CAPITALIST DEVELOPMENT AND THE OVERSEAS CHINESE ECONOMY: THAILAND

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I. INTRODUCTION

THE GREAT MAJORITY of overseas Chinese economies are distinctively capitalist and of a type characteristic of underdeveloped countries in general if one looks at the predominant mode of production displayed by each. A look at the number of overseas Chinese employed in the industrial sector reveals the remarkable development of overseas Chinese commodity economies. Overseas Chinese economies have, in fact, been essentially exchange economies. (Cf., [25, Chapters 2 and 3].)

The object of this paper is to examine the growth and development of overseas Chinese capitalism[1] which has its roots in the commodity economies of overseas Chinese communities. Special attention will be given to the example of Thailand.

Although Southeast Asia was not his main concern, Gorō Hani in *Tōyō ni okeru shihonshugi no keisei* [The formation of capitalism in Asia] focused his attention on two main problems: (1) the nature of pre-capitalistic society in Asia (i.e., the problem of the Asiatic mode of production), and (2) the formation of capitalism in Asia (i.e., the problem of the transition to the stage of world imperialism) [3, p. 153].

The first problem raises the question of whether or not the mode of production just prior to the formation of capitalism in overseas Chinese communities can be accurately described as Asiatic (despite the survival of the Asiatic communal way of life) (see [11] and translator's note to [11]). It should be noted in this connection that the role of the agricultural sector in the growth of capitalism in overseas Chinese economies in Southeast Asia has not been particularly great. Divorced from agriculture both in the China homeland and in the host countries abroad, the agricultural sector of overseas Chinese economies appears to undergo considerable modification. In the case of overseas Chinese capitalism, Hani's first problem, then, concerning the nature of pre-capitalistic society appears to be more a question of the feudalistic economic relations in commerce and industry such as the formation of craft guilds, etc. The emergence of an embryonic form of capitalism here similar to that of old China should be noted.

Hani's first problem is of minor importance, however, and it is to the second problem, the more important question of the formation of capitalism in Asia that we now turn our attention. After the mid-nineteenth century which saw the

[1] "Capitalism" will be used throughout this paper to refer to the growth and development of capitalistic ventures and industrial capital investment.

advent of imperialism in Asia under the guise of foreign capital, various capitalistic relations of production began to appear in Southeast Asian economies. Capitalism developed fairly rapidly in overseas Chinese economies at the same time. This growth occurred in areas where Chinese capital investments did not enter into direct competition with foreign capital interests or where Chinese capitalist ventures were clearly subordinate to foreign ones (some Chinese ventures, it should be noted, were able to compete successfully with foreign concerns in certain areas of the economy and acquire controlling interests). It is here that the special nature of "primitive accumulation"[2] (i.e., not only the accumulation of wealth in the hands of capitalists, but also the creation of wage labor which is peculiar to it)[3] and its importance for the formation of Chinese capitalism in the face of foreign capital invasions and particularly imperialism should be examined.

A third feature of overseas Chinese capitalism that merits our attention, I feel, is the formation of embryonic capitalist monopolies not based entirely on the concentration and centralization of total production which appeared in several sectors of the economy, especially after World War I, as the comparatively rapid development of overseas Chinese capitalism became conspicuous.

A fourth and final feature that bears examination is the rapid growth of state capitalism (i.e., where the concentration and centralization of production and capital reach such a high stage that the State creates monopolies which dominate the economy) in underdeveloped countries after World War II accompanied by the equally rapid growth of bureaucratic capitalism in Southeast Asian countries such as Thailand, Indonesia, South Vietnam, and Burma. These developments spurred the growth of overseas Chinese capitalism and thereby the growth of monopolies, both of which have come to benefit from direct government protection.

The last three of the four problems considered briefly above (to which might be added the development of commodity economies) are causitive or "developmental" aspects of the general problem of overseas Chinese capitalist development. The more important "inhibiting" aspects of the problem, however, deserve special mention.[4] For example, although the capitalist development of overseas economies was stimulated by the penetration of various capitalist production

2 For the meaning of quotation marks, refer to the following Section V.

3 "The process, therefore, that clears the way for the capitalist system, can be none other than the process which takes away from the labourer the possession of his means of production; a process that transforms, on the one hand, the social means of subsistence and of production into capital, on the other, the immediate producers into wage-labourers. The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production." [10, Vol. 1, p. 714]

4 Mao Tse-tung says of old Chinese society, which was in the same condition: "However, the emergence and development of capitalism is only one aspect of the change that has taken place since the imperialist penetration of China. There is another concomitant and obstructive aspect, namely, the collusion of imperialism with the Chinese feudal forces to arrest the development of Chinese capitalism." [9, p. 310] "As China's feudal society had developed a commodity economy, and so carried within itself the seeds of capitalism, China would of herself have developed slowly into a capitalist society even without the impact of foreign capitalism. Penetration by foreign capitalism accelerated this process." [9, p. 309]

relations into the economies of host countries, this did not lead to the further development of Chinese capitalism itself which was already in its incipient stage. In fact, this actually hindered capitalist development in the overseas Chinese economy in several instances. Furthermore, although the development of state and bureaucratic capitalism stimulated the growth of overseas Chinese capitalism by encouraging the growth of monopolies, in most cases this really meant the growth of a few large-scale Chinese capital holdings while the growth of small- and medium-sized capital which constituted the majority was inhibited.

Foreign capital interests, local ruling elites in host countries, and the large, comprador capital amassed by overseas Chinese made it profitable to perpetuate feudalistic production relations in the interest of more effective control. The inhibitive influence that foreign capitalism, particularly imperialism, and state and bureaucratic capitalism have exerted on the capitalist development of overseas Chinese economies is more important in the long run than the developmental role these forces have played.

We should note here that overseas Chinese capitalism is still underdeveloped and for the most part still maintains its former associations with foreign capital and feudalistic forces (including those of the old Chinese homeland). Of these latter, associations with local feudalistic powers of host countries are not particularly strong, and with the exception of Taiwan, ties with the feudal powers of old China have virtually disappeared. The growth of Chinese capitalism overseas, then, is more progressive and less feudal in nature than the capitalism that developed in the old Chinese economy.

These are some of the major problems that arise in connection with the development of capitalism in overseas Chinese economies in underdeveloped countries in general and in Southeast Asia in particular, regions which are dominated by foreign capital and imperialism. The particular view I have taken of these problems will become clearer as I examine the development of overseas Chinese capitalism in Thailand from a historical perspective.

II. THE GROWTH OF COMMERCE AND MONEY-LENDING

China established economic relations with Thailand during the Sui Dynasty (A.D. 589–618). Tributary trade relations were unbroken from the Sui to the end of the Ching Dynasty, China exchanging handmade goods (and luxury items) for the underdeveloped tributary country's rice and other traditional products [2, p. 305]. Chinese coming to Thailand during this early period were engaged for the most part in the sea trade (sailing from the ports of Chuanchow in Fukien and Kuangchow in Kwangtung). Farmers, artisans, and other occupational groups migrated to Thailand aboard Chinese junks plying the China-Thai trade [18, Chapter 1, A, B].

Thailand's foreign trade was primarily with China and consisted of the royal trade and private trade. Chinese traders easily monopolized both private trade and shipping as most cargo was carried in Chinese junks built in Thailand by overseas Chinese. Chinese traders also actively participated in the royal trade

[18, p. 99], forming a union with the royal powers.[5]

It was Chinese junk activity from the eighteenth to the middle of the nineteenth century that enabled Bangkok to become the major distributing center in the Indo-China peninsula [20, p. 26]. The earliest Chinese economic activity in Thailand was the maritime trade controlled by merchants from Fukien and Kwangtung provinces.

After settling in Thailand, Chinese traders gradually made inroads into the Thai domestic trade. By the thirteenth century, Chinese merchants had settled at several ports in the Siam Bay. Settlement was especially heavy to the south, and as early as the sixteenth century, there was a Chinese quarter in Ayutthaya, the capital city at that time. Chinese goods and wares were displayed there in abundance toward the end of the seventeenth century at which time there were about ten thouasnd Chinese living in Thailand (cf., [18, Chapter 1, A, B]).

Chinese commercial capital was thus amassed primarily in Thai cities. It should be noted that Chinese junks loaded with Chinese merchandise immediately turned into floating retail shops upon arrival at ports, especially Bangkok [18, p. 106]. In other words, commercial capital amassed from the lucrative sea trade was subsumed in the commercial capital formed in the city.

The influence of Chinese capital was soon felt as a matter of course in the villages of the hinterland. Before the Bowering Treaty with Britain in 1855, Thai rural trade had been limited mainly to bartering, and little exchange took place between villages or regions. Limited exchange was probably due to the fact that because of the low productivity achieved under the feudal system, villages and regions constituted natural or subsistence economies. The undeveloped transportation system was also an important factor in limiting exchange, although where water transport did evolve along large rivers and in the central plains region, a brisk commerce did appear.

By the time Thailand was opened to foreign trade in 1855, inter-regional commerce appears to have been controlled largely by Chinese capital. Chinese merchants carried Chinese and eventually even Western goods into areas accessible by waterway and penetrated, though to a lesser extent, into the interior of the country using farm products or money as a means of exchange [6, p. 19]. The advance of Chinese merchants into Thai villages, then, provided a rural base for the accumulation of Chinese commercial capital and at the same time helped force Thai farm villages based on natural economies into a commodity market economy. A large commercial network of Chinese in mainland China, Hong Kong, and other Southeast Asian countries soon sprang up.

The circulation of goods in the incipient commodity economies established in rural areas was of little significance compared to the one-way flow of products from farm villages to the capital city, Bangkok as tax payment to the royal court. Before 1855, taxes were usually paid in kind. Chinese merchants came to play an important role as contracted tax collectors for the King [6, p. 19].

Although this one-way flow of products was not commerce in the strict sense

5 Cf., [19, Chapter 1]. The same applies to the other Southeast Asian countries.

of the word, significantly it was through this traffic that large overseas Chinese capital holdings were amassed. Using these holdings as a capital base for money-lending activities, Chinese merchants, through loans to feudal landlords and farmers, began to accumulate loan or usury capital. This process was accelerated by the establishment of a monetary tax system which replaced the feudal corvée system toward the end of the nineteenth century. Chinese merchants increasingly came to act as money-lenders (cf., [18, pp. 107–8]).

It should now be clear that Chinese commercial capital holdings and usury capital are of long standing in the overseas Chinese economy in Thailand. As Hisao Ōtsuka has noted, however, this activity was pre-capitalistic[6] in that its profit was derived directly from the exchange process although the ultimate source of profit lay in production. It was therefore different from modern capital formation where industrial capital derives its profit directly from the production process.[7] Modern capitalism can become a possibility only after the formation of overseas Chinese capital in the productive sectors: agriculture and industry.

III. CAPITAL FORMATION IN THE AGRICULTURAL SECTOR

Lenin divided "the development of capitalism in Russia" into two phases, agricultural and industrial (cf., [8]). Unlike Malaysia and Indonesia, "production" in the overseas Chinese economy in Thailand refers primarily to industrial production. For the sake of chronology, however, we will examine briefly the role of agriculture in the overseas Chinese economy.

Of the transition from a feudal mode of production to a capitalist one, Marx wrote the following:

> The transition from the feudal mode of production is two-fold. The producer becomes merchant and capitalist, in contrast to the natural agricultural economy and the guild-bound handicrafts of the medieval urban industries. This is the really revolutionizing path. Or else, the merchant establishes direct sway over production. However, much this serves historically as a stepping-stone—witness the English 17th-century clothier, who brings the weavers, independent as they are, under his control by selling their wool to them and buying their cloth—it cannot by itself contribute to the overthrow of the old mode of production, but tends rather to preserve and retain it as its precondition. [10, Vol. 3, p. 329]

The Ōtsuka school of economic history ascribes the decisive role in the formation of capitalism not to the transformation of commercial capitalists into industrial capitalists,[8] but rather to the growth of autonomous independent farmers[9]

[6] "Pre-capitalistic" capital including commercial and usury capital was prevalent worldwide before the formation of capitalism. Max Weber's use of the term "irrational capital" which pre-dated "rational" or industrial capital may be closest to the concept of "pre-capitalistic" capital.

[7] Refer to Hisao Ōtsuka, "Iwayuru zenkiteki-shihon naru hanchū ni tsuite" [Concerning the category of so-called pre-capitalistic capital], in [15].

[8] The evolution of a "pre-capitalistic merchant type" (*zenkiteki shōnin-gata no michi*) according to Ōtsuka.

[9] The evolution of a "medium-sized producer type" (*chūsanteki seisansha-gata no michi*)—Ōtsuka.

into industrial capitalists.[10] The former path of development proposed by Marx and the latter one by the Ōtsuka school, however, do not appear to hold true for underdeveloped economies under the sway of foreign capital and imperialism, especially in the overseas Chinese economies in Southeast Asia.[11] It will be helpful here to cite the example of overseas Chinese agriculture in Thailand. Sugar and sugar refining in nineteenth century offer typical examples of independent Chinese farmers in Thai villages being transformed first into agricultural capitalists and then into industrial capitalists resulting from the separation of agriculture and industry in their operations.[12]

In the early nineteenth century, a considerable number of Chinese settled in the lowlands of southeast Thailand and the agricultural regions in the southwest. They married Thai women and lived much as farmers lived in south China. In addition to rice, they cultivated tobacco, pepper, sugar cane, seri leaf, cotton, fruit, and vegetables. When it became apparent that specialization would be more profitable, the farmers began to concentrate their efforts on a variety of money crops, the most important of which was sugar cane. Sugar was first introduced as a cash crop to southeast Thailand in 1810 by Teo-chiu settlers and within ten years became Thailand's leading export crop.[13] Sugar plantations were built with Chinese capital accumulated from the cultivation of sugar. There are reports of Chinese sugar plantations as early as the 1820s, about thirty years before the country was opened to foreign trade. The plantations were owned almost exclusively by overseas Chinese who settled in Thailand in the nineteenth century or by their descendants (*lukjin*). Plantation owners employed Thais at first, but as their plantations grew, they came to depend more and more on Chinese immigrant labor. The largest plantations were built in the *jangwats*[14] of present day Chonburi, Chachoengsao, and Nakhonpathom.

The growth of Chinese sugar plantations stimulated the development of refineries financed by Chinese capital. During the peak period of sugar production in the 1850s and 1860s, several thousand Chinese workers were employed on plantations and in sugar refineries. It is reported that in Nakhonpathom Jangwat alone there were more than thirty refineries, each employing between two hundred and three hundred Chinese workers. The growth and development of capitalism both in the agricultural sector of the overseas Chinese economy and in the processing of the agricultural products is evident here.

10 Hisao Ōtsuka, "Kindai shihonshugi hattatsu-shi ni okeru shōgyō no chii" [The position of commerce in the history of the development of modern capitalism], in [15]. Note supplementary explanation 2 in particular: "Kindai-ka katei ni okeru futatsu no michi" [Two approaches to the modernizing process], in [15].

11 This, of course, is not surprising. Both Marx and Ōtsuka have been concerned with the development of capitalism in economically progressive countries. Here we are dealing with underdeveloped countries which yield a different set of data.

12 For the following historical facts see [18, pp. 111–12].

13 From the fact that Thai sugar was included in shipments to Holland by the Dutch East India Company between 1622 and 1649, we may infer that Thailand's own sugar industry as well as the history of Thai sugar exportation must be older [13, p. 134].

14 A *jangwat* is a Thai administrative unit corresponding roughly to a province.

During the period following the opening of Thailand to foreign trade in 1855, the Chinese sugar industry declined rapidly due to the better grade of sugar produced on Western plantations and in refineries in Southeast Asian colonies like Indonesia. Chinese produced sugar was driven out of the market also partly because wages suddenly rose in response to the increased demand for Chinese workers in Bangkok. The Chinese sugar export industry had come to a halt by 1889 as a result. Only a few refineries, run in conjunction with breweries in most cases, continued to operate.

Capital formation in Thai Chinese agriculture took place with the growth of producers who constituted independent farmers into industrial capitalists. In most instances, however, there was a lack of one of the two preconditions of primitive capital accumulation, the creation of wage labor. Furthermore, with the advent of imperialism, Chinese capital holdings were no longer able to compete with foreign capital and were submerged by the wave of foreign investment that swept the country.

The development of capitalism in the agricultural sector of the overseas Chinese economy in Thailand was therefore not possible in the "really revolutionizing" and "autonomous" sense described by Marx and Ōtsuka. This development did become possible, however, when Chinese commercial capitalists invested their accumulated wealth directly in the more lucrative money crops, especially in the rubber plantations which grew up during the era of imperialism. Tomoyoshi Okada has pointed out that "the unique problem of the less advanced capitalist countries is that because capitalism is introduced from outside the country, pre-capitalistic commercial capital is transformed directly into industrial capital without being discarded."[15]

One important feature of the overseas Chinese economy was the practice of Chinese merchants (commercial capital holdings) of recruiting men from their native provinces in China and helping them find employment in various industries in the host countries (new arrivals were often employed by their benefactors first, usually in commerce). Even prior to the invasion of foreign capital and imperialism, the dominant pattern of capital formation consisted of Chinese commercial holdings being transformed into industrial capital through the medium of men recruited from the homeland and put to work in industry with their compatriots' assistance. Here it is not a question of commercial capitalists transforming themselves into industrial capitalists, but rather of capital holdings in the hands of commercial capitalists being transformed into industrial capital.

N.A. Simoniya has written:

> The first Chinese plantations of tobacco, sugar cane, and various spices (pepper, etc.) had appeared in Southeast Asia long before it fell under the domination of foreign commercial capital. They belonged to Chinese merchants most of whom did not operate the plantations themselves but merely financed the . . . Chinese "kunsi." [17, p. 77]

[15] [14, p. 378]. Okada may in fact here be referring to such countries as Germany and France where capitalism started late. I feel, however, that Okada's view can be applied to the underdeveloped countries of today also.

Although these merchants invested in several productive areas of the economy including agriculture, direct capital investment was typical mainly of the industrial sector.[16] This point will be emphasized in another section when we examine the growth and development of capitalism in overseas Chinese industries. In the interest of preserving our chronology, however, we must first take up the development of overseas Chinese craft guilds and the handicraft industry.

IV. THE GROWTH OF CRAFT GUILDS AND THE CHINESE HANDICRAFT INDUSTRY

As we noted in Section II, farmers, artisans, and other occupational groups arrived as settlers in Thailand aboard Chinese junks plying the international trade between China and Thailand. By the end of the sixteenth century, there was a Chinese quarter in Ayutthaya, the capital city, and by the end of the seventeenth century, shops owned by Chinese craftsmen as well as those of Chinese merchants were ubiquitous.

During this period, most Thai manufactured goods were supplied by Thai farmers producing for their own use. Native industries produced necessities for the most part and consisted of silk and cotton weaving, dyeing, pottery, and hat and paper manufacturing. Other manufactured goods were provided by indentured artisans working for feudal lords. These handicrafts included essentially luxury items such as gold plating, inlays, and metal and gem work. Soon after their arrival, Chinese craftsmen who settled in Thai cities gradually began to take over native Thai industries.

By 1855, most craftsmen were Chinese who already exerted a controlling influence in such diverse areas as tin-plating, clothes manufacturing, leather work and shoe making, brick making, pottery, furniture making, dyeing, embroidering, stone cutting, carpentry, carriage making, glass manufacturing, gold and silver work, copper and iron work, ceramics, boat making, and the building of several classes of junks. All of these products were well-known crafts of the period [6, pp. 17–18] [18, p. 117].

According to Bruno Lasker, Chinese artisans were able to exert a powerful influence over the manufacture of these goods largely because hereditary succession among native Thai craftsmen eventually stiffled their creativity resulting in technical regression [7, p. 103]. It seems to me, however, that one must also take into account the existence of powerful guilds brought to Thailand by immigrant artisans from cities in China which were able to maintain a high level of technical skill in the handicraft industry. Skinner also refers to the existence of guild organizations [18, p. 118].

The guild system, although feudal in nature, was nonetheless better organized and therefore better able to increase productivity than the indigenous system of

[16] Since the agricultural sector was not well developed, the growth of overseas Chinese capitalism appears to have depended heavily on the industrial sector of the economy. This was particularly true of Thailand.

hereditary succession. Chinese youth were apprenticed to the workshops of overseas Chinese artisans in Bangkok much as they had been in the cities of south China. Furthermore, Chinese craft guilds in Thailand closed their doors to all non-Chinese, and as in the homeland, they limited the production of specific goods to the men of certain regions.[17] Even today, a few old men in Bangkok can testify to the fact that specialization by individual regional (dialect) group was strictly adhered to until the turn of the century [18, p. 118].

We have seen that the Chinese handicraft industry underwent considerable development during the eighteenth and nineteenth centuries. Capital formation had not as yet taken place, however, for hand-crafted products did not lend themselves to a capitalist mode of production where production stems from the relations established between capitalists and wage laborers. These Chinese enterprises were still in the pre-capitalistic stage of guild-bound handicrafts tied to a system of apprenticeship. A powerful guild system, however, tends to inhibit the further growth of productivity thus hindering rather than enhancing the growth of capitalism. Furthermore, the influx of foreign commodities which was stepped up rapidly in the late nineteenth century worked to undermine the Chinese handicraft industry in the cities. The capitalist development of Chinese industry was not tied to guild regulated crafts but rather grew out of the investment of Chinese commercial capital holdings in the industrial sector of the overseas Chinese economy based on the characteristic "primitive accumulation" of capital.

V. THE "PRIMITIVE ACCUMULATION" OF CHINESE CAPITAL AND THE COLONIZATION OF THE THAI ECONOMY

In theoretical terms, the primitive accumulation of capital is the point of departure for the transition from a feudalistic mode of production to a capitalist one. According to Marx, as ". . . a primitive accumulation . . . preceding capitalistic accumulation; an accumulation not the result of the capitalist mode of production, but its starting-point," it forms ". . . the pre-historic stage of capital and of the mode of production corresponding to it" [10, Vol. 1, p. 713, 715].

If underdeveloped countries, noticeably Chinese communities in Southeast Asia, have not in fact transformed themselves from feudal into capitalist societies, then it would be a logical contradiction to speak of the primitive accumulation of overseas Chinese capital. Furthermore, since overseas Chinese economies cannot be separated from the economies of the host countries of which they are an integral part, Chinese communities cannot make the transition to capitalism until the host country itself has first done so.

The capitalist mode of production has been developed to a considerable extent in overseas Chinese economies, however, in contradistinction to the economies of host countries, although this mode of production has not achieved pre-eminence over other modes. To begin our discussion, then, of the remarkable progress

17 For instance, the natives of Teo-chiu or of Kwangtung. Certain crafts were limited to even smaller, more exclusive groups such as the natives of Teo-yang or Teo-an, regions within Teo-chiu.

of capitalism in early overseas Chinese economies long dominated by a feudalistic mode of production, we would like to examine first the accumulation of overseas Chinese capital, the point of departure which we shall call the period of "primitive accumulation."

By "point of departure" we are referring only to the temporal aspect of capitalist development and not to the point at which an economy is said to "take-off." In this sense, "primitive accumulation" never got off the ground. Although considerable wealth was accumulated by Chinese capitalists in various forms resulting in the rather conspicuous development of overseas Chinese capitalism, in fact this accumulation failed to provide a real point of departure or bring about a genuine take-off of the economy. This is one reason, then, why the "primitive accumulation" of Chinese capital was deformed and why it would be a contradiction in terms to refer to it as such. The second reason concerns the creation of wage labor and will be dealt with in a later section.

During the latter half of the nineteenth century, pre-capitalistic commercial capital holdings were actively invested in contract monopolies which controlled the importation of pepper, leather, and opium. In addition to the revenue contracts mentioned earlier, Chinese merchants collected taxes on opium and liquor transactions, lotteries and gambling, and even on liquor manufacturing. All of these activities involved the close cooperation of Thai feudal rulers and resulted in the accumulation of considerable wealth. The amount of money paid to Chinese contracted to collect taxes on opium, liquor, lotteries, and gambling upon which the Chinese economy itself thrived, is said to have amounted to 40–50 per cent of total Thai Government revenues throughout the latter part of the nineteenth century. As a result of the Bowering Treaty of 1855, Chinese commercial capital lost some of its hold over trade. New taxes were created, however, which made up for these losses by accruing considerable wealth to Chinese merchants through new revenue contracts [18, pp. 118–28, especially pp. 118–20].

Skinner postulates that an overwhelming amount of Chinese income remained in the country and was re-invested [18, p. 227], although some Chinese holdings were surely sent back to China. Accumulated capital was without doubt partially re-invested in commercial enterprises and used for money-lending activities, and a good share of it must surely have been diverted into real estate holdings such as houses, hotels, and office buildings. As Naosaku Uchida has noted, such ventures were unproductive, a feature characteristic of Chinese capital investments in general [21, pp. 144–45].

There is no denying, however, that a significant amount of accumulated Chinese capital was directed at industrial investment which resulted in the further growth of capitalism in the overseas Chinese economy.[18] The colonization of the Thai economy by the imperialist powers gave Chinese capital a new impetus.

Because migrant Chinese laborers often wished to return home rich and successful as soon as possible and because overseas Chinese, as foreigners, were barred

[18] This was true, of course, only where such investment did not compete directly with foreign interests or where it was subordinate to them.

from acquiring political influence in national affairs, their capital holdings were not invested in farm land still under the sway of feudalism, but in residential land in cities or in plantations instead. Chinese merchants, then, were successfully prevented from becoming landlords or bureaucrats and were therefore devoid of direct political influence in Thailand. Lack of direct political power is one of the salient features of overseas Chinese economies in general and one of the factors that differentiate these economies from that of China.

While Chinese commercial capitalists did not seek to become feudal landlords through land investment, they did become collectors of goods for the foreign market and distributors of foreign goods on the domestic market. Although Chinese merchants were dependent on foreign trade and acted as compradors for foreign capital, the fact that they shared common activities with foreign capital interests seemed to promote the growth of capitalism in the overseas Chinese economy.

In contrast to the formation of classical capitalism where accumulated wealth is re-combined with newly created wage labor in a natural and automatic way, here the colonial economy serves as a lever for the re-combination. Furthermore, the revenue contract system monopolized by overseas Chinese that flourished toward the end of the nineteenth century was abolished, at least in principle, by 1910. The capitalist development of the Thai economy itself was the primary reason for this [18, p. 121]. Accumulated Chinese capital was guided into new fields of investment opened up by the colonization of the Thai economy in scuh areas as foreign trade, financial enterprises, transportation and lumber industries, rice milling, tin mining, and rubber plantations.

A sizeable sum of pre-capitalistic commercial capital was accumulated through the monopoly held on revenue collection. Not only was this an instance of early monopoly capital, but the colonization of the Thai economy gave commercial capital investment a new impetus, and a sizeable portion of these holdings were invested in new fields. The abolition of the contract monopoly encouraged this growth further.

It is now possible to redefine "primitive accumulation" in the overseas Chinese economy as a type of capital accumulation accruing from contract monopolies and forming early monopoly capital. Here the role of the colonization of the Thai economy (and the abolition of contract monopolies) in giving primary impetus to the development of Chinese capitalism overseas should be cited. This may be thought of as the earliest type of capital accumulation which gave rise to other forms after the failure of the actual primitive accumulation to bring about a take-off of the economy.[19]

[19] This practice of monopoly in capitalism at an early stage fulfilling the need for primitive accumulation seems to have been seen also in Europe (Hisao Ōtsuka, "Shoki-shihonshugi ni okeru iwayuru 'dokusen' ni tsuite" [On the term "monopoly" in early capitalism], in [15]).

Accumulation of great wealth by pre-capitalistic Chinese capital overseas through the monopolistic contracting system can be seen in other Southeast Asian countries such as Malaysia, Indonesia, the Philippines, etc. See, for example, [23, pp. 76–78, 134, 221–27, especially pp. 76 ff.] [12, pp. 23–25, 28–30] [22, pp. 113–19].

Overseas Chinese capital was accumulated in other forms as well such as commercial capital and usury capital, or occasionally was accumulated abroad, but especially at home, from such diverse sources as minor guild masters, independent small producers, so-called national capital (roughly equivalent to industrial capital), and even wage earners, or was accumulated as state capital which was merged with bureaucratic capital. There were also numerous ways of elevating Chinese holdings into large-scale capital by acting as compradors for foreign capital. Conversely, large-scale holdings could be reduced considerably by the same means, resulting in ruin.

The major factor leading to "primitive accumulation" which served as the point of departure for Chinese capitalism in Thailand was the Chinese controlled revenue contract system which lasted from the late nineteenth century until the beginning of the twentieth century. These diverse sources of overseas Chinese capital accumulation spurred the rapid development of capitalism in the overseas Chinese economy.

Kōji Iizuka has noted in this connection that Chinese commercial capital directed toward industrial investment does not necessarily mean the complete transformation of the former into industrial capital. It is rather a question of a temporary transmutation, so to speak, of commercial holdings into industrial capital which displays a strong tendency to transform itself back again into other forms of capital, especially commercial capital. For example, when conditions become unfavorable, factories are sold out [5, p. 131]. Indeed, it is because of this tendency that I have mentioned only direct investment by Chinese commercial capitalists in the productive sectors and have refrained from referring to the transformation of Chinese commercial capitalists into industrial capitalists. This is the commercial character of Chinese capital, and it is for this reason that Chinese industrial capital cannot easily be termed modern.

So far we have limited our discussion to one of the two aspects of primitive accumulation. We must now proceed to an analysis of the process by which the means of production were expropriated from the peasantry and wage labor created following upon the dissolution of the peasantry. This process is equally if not more important to capital formation than concentration of the means of production and capital in the hands of capitalists. To the extent that "primitive accumulation" of Chinese capital was accomplished within the framework of the native society, it necessarily helped create a part of the wage labor force needed by urban Chinese industry after the expropriation and dissolution of the native Thai peasantry had taken place.

Foreign capital and the national leadership elites (particularly the feudal landowning class) that control Southeast Asia generally fear the dissolution of feudalism itself which is the economic basis of their power. They attempt to preserve this situation and have been rather successful until recently. We may therefore consider that the expropriation of wealth, particularly the means of production, from the national peasantry and the further concentration of wealth in the hands of overseas Chinese capitalists as a result of "primitive accumulation" have not resulted in the destruction of the expropriated national peasantry or in their on-going transformation into an urban proletariat and that this twofold process was not cumulative.[20]

It is next logical to expect wage labor to be joined with the large accumulation of Chinese capital outside the host country. Needless to say, a part of the continuously created wage labor was supplied from China due to the dissolution of the Chinese peasantry, a part of which emigrated.

Here Marx's analysis of colonialism is literally applicable: ". . . the expropriation of the mass of the people [i.e., the national peasantry] from the soil," which Marx describes as "the basis of the capitalist mode of production" [10, Vol. 1, p. 768], has not yet occurred. Furthermore, "so long . . . as the labourer [i.e., immigrant Chinese] can accumulate for himself—and this he can do so long as he remains possessor of his means of production—capitalist accumulation and the capitalistic mode of production are impossible. The class of wage-labourers, essential to these, is wanting" [10, Vol. 1, p. 767].

> The absolute population here increases much more quickly than in the mother-country, because many labourers enter this world as ready-made adults, and yet the labour-market is always understocked. The wage-worker of today is to-morrow an independent peasant, or artisan, working for himself. He vanishes from the labour-market. . . . This constant transformation of the wage-labourers into independent producers, who work for themselves instead of for capital, and enrich themselves instead of the capitalist gentry, reacts in its turn very perversely on the conditions of the labour-market. [10, Vol. 1, pp. 769–70]

The "primitive accumulation" of Chinese capital, therefore, is contingent not on the mere fact of Chinese migration but on *the great amount* of it. Since primitive accumulation (used here without quotation marks) failed to take place, a continuous flow of immigrants became necessary to maintain the growth-rate of overseas Chinese capitalism which was bolstered by subsequent capital accumulation in a variety of forms. Chinese immigration into Thailand continued until very recently when a rather large number of native Thai laborers came on to the market.

Growth was assured by the large-scale emigration abroad of Chinese from the middle of the nineteenth century well into the 1920s (immigrants began arriving in Thailand en masse during the 1880s). Although a sizeable portion of the immigrant labor force was unavoidably employed by foreign capital invested in the colonial development of these countries, it should not be forgotten that a great many Chinese laborers crossed the ocean after the middle of the last century seeking employment by the great wealth accumulated by pre-capitalistic Chinese entrepreneurs operating the revenue contract system.

The special feature of Chinese capitalism in Thailand and perhaps of overseas Chinese capital in general is that during "primitive accumulation," the two processes involved in the primiitve accumulation of capital are separated, one being

[20] Here again, it is not entirely accurate to speak of the primitive accumulation of overseas Chinese capital in the strict sense of the word.

accomplished in the host country, the other being accomplished first in the mother country and then joined with the former. This pattern of "primitive accumulation," leading to the influx of Chinese labor from the mother country (created in the mother country in great numbers through exploitation by foreign capital) and to the further accumulation of wealth by overseas Chinese capitalists thereby creating a greater demand for immigrant labor, developed cumulatively from the union of wage labor and capital which embraced China and the overseas Chinese societies in one self-containing system independent of the indigenous economy. The appearance of foreign capitalism in the host countries under the banner of colonialism and imperialism served to join the two aspects of "primitive accumulation" and effected the transformation of accumulated wealth into capital.

VI. THE GROWTH OF CAPITAL INVESTMENT IN INDUSTRY

In this section we will examine a typical example of the transformation of pre-capitalistic Chinese commercial capital into industrial capital. The rice milling industry in Thailand, a traditional Thai Chinese industry, is the hub of all Thai industry and the overseas Chinese economy in Thailand as well. Certain difficulties present themselves, however, in attempting to capsulize the history of the rice milling industry in Thailand which developed from a feudalistic mode of production first into a small commercial enterprise, then into a "manufacture," and finally into a mechanized industry.

Perhaps we should acknowledge with Kyūzō Asobe who claims the absence of a genuine "manufacture" era in the old Chinese economy, the absence of a similar period in the Chinese rice milling industry in Thailand, in the entire Thai Chinese economy, and perhaps in other Chinese economies in Southeast Asia as well, when small enterprises and "manufacture" dominated production.[21]

In Thailand, this stage was never reached because the Chinese rice milling industry was dominated by pre-capitalistic overseas Chinese commercial capital[22] in rice exporting which became a subsidiary manufacturing industry (or was placed under a putting-out system) in order to acquire a fuller measure of control over rice exports. Furthermore, overseas Chinese capital was invested in mechanized factories directly without passing through the intermediary stage of small enterprises and "manufacture."

According to Kameji Yasuhara who surveyed the rice milling industry in Thailand after World War I, Chinese mills were still owned and managed by large export businesses [24, p. 47]. Since then, however, the rice milling industry has confined its operations to milling only and industrial capital investment has become more pronounced [6, p. 73].

When speaking of commercial capital being transformed into industrial capital

21 [1, pp. 180–81]. Note that this in itself does not mean the lack of small enterprises and "manufacture" in the Chinese rice milling industry and in the overseas Chinese economy in general.

22 Or more precisely, commercial capital in conjunction with overseas Chinese maritime and domestic capital holdings.

in overseas Chinese economies, then, it is important to remember that we are not dealing, as Marx noted,[23] with merchants having sway over production in control of small enterprises acting as monopolists who transform themselves into industrial capitalists.[24] Rather we are dealing on a higher level with merchant capitalists directly engaged in building large-scale mechanized factories.

Lenin's five-stage schema for development is thought to be improbable or at least not a likely possibility in underdeveloped countries controlled by foreign capital and imperialism, particularly in the Chinese economies of these countries.[25] Phan Gia Bên states that in nearby Indo-China, merchant capitalists who should have exercised direct control over craftsmen and transformed themselves into industrial capitalists having direct control over the manufacturing process were for the most part Japanese and overseas Chinese who acted as compradors for foreign, particularly French, capital. This prevented the development of a capitalist industrial management. He seems to believe, however, that if the merchants acting as monopolists had been Vietnamese, the accumulated capital would have been invested in land and money-lending activities and not in capitalist industry.[26]

Let us now examine in some detail the early history of the Chinese mechanized rice milling industry in Thailand. Rice had been a main export item even before the opening of the country in 1855 [6, pp. 22–24]. A good amount of rice was exported to China by Chinese merchants working within the framework of the tributary trade between China and Thailand which consisted mainly of gifts to the Chinese imperial throne. After 1855, the export of Thai rice to China increased by leaps and bounds. In 1858, a rice milling factory equipped with a steam engine was built by an American firm. By 1864, three mechanized factories had been built, and by 1867, five more had appeared, managed by European and American capital [18, pp. 17–18, 103]. The devastating blows suffered by the domestic milling industry operated by Thais in the country-side as well as the Chinese mills in the cities can well be imagined.

The disastrous effect this had upon the non-mechanized, craft-oriented traditional Chinese milling industry created several favorable conditions for the growth of a new mechanized rice milling industry in the Chinese economy. The opening up of the country to foreign trade undermined the Thai agrarian subsistence economy and destroyed the domestic milling industry in the country-side by supplying large amounts of unprocessed rice to large-scale factories in the cities, thus creating simultaneously a market and a labor force for the further development of the industry.

The new market meant an enlarged domestic market due to the destruction of farm cottage industries. At the same time, it also meant the expansion of the foreign market through link-ups with the world market after 1855, the opening

23 Refer to Section III for quotation.

24 According to Lenin, the last of the five forms of commercial in small enterprises or "the highest form of commercial capital" [8, pp. 395–96].

25 That it did not become the dominant pattern should also be relevant to advanced countries.

26 [16, pp. 113–14]. Note that the above does not mean the lack of factory management by Chinese in old Indo-China.

of the country. The labor force was recruited not from the indigenous Thai population but from the large influx of Chinese immigrants that arrived during the 1880s.

The Chinese economy in Thailand had already undergone "primitive capital accumulation" in the form of the revenue contract system—the critical factor in the formation of a capitalist rice milling industry. The direct connection with the world market after 1855 and the emergence of a mechanized milling industry owned by European and American capital provided the external stimulus for large-scale Chinese investment in the new milling industry for the sole purpose of controlling rice exports. Here, factors such as the relatively small capital outlay and low level of technology required by the milling industry and the hold Chinese capital had on rice collecting became important [18, pp. 104–5].

A sizeable chunk of Chinese commercial capital went toward the establishment of mechanized milling factories. In 1870, the British consul reported the requisition by overseas Chinese for steam operated milling machines from Great Britain. By 1879 the number of steam-operated mills owned by Chinese was equal to the number owned by Europeans and Americans, and numerous new factories sprang up in Bangkok and the surrounding area. The number of milling factories rose to seventeen by 1889, twenty-three by 1895, and numbered more than fifty in 1912 on the eve of World War I. In the meantime, few new factories were opened by Europeans or Americans while existing ones were sold out to Chinese or burned down leaving only three foreign controlled factories in operation in 1912 [18, pp. 103–4].

The opening of the country in 1855, then, stimulated the growth and development of capitalism in the Chinese rice milling industry and served as a sort of "industrial revolution" bringing the Chinese rice milling industry—and the Thai milling industry as well—to the stage of mechanized production.

During the post–World War I period at which time industrialization in underdeveloped countries progressed rather rapidly, all European owned factories were either sold out to Chinese entrepreneurs or closed down. In 1919, although ten out of sixty-six big factories were owned by Thais, Chinese were in direct control of even these. In the 1920s, there were seventy-one large factories in Bangkok alone. Some of these factories began using electricity and gasoline engines in the place of steam at this time [18, p. 213].

It is reported that approximately ten thousand Chinese workers were employed in Bangkok's rice and lumber milling factories during the first part of this century [18, p. 115]. There were four lumber mills in 1891 (including European-owned ones) and eleven in 1908. Besides the steam-operated mills, many were also hand-operated. The number of mechanized rice mills (including those owned by Europeans) stood at fifty-three in 1912 (including probable hand-operated mills), and we may easily suppose that large Chinese owned factories employing several hundred workers existed.

After World War II, Bangkok's rice mills produced from 60 to 550 tons of rice daily averaging between 200 and 220 tons a day. A typical Ta Chen factory produced 200 tons a day and employed 110 workers. Even during the 1920s when the productivity of labor was low, factories in Bangkok were already producing between 100 and 300 tons of rice a day [18, pp. 214, 345–46].

VII. THE GROWTH OF CAPITALIST MONOPOLIES

Many overseas Chinese economies, lacking centralized, concentrated production, are small-scale and of low productivity, their capital base being limited to the narrow confines of feudalistic blood and community relationships involving primary and extended families, provincial compatriot organizations (or dialect groups), and friends. It is here, however, that we find the emergence of capitalist monopolies, although these monopolies are not dominant nor in some cases even significant in the context of the economies of host countries. The influence of these monopolies within the overseas Chinese economy itself, however, is very great. After Hsü Ti-hsin who labeled the bureaucratic capital of old China "Chinese monopoly capital," and referred to it as "semi-colonial monopoly capital" differentiating it from the monopoly capital of advanced countries, we will refer to the capitalist monopolies in overseas Chinese economy as semi-colonial overseas Chinese monopoly capital or more simply as just overseas Chinese monopoly capital.[27]

Here we should note that the formation of monopolies has been joined with the development of state and bureaucratic capitalism in the host countries of overseas Chinese communities in a way that goes beyond the narrow limits of the Chinese economy. Such Chinese monopolies are very much in evidence in Thailand where they appear to occupy an extremely important place in the Thai economy. For this reason we could well refer to these monopolies as Thai monopoly capital or Thai semi-colonial monopoly capital following Hsü Ti-hsin's usage. Overseas Chinese monopoly capital would then become a part of Thai monopoly capital.

In the following section we will discuss forms of monopoly capital which go beyond racial boundaries. The important features of overseas Chinese monopolies which have their base in the concentration of capital within overseas Chinese economies are: (1) The distinct formation of capitalist organizations as contrasted to the guild organizations of the middle ages. (2) The formation of monopoly organizations such as cartels, syndicates, and trusts, especially in the commercial sector. (3) The formation of conglomerates, particularly combinations of "concern"-like enterprises joining commercial and financial enterprises (overseas Chinese zaibatsu). (4) The importance of banks and other financial institutions in monopoly formation although these conglomerates were originally

[27] [4, Chapter 5, especially pp. 78–79]. This is the second edition. In the first edition, bureaucratic capital in old China is called "Chinese type of monopoly capital." If the same change is applied in our case, the term would be "overseas Chinese type of monopoly capital." As to the question of whether or not to admit the concepts of "monopoly capital," "monopolistic capitalism," and "state monopoly capitalism" with respect to today's underdeveloped countries, see Chung-hsun Yu [26].

commercial as in the case of foreign trading companies. (5) The control of overseas Chinese economies by a few big capitalists (overseas Chinese monopoly capitalists).[28]

VIII. THE GROWTH OF STATE AND BUREAUCRATIC CAPITALISM AND THE OVERSEAS CHINESE ECONOMY

In 1910, external controls were imposed on the Chinese economy in Thailand. The Thai Government's policy of suppressing the local Chinese economy reached its peak in 1938 when the first Phibun Cabinet was formed and again in 1948 when the second Phibun Cabinet was organized. The national government implemented a series of measures designed to inhibit the growth of the overseas Chinese economy while insuring the rapid development of the Thai economy under state capitalism. This provides us with an excellent example of the formation of state and bureaucratic capitalism, both regulated in fact by bureaucratic capitalists.[29]

While Chinese capital began flowing into other countries when it was no longer able to operate freely in Thailand, at the same time it began to show signs of merging with state (= bureaucratic) capital in order to avoid suppressive government policies on one hand and, more positively, to realize greater profits from the combination on the other.[30]

Along with the growth of state (= bureaucratic) capitalism, the capitalistic development of the overseas Chinese economy—especially the formation of private monopolies tied into the state monopoly—was furthered. Let us illustrate this development by looking once again at the rice milling industry.

The Chinese rice milling industry in Thailand had already passed through its "industrial revolution" or mechanized stage by the end of the nineteenth century. By the 1920s electrification had begun, and the industry had expanded to the point where small factories began to appear far into the country's interior as the railway network was extended further inland. Before the end of this decade, rice mills were over-producing and some bankruptcies had already occurred [18, pp. 213–14]. About the time the Phibun Cabinet was formed in 1938, state-bureaucratic capitalism began creeping into the Thai rice milling industry. This new form of capitalism, however, had connections with the Chinese rice milling industry from the very beginning.

After World War II, many small factories were built in the inland districts by overseas Chinese. In 1956, only eight of fifty large-scale factories in Bangkok were owned by Thais (including perhaps factories with a state-bureaucratic capital base) indicating that the remaining forty-two were in Chinese hands; even most

28 For a detailed discussion, see [25, Chapters 6, 7, and 9].

29 State capitalism refers to a stage of development where a capitalistic State directly assumes control of and exploits the means of production. Bureaucratic capitalism here refers to a situation in which production is concentrated in the hands of bureaucrats who do not own controlling shares in the state corporation but manage and control it.

30 For a more detailed discussion, see [25, Chapters 9 and 10].

Thai-owned factories were managed by Chinese. What is noteworthy in the post-war period is that an increased percentage of the labor force employed in these factories (and also in other industries) was now Thai; this trend was strongest in the interior provinces where the great majority of laborers in rice mills were no longer overseas Chinese [18, pp. 345–46]. This fact speaks eloquently of the rapid class dissolution of the peasantry in Thai rural areas and of the birth of Thai wage labor.

More important than the "Thai-ization" of the labor force, however, were the "Thai-ization" of capital, the combination of Chinese rice milling capital with state-bureaucratic capital, and the merger of overseas Chinese capitalism with state-bureaucratic capitalism. These events furthered capitalist development in the Chinese rice milling industry. We can observe here the formation of capitalist (private) monopolies which are closely linked to the state monopoly although not yet based on the complete centralization and concentration of production.

Thahan Samakkhi (re-named Saha Samakkhi in 1955), one of the enterprises belonging to the most powerful political and economic organization in Thailand, the Thai War Veteran's Association, played an important role in this process. In 1946, a small Chinese rice miller in the northeast province of Udonthani named Yang[31] began organizing the Chinese rice millers in his region. The Chinese millers felt the need to organize in view of the fact that in order to secure adequate transportation facilities it was necessary to bribe railroad officials while competition among each other raised bribe costs considerably. Within a year, Yang had successfully organized twenty rice millers and established the Northeast Rice Millers Association.

In view of oppressive government policies, however, Yang felt the need of direct state political support and approached Colonel Phin, head of the Thahan Samakkhi and later to become Field Marshal and one of the Big Three in Thai politics. At that time, the Thahan Samakkhi was engaged in the soft drink business with little success, so from 1947 to 1948, Phin reorganized the enterprise admitting members of the Northeast Rice Millers Association as new stockholders. By 1949, seventy factories in northeast Thailand had joined the Association and become stockholders.

Exercising complete control over the Northeast Railroad Line, Samakkhi alloted a certain portion of its transportation facilities to member millers, and stockholding millers supplied at least half of their finished product to Samakkhi in return. Samakkhi sold the millers' rice to the Government and then exported it to foreign countries on the Government's behalf since only the Thai Government could legally export rice at this time. In 1952, the Northern Rice Millers Association was established at the initiative of Samakkhi, and by the end of the year, 132 member factories of the two associations had become stockholders in that organization.

As one of the three leaders of the 1951 coup d'etat, Field Marshal Phin became

31 The names used here are fictitious following the practice of G.W. Skinner. Yang's real name was Wang Mu-neng.

one of the most powerful Thai politicians. After the coup, Samakkhi always counted key armed forces personnel and government bureaucrats on its board of directors and received regular advances from the Government. For example, in 1952 it received a government loan of 40 million baht.[32]

In 1954, two monopoly organizations were set up in the north and northeastern districts. In the northeastern district, most of the rice millers in Udonthani, Nongkhai, Sakonnakhon, and Nakhonphanom Jangwats (provinces) were organized into a joint stock company with capital assets of 10 million baht invested jointly by their regional factories and by Samakkhi. In the northern district, twenty-nine out of thirty factories in Chiangmai and Lampang Jangwats were combined to form another organization having total capital assets of 15 million baht invested jointly by the northern factories and Samakkhi. All but seven of the twenty-nine factories in the latter group were Chinese owned, but their organization had a fifteen member board of directors, most of whom were Thais (possibly high ranking army men and bureaucrats). The President was General Sarit, one of the Big Three in the 1951 coup.

In January 1955, the longstanding government rice monopoly was abolished and vigorous competition among Chinese rice traders and millers was revived. Inevitably, these groups tied in with state-bureaucratic capital for the reasons mentioned earlier and tended to merge with state-bureaucratic capitalism. In July 1955, three organizations backed by overseas Chinese capital (the Bangkok Rice Millers Association, the Rice Merchants Association, and the Northern Rice Millers Association) and three companies controlled by government or state-bureaucratic capital (the Thai Rice Company, the Thahan Samakkhi, and the Bangkok Trading Company) merged to form the Thailand Rice Exporters Association and assumed control of all matters relating to rice exporting [18, pp. 346–50].

Yang (36th by order of influence according to Skinner), Hsiao (38th), Huang (52nd), and others formed an exceptionally strong Thai-Chinese conglomerate backed by the Bank of Ayutthaya. Members included Police Director-General Phao, Field Marshal Phin, General Sarit, Police Colonel Adun Adundetjarat, Police Lt. General Luang Phichitthurakan, Lt. Colonel Phra Prajonpatjanuek, and Major General Siri Siriyothin. This membership included the Big Three of the 1951 coup plus the Minister of Trade.

Although this conglomerate developed out of the rice milling industry, because it was organized as a type of overseas Chinese zaibatsu based on amassed capital, it was organized, like a Chinese conglomerate, around financial and commercial enterprises. Included in its membership were, besides the Bank of Ayutthaya and Saha Samakkhi, two insurance companies, four industrial firms including NEDCOL (the National Economic Development Corporation), the Thai Rice Syndicate, the Pork Syndicate, and a rice trading company, all of which are Sino-Thai enterprises [19, p. 306].

Conflicts of interests among Big Three factions (the General Phao faction, the Field Marshal Phin faction to which Yang belonged, and the General Sarit faction)

[32] There were about twenty baht to the dollar at this time.

became intensified, and in October 1958, General Sarit ousted the other two assuming absolute control. In December 1963, General Sarit died and General Thanom Kittikhajon came into power. These events have no doubt brought about a great many changes.

IX. CONCLUSION

We have viewed the emergence and development of capitalism in overseas Chinese economies through the Thai rice milling industry. Although the milling industry is based upon the most important sector of the Thai economy, rice producing agriculture, it being an export industry aimed primarily at foreign markets prevented it from realizing a significant accumulation of capital thereby hindering the development of capitalism in both the overseas Chinese economy and in the Thai economy itself.

Inland milling factories were built in close proximity to the rice supplying country-side, and it was only later that distance from major markets became important. Capitalist development of the Chinese rice milling industry in Thailand took place within the structure of the colonial economy which assumed the proportions of a monoculture.

We must not overlook the fact that, although the Chinese milling industry in Thailand appeared to be free from the influence of European and American capital and to provide a base for the accumulation of industrial capital, in fact the industry developed only under the control of Chinese commercial capital and well within the structure of the colonial economy. The development of capitalism in overseas Chinese economies was possible only in fields free from competition with foreign capital or where such ventures were clearly subordinate to foreign capital investments.

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