CHAPTER SIX
TEAK AND CHANGE IN THE ECONOMY AND COMMERCE OF NORTHERN SIAM

Chiang Mai-Moulmein Trade *vis-a-vis* Chiang Mai-Bangkok Trade

In the early part of the nineteenth century, Chiang Mai's trade with Moulmein, the Shan States and Yunnan was more important than its trade with Bangkok. There was, however, a shift in the latter half of the nineteenth century. In the last two decades of the century, the Chiang Mai-Bangkok trade gained greater momentum while the trade with Moulmein in Burma declined. As a result, closer economic ties were established between Chiang Mai and Bangkok.

There were various reasons for this change. The advent of European capital in the teak industry was one of them. There were also other developments at the regional level. The opening up of the northern region owing to the teak industry attracted Chinese traders from Bangkok who moved northwards to trade. This influx of Chinese traders in turn displaced the traditional caravan traders in the northern region. Shan and Taungthu[1] traders became instead middlemen in the trade conducted by the Chinese. British piece goods trade also increased because both the Chinese and European traders in the north engaged in this trade.

There were changes too in other respects, for example, the increased monetization of the economy and the improvement of communication facilities in the north. The replacement of the Indian currency or the Madras rupee, until then widely

used in northern Siam, by the Siamese baht was an important development. This move by the central government reflected Bangkok's desire to extend its control over the commerce of the northern region. In addition, the importation of foreign labour and the increasing use of wage labourers in the teak industry of the north introduced new elements to the traditional pattern of labour organization in the region.

(i) Chiang Mai's Export Trade with Bangkok and Moulmein

At the beginning of the nineteenth century, export items from Chiang Mai to Bangkok included sticklac, cutch, animal hides, horns and ivory. In the latter half of the century, however, these were exported in relatively small amounts.[2] Teak replaced such commodities including forest products as the most important export item from Chiang Mai to Bangkok during this time.

Exports to Moulmein at the time when teak became Chiang Mai's major export to Bangkok, comprised teak, cattle, mules, ponies and silver cash. While the volume of export to Bangkok excluding teak was notably small, exports to Moulmein were not confined chiefly to teak. Cattle, mules and ponies made up a significant percentage of the trade volume between Chiang Mai and Moulmein. As early as the 1820's and 1830's, the British authorities in Burma had sent representatives to establish trade relations between Burma and Chiang Mai. As discussed previously (Chapter 2), the primary aim of these trade missions was to secure a regular and adequate supply of cattle from Chiang Mai to meet the demand for beef needed for the British troops stationed at Burma and along its coast.

The export of teak to both Bangkok and Moulmein became, however, the chief income earner for Chiang Mai in the last quarter of the nineteenth century. The number of teak logs arriving at both Bangkok and Moulmein (between 1890 and 1899) is given below:

Table 6.1. Number of teak logs arriving Bangkok and Moulmein: 1890-1899

Year	Number (Logs)	**Bangkok** (Full Sized)	**Moulmein** (All Sizes)
1890		31,000	62,117
1891		11,000	43,873
1892		72,000	63,670
1893		73,000	52,463
1894		72,000	n-a
1895		65,000	55,935
1896		59,000	47,132
1897		31,000	62,717
1898	Cubic Tons	76,000	26,479
1899	Cubic Tons	53,000	17,874

Source: BCR (Chiang Mai), 1899, p. 4.

Data for the years 1890 and 1891 show that the actual number of logs exported to Moulmein was larger than that to Bangkok. But to use the figures for 1890 and 1891 to support the contention that a bigger volume of teak was exported to Moulmein compared to Bangkok during that period may be questionable, as logs arriving at both the ports were not of the same size. Full-sized logs arriving at Bangkok were logs over 18 feet in length[3] whereas those arriving at Moulmein were of all sizes, including logs over and below 18 feet in length. The picture is clearer for the period 1892 to 1896 because the number of full sized logs exported then to Bangkok was more than the total

number of logs of all sizes exported to Moulmein. In other words, the export of teak to Bangkok during this period was clearly greater than that to Moulmein, despite the fact that the figures for Bangkok referred to only full sized logs while the Moulmein figures included logs of all sizes.

A poor floating season in 1896, resulting from low water level in the rivers, contributed to the sharp drop in logs arriving at Bangkok in 1897.[4] Most of the logs which were floated down in 1896 remained in the rivers as low water levels impeded the transport of logs to the duty station at Paknampho.

Subsequently, in 1898 and 1899, the export of teak to Bangkok was greater than that to Moulmein. The increase in the amount of teak exported to Bangkok was mainly due to the eastward shift in the working of teak forests.[5] In the past, native loggers from Burma who extracted teak did not venture beyond the Salween watershed, thus their dependence on the Salween to transport logs to Moulmein. European teak companies gradually moved eastwards from the Salween watershed to work at forest sites closer to the northern tributaries of the Menam Chao Phraya. Not surprisingly, the number of logs transported through the tributaries of the Chao Phraya to the port of Bangkok increased following the shift. As a result, the volume of teak floated down the Salween as compared with logs arriving at Bangkok was at a ratio of 35 :1 in the 1870's.[6] But, in the 1890's, owing to the shift, Bangkok replaced Moulmein as the more important outlet for the export of teak from the northern region. The larger volume of teak exported through Bangkok inevitably brought the northern region into frequent contact with Bangkok. The expansion of trade between Bangkok and Chiang Mai and the consequent decline in the commercial intercourse between Chiang Mai and Burma meant, in effect, the fostering of closer Bangkok-Chiang Mai relations.

(ii) Chiang Mai's Import Trade with Bangkok and Moulmein

While its exports to Bangkok comprised mainly teak and a smaller percentage of forest produce, Chiang Mai's imports from Bangkok comprised a wide variety of consumer items. Imported cotton goods from the United Kingdom found a ready market in the north. Both finished piece goods and manufactured yarn were also imported. Matches and kerosene were imported from Japan and Sumatra (Langkat Oil) respectively. Hardware materials, steel, iron and machinery, imported from places like the United Kingdom, Singapore and Germany, were available in Chiang Mai. Canned food imported from the United States was also sold to the people of the northern region.

The growth of the import trade in the north, especially foreign imported consumer goods, was in part a result of the growth of the teak industry. Agents of foreign trading firms and Chinese traders from Bangkok carried large amounts of imported goods to the north as the demand for such goods increased. Shan and Taungthu traders bought these goods from the Chinese merchants and distributed these goods throughout the countryside in the northern region. This is ample evidence of the increasing purchasing power of the locals at that time. In 1897, Chiang Mai's import trade showed a large increase of a variety of foreign goods. The Trade Report for 1897 stated that:

> ... the increase in miscellaneous goods, including bicycles, Japanese crapes, felt rugs, matches, European mirrors, lamps, and other articles [is] indicative of the increased purchasing powers of the population of northern Siam, and more intimate connection with the Bangkok market.[7]

While Chiang Mai's imports from Bangkok grew steadily in the last decade of the nineteenth century, its imports from Moulmein declined. The increase in the former

was mainly due to the increasing import of foreign goods from Bangkok through the Chinese merchants.

But, before discussing the factors which brought change to Chiang Mai's trade pattern, it is pertinent to look first at the trade conditions prevailing along the Bangkok-Chiang Mai and Bangkok-Moulmein trade routes.

Trade Routes: Bangkok-Chiang Mai-Moulmein

The distance between Chiang Mai and Bangkok is approximately 500 miles. It took almost three months to travel this distance in the 1880's and, in the 1890's, reports indicated that the same journey took 70 days.[8] Traders travelled in river boats from Bangkok up to Tak (previously Raheng) which was a border town between the northern states and central Siam (Bangkok) or to Uttaradit which was the northernmost point navigable on the Chao Phraya river system.[9] Upon reaching Tak or Uttaradit by boat, traders obtained elephants and guides or elephant boys from the local governor and continued their journey overland to Chiang Mai. It was also not uncommon for goods from Bangkok to be carried by boat to Muang Hturn, where they were unloaded on to bullocks before proceeding overland to Chiang Mai and other places in the north. Muang Hturn was about 60 miles from Tak on the right bank of the Me Wang.[10] Generally, trade between Bangkok and Chiang Mai was conducted by river except where impassable rapids impeded the passage of river boats between these two points. In such cases, traders continued the journey on land, often on elephants before reaching Chiang Mai.

The level of water in the rivers determined the number of trips made by traders engaged in the carrying trade between Chiang Mai and Bangkok. A high level of water

in the rivers throughout the year promised an exceptionally good year for river traffic. During such times, at least 4 to 5 trips were made by these traders.[11] Each of these trips took up to an average of 70 days.[12] In contrast, it took almost four to five months to travel the same distance in the dry season.[13] According to the Trade Report of 1898, approximately 500 rupees were spent on the hire of boats and wages paid to boatmen.[14] Elephants were obtained or rented from local chiefs, along with elephant boys at selected places. Expenses for these cannot be ascertained as no information is available.

The capacity of an ordinary boat was about 4 tons of goods,[15] hence river transport allowed the movement of large amounts of goods. Presumably, it was the feasibility of carrying large stocks and, in most instances, the bulkier consumer items, from Bangkok to Chiang Mai, which allowed for the retailing of such goods in the north at prices not above 15-20 % of the Bangkok price. Salt, considered a bulky item, which was also sent up to Chiang Mai was, however, an exception. The northern states depended on Bangkok for its supply of salt; as a result, the price of salt in Chiang Mai was much higher than the Bangkok price. Holt S. Hallett, on his fact-finding trip to the northern region in 1876 because of the proposed construction of a railway connecting Burma, Siam and China, reported that salt was priced at 510 per cent above the Bangkok price.[16]

In 1898, the prices of staple goods in Chiang Mai were not more than 15 to 20 per cent above the Bangkok prices.[17] Perishable items (otherwise fancy articles as referred to in the reports), however, were sold at higher prices; butter, for instance, cost 60 per cent above the Bangkok price.[18] Glassware, tumblers and whisky were among other things listed as perishable or fancy goods.[19]

Mainly Chinese traders from Bangkok conducted the trade between Chiang Mai and Bangkok. British and other European firms were reported to have posed minimal competition to the Chinese traders where this trade was concerned. It was, therefore, not an exaggeration on the part of the British when they referred to the Chinese traders as "the moving spirit in the Bangkok trade".[20] Most of the stores in Chiang Mai were in fact "originally offshoots from Chinese firms in Bangkok".[21]

Travelling between Moulmein in Burma and Chiang Mai, on the other hand, needed only 40 days.[22] This journey was done overland. Caravans carrying goods from Moulmein passed through places like Papun, Dagwin (on the Salween), Mae Sariang, Hot and thence to Chiang Mai.[23] The overland Moulmein-Chiang Mai route posed comparatively fewer problems. Apart from the shorter time taken in travelling, goods imported *via* this route escaped the 3 % import duty levied on foreign goods imported from Bangkok since the time of the Bowring Treaty of 1855.[24] One disadvantage, however, was that bulky goods could not be economically transported overland from Moulmein to Chiang Mai. This was because goods were transported mainly on pack animals and the amount they could carry was limited. For instance, a trader needed three oxen to carry a hundred kilograms of rice.[25]

The cost of transport overland between Moulmein and Chiang Mai was five times greater than that of river transport between Bangkok and Chiang Mai. As a result of the high cost of transportation, traders found it only profitable to trade in the more expensive items which were mainly sold to the wealthier population of northern Siam. The majority of the northern *phrai* (commoners), on the other hand, could not afford these items. This explains why Chiang Mai's imports from Moulmein, apart from the annual import of silver cash, included silk manufactures, jewels and Chinese and

Japanese ware. These were luxury items imported to meet the demand of a small group of consumers.

Historians have attributed the limited state of trade between Bangkok and Chiang Mai in the past to the high cost of transportation between the two places. It has been estimated that it cost $ 35 to carry one ton of cargo from Bangkok to Chiang Mai. This estimate was given by an American missionary and is available in a book edited by Mary Backus entitled Siam and Laos as seen by Our American Missionaries.[26]

Ratanaporn Sethakul in her work demonstrates the causal link between the high cost of transportation and the resulting small volume of trade between Bangkok and Chiang Mai in the past using Backus' estimation. It is not clear, however, as to when the amount of $ 35 was applicable *vis-a-vis* the transportation cost between Chiang Mai and Bangkok, as no date was mentioned by Ratanaporn. Assuming that the estimate was applicable in 1884, the year of the publication of Backus' book, an interesting point then emerges. The low volume of trade between Chiang Mai and Bangkok changed gradually after 1884 and, by the 1890's, had become an extensive and lucrative trade. The year 1884 as a watershed is significant as it was only after 1884 (to be more precise in 1885) that the first foreign firm started operations in Chiang Mai, followed by many similar firms in the 1890's. In other words, while travelling difficulties remained basically unchanged, i.e., impassable rapids and shallow water levels continued to prove to be unfavourable travelling conditions affecting the Bangkok-Chiang Mai trade, other factors had surfaced in the years after 1884 which led to a change in the traditional trade pattern.

The most important factor was the movement of Chinese traders from Bangkok to the northern region, following the establishment of timber companies and the growth of business opportunities. In the past, the import-export trade of the northern states was controlled by the caravan traders from Yunnan (Cjin Ho) and the Shan States (Shans or Ngiows). Chiang Mai served as the major trading centre of the northern states and all the caravans from Yunnan passed by or stopped over to load and unload goods before proceeding to Moulmein in Burma. In short, the caravan traders from Yunnan provided a trade link between Chiang Mai and Moulmein. Chiang Mai was, therefore, a transit centre for the trans-frontier trade of Yunnan, northern Siam and Burma. And this trade was completely conducted overland. Numerous towns along the frontier trade route provided the market as well as the supply of goods which were so essential in ensuring the success of such a venture.

In contrast, the less popular Bangkok-Chiang Mai trade was carried out partly overland and partly by river. Besides the travelling difficulties, Bangkok was situated to the far south and not along the most travelled path of the Ho and Shan traders.

But all these changed during the last two decades of the nineteenth century. With the arrival of the European timber merchants and the ensuing large scale forest exploitation of the northern region, Chinese traders from Bangkok moved up northwards to trade in goods brought from Bangkok.

Chinese Traders from Bangkok

Chinese traders from Bangkok, mostly of the Teochiu and Hokkien speech group,[27] emerged as the more prominent group of traders in the last decade of the

nineteenth century and subsequently controlled the Bangkok-Chiang Mai trade traffic. There were many factors which led to the dominance of the Chinese traders.

The Chinese were, in the first place, year-round traders compared to the seasonal caravan traders. The caravan traders were otherwise farmers who worked their rice-fields during the rice planting season. During the dry season, between the months of December and April, they left their homes with pack animals laden with goods, to participate in what was somewhat later termed as the caravan trade. They travelled overland along the major trade routes, unloading goods at halting stations and procuring more goods in exchange for those sold at various points along the trade route.

It was said that the profit that the traders collected at the end of each trading season was, upon their return, spent on gambling, liquor and purchase of clothes and other luxury items. The northern Thai (Thai Yuan) caravaneers adopted a somewhat casual attitude towards the profit that they made out of trading because to them this was just a supplementary income; trade was not their main occupation. Their philosophy was "one can't give up farming, one has to eat rice, the money made in trade bought small luxuries, rice farming provides rice to eat".[28] It is not uncommon for these traders to rush back to their rice fields at the start of the planting season despite the profits that they could make from trade. As such, the caravaneers, unlike the Chinese, rarely re-invested their profits in trade in order to reap more profits. When their money ran out, they set out on another trade trip, so that they could make some more money to indulge in what were to them leisurely pursuits: gambling, the consumption of liquor and the purchase of luxury items. There were, however, some traders who used the profits from their trade venture to purchase land, hence emphasizing the importance placed on rice farming.[29] The Cjin Ho Muslim caravaneers from Yunnan, on the other

hand, saved their earnings to perform the Hajj in Mecca, which was obligatory upon all Muslims of adequate means.[30]

Still, the economic importance of this trade cannot be denied. The caravan trade allowed for the exchange of consumer articles which comprised both items of necessity and luxury. Most importantly, the caravan trade allowed for the exchange of goods which were abundant in an area but scarce in another. Cotton, a popular clothing item among the people of Yunnan, was eagerly sought by the Cjin Ho caravaneers. Whereas Yunnanese climate was too cold for the cultivation of cotton[31], in the northern states of Phrae and Nan and in Burma, cotton was grown with particular success. The Cjin Ho traders purchased raw cotton and cotton yarn from these places for redistribution in their homeland (Yunnan). The Yunnanese then wove the purchased cotton into cloth.

Ratanaporn makes an interesting observation; she explains that the caravan trade provided extra income to the caravaneers which enabled them not only to buy small luxuries but also to gratify their "wanderlust" or desire for travel inherent among these people.[32] The people of the northern states indeed sought new experiences and adventure through their trade trips from which they also acquired knowledge about their country as well as widened their horizons. This was clearly indicated from an earlier research carried out by Michael Moerman on the trade in the old days in Chiangkam, a town in Chiang Rai in northern Siam. Moerman's informants, when asked about their trade trips, spoke of "the fun they had, of the sights along the way, of opportunity for song and riddle" more than what they could recollect of the profits they made on such trips.[33] Furthermore, the trade trips gave them opportunities to visit *sio* (age mates/friends) and relatives afar.

The second factor contributing to the success of the Chinese was the provision of goods on credit. In contrast, the northern Thai caravan traders rarely sold or purchased goods on credit. The caravaneers bought goods for resale for as much as they had cash to buy and oxen to carry.[34] If the traders had a limited number of oxens or other pack carriers, they pooled together their oxens with those belonging to fellow villagers and embarked on long distance trade trips together. Based on his study of the local traders at Chiangkam, Moerman suggested that the traders viewed credit "not as a normal means for expanding their scale of trade but as something to be avoided".[35]

The Chinese, on the other hand, were willing to sell their goods to the Shan and Taungthu middlemen on credit. The period of credit ranged from one to six months. Old or regular clients were given longer periods of loans compared to newer ones.[36] These Shan and Taungthu traders, then, distributed the goods obtained from the Chinese throughout the northern region, hence the extension of sales to a wider market. The excellent networking created by the Chinese, by selling their goods to the local traders who were familiar with the northern market and the trade routes of the interior, contributed to their success.

There was, in addition, a difference in retail price determination between the Chinese and the caravan traders. Prices in the trade of the caravaneers were basically determined by scarcity. The simple rule was that if rice was sold to a place where it was scarce, then the villagers were willing to pay higher rates to obtain rice. The same rule applied to other goods sold in the market. If the trader was not happy with the price that was being offered for his goods, he would then entrust his goods to his relatives or friends and proceeded to other places or, in some cases, they just returned home. The

relatives would then be responsible for selling these goods at prices which were more profitable.

The caravaneers were also regarded as "trustworthy" traders and their customers seen as "faithful". If a trader travelled along a particular route annually to sell his goods, he established a regular clientele along that trade route. Supposing a new trader plied this same route the following season, the customers would refuse to purchase goods from him. Instead, they waited for the regular trader with whom they were well acquainted to purchase from him. Similarly, it was very unlikely for a trader to change his route or encroach onto someone else's market. The goodwill between the trader and his customers, that was evident in the caravan trade, was not completely eliminated in the trade of the Chinese. Such a network of trust was maintained by the Chinese who established good relations not directly with the customers but through the distributing agents.

In this manner, the Chinese traders were able to replace the northern Thai, Shan and, eventually, the hardier Ho[37] caravan traders. Apart from the Chinese factor, there were also other factors which contributed to the decline in the Chiang Mai-Burma trade. The push factors in Burma must be given due consideration.

Push factors in the Chiang Mai-Burma Trade

In the early part of the nineteenth century, Chiang Mai's trade comprised a larger export trade to Burma and a relatively smaller one to Bangkok. Exports to Bangkok comprised mainly forest products. But, when teak began to be increasingly transported through the tributaries of the Chao Phraya in the 1890's, Chiang Mai's exports to Bangkok, comprising mainly teak logs, increased. At the same time, trade

with Moulmein declined. By the 1890's, the trade with Burma, which had formerly been the more valuable, became less so. The decline in the Burma trade with Chiang Mai can be said to have resulted from four factors.

Firstly, poor communication between the northern states and Burma was a major setback to traders. British Consular reports in the 1890's complained that the trans-frontier trade route was not well maintained. In 1895, the British Consul at the Consular District of Chiang Mai, J.Archer, claimed that poor communication between Moulmein and Chiang Mai led to the steady decline in trade between the two places. He said:

> As there are no export or import duties on the Siamo-Burman frontier, the falling-off of trade is doubtless due, to a great extent, to the want of proper communications with Moulmein, no attempt being made to improve the trade routes or even to keep them in repair.[38]

Secondly, the limited amount of goods that could be carried on pack animals did not help ease the frustrations faced in the Burma-Chiang Mai trade. According to the 1903 Trade Report for Chiang Mai, the cost of transporting goods on pack ponies or mules between Moulmein and Chiang Mai was 35 rupees per mule load. The average load of a mule was about 40 *viss* (133 1/3 lbs)[39] whereas freight charges by boats between Bangkok and Chiang Mai for the same year was given at 35 rupees per *sen* load (295 lbs).[40] Although the time taken to travel between Moulmein and Chiang Mai was shorter than the Bangkok-Chiang Mai journey, the former incurred higher costs.[41] The Bangkok-Chiang Mai route carried a bigger load of goods and bulkier ones as well. As such, Bangkok goods were retailed in Chiang Mai at relatively affordable prices compared to goods from Burma. Owing to the cost factor and the difficulties in transporting goods by the caravan route, the caravan trade, before long, declined.

Thirdly, British Consular reports indicated that the Cjin Ho caravan traders engaged in credit transactions with traders in Moulmein and Rangoon. Apparently, the Ho traders paid only a small percentage of the total value of goods that they purchased in Burma and signed a promissory note for the balance.[42] The promissory notes were extended for over a few years. In the meantime, the Ho traders paid the remaining sum in instalments whenever they could or at an agreed interval. From about the early part of the 1900's, the caravan traders were reported to have been unable to settle their debts with the traders in Burma. It is not clear why the caravan traders failed to pay during this time. There is a possibility that the increased duty levied by Chinese tax farmers (monopolists) on the opium brought by Ho traders to Chiang Mai, from about 1897,[43] reduced the profits made by these traders. Apart from the increased duty, all opium imported from Yunnan had to be sold to the Chinese farmer at his own price.[44] These, according to the 1897 Trade Report for Chiang Mai, affected the sales of Yunnanese opium and consequently, the profits made by the Ho traders. Thus the Ho traders were unable to settle their debts in the 1900's, as a result of the declining trade profits from the preceding years. To avoid their debtors, the caravan traders simply avoided trading to Burma or made less frequent trips to the place.[45] As the caravan traders from Yunnan were also the traders engaged in the Chiang Mai-Moulmein trade, their declining numbers meant a decrease in the trade between Chiang Mai and Burma.

Fourthly, it is possible that Indian Chettiars in Burma provided the Ho caravan traders with credit facilities. The 1910 Trade Report for Chiang Mai stated that one or two Indian firms had established agencies in Chiang Mai to "intercept the traders and endeavour to obtain a settlement there".[46] Earlier there were a significant number of Chettiars in Burma who extended loans to Burmese subjects working the teak forests in

Siam.[47] But, with the decreasing number of individual Burmese subjects obtaining forest leases in Siam, the money-lending Chettiars might have turned towards the caravan traders for the survival of their business.

But there is also the possibility that the caravan traders from Yunnan were clients of Indian textile traders in Burma. In other words, their loans could have come from these textile traders. It is not clear whether the Chettiars in Burma or the Indian textile traders provided the credit facilities to the Ho caravan traders. What is clear, however, is that the Ho traders, unlike the northern Thai traders, purchased goods for resale on credit terms and, in later years, were unable to settle their debts. The falling number of caravan traders to Burma, therefore, could have been due, in part, to the inability of the caravaneers to settle their debts.

As previously discussed in this chapter, from about the late 1890's, there was an eastward shift in the working of teak forests in northern Siam. European companies which in the past logged at forest sites closer to the Salween watershed began increasingly to move towards sites closer to the northern tributaries of the Menam Chao Phraya. As a result of this "eastward" factor, the number of logs floated down the Chao Phraya's tributaries (the Ping, Wang, Yom and Nan) increased. This in turn increased the Chiang Mai-Bangkok volume of trade and caused, as a consequence, a decline in logs transported to Moulmein in Burma.

Furthermore, the border delineation among the British in Burma, the Siamese government and the French in the Laotian territories, from about the last decade of the nineteenth century until the first decade of the twentieth century, redirected the traditional inter-regional trade traffic.[48] The enforcement of precise international frontiers, the levying of customs duties and the introduction of numerous tariffs posed

new limitations to the otherwise free flow of goods and the "unhindered" passage of caravaneers of different ethnicity.

At the same time, the British and French presence in Burma and Laos represented a threat to Siam's northern frontiers. Siam lost her territories to the east of the Salween to Britain, following border delineation between Siam and the British in Burma in 1891. Then in 1893, the French threat to Siam increased as a result of French presence on the east side of the Mekong, which bordered Siamese territories. As such, in the 1890's, Siam was pre-occupied with her efforts to bring the northern region under her control. The redirected trade in effect helped Bangkok to gain control of the commerce of the northern frontier states and, as a result, increase her revenue by way of imposing taxes and tariff on goods transported along the trade routes in northern Siam. It was also in the 1890's that there was a growing commercial link between the northern states and Bangkok through the trade activities of the European and Chinese traders. As a result, trade between the northern states and Bangkok assumed greater importance and soon adversely affected the volume of the Chiang Mai-Burma trade.

British Piece-Goods Trade in Northern Siam

Merchandise from Britain topped the list of the imported articles from Bangkok to Chiang Mai.[49] In 1898, imported goods from Britain accounted for approximately 34 per cent of the total value of goods imported by Chiang Mai. Switzerland, Germany and America accounted for 23, 17, and 15 per cent respectively.[50]

In the 1890's, northern Siam provided a wide market for imported British goods through Bangkok. This helps to explain why the British were rather unperturbed by the declining trade between Chiang Mai and Moulmein. Although the decline in the Chiang

Mai-Moulmein trade meant a reduction in the export of British goods from the latter place, the British did not attempt to revive the dwindling Moulmein trade. Consul J. Archer of the British Consular District of Chiang Mai explained in his report that:

> ... the bulk of the trade with Bangkok is British, so that, on the whole, British trade in this district [Chiang Mai] is not materially affected by the diversion of trade from Moulmein to Bangkok.[51]

In the past, the overland trade route from Moulmein was the largest supply route for British piece-goods for the Chiang Mai market.[52] In the 1890's, British goods for the Chiang Mai market came mainly by way of the river route from Bangkok. This somewhat compensated for the declining import of British goods from Burma.

Cotton goods brought from Bangkok comprised white and grey shirtings, chowls, sarongs, cotton prints and Manchester and Bombay yarns, both grey and coloured.[53] In later years, imports included *papoon* which was a coloured woven nether garment.[54] The import of British piece-goods into northern Siam raises a pertinent question. Did it have any adverse effect on the growth of the local cotton-weaving industry?

In 1885, Consul A.R. Stringer reported that the manufacture of native hand-woven cotton cloths decreased because the imported cotton cloth were far cheaper than locally woven cloth.[55] But the same report indicated that the imported cotton cloth was not as durable as the locally woven cloth.[56] The price factor was an important consideration in the purchase of British piece-goods in northern Siam. Katherine A. Bowie in her article on textile production in nineteenth century northern Siam remarked that the advent of the steamship, the fixation of the 3 percent import duty on British goods and the technical developments in cloth manufacturing in the United Kingdom

led to British piece-goods becoming more competitive as compared to manually woven local cotton.[57]

Also, in 1910, owing to a sharp increase in cotton prices in the United Kingdom, there was correspondingly a "very large decrease in river-borne imports", which in effect meant a decrease in the import of British piece-goods from Bangkok to Chiang Mai.[58] It is clear that the northerners favoured the imported cotton for as long as it was cheaper than home-spun cotton. And when the price of imported cotton rose, there was a drop in the sale of British goods. At times like this, the northerners must have reverted to the use of local cotton. The local cloth industry therefore survived despite the competition from imported piece goods. The Trade Report of 1909 pointed out that:

> ... the [local] women, despite the growing attractions of foreign piece-goods, still weave the "pasin", or native skirt [long tubular skirts].[59]

Indeed, Chiang Mai in the nineteenth century imported a sizeable amount of finished British piece-goods and manufactured thread, first *via* Moulmein and then through Bangkok. The market for the imported goods in the northern region was extensive. Townspeople from the *muang* and villagers from the remoter areas purchased and used in varied ways the imported cloth and yarn. Consul Stringer's report offers some insight as to how the *khon muang* used the imported thread. He said:

> Coloured yarns are much used by the natives for weaving the "sin" or parti-coloured petticoat worn by the women, and also for weaving a coarse kind of cloth of which men's coats are made. The yarns are, however, very often re-dyed by the natives to suit their fancy. Dark green is a favourite yarn as it takes the new dye well.[60]

Stringer's report is useful because it indicates that the local cloth weaving industry became even more sophisticated with the advent of imported British

piece-goods in the northern market. There were additional processes to the complex stages in the manufacturing of local cloth. For example, coloured yarns were inter-woven with local ones to produce prettier skirts and imported yarn were re-dyed according to the locals' fancy. The most important point that emerges from Stringer's comment is that the local cloth weaving industry was superior in that its weavers had an aptitude for adaptability and creativity. The import of piece-goods in fact encouraged creativity among the local weavers in order to keep abreast of changes in fashion and preference. No less important was the fact that the imported piece-goods came mainly through Bangkok. In other words, there was a growing economic link between central and northern Siam because of trade.

The Northern Currency: From Rupee to Baht

All business transactions in Chiang Mai and the other northern states were commonly conducted in the Indian rupee. In Bangkok, the accepted mode of currency was the Thai baht.[61] Foreign traders, however, used the name tical to refer to the Thai baht.

The tical was, in fact, the name used by foreigners to refer to the currency in Burma. The word "tical" originated from the Indian word *tacca*[62] which was an Indian stamped silver weight coin. The Mons in Pegu eventually came to pronounce the Indian *tacca*as *t'ke*.[63] Foreign traders in Pegu, however, prounced *t'ke* as tical. After the Burmese conquest of Pegu in 1539, the Burmese adopted the tical but gave it a Burmese name. The Burmese name was *kyat* or *ta kyat* (meaning one *kyat*).

Meanwhile, foreign merchants (Indians, Arabs and Portuguese) were introduced to the Thai baht when they traded at the Siamese occupied territories of Mergui and

Tenasserim.[64] But before Mergui and Tenasserim fell under Thai domination, the tical was the accepted medium of transaction in these places. Long after Thai occupation, Mon and Burmese languages continued to be used at Mergui and Tenasserim. As such, foreign traders applied the Burmese name, which they pronounced as tical to the Thai baht when the latter was first introduced to them. Furthermore, the Thai baht and the tical were both a weight term. They were units of silver with almost identical weight. It is not surprising that the foreign merchants called the Thai baht by the name tical for they were accustomed to the latter long before they came to know of the baht at Mergui and Tenasserim.

In Siam too, the foreign traders used the name tical to refer to the Thai baht.[65] According to a European account of Siam in the 1660's, the baht was one of four kinds of silver money used in Siam. The source said that the silver money "is called bat [sic] in Thai and tical in the vulgar tongue".[66] European accounts in the seventeenth, eighteenth and nineteenth centuries continued to use the name tical when referring to the Siamese coins. British Consular reports throughout the nineteenth century and the early part of the twentieeth century made references only to the tical. On the other hand, documents written by the Thais during the same time rarely mentioned the tical. They used the term baht when referring to Thai coins.[67]

It is misleading to conclude that the tical was the older or the other name for baht simply because foreign traders adopted the name tical for the baht. The Siamese themselves never used the term tical in their original inscriptions. Nonetheless, it became common for Thai editors in later years to translate the term baht in these insciptions as tical.[68] To the foreign traders both the tical and baht meant the same in terms of silver weight and their earlier acquaintance with the tical in Burma influenced

them to use the same name when referring to the baht in Siam. It was, therefore, a foreign name.

In nineteenth century northern Siam, the rupee was the common currency. This was because northern Siam had a long tradition of trading with Burma *via* the trans-frontier trade routes before it had any trade link with Bangkok in central Siam. Following the British occupation of Burmese territories, the Indian rupee came to assume greater importance in Burma. Commercial transactions henceforth were conducted in the rupee. Traders engaged in the caravan trade which involved Yunnan, Chiang Mai and Moulmein adopted the rupee as well.

In 1856, the Siamese baht was placed as a currency on a silver basis, following the opening of the port of Bangkok to international trade. That year, a standard rate of 3 silver coins (Mexican dollars) was adjudged equivalent to 5 baht. The Indian rupee was exchanged at a rate of 7 rupees to 5 bahts.[69] In 1864, when rumours of a depreciating value of silver coins and the circulation of counterfeit coins spread in the Kingdom, King Mongkut issued a proclamation reaffirming the use of the old (1856) rate of exchange.[70]

When the European and Chinese traders began to trade in the north in the latter half of the nineteenth century, they adopted the rupee as a medium of exchange. The increasing commercial transactions using rupees in the north led to a growing demand for rupee which led, in turn, to an appreciation of its value. Also, the demand for rupee created a shortage of that currency in the north. European firms in the north such as the Swiss Company in Bangkok which had an agency in Chiang Mai in 1897[71], resorted to importing the rupee (silver cash) from Burma.

In some instances, the Chinese traders from Bangkok were reported to have made profits, cashing in on the difference between the baht and the rupee. The old standard equivalent was 3/4 of a Siamese baht to a rupee.[72] The exchange rate was by no means consistent throughout this period. The value of the rupee rose gradually against the Siamese baht. At the beginning of 1897, the exchange rate was 95 bahts to 100 rupees. By the end of 1897, however, 128 bahts equalled 100 rupees and later this rate dropped to 117 bahts to 100 rupees.[73] . By early 1902, 125 bahts equalled 100 rupees.[74]

Traders made easy profits by virtue of the difference in currency between the north and Bangkok. It was reported in 1897 that:

> The Chinese importers continued to make large profits not so much on the sale of the goods as by the gain on exchange, as between ticals, the Bangkok currency, and rupees, that [is] in use at Chiang Mai.[75]

The Bangkok traders could sell their goods at relatively lower prices to buyers in Chiang Mai, making less profits but obtaining in return the appreciating rupee. Their substantive profits came when converting the rupee into baht.

Prices of goods sold at Chiang Mai were, as a general rule, not marked up above 15 - 20 % of the Bangkok price.[76] The Chinese could sell the rupee they obtained to the European timber merchants in the north who were willing to pay a slightly higher rate for the rupee. Through this means, the Bangkok traders pocketed for themselves even larger profits.[77] The European timber companies, on the other hand, were willing to pay higher rates to obtain the rupee as all their expenses in the north, such as payment of wages to their workforce, the purchase of rice and other food items to feed these

workers and, in some cases, the bribes and gifts to the forest owners, had to be paid in the Indian rupee.

Thus, the exchange rate for the rupee appreciated due to two factors. Firstly, there was the demand for rupee from the timber firms because of the need to pay their expenses in the north.[78] Secondly, the fact that traders continued to pay royalty and duties on the northern Thai teak floated down the Salween in rupee also increased the demand for the rupee.[79]

But the rupee did not remain in demand for a long time thereafter. Following a trip to the northern region in 1898, Prince Damrong expressed the intention of the government to replace the rupee with the Thai baht in northern Siam.[80] One of the methods adopted to encourage the use of baht was to send the baht to the treasury of every state in *monthon* Phayap (Phayap administrative circle). This was followed by an announcement from the government that taxes as of a certain date would be collected only in baht. To pay these taxes, the people were directed to the respective treasuries to exchange their rupee for baht.[81]

Apart from demands made on the people to use the baht, the Thai government also began to pay the *Chaos* part of their share of the teak royalty in baht beginning from 1903.[82] And in 1904/5, the entire amount was paid in baht. The intervening period between partial payment and full payment in baht was to provide sufficient time for the transition from rupee to baht. Additionally, the government assured the *Chaos* that "any losses due to the market value of the baht in the north, would be made up".[83] In the same year, the timber companies were asked and, subsequently, agreed to pay royalty dues in baht.[84]

As with the royalty payments to the *Chaos* which were made in bahts, so too was the payment of salary to government officials in the north.[85] All these efforts were intended to encourage the use of the baht and eventually to displace the rupee. The existence of a common currency between the north and the other parts of Siam naturally helped to fulfil Bangkok's aspirations of acquiring greater control of the politics and economy of the north.

The transition from rupee to baht took place gradually amidst some opposition among the northern states. By 1909, however, the rupee had been entirely replaced in favour of the baht in both Phrae and Nan.[86] It took a little longer in the other three states. Whereas in 1894 it was said that "the tical [actually baht] has entirely failed to pass as currency",[87] by 1910, it became the chief medium of exchange in Lampang.[88] It took an even longer time for the baht to be widely used in Chiang Mai.

Two groups, namely the Chinese and the teak companies, posed problems to the introduction of the Thai currency in the north. Both groups were reluctant to accept the change as they were then pocketing handsome profits from the fluctuating rates between the currency in the northern and other parts of Siam.

The Chinese traders in the north, particularly, were accustomed to making profits from the fluctuating rates of exchange between the rupee and baht. The Chinese traders brought in a steady supply of rupees into the northern states for purposes of speculation and making profits.[89]

The British timber companies, on the other hand, hoped to make a profit by continuing to pay their workforce in the depreciating value of the rupee. Whereas, in 1902, the rupee was worth more than the baht, by 1909, it had depreciated considerably.[90] But the companies continued to pay their labourers in the rupee as they

did in the past. In this way, the companies made a tidy profit. They continued to bring large amounts of rupee to the northern states. It was only in the late 1920's that the Indian rupee in the northern states began to be completely replaced.[91]

Telegraph and Postal Communications: Central Siam - Northern Siam

Developments in communication between Bangkok and the north took place following the arrival of foreign merchants and their firms in northern Siam. Telegraph and postal communication not only facilitated commercial transactions but brought the northern region into regular and closer contact with Bangkok.

In 1881, a new Ministry of Posts and Telegraph was created in Siam.[92] Prince Bhanurangsi, a younger brother of King Chulalongkorn, was appointed Minister of Posts and Telegraph. The prince was entrusted with the task of setting up a modern postal service in the country. Just two years later, on the 4th. August 1883, Thai post offices opened for the first time.[93] Its services, however, were confined to Bangkok and its suburbs. In 1884, King Chulalongkorn, pleased with the work of the postal department, expressed his desire that the postal services be extended throughout Siam. In a proclamation made at the celebration of his birthday, King Chulalongkorn said,

> The interior postal organisation of our capital having been completed, we intend now to extend it to all the provinces watered by the river Menam as far as Chiengrai.[94]

Following the King's speech, extensive preparations were made to extend the Kingdom's postal services to areas along the Chao Phraya. In the meantime, in March 1885, Siam joined the Universal Postal Union. Other members of the Union included European countries like Germany and Switzerland. Their co-operation helped Siam to

establish a more efficient mailing service throughout the country as well as abroad *via* the international postal link. On 26th. August 1885, a daily postal service between Bangkok and Paknampho was started. Paknampho was an important halting station for the up-country trade between Bangkok and Chiang Mai. It was also made a royalty collection centre for timber floated down from the north. The establishment of a daily postal service from Bangkok to Paknampho benefited the up-country traders as well as foreign timber companies, most of which had their operational base at Bangkok.

On 26th. October 1885, a fortnightly service between Bangkok and Chiang Mai was established. A letter from Bangkok then took 15 days to arrive in Chiang Mai. The American missionaries in Chiang Mai rejoiced over the news of the bi-monthly service. McGilvary went on to say that:

> ... on alternate Wednesdays we send and receive a mail and our letters and papers are only 2 months old when we receive them, instead of from 6 to 10 months.[95]

Furthermore, 21 other places along the postal route between Bangkok and Chiang Mai were made accessible to the postal services.[96] On 21st. March 1883, a telegraph line connecting Bangkok and Tavoy in British Burma was opened for traffic.[97] Two years later, in 1885, the line to Chiang Mai was completed.[98] The extension of the telegraph line up to Chiang Mai, despite frequent interruptions, allowed for the dissemination of market information.

The introduction of telegraph facilities proved extremely useful to the traders operating between Bangkok and Chiang Mai. In the past, traders in the north were less aware of the fluctuations in market prices or any other information pertinent to trade.

Unlike the traditional traders whose commercial activities were determined by the rice cycle[99], the Chinese trade was conducted the whole year round and very market-oriented. Price fluctuations, variation in currency rate, and changes in the purchasing power of the consumer were important considerations in the trade of the Chinese.

The foreign timber companies and the Chinese traders also made other demands on the government for better communication facilities between the north and Bangkok. The extension of the railway system from Bangkok to the northern region was one way of meeting these demands. But the factor that really gave impetus to the construction of the northern line was the Shan Uprising,[100] which broke out in Phrae in 1902.

The uprising was led by a group of Shans who objected to a new burdensome passport regulation which was implemented in 1900 by Siamese officials in the north. The system was introduced by the Siamese government in an effort to check banditry along the Burma-Siam border and to administer more carefully trade with Burma. Shan traders plying the route between Burma and Siam had to obtain these passports from the officials in the north. Additionally, goods carried by the Shans had to be checked in each town along the way to the border. Burdensome fees were also charged on these goods. The passports were expensive and difficult to obtain. All these resulted in delays and reduction in profits for the Shan traders. Their frustrations led to the outbreak of the rebellion. The locals in Phrae soon joined the Shans and the unrest spread to other areas in the north.

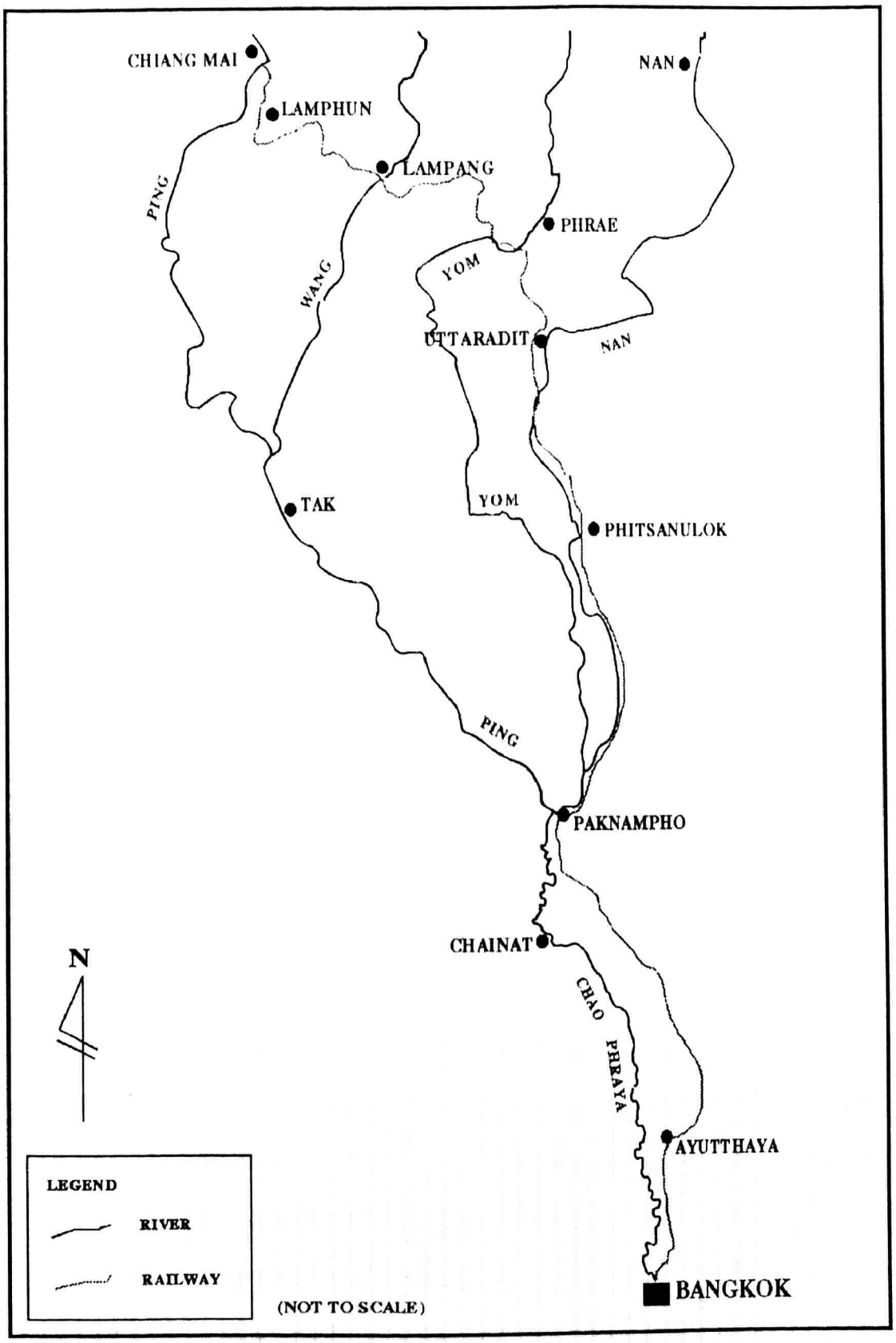
Many Siamese officials were attacked and killed by the Shans with help from the townspeople and the villagers in Phrae and the surrounding areas. Killing and looting stopped only after Bangkok despatched its troops from the south to the northern states. The uprising was suppressed and Bangkok quickly moved in to step up its efforts to prevent future revolts against the central government. While there were only 50 Siamese troops stationed at Chiang Mai in 1900, their numbers were increased to 1600 in 1903 following the 1902 Uprising.[101] The Shan Uprising alerted the Bangkok government to the urgency of bringing the northern states into closer contact with Bangkok. Thus, the construction of a northern railway line was seriously considered by the central government.

The first step towards the construction of a railway line connecting Bangkok and the upper regions of Siam began with the completion of the Bangkok-Paknampho line. This line was opened for traffic in November 1905.[102] Paknampho's role as a transit station in the up-country trade was further enhanced as a result of this link with Bangkok. Goods from Bangkok were transported *via* rail to Paknampho and then loaded into boats to the northern states. But not all goods were transported by rail. Glassware, crockery and fancy articles which were liable to break while on transit from the train to the boats were transported all the way up country by rivers.[103] However, the railway was almost always used in the transport of piece-goods, yarn and similar commodities.[104]

Extension work on the northern railway line commenced from Paknampho. On 24th. January 1908, part of the northern railway line connecting Paknampho and Phitsanulok opened for traffic. The line stretched over 138 km. In November of the

same year, a further section of the northern line between Phitsanulok and Ban Dara, a line stretching over 68 km., was opened. In 1910, the northern railway line was completed as far as Sala Me Phuak, a town about 26 km. (16 miles) south of *muang* Phrae.[105] As a result of the extension, Me Phuak was within two days reach from Bangkok. In sum, the Bangkok-Me Phuak journey by rail and the Me Phuak-Phrae journey overland took five days. In the case of the two *muangs*, *muang* Phrae and *muang* Nan which were located to the far east of the Me Ping, the partially completed railway line to the north reduced the time taken for the transport of goods between these places and Bangkok. The transport of goods by rail lowered the cost of imported goods in Phrae and Nan.[106] Nonetheless, the extension of the railway to the north, although increasingly felt to be a necessity, took a long time to complete.

Two factors delayed the completion of the northern line. Firstly, the construction of the line was abandoned for almost five years during the First World War owing to the shortage of construction materials.[107] At that time, the railhead had reached Lampang and remained there until after the end of the War. Secondly, the threat of colonization by Western powers had receded following the outbreak of the First World War, and Bangkok did not consider it urgent to link the northern region to the rest of the country through the road and rail network. The northern railway line connecting Bangkok and Chiang Mai was finally completed in 1922.



MAP 4 : THE RAILWAYS FROM BANGKOK TO CHIANG MAI

Foreign Labour in Northern Siam

Foreign workforce provided both skilled and unskilled labour required in the teak industry. The forest industry since the times when Burmese subjects worked the forests in the northern region depended largely on imported labour. This was because the local population was generally not interested in working in such industries. There were several reasons for the lack of participation by locals in the labour force of the teak industry.

Corvee or the exaction of compulsory labour without remuneration imposed on the *phrai* was one important reason. All adult males (able-bodied) above eighteen in the country were expected to offer their services to their patrons, the *Chaos* and the King. Corvee obligation, however, occupied at most a period of three months and it was usually requested at times when labour was not required in the rice fields. Hence corvee obligation did not affect the production of rice. But the nature of work in the forest industry, unlike rice planting, required intensive labour throughout the year. Persons corvied to perform work for the King or the *Chao* at any time of the year could not possibly take a job with the foresters.

Furthermore, a job with the foresters required the workers to stay in or around the forest areas. This meant months of absence from their primary occupation of working the rice fields. The emphasis placed on working the rice fields over any other occupation, therefore, discouraged them from taking a job with the timber companies.

The imposition of corvee was not confined to only the people of the country. Compulsory use of their property, in particular the use of beasts of burden as carriers in the construction of roads and bridges, was also not uncommon.[108] Locals were also corvied to help during special occasions such as royal visits and receptions. Section II,

Chapter 4 of the Local Administration Act of R.S. 116 (1897 A.D.), stated that:

> In case of any special service being required, such as preparations for the reception of His Majesty the King, the members of the Royal Family, high officials or distinguished foreigners, the headman may summon the elders of the village in order to render assistance in these preparations, and in such cases, the services of the inhabitants may be required, but no contribution either in money or kind shall be exacted from them.[109]

But abuses in the practice of the system created discontent among the people. The act allowed for a wide application of the system, at the discretion of the *nai kwaeng* (district officers) and the *puyai baan* (village headman). Abuses arising from the inconsiderate acts of the *nai kweng* when recruiting corvee labour were often cited as a cause for grievance. For instance, the assigning of small-built persons to arduous tasks such as carrying large amounts of goods demonstrated inconsideration on the part of the officials. Other abuses included disregard for the length of time for which an individual was expected to avail himself to carry out corvee chores. Sometimes, in anticipation of a delegation from Bangkok, the *puyai baan* would recruit locals to prepare *salas* (rest houses/halting places). Some were recruited for transport purposes and these men were in fact summoned many days before their services were actually required. For example, they might have been recruited for a 20-day job when in actual fact they spent a few days just waiting for the delegation from Bangkok to arrive. The intervening time spent between the time they were recruited and before they started work proper involved much expense as they had to fend for themselves.[110]

The *phrai* were also expected to pay taxes. These taxes were paid in goods, cash or services. In the nineteenth century, taxes paid in goods were more common as there was limited cash in circulation. The *khon muang* (people of the north) paid taxes in kind: rice, betel nut, hides and a variety of forest produce. These taxes were submitted

to the ruling *Chaos*, who engaged themselves in the trans-frontier trade, by selling goods which they had gathered as taxes from the *khon muang*. In fact, it was common for the *Chaos* and the lesser noblemen of Chiang Mai, Lampang, Lamphun, Phrae and Nan to supply goods to the caravaneers engaged in the trade of the region. The *khon muang* were compelled to produce surplus rice, for instance, in order to pay their taxes to the *Chao*. The forest industry, therefore, failed to attract the *khon muang* owing to the difficulties that the people faced when taxes, preferably in goods, had to be paid. Workers in the forest industry were paid wages in cash but the amount was relatively small because of the food and lodging expenses that the employer had incurred.

Both the corvee requirement and taxes in kind were in operation until the turn of the twentieth century. In 1900, a capitation tax of 4 baht on all adult-males of 18-60 years of age was introduced to substitute for corvee. The capitation tax partly eliminated corvee labour as persons not wanting to offer their services could pay the capitation tax and free themselves from being called up for corvee. The Act of 1900, however, had a provision allowing the government to call up the services of the people during emergency such as war or when labour was needed for government projects such as the construction of bridges and canals. Even after the introduction of the capitation tax, there were instances when persons who had paid the tax were still called up for corvee labour. As a result, the imposition of corvee on the *khon muang* was not completely abolished. It continued to place a limit on the extension of wage labour.

European timber concessionaires during the early stage of their entry into the industry lacked experience and suffered from insufficient skilled labour. The Burmese loggers who obtained concessions from the northern princes from about 1830's, on the other hand, lacked capital and had limited international market contact. The European

contractors, therefore, subcontracted their leases to Burmese foresters who had the experience and manpower to work the forests. The Burmese foresters willingly worked these forests which they otherwise would not be able to for lack of capital. In the past, Burmese foresters brought their workforce from Burma; they also used the Shans. Different ethnic groups with respective specialization were employed in the working of the forests.

Skilled labour was provided by the Burmese, Shans and Karens. Unskilled labour was mostly provided by ethnic Khamus, a tribe from the north-east of Luang Prabang in present day Laos. This, in fact, was the area between the watershed of Nam Tha and Nam Hou (sometimes referred to as Nam U).[111] On the migration of the Khamus into northern Siam, Frank M. LeBar observed that:

> ... there is a history of immigrant (males) into Thailand during at least the last 80 years, [from about 1887 to 1967] much of it artificially stimulated by the requirements of European teak firms.[112]

The recruitment of fairly large scaled labour into the teak business was well organized from about the 1890's and right up to the 1930's. The recruitment of Khamus was at its maximum during the 1890's. Only after the phasing out of these European lessees, particularly in the 1920's, were the Khamus replaced by the Karens and the *khon muang*, as the primary source of forest labour. Sompop Manarungsan points out that the Khamu labourers were willing to accept lower wages compared to the local Thai and Chinese labourers and as such they were favoured by the teak firms.[113] Consul Archer made the same observation when he reported in 1891 that the Khamus formed the "only cheap labour for forest and coolie work procurable in all Siam".[114]

(i) Recruitment of the Khamus

Recruitment of Khamu labour was carried out by leaders of the Khamus who were called the *haaj raaj* or *nai roi* (leader of a hundred).[115] These men had experience working in Siam and later turned suppliers of Khamu labour to the timber merchants in northern Siam. The *haaj raaj* recruited men above seventeen years of age, in groups of 15 to 30, from among the youths in their villages. They were recruited to work in the forests for a contract period of one to two years.[116] The Khamus took up various jobs with the foresters but these were mostly categorised as unskilled labour. Khamus engaged as wood cutters or servants were paid annual wages in cash. In 1897, for example, the wage rate ranged from 50 to 90 rupees, but this excluded rice and other foodstuffs which were provided by the employer.

Various reasons have been given for the migration of the Khamus into northern Siam. Firstly, the Khamus had hoped to avoid paying the poll tax of 4 Dollars (8 *s*) per head which was introduced since the French occupied their territory on the east bank of the Mekong in 1893.[117] Seeking a job in the forest industry in northern Siam provided an opportunity to escape the poll tax. Secondly, some Khamus cited the difficulty of earning a living, as a result of their labour services being constantly required for road-making and other public works in their country, as a reason for emigrating.[118]

(iii) Khamu Wage Rate

Wage rates for the Khamu labour in the last decade of the nineteenth century varied from 30 to 90 rupees per annum. In addition, food which comprised rice, tobacco and curry-stuff was provided by the employer and this amounted to approximately 5 rupees a month.[119]

In 1899, Acting British Consul, J. Stewart Black, reported that the number of Khamus in the forests had started declining. Insufficient supply of Khamu labour consequently led to a rise of Khamu wage rates. At the same time, prices of food had increased by 50 per cent. In 1899, a new Khamu recruit received 120 rupees (inclusive of food) whereas, in the past, he would have received, at most, 40 rupees.[120] An experienced Khamu elephant controller[121], on the other hand, could demand 240 rupees in 1899.[122]

In 1901, the number of Khamu labourers increased. An estimated number of 1700 entered northern Siam.[123] As a result, wage rates dropped from 110 /120 rupees to 80/90 rupees per annum (inclusive of food). Still, the Khamus continued to enter northern Siam in search of jobs in the forest sector. They provided relatively cheap labour in the forest industry well into the 1920's.[124]

(iii) Skilled Labour

While unskilled labour was provided by the Khamus, skilled labour which included the training of elephants, over-seeing of forest operations and navigation of rafts in the river was provided by other ethnic groups. Of these the Karens were the most important. Wages paid to skilled labour varied as well.

Boatmen, a skilled profession, were paid 8 bahts in wages in 1898. In 1899, just as the rates for Khamu labour increased, wages for boatmen rose to 11-12 bahts for every trip made. It is important to note that the boatmen were paid in bahts, the Siamese currency, while the Khamus were paid in rupees, the common currency in northern Siam. Boatmen were basically *khon muang* who lived along the main rivers and travelled between Bangkok and Chiang Mai. These people had closer affinity with

Bangkok as well as the merchants and trading firms in Bangkok, hence the payment of wages in bahts.

Wages in cash paid to workmen employed in the forest business meant that cash was now widely circulated in the north. The development of the teak industry led to greater circulation of cash. There was, therefore, a gradual departure from payment in kind and services. It was also the increasing availability of cash that made the implementation of a capitation tax in lieu of corvee feasible. The *khon muang* could pay the capitation tax instead of offering his services under the old corvee system. Nevertheless, as has been pointed out earlier, the capitation tax did not entirely lead to a total exemption from corvee services.

While it is true that the payment of wages in cash by the European timber companies greatly increased the circulation of money, the European timber companies cannot be said to have introduced the concept of cash wages. In the past, prior to the arrival of foreign timber concessionaires, the caravan traders employed two different systems in paying the trade assistants who accompanied them on their trade trips. One was the payment in gifts which were given to kinsmen. The act of giving gifts was called *pan*. The other was the payment of wages for labour which was hired.[125] These included people who had no kinship ties with the trader. They were employed from among the youths in the village and were paid cash emoluments. These employees were paid according to the length of the trade trip. Therefore, payment of wages in cash had been in practice long before the arrival of foreign traders.

Even among the Shan caravan traders, the payment of cash wages to hired labour was not unknown. Shan traders employed fellow Shans and Taungthus to carry goods from one place to another. An average of 15 rupees was paid to a person

employed to carry goods in a trade trip lasting 40 days. The load that each person carried ranged between 50 to 70 lbs.[126]

Overview

The teak industry indeed brought significant changes to the economy and commerce of the northern states of Siam. These changes included the increasing monetization of the economy of the northern states, a wider circulation of cash as a result of the payment of cash wages to the labourers employed in the teak industry and the growth of the trade in imported consumer goods from Bangkok.

It may also be said that the teak industry in the north provided the impetus for the strengthening of economic links between Bangkok and the north. This in turn brought about greater Bangkok administrative control of the northern region. In other words, the growing trade traffic between the north and Bangkok allowed the latter to exert her control over the former *prathetsarat* (tributary) states.

At the same time, Siam's control over the northern states also meant direct control over its frontier trade traffic. The control of the commerce of the northern region enabled Siam to impose new taxes on these acquired provinces. By 1900, the previously lucrative trade between the northern states and Moulmein had been redirected to Bangkok. Through this shift, traders from Bangkok found a large and profitable market for their goods in the north. All these developments helped to increase Bangkok's control of the northern states and with it the central government's revenue.

The loss of revenue by the northern states to Bangkok prompted the *Chao luang* of Chiang Mai, the *Phra Chao* Intrawichayanon (1870-1897) to remark tersely that:

"*muang Chiang Mai lae tae kradu, nuea khao au pai kin sin*"

["Now Chiang Mai is left with only bones, meat they take and eat all"].[127]

It is clear that the growing economic links between Bangkok and the northern region served to benefit Bangkok more than the northern states. The presence of the European powers in neighbouring Burma and Indochina along with the occasions for intervention in the northern states arising from the confrontation among the missionaries, the teak traders and the ruling class in northern Siam were factors which prompted Bangkok to assume firm control of the once autonomous tributary states.

Although the control of the northern states seemed crucial to Siam in order to thwart foreign encroachment into these states, no less important was the fact that the change from the "loose control" to the "absolute control" of northern Siam served to enhance the power of the monarch and the perception of the monarchy as initiator of change in Siam. Finally, and by no means of least importance, was that this control served to nourish the government's coffers.

[1] The Taungthu are also called Thongsu or Pa-O, a Karennic speaking group.

[2] BCR, (Chiang Mai), 1899, p.7.

[3] BCR (Chiang Mai), 1900, p. 7.

[4] BCR, (Chiang Mai), 1897, p. 4.

[5] James Ansil Ramsay, `The Development of a Bureaucratic Polity: The Case of Northern Siam', Ph.D. thesis, Cornell University, 1971, p. 288.

[6] D.J. Edwardes to Consul General Knox, "Report Respecting Chiengmai and other teak districts of Siam" in Chatthip Nartsupha and Suthy Prasertsat (eds.), The Political Economy of Siam, 1851-1910, Bangkok: Social Science Association of Thailand, 1978, p. 179.

[7] BCR (Chiang Mai), 1897, p. 6.

[8] BCR (Chiang Mai), 1896, p. 10.

[9] Ratanaporn Sethakul, `Political, Social and Economic Changes In The Northern States Of Thailand Resulting From The Chiang Mai Treaties of 1874 and 1883', Ph.D. thesis, Northern Illinois University, 1989, pp. 67-68.

[10] Carl Bock, Temples and Elephants: The Narrative of A Journey Of Exploration Through Upper Siam and Lao, Bangkok: White Orchid Press, 1985 (reprint), p. 145.

[11] BCR (Chiang Mai), 1908, p. 3.

[12] Warrington Smyth, Five Years in Siam: From 1891 to 1896, Vol. 2, New York: Charles Scribners's Son, 1898, p. 289. See information given under the heading, " Boat Trade with Bangkok".

[13] Ibid.

[14] BCR (Chiang Mai), 1898, p. 8.

[15] Ibid.

[16] Holt S. Hallett, A Thousand Miles On An Elephant In The Shan States, Bangkok: White Lotus, 1988 (reprint), p. 297.

[17] BCR (Chiang Mai), 1898, p. 8.

[18] Ibid.

[19] Ibid.

[20] BCR (Chiang Mai), 1898, p. 7.

[21] Ibid.

[22] BCR (Chiang Mai), 1896, p. 10.

[23] Ratanaporn Sethakul, `Political, Social, and Economic Changes in the Northern States of Thailand', p. 66.

[24] BCR (Chiang Mai), 1896, p. 10.

[25] Michael Moerman, "Chiangkham's Trade in the `Old Days' "in G. William Skinner and A. Thomas Kirsch (eds.), Change and Persistence In Thai Society, Ithaca, New York: Cornell University Press, 1975, p. 158.

[26] See Ratanaporn Sethakul, ` Political, Social, and Economic Change in the Northern States of Thailand', p. 68. The information was obtained from Mary Backus, Siam and Laos as seen by our American Missionaries, Philadelphia: Presbyterian Board of Publication, 1884, p. 544.

[27] G. William Skinner, Chinese Society In Thailand: An Analytical History, Ithaca, New York: Cornell University Press, 1962 (reprint), pp. 86-87.

[28] Michael Moerman, "Chiangkham's Trade", p. 166.

[29] Ibid., pp. 167-168.

[30] Andrew D.W. Forbes, "The "Cin-Ho" (Yunnanese Chinese) Caravan Trade With North Thailand During The Late Nineteenth And Early Twentieth Centuries", in JAH, Vol. 21, 1987, p. 6.

[31] Ibid., p. 24.

[32] Ratanaporn Sethakul, `Political, Social, and Economic Change in the Northern States ', pp. 58-59.

[33] Michael Moerman, "Chiangkam's Trade", p. 158.

[34] Ibid., p. 164.

[35] Ibid.

[36] BCR, (Chiang Mai), 1902, p. 12.

[37] For a detailed account of the Cjin Ho caravan traders see, Andrew D.W. Forbes, "The "Cin Ho" (Yunnanese Chinese) Caravan Trade With North Thailand During The Late Nineteenth And Early Twentieth Centuries", pp. 1-47.

[38] BCR (Chiang Mai), 1895, p. 2.

[39] BCR (Chiang Mai), 1903, p. 8.

[40] Ibid.

[41] Ibid.

[42] BCR (Chiang Mai), 1908, p. 3.

[43] BCR (Chiang Mai), 1897, p. 10.

[44] Ibid

[45] BCR (Chiang Mai), 1910, p. 9.

[46] Ibid.

[47] Holt S. Hallett, A Thousand Miles On An Elephant In The Shan States, p. 29.

[48] Andrew D.W. Forbes, "The "Cin-Ho" (Yunnanese Chinese) Caravan Trade", pp. 43-44.

[49] Chatthip Nartsupha and Suthy Prasartset (eds.), The Political Economy of Siam, 1851-1910, Bangkok: The Social Science Association of Thailand, 1981, p. 135.

[50] BCR (Chiang Mai), 1898, p. 8.

[51] BCR (Chiang Mai), 1895, p. 2.

[52] Katherine Ann Bowie, "Unravelling the Myth of the Subsistence Economy: Textile Production in Nineteenth-Century Northern Thailand", in JAS, Vol. 51, No.4, November 1992, p. 816.

[53] BCR (Chiang Mai), 1891, p. 6.

[54] BCR (Siam), 1906, p. 12.

[55] BCR (Siam), 1885, p. 6.

[56] Ibid.

[57] Katherine Ann Bowie, "Textile Production in Nineteenth-Century Northern Thailand", p. 818.

[58] BCR (Chiang Mai), 1910, p. 6.

[59] BCR (Chiang Mai), 1909, p. 4.

[60] Cited in Katherine Ann Bowie, "Textile Production in Nineteenth-Century Northern Thailand", p. 817.

[61] The people of Songkhla in southern Siam on the other hand, used the Straits Dollar in commercial transactions. Smyth in his book noted that "the people acknowledged nothing but the dollar of the Straits, as the Lao of the north had refused everything but the rupee".
See Warrington Smyth, Five Years in Siam: From 1891 to 1896, Vol. 2, p. 99.

[62] J. De. Campos, "The Origin of the Tical", in The Siam Society Fiftieth Anniversary Commemorative Publication, Vol. 2, 1929-1953, Bangkok: The Siam Society, 1954, p. 106.

[63] Ibid.

[64] Ibid., p.109.

[65] John Crawfurd, Journal of an Embassy to the Courts of Siam and Cochin China, Kuala Lumpur: Oxford University Press, 1967, p. 331.

[66] John Villiers (trans./ed./), The Natural and Political History Of The Kingdom of Siam, Bangkok: White Lotus, 1989, p. 119.

[67] The Thai baht was not the only Siamese weight unit which was called by a foreign name. The Thai tamlung (4 Baht) and the salung (1/4 of a baht or 1/16 of a tamlung) were respectively referred to as tael and maas. In short, the Thai weights and coins of tamlung, baht and salung were given foreign names and mentioned in European writings as tael, tical and maas.

[68] Robert S. Wicks, Money, Markets, And Trade In Early Southeast Asia: The Development Of Indigenous Monetary Systems To AD 1400, Studies On Southeast Asia Program, Ithaca, New York: Cornell University, 1992, p. 164. See also Footnote (18) on the same page.

[69] "Notice on the Exchange Rate of Foreign Silver Coins" in Chatthip Nartsupha and Suthy Prasartset (eds.), The Political Economy of Siam, 1851-1910, pp. 229-231.

[70] Ibid., p. 231. See also, Reginald Le May, "The Coinage of Siam", in JSS, Vol. 18, Pt. 3, 1924, p. 182-185.

[71] BCR (Chiang Mai), 1897, p. 6.

[72] BCR (Chiang Mai), 1902, p. 13.

[73] BCR (Chiang Mai), 1897, p. 5.

[74] BCR (Chiang Mai), 1902, p. 13.

[75] BCR (Chiang Mai), 1897, p. 5.

[76] BCR (Nan), 1896, p. 17.

[77] See BCR (Chiang Mai), 1898, p. 8.
"When high prices are offered in Chiang Mai for rupees required by the timber companies for their expenses, goods are sold off at a minimum of profit and the Chinaman makes a good thing out of the exchange".

[78] BCR (Chiang Mai), 1902, p. 13.

[79] Ibid.

[80] James Ansil Ramsay, `The Development of a Bureaucratic Polity', p. 292.

[81] NA, Kh. 26/10, Prince Damrong to King Chulalongkorn, 29/1015, 22 May, 1899 cited in James Ansil Ramsay, `The Development of a Bureaucratic Polity', p. 292.

[82] BCR (Chiang Mai), 1903, p. 8.

[83] James Ansil Ramsay, `The Development of a Bureaucratic Polity', p. 293.

[84] Ibid.

[85] BCR (Chiang Mai), 1903, p. 8

[86] BCR (Chiang Mai), 1909, p. 5.

[87] BCR (Chiang Mai), 1894, p. 7.

[88] BCR (Chiang Mai), 1910, p. 18. See under sub-section, Nakawn Lampang, Phre and Nan.

[89] James Ansil Ramsay, `The Development of a Bureaucratic Polity', p. 293.

[90] BCR (Chiang Mai), 1908, p. 7.

[91] James Ansil Ramsay, `The Development of a Bureaucratic Polity', p. 294.

[92] Paul P. Lindenberg, "The Early Postal History Of Thailand", in Selected Articles in Journal Of Siam Society, Vol. 4, 1959, p. 195.

[93] Ibid.

[94] Ibid., p. 199.

[95] NCP, 27 Jan, 1886, p. 2.

[96] Paul P. Lindenberg, "The Early Postal History of Thailand", p. 200.

[97] BCR (Siam), 1883, p. 2.

[98] BCR (Siam), 1885, p. 4.

[99] Michael Moerman, "Chiangkham's Trade", p. 166.

[100] For details on the Shan Uprising see, James Ansil Ramsay, `The Development of a Bureaucratic Polity', pp. 209-234. See also his, "Modernization and Reactionary Rebellions in Northern Siam", in JAS, 38/2, Feb, 1979, pp. 283-297.

[101] Anan Ganjanapan, "The Differentiation of the Peasantry and the Complex Patronage Relationship Under Forced Commercialization, 1900-42", in Prakai Nontawasee (ed.), Changes in Northern Thailand and The Shan States, 1886-1940, Singapore: Southeast Asian Studies Program, Institute of Southeast Asian Studies, 1988, p. 250.

[102] BCR (Chiang Mai), 1905, p. 7.

[103] BCR (Chiang Mai), 1910, p. 6.

[104] Ibid.

[105] BCR (Chiang Mai), 1910, p. 10.

[106] BCR (Chiang Mai), 1909, p. 4.

[107] Suthy Prasartset, `A Study of Production and Trade of Thailand, 1855-1940', Ph.D. thesis, University of Sydney, March 1975, p. 273.

[108] F.O. 371/984, Annex 4: "Memorandum on the Corvee System as applied in the Monthon Payap" (Chiengmai Consular District), in Mr. Peel to Sir E. Grey, No. 27, Bangkok, 5 May, 1910, p. 1.

[109] Ibid.

[110] Ibid., pp. 2-3.

[111] See F.O. 69/141, "Report on a journey in the Me-kong Valley, by Mr. W.J. Archer", p. 9. Archer provides details on the Khamus. According to Archer, the language of the Khamus differs greatly from the Lao, they are also darker and smaller but far more hardworking, active and thrifty.

[112] Frank M. Le Bar, "Observations On The Movement Of Khmu? Into North Thailand", JSS, Vol. 55, Pt.1, January, 1967, p. 64.

[113] Sompop Manarungsan, Economic Development of Thailand, 1850- 1950, Bangkok: Institute of Asian Studies, Chulalongkorn University, 1989, p. 134.

[114] F.O. 69/141, "Report on a journey in the Me-kong valley, by Mr. W.J. Archer", p. 9.

[115] The term *nai roi* is used to refer to the same in the British Consular Report. See, BCR (Chiang Mai), 1897, p. 11.

[116] Some reports, however, state that the minimum period of contract was two years.

[117] BCR (Chiang Mai), 1897, p. 11.

[118] Ibid.

[119] BCR (Chiang Mai), 1899, p. 6.

[120] Ibid.

[121] Not to be confused with elephant trainers or mahouts who were predominantly ethnic Karens.

[122] BCR (Chiang Mai), 1899, p. 6.

[123] Sompop Manarungsan, Economic Development of Thailand, p. 132.

[124] Ibid., p. 134.

[125] Michael Moerman, "Chiangkam's trade'", p. 162.

[126] Warrington Smyth, Five Years in Siam: 1891-1896, Vol. 2, p. 288.

[127] Author's translation. See, Saratsawadee Prayunsathien, "Krabuankanruam huamuang prathetsarat Lan Na Thai khao su suan klang (Ph.S. 2427-2476), [Process of Consolidating the Tributary States of Lanna Thai/Northern Thai States into the Central State (A.D. 1884-1933)]" in Warasan Sangkhomsat, Chiang Mai University, Vol. 5, No. 1, April-June 1981, p. 32.
The remark was made by the *Chao luang* of Chiang Mai after the Phaya Phep Rebellion. The rebellion which broke out in *amphoe* (district) Nongchom in 1889 was a result of the burdensome taxes imposed on both fruiting and non-fruiting betel nut trees in northern Siam.