and an interlocking system within associated firms belonging to the same block. The ownership and corporate structure changed, and with this kind of business block form, it is apparently more effective in dominating wider business fields with limited capitals. Last but not least, when the ethnic Chinese incorporated their commercial banks, they still had to depend on the social prestige of traditional aristocrats as well as military leaders.

⁴⁷ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, pp. 146-49.

3.3.4 Oversea Chinese Business Activities during 1960s-1980s

Ethnic Chinese business group continued to blossom in Thailand from 1960s, largely as a result of the business activities of about thirty Sino-Thai tycoons, who became Thailand's major commercial dynasties after 1960s. Majority of them still relied heavily on the close relationship they built with local Thai power holders, but some of them grew to be independent in later years.⁴⁸ They accumulated new capitals from the profits of various kinds of monopolies they seized or from the import or manufacture of consumer goods for the growing domestic market, thereby expanding the scale of their operations to a wider extent.

The agricultural sector expanded rapidly during these decades. New land opened up, farm area doubled and agricultural exports increased in value stably. Several of the big ethnic Chinese tycoons also played crucial role in this process, especially in the sugar industry, which grew dramatically.

The pattern of economic development began to change in the 1970s. An increase in the annual GDP growth rate from around 4 percent to 7 percent brought a vastly increased stream of foreign capital into Thailand. With the sudden expansion of Thailand's exports and the diversification of economy, the country turned into a typical cheap-labor sweatshop and then into a platform for high technology industries. Some new ethnic Chinese tycoons emerged to seize the lucrative opportunities that were opening up.⁴⁹ The Siam Motors group was the best example.

⁴⁸ Linda Y. C. Lim, "Chinese Economic Activity in Southeast Asia: An Introductory Review," Linda Y. C. Lim and L. A. Peter Gosling, (eds.), The Chinese in Southeast Asia (Singapore: Maruzen Asia, 1983), p. 25.

⁴⁹ Jamie Mackie, "Chinese Business in Thailand," Chinese Business Research in Southeast Asia, p. 92.

3.3.5 Oversea Chinese Business Activities in Thailand's Boom Years

In Thailand's boom years between 1986 and 1997, another phase of development in the pattern of big business enterprise occurred, which marked a shift from that of the previous period as an enormous expansion of new investment occurred in new and diverse modern sector activities. A large volume of foreign capital flooded in, some as foreign direct investment, some in the form of loans, which gave a big boost to the economy. It made much easier for rising firms to raise capital and new technology on a highly competitive market, thereby supplying some new opportunities for firms of all sizes to grow in domestic market. On the other hand, some largest Sino-Thai business groups also continued to grow fast through this period, playing important parts in launching new industries. However, they were no longer as dominant in the total market as they used to be in earlier decades, because they could not maintain monopoly in export markets as easily as formerly in domestic ones. Besides, some new strong enterprises emerged in the middle of 90s and became new large conglomerate, which overshadowed the two biggest banking groups. Some of the less adaptable older groups fell behind in the race and some of them collapsed entirely at last.

3.4 Overseas Chinese Business Tycoons in Thai Economic Society

Thailand's economy is dominated by a small group of family empires. Almost all of them grew and developed since World War II, and almost all of them founded by Thais of Chinese descent. Though a small proportion of the total population, the Chinese were well placed to benefit from the growth of Thailand's industrial and financial sectors after World War II. Many fortunes were based on the growing purchasing power of the Thai middle class, such as Siam Motors and Central Department Store, while others are based on the expansion of the financial sector, the increasing of money supply and the growth of economy, such as Lamsam, Tejapaibul

and Sophonpanich. Among these great conglomerates, which achieve phenomenal success in Thailand, I select some personal and family's brief biographies to present here to outline the role of the Chinese descent have played in the development of Thailand and illustrate the typical growth patterns of the patriarchs and their business empires. They have appreciable distinction and uniqueness each one, but it is sure that they all have some traits in common.

3.4.1 Lamsam Family

The Lamsam group is one of the oldest business groups in Thailand, and its strength was large enough to compete with any other major business group. In 1949, Lamsam group invested in 17 firms and its registered capital was second only to the Sophonpanich group. The Lamsam family descended from a Hakka Chinese immigrant, but this family has lived in Thailand for five generation and consider themselves Thai from the third generation. The name "Lamsam" is taken from the Chinese given name of the founder of the family, the grandfather of Mr. Bancha Lamsam.

The family fortune probably started in rice milling and export. Later the family moved into forestry and sawmilling, shipping, rubber exports, ice manufacture and insurance. The Lamsam Insurance Co. Ltd. was organized in February 1932, becoming one of the oldest Thai insurance companies. One branch of the family was prominent in importing hardware, cutlery and sawmill blades from Germany. The family also owns the Hoi Thien Lao Restaurant.⁵⁰

In 1945, the Lamsam Family controlled Thai Farmers Bank Ltd. was registered and grew into the third largest commercial bank in Thailand. The Bank was initially managed by Kasem Lamsam, the seventh son of the family's founder. The new leader of

⁵⁰ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, pp. 189.

the Lamsam group was Bancha Lamsam. He is fourth-generation Hakka Chinese and was educated in Thailand. After graduating from Chulalongkorn University, he studied insurance business management at the University of Michigan in United States. After returning to Thailand in 1950, Bancha set up the first modern life insurance company, Muang Thai Life Assurance Co. Ltd. After managing this insurance company for 9 years, he became president of Thai Farmers Bank in 1962 and has been its chairman since 1976. Banchan's wife came from the royal family member.⁵¹

Business expansion of the Lamsam group after the 1960s was mainly toward three major fields, the financial sector, trading, and manufacturing. Due to the improvement undertaken by Bancha, Thai Farmer Bank was ranked third by 1972, and finally became second only to Bangkok Bank in 1981.⁵² The expansion of Thai Farmer Bank was accompanied by active investment in other financial companies. Thai Investment & Securities Co. Ltd., Phatra Thanakit Co. Ltd., Sinkehakan Credit Foncier Co. Ltd. and Phatra Insurance Co. Ltd. were established one after another. It is always said that Lamsam have successfully built a business group with the most diversified industrial base.

3.4.2 Tejapaibul Family

The Tejapaibul Family Group of Companies is headed by Udane Tejapaibul (Zheng Wulou⁵³), a local-born Teochiu Chinese. His father, Zheng Zibing⁵⁴ came to Thailand in 1907 and made his money by producing, selling rice liquor and running pawnshops. Before the Second World War, he was reported to have operated at least four firms: Tae Chun Hua, a liquor business, Hua Hong Huat, a liquor distributor, Yong Hiap Heng, a

⁵¹ Peter E Beal, "The Empire Builders," *Investor*, 1981, pp. 12-13.

⁵² Suehiro Akira, *Capital accumulation in Thailand 1855-1985*, p. 252.

⁵³ Udane Tejaaoibul's Chinese name in Mandarin.

⁵⁴ Name of Udane's father.

pawnshop, and Chun Hua Saw Mill located in Nakhonrachasima Province.⁵⁵ Udane was the oldest child in this family with ten brothers and sisters. Udane was born on February 6, 1915 in Bangkok and attended the Pue-Ing School and Assumption College. After leaving school he established his own liquor business, Chun Hua Co. Ltd. In 1949, and later renamed as Vorawat Co. Ltd. in 1952, engaging more specifically in distributing local liquor, and eventually becoming the leaseholder on government-owned distilleries with distribution rights in four provinces. At an early age he was active in Chinese community affairs. After the death of his father, Udane became the head of the family.

In 1950, Udane became the Managing Director of the Bangkok Metropolitan Bank Ltd. He also was one of the initial founders of the Hong Kong Metropolitan Bank Ltd in 1960, which was later sold to Stelux Manufacturing Co. Ltd. But Udane remained a nominal shareholder and director.⁵⁶ Because of his and his family's extensive experience in the liquor business and because Bangkok Metropolitan Bank provided the bank guarantees required to secure payment of the lease rental and excise taxes payable by Mahaguna Distillery Co Ltd to the government, the Tejapaibul Family became the major shareholders in that company.

“The second generation is rather more respectable, choosing to prosper through banking, insurance, real estate, sugar-milling, and brewing.”⁵⁷ The liquor business was the second largest manufacturing industry following the tobacco industry during the second Phibun government. The monopoly of the liquor industry provided the Techapaibul family with its most profitable and stable industrial base and supported the rapid expansion of its own commercial bank. Total deposits of Bangkok Metropolitan

⁵⁵ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 256.

⁵⁶ Peter E Beal, “The Empire Builders.” Investor, 1981. pp. 10-11.

⁵⁷ Lynn Pan, Sons of the Yellow Emperor: the Story of the Overseas Chinese, p. 238.

Bank increased ten times during the 1960s. In all the provinces in Thailand, in every corner of Bangkok city, one would find a branch of the Bangkok Metropolitan Bank easily, the largest of the three banks controlled by the Techapaibul family. Besides Bangkok Metropolitan Bank, Techapaibul group participated in two other major commercial banks. In 1968, Sathian Techapaibul, the sixth son of Zheng Zibing entered Bank of Asia and became its managing director later, and Techapaibul family subscribed 32.6% of the total shares, becoming the largest shareholders of Bank of Asia. Zheng Zibing's third son, Khamrong Techapaibul purchased equity shares of Thai Development Bank and became its largest shareholder soon.

The major activities of this family business group are in field of finance (where they control three banks and twelve finance companies) and liquor manufacture and distribution. There is no doubt that in any reckoning of Thai big business, the Techapaibul group would appear somewhere near the zenith, amongst the top two or three.

3.4.3 Pornprapha Family

The famous Siam Motors group in automobile industry is the typical business group in industrial groups in Thailand. The Siam Motors Group of Companies is headed by Taworn Pornprapha. Taworn was born in Swatow, China on November 16, 1916. His father, who had been traveling to Thailand since the turn of the century, had established a hardware business in the Si Kong district of Bangkok under the name of Thai Thong Huat. It was in the early 1930s that Thawon and his elder brother, Sin Pornprapha, succeeded their father's business of undertaking the import and distribution of hardware. Taworn became the manager of the firm in 1936, having dropped out of school at an early age to work in the business. Before World War II he traveled to Japan and again shortly after the war. Japanese cars attracted Taworn's attention, although at

that time, the Japanese auto industry was still in the infant stage and attracted very few Chinese and European importers. During his trip in Japan, he approached several Japanese business leaders and finally was able to convince the reputedly reluctant Nissan Motor Co. Ltd. to export their cars to Thailand, and becoming that company's first overseas agent. In 1952 the automobile business was separated from the family company and Siam Motors Co. Ltd. was set up to exclusively import and distribute Nissan trucks and commercial vehicles.⁵⁸

The Siam Motors Group (SMG) developed initially as an importer-distributor of a wide range of Japanese product, primarily in the automotive and related fields, later integrating backwards first into assemble from complete kits and then moving on to the production of some of the parts. Nissan-Datsun passenger vehicles hold the second largest share of the market for passenger vehicles but the largest share of the light commercial vehicle market in Thailand.⁵⁹

The group has acquired a number of agencies for European products such as Alfa-Romeo automobiles and O & K construction equipment. SMG diversified its business into around twenty different kinds of business and industries. Its business bases varied from auto-assembling, motorcycle assembling, auto-parts manufacturing and bicycle-assembling to mining, commerce, finance, and land development. Most of its commercial activities were related to import or local distribution of its cars, while the finance business expansion was related to consumer credit for automobile customers.

The development of SMG was supported by the Japanese both financially and technologically. Joint investment with foreign capital played a vital role in the business expansion. Both its connections with military leaders and the financial support of

⁵⁸ Peter E Beal, "The Empire Builders," *Investor*, 1981. pp. 15-16

⁵⁹ Peter E Beal, "The Empire Builders," *Investor*, 1981. pp. 16.

commercial bank became the two key elements to the development of SMG in 1960s. Without such support, it would be impossible for SMG to become such a big winner in the auto-industry at the earlier stage of its development.⁶⁰

3.4.4 Chirathivat Family

The Chirathivat family is a Hainanese Chinese family which has risen to prominence since 1967, when they opened their first large department store on Silom Road in the modern business district of Bangkok. The founder of the family is Tiand Chirathivat. He have engaged in the lumber business during World War II, but shortly thereafter, he started the retailing business which led to the family's fortunes in a small shop on New Road.⁶¹ What apparently differentiated him from most other similar shopkeepers was his willingness to introduce new products from abroad. The shop also specialized in imported publications, periodicals and books.

The business expanded both in range of products carried and size of selling area, moving in 1957 to Wang Burapha and opening the first department store there. In 1967, the Silom Road store was opened and this was followed in 1974 by the even larger branch in Ploenchit Road where the total investment, including land, buildings and initial stock, was over 70 million baht.⁶²

In the course of introducing many new products, largely imported, to Thailand at first, the Chirathivat Group became the exclusive agents and manufacturers for a wide variety of consumer products including cosmetics, soft goods and consumer durables. The Chirathivat family and the Uahwatanasakul family companies almost dominate the

⁶⁰ Suehiro Akira, Capital Accumulation in Thailand 1855-1985, p. 271.

⁶¹ Peter E Beal, "The Empire Builders," Investor, 1981 pp. 17.

⁶² Peter E Beal, "The Empire Builders," Investor, 1981 pp. 17.

Thai market for jeans.⁶³

In addition to the large commercial development in Lard Phrao, it has embarked the group plans to open department stores in Thonburi, Chiang Mai and Los Angeles.

⁶³ Big Business in Thailand: Profiles of Prominent Thai Business Groups (Bangkok: AMIC Co. Ltd., 1996), p. 35.

Table 3: Some Major Overseas Chinese Business in Thailand⁶⁴

Company Name	Principal Owner	Primary Business
Thai Asahi Glass & THASCO Chemical Group	Srifeungfung family	Glass industry, insurance
Bangkok Bank	Sophonpanich family	Banking, investment, real state
Thai Farmers Bank & Loxley Group	Lamsam family	Banking, manufacturing, investment, real estate
Poon Phol Group	Wanglee family	Rice milling, property development
Siam Motors	Pornorapha family	Motor distribution and assembly (Nissan & Honda), property development
Bank of Ayuddhya & Siam City Cement	Ratanarak family	Banking, manufacturing, lighterage
Charoen Pokphand Group	Chearavanont family	Agro-business, real estate, retail trade, telecommunication
Tanayong and Bangkok Land	Kanjanapas family	Real estate, transport, finance
TCC & Sang Son Group & New Imperial Hotel Group	Sirivadhanabhakdi family	Liquor, property development, finance and insurance
Central Group	Chirathiwat family	Retail trade, property development
Betagro Group	Taepaisitphongse family	Rice trading, textiles, importing, manufacturing
Thai Roong Ruang	Asadathorn family	Sugar and related business
Mitr Phol Sugar & Banpu Group	Wongkusolkit family	Sugar and related business
Laem Thong Corporation Group	Kanathanavanich family	Rice, jute export, animal feed
Metro Group	Prasert Tangtrongsaksi	Fertilizer importer and flour mill manufacturing
Saha Union Group	Darakananda family	Wholesale trade, manufacturing (household goods)

⁶⁴ Kesarin Phanarangsarn, *Ethnic Chinese Business in Modern Thailand And their Role in Sino-Thai Economic Relations* (Dekalb, Illinois: 9th International Conference on Thai Studies, Northern Illinois University, 2005) and George T. Haley, Chin Tiong Tan, Usha C.V. Haley, *New Asian Emperors: The overseas Chinese, their strategies and competitive advantages* (Oxford: Butterworth-Heinemann, 1998).

Thai Wuthipat	Sukree Phothirattanangkun	Manufacturing (textiles)
Saha Group	Chokwatana family	Consumer product
The M Group	Limthongkul family	Telecommunication, media and broadcasting
Sino-Thai Group	Charnvirakul family	Engineering, construction and steel manufacturing
Soon Hua Seng & Kaset Rung Ruang Group	Dumnernchanvanit family	Rice export
Thai Pure Drinks & Padaeng Industry	Sarasin family	Drinking water, property development
Archa Land & Mah Thong Group	Asavahame family	Property development, energy transportation
Phatra Group & Royal Group	Phatraprasit family	Financing and brokerage
Osotspa Group	Osathanugrah family	Pharmaceuticals, beverages, Food products, personal care-, health- and hygiene- products
Thai Plastic and Chemicals	Euarchukiati family	Plastic and chemicals

3.5 Conclusion

After viewing the history of Chinese immigration in Thailand and their business activities in different periods, some distinctive common features of Sino-Thai business enterprises can be observed.

Firstly, many of the largest Sino-Thai companies are older than their counterparts in other ASEAN countries, most originating in the 1960s or even earlier and they are more deeply rooted in the country's economy and society than many of their counterparts elsewhere.

Secondly, there has been a high degree of continuity among these Sino-Thai enterprises since the 1960s, with relatively few failures prior to the 1997 economic crisis. Nearly all top of thirty business groups have been prominent for three decades or

more, some even longer. And there has also been a tendency towards a high degree of concentration of ownership in many fields.

Thirdly, since the 1980s, in the more open and competitive economic and political climates, some firms and business groups which were able to dominate the market in 1950s to 1960s have found themselves subject to a far more competitive environment in the 1990s than previously, with the result that some of the less adaptable or efficient companies have lost ground considerably.

Fourth, the Sino-Thai business groups have been the sharp division between financial capital and industrial capital in the decades prior to about 1980. Most commercial and manufacturing enterprises heavily depend on one or more of the Big Four private banks in their early times. The Sino-Thai private banks were initially the main source of capital. On the contrary, state banks played a far less significant part in financing economic development in Thailand than in other countries in Southeast Asia.

Fifth, Sino-Thai business groups, unlike their counterparts in Malaysia, Singapore, Indonesia and the Philippines, have had to face almost no significant competition from either local indigenous capitalists or from entrenched colonial-era foreign enterprises or from large state banks. Most of the largest Sino-Thai business groups have been able to assure themselves avoid discriminatory measures by incorporating many of the country's leading indigenous political leaders and military officers into the leading group of their enterprises. Recruitment of talent young Thais into managerial positions has also helped to weaken ethnic discrimination considerably.

Finally, state intervention in economic life has been considerably less in Thailand than in Indonesia, Malaysia, or Singapore since 1958. The political change and policies in 1950s have proved to be advantageous to the Sino-Thai business in general and to the

powerful business groups in particular, by opening up new opportunities for them to exert influence on economic policy-making within an increasingly pluralistic political position. A number of business leaders, such as Boonchu Rojanasathien and Chartichai Choonhavan were able to play active roles at the head of political parties and their financial backers now became a major theme of Thai politics. This political background helped to protect the economic interests of the big business groups.

