

## Research Note: Characteristics of Local Entrepreneurs in Nakhon Ratchasima City\*

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### I Introduction

This paper analyzes the characteristics of entrepreneurs on the basis of research that I conducted over one year (from February 1991 to February 1992) in Nakhon Ratchasima (NM), with special reference to NM City (Theetsabaan Muang NM).<sup>1)</sup> I focus on the features of local businessmen (literally: all were male), especially those who are influential figures in NM City, and the process of their formation, with emphasis on their business activities. The ultimate objective of my research in NM City is to show why the Thai economy came to have a centralized structure, that is, an economy in which almost all functions are concentrated in a single city, Bangkok. This paper

**Table 1** The Top Ten Cities in Thailand, 1989

Rank	City	Population	Area (km <sup>2</sup> )
1	Bangkok Metropolis	5,832,843	1,565.2
2	TBM* Nonthaburi	227,492	38.9
3	TBM Nakhon Ratchasima	206,605	37.5
4	TBN* Chiang Mai	164,382	40.0
5	TBM Hat Yai	139,357	21.0
6	TBM Khon Kaen	131,472	46.0
7	TBM Nakhon Sawan	107,907	27.9
8	TBM Ubon Ratchathani	99,023	29.0
9	TBM Songkhla	83,863	6.7
10	TBM Udon Thani	81,979	8.3

Source: Thailand, NSO [1991], Samrit [n.d.] and survey by the author at Samnakaan TBM Nonthaburi (the Municipal Office of Nonthaburi).

Note : See footnote 1) for a definition of local cities.

\* TBM and TBN are abbreviations of *theetsabaan muang* and *theetsabaan nakhon*, respectively.

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\* As a rule, Thai names and words are romanized based purely on pronunciation. As with all rules, this one has some exceptions—two, in fact. One is the case of nationwide politicians and political parties whose names often appear in English newspapers and magazines, the spellings of which I have followed to avoid confusion. The other exception I have made is for those individuals who gave me name cards with their names written in English, where I have spelled their names as they did on their cards.

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1) In this paper, *theetsabaan* is defined as a local city. For this definition, I am indebted to Hashimoto [1989: 415–417].

concentrates on local entrepreneurs in NM City; and my ultimate objective will be fully argued on another occasion.

NM City is virtually the second largest city in Thailand after Bangkok Metropolis, in other words, the first among local cities, and this is why I selected it as a field site. Although, as Table 1 shows, its population in 1989 of 206,605 was smaller than that of Nonthaburi City, which made a great leap to the top among local cities through a large expansion in area in 1988, the latter is located in the suburbs of Bangkok, and can be regarded as part of Greater Bangkok.

## II An Outline of the Economy in Nakhon Ratchasima

### II-1. A Brief Economic History

NM City<sup>2)</sup> is located 256 km from Bangkok in the southwest part of Northeast Thailand and has been important since the Ayutthaya Period (1351–1767) as one of the main trading centers of Thailand. NM City was originally a transit center. Various products from the rich forests of the region were collected there and transported to Ayutthaya by caravans of oxcarts and *kwian*, a local cart. Trade between NM City and Vientiane became so prosperous that the flow of goods between Vientiane and Ayutthaya was diverted to the pass from Nongbualamphuu (Udon Thani Province) to NM City instead of the route along the Pa Sak River, which had previously enjoyed more traffic [Kachirat 1989: 14, 17–19].

Geographical factors helped NM City to develop as a trading center in the region, or as the gate to the Northeast. The Northeast is to a degree a locked area, with mountain ranges both to the west and the south. The Saraburi-Khorat pass through the narrow opening between the two ranges (where today's Friendship Highway runs) was for a long time the main point of access to the Northeast from the Center [Donner 1978: 631; Kachirat 1989: 15]. NM City was located on this pass, and was a center near to Central Thailand. Thus traffic between Ayutthaya (Bangkok after the fall of Ayutthaya) and the Northeast was obliged to pass through NM City and eventually goods transported from Central Thailand and the Northeast, and from further regions, came to be traded there.

When the difficulty of communication was partly conquered by the opening of the railway from Bangkok to NM City in 1900, economic relationships between NM City and Bangkok began to strengthen. The positive effect that the opening of this railway had on NM City was shown in the increase of the amount of rice that was transported through NM City to Bangkok. This rice contributed to Thailand's rice exports, which increased sharply after the Bowring Treaty was signed. According to Ingram [1971: 47], after the railways reached NM City, "shipments of rice and paddy began to move from the vicinity of Korat [Khorat] to Bangkok." The volume of rice shipments from the Northeast increased more as the railway extended further into the region. By 1935, the

2) NM City (Theetsabaan Muang NM) was established in 1935, following the enactment of the Municipality Act of 1933. When I refer to the pre-1933 period, 'NM City' will be used to indicate the rather populated district that existed in NM, or to be more precise, the area inside the fort (1,700 by 1,100 m) that was established by King Narai (r. 1656–1688) in the Ayutthaya Period.

Northeast provided nearly 20 percent of total Thai rice exports [*loc. cit.*].

However, the Thai government was sluggish in following up this expansion of the railway network into the Northeast after 1900. It was not extended eastward to Ubon Ratchathani until 1926, or northward to Nong Khai until 1955. Vella [1978: 81–82] explains why Thai officials hesitated to develop the Northeast even though they felt strongly that it was necessary. According to Vella, they were compelled to hold railway extensions in abeyance for fear of goading France, which wanted to hold the lands drained by the Mekong River under her control. At that time, France was expanding her power in Indochina and had succeeded in gaining large territories that had been under Bangkok's suzerainty from 1867 to 1907 [Wyatt 1984: 195–196, 201–208]. If the Northeast had been equipped with a well-organized railway, NM City might have grown faster through deepening economic relations with Bangkok.

## II-2. *The Second Indochina War and the Chatichai Government*

Besides the construction of the railway, two other factors had a distinctive effect on the economy of NM City. One was the Second Indochina War (1960–1975), the other the Chatichai government (August 1988–February 1991). The Second Indochina War certainly exerted a favorable influence upon the economy of NM City because one of the five US air bases in the Northeast was located in NM. This base was stationed by the United States army from 1963 to 1975, and fully so from 1965 to 1975.<sup>3)</sup> It is difficult to show the effect of the war on NM with such indicators as growth rate of Gross Provincial Product (GPP) because of the limitation of available data. I can thus only give a rough description of the improvement in economic conditions in the Northeast.

As a result of having these US military bases, the Northeast as a whole came to obtain “one of the best transportation systems in Asia” [LePoer 1989: 72]. In addition, the stationing of US forces seemed to improve regional income distribution by boosting the economy of the Northeast. According to Ikemoto's estimation [1991: 57–65], income inequality in terms of household income between the Northeast and the whole kingdom decreased during the period from 1962 to 1975, and that between the Northeast and Bangkok decreased from 1962 to 1981. It can be assumed that the existence of US bases was one of the factors which improved the income distribution between the Northeast and other regions. In NM, the local economy might well have expanded faster than those of other provinces of the Northeast which had no US bases.

Gen. Chatichai Choonhavan, who has been an elected member of parliament for NM Province since 1975, was elected prime minister in August 1988. Although he held that position for only roughly two and a half years until February 1991, when his government was brought down by a coup d'état, the Chatichai government exerted a considerable effect on the economy of NM. It is widely said that he took the initiative in starting several projects in NM that aimed at boosting the local economy. Several large projects were promoted during those two and half years, such as the ‘Thailand Agricultural and Industrial Exposition 1992’ (EXPO), the Suranaree Technology University (STU), which is the first university outside Bangkok that stresses the teaching of modern

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3) Based on the survey by the author at the Second Army base in NM.

technology, and a project to widen the Friendship Highway (Saraburi-NM). Although the Chatichai government inherited the last two projects from its immediate predecessor, that of Gen. Prem Tinsulanonda, Chatichai announced that it was he and the Chart Thai Party that had brought these projects to NM after he was in power [*KRWYKI* 2 October 1991; *PCT* 12-14 December 1991]. Some projects might have been backed by members of parliament for NM who, in the last Chatichai government formed in December 1990, held high positions in those ministries which were responsible for these projects. In that cabinet, 6 of the 15 members of parliament for NM Province held ministerial positions, including the prime minister. One of them became a deputy minister of communications, which had considerable power in deciding nation-wide transportation projects, and another 2 members of parliament were inaugurated as deputy education ministers. The interests of Suwat Liptapallop, a deputy minister of communications at that time, seemed particularly to be reflected in the Friendship Highway project, because a building contract company which he ran with his family in Bangkok obtained a contract to expand a part of that highway [Thonkorn 1991]. Handley [1992] reported that "there was no official project-handling procedure [in the Chatichai government], so a single minister could formulate a project or concession of any size and forward it to the cabinet" and that "with strong support from cabinet colleagues, a concession project could be finalized without consulting the Finance Ministry, the NESDB [Office of the National Economic and Social Development Board], or the ministry's own planning staff." *AWSJ* [13 July 1992] also mentions that the system aggravated pork-barrel politics in Thailand and that "the parliament approves only broad budget outlines for each ministry, after which the cabinet decides how the money is spent." It is likely that those schemes originated with an influential figure whose interests were linked with NM. The fact that both the EXPO and STU projects were postponed after Chatichai's government was overthrown seems to support this argument.

Having a native son as prime minister, NM was economically stimulated through these big projects. However, the data of GPP in 1988 and 1989, the latest available, do not show outstanding growth in NM Province compared to the rest of the country at that time, although they do indicate a rather high growth rate in NM Province (Table 2). The period that Chatichai was in power, from 1988 to 1991, corresponds to the time that Thailand realized a high economic growth rate. In comparison with the level of the whole country and the Northeast, NM Province's growth rate was not notably high in 1988 and 1989. Furthermore, NM Province's high growth rate, 10.4 percent in 1988 and 9.0 percent in 1989, was partly a result of the high growth rate in the agricultural sector.

Nevertheless, during that period, a number of local businessmen in NM City made plans to expand their investments. The largest investment among them, I estimate, is the Suranaree Industrial Zone (SIZ) (see *IV-6*) that was opened in Amphoe Muang NM in 1989. This privately-operated industrial zone was developed with the cooperation of a local businessman and members of parliament for NM Province, including Chatichai. The EXPO plan, combined with an increase in investment in the SIZ from Bangkok and abroad, induced several local businessmen to invest in the construction of new high-class hotels in NM City, although construction work on some of these came to a standstill after Chatichai's government was overthrown. Two big, modern department stores were opened in NM City in 1991, one each by different local families, and attracted a good deal of

**Table 2** Economic Growth Rate (at Constant 1972 Prices) for the Whole Country, the Northeast, and NM Province, 1975–1989

(%)

Year	Whole Kingdom G D P	the Northeast G R P	NM Province G P P
1975*	6.8	17.0	29.8 ( 52.1)**
1976	8.7	1.6	7.5 ( 10.6)
1977	7.2	-2.7	-0.7 (-4.2)
1978	10.1	14.8	14.5 ( 17.6)
1979	6.1	6.1	0.1 (-3.0)
1980	5.8	7.4	10.5 ( 11.2)
1981*	8.7	10.6	18.3 (-8.5)
1982	4.1	7.0	6.0 ( 5.9)
1983	7.3	8.8	8.8 ( 13.0)
1984	7.1	7.3	7.7 ( 1.9)
1985	3.5	4.7	-0.6 ( 3.0)
1986	4.9	1.5	1.7 (-9.9)
1987	9.5	2.7	0.6 (-9.8)
1988	13.2	11.9	10.4 ( 18.6)
1989	12.0	8.1	9.0 ( 9.2)

Source: Thailand, NESDB [2521; 1986; 2529; 1991].

\* NESDB published several series of data on GRP and GPP after 1974. I have used as late a series as possible. However, the data for 1975 and 1981 might seem to be aberrant, because the series of data for 1975–1979 and 1981–1989 leave out 1974 and 1980.

\*\* Values in parentheses are for the agricultural sector.

public attention. Both stores are as modern as any in the Northeast. One of the two families also plans to construct a 23 story complex building in NM City, which is expected to be the largest building in the Northeast when completed. One family member stated that they conceived the idea of the complex building in 1988, when the climate seemed to be suitable for an expansion in investment [LTT 5–20 December 1991]. Other local businessmen also rushed through plans to increase investment during the two and a half years when Chatichai's government was in power, and several new enterprises thus emerged in NM.

All of these factors led to a sharp increase in land prices of those districts that face trunk routes around NM City. According to the annual report of the NM Chamber of Commerce of 1989 [Hokaankhaa Cangwat Nakhon Ratchasima 1990: 93], the price of land near the STU and the site of EXPO rose four- to tenfold during the short period of one year from the beginning of 1989. The land around the SIZ also experienced a sharp increase in price during the same period. It is understandable that these projects and the following improvement in infrastructure induced people to rush to invest in land there. People from Bangkok as well as local people purchased land.<sup>4)</sup>

4) Based on an interview with Mr. Sunthorn Citamnuiwatthanaa, a member of the committee of the NM Chamber of Commerce, who is well informed about land dealing there.

II-3. *The Economic Structure, 1975-1989*

The economic structure of NM can be illustrated by reference to statistics. I was unable to collect data on economic production for NM City, and here cite the GPP of NM Province.

First, I shall examine the position of NM Province in the Thai economy in terms of population and Gross Domestic Product (GDP). According to Table 3, NM Province held a stable proportion of 4.1 or 4.2 percent of the kingdom's population. On the other hand, its share in GDP decreased: from 2.4 percent in 1975 to 2.2 percent in 1980 and 1985, and 1.9 percent in 1989. The reverse phenomenon, that is, an increase in GDP and population ratio, happened in Bangkok and its vicinity (five neighboring provinces). The increase in the share in GDP of Bangkok and its vicinity from 1975 was particularly marked, while GDP and population growth in Bangkok Metropolis slowed down. Economic activities in Bangkok began to move to suburban areas, and new investment poured not into Bangkok but into its neighboring provinces. This tendency seemed to have been strengthened when Thailand experienced two-digit economic growth in 1988 and 1989. In 1989, Bangkok and the five neighboring provinces, with 16 percent of the Thai population, produced nearly half of the GDP. Data on per capita GDP show that the disparity between Bangkok and NM Province, or Bangkok and vicinity and NM Province grew, if we simply compare figures for 1975 and 1989. In 1975, the ratio of per capita GDP of Bangkok Metropolis and NM Province was 5.0:1,

**Table 3** The Share in GDP and Population, and per capita GDP: NM Province, the Northeast, Bangkok Metropolis, and Bangkok and Vicinity, 1975, 1980, 1985, and 1989

GDP						(%)
Year	NM Province	Northeast	Bangkok Metropolis	Bangkok and Vicinity*	Whole Kingdom	
1975	2.4	17.2	29.3	36.8	100.0	
1980	2.2	15.0	34.8	42.4	100.0	
1985	2.2	14.8	33.5	44.2	100.0	
1989	1.9	12.9	35.4	48.1	100.0	
Population						(%)
1975	4.1	35.1	9.9	14.1	100.0	
1980	4.2	35.2	10.4	14.8	100.0	
1985	4.2	34.9	11.0	15.6	100.0	
1989	4.2	34.6	10.8	16.0	100.0	
Per capita GPP, GRP and GDP						(Baht)
1975	4,244	3,527	21,309	18,827	7,221	
1980	7,642	6,257	48,930	42,155	14,660	
1985	10,502	8,352	59,822	55,709	19,627	
1989	14,745	11,981	105,357	96,239	32,028	

Source: Thailand, NESDB [2529; 1991].

Note: GDP at current market prices.

\* Bangkok Metropolis, Samut Prakan, Pathum Thani, Samut Sakhon, Nonthaburi, and Nakhon Pathom.

**Table 4** Shares of Agricultural and Non-agricultural Sectors in GPP of NM Province, at Current Market Prices, 1974–1989

(%)

Year	Agriculture (Crops)	Non-agriculture	Total
1974	36.2 (27.4)	63.8	100.0
1975	45.0 (37.8)	55.0	100.0
1976	46.1 (38.7)	53.9	100.0
1977	43.0 (35.4)	57.0	100.0
1978	42.3 (36.6)	57.7	100.0
1979	44.9 (38.5)	55.1	100.0
1980	42.5 (35.9)	57.5	100.0
1981	32.5 (23.2)	67.5	100.0
1982	30.5 (22.2)	69.5	100.0
1983	36.9 (28.5)	63.1	100.0
1984	30.2 (22.6)	69.8	100.0
1985	29.1 (21.4)	70.9	100.0
1986	29.6 (21.6)	70.4	100.0
1987	27.2 (18.0)	72.8	100.0
1988	28.0 (19.7)	72.0	100.0
1989	26.5 (18.0)	73.5	100.0

Source: see Table 2.

and that of Bangkok and vicinity and NM Province was 4.4:1. These rose respectively to 7.1:1 and 6.5:1 in 1989. It should be said that in 1989 NM Province topped the list of 17 provinces in the Northeast in terms of GPP and held third place in terms of per capita GDP.

The agricultural sector occupies a predominant place in the economy of NM Province. Table 4 shows the shares of the agricultural and non-agricultural sectors in the province's GPP. The agricultural sector accounted for more than 40 percent during the period from 1975 to 1980. This gradually fell through the 1980s to only 26.5 percent in 1989. Nevertheless, it was still the largest single industrial sector in NM Province in terms of GPP.

Crops were the most important agricultural products. The data on crops in Table 4 might be underestimated after 1982 because the classification of agricultural products was further subdivided from 1981. Notwithstanding this inconsistency, Table 4 underlines the significance of crops in NM Province throughout the period under consideration. It still accounted for 18 percent of GPP in 1989. The staple crops in this province are rice and cassava. Although the exact percentages which they occupy in GPP are not available, according to Samnakgaan Kaseet Cangwat NM, in the crop year 1990/91, rice and cassava together accounted for more than 70 percent of the planted area and more than 60 percent of the value of production. Cassava is of special importance in NM Province, which is one of Thailand's cassava-producing centers. In 1988, NM Province led the kingdom in cassava production, having a good lead over the second placed province of Rayong Province. NM Province developed into a cassava-producing center from the 1970s as exports increased, and provided from about 19 to about 27 percent of the whole country's cassava production

**Table 5** Factories in the Manufacturing Sector of NM Province, 1989

Type of Manufacturing	Number of Factories	Registered Capital (Million Baht)	Number of Employees
Rice milling	4,559 ( 73.3)	714 ( 6.1)	6,595 ( 14.2)
Cassava processing	769 ( 12.4)	3,927 ( 33.4)	8,906 ( 19.1)
Others	894 ( 14.4)	7,124 ( 60.6)	31,035 ( 66.7)
Total	6,222 (100.0)	11,765 (100.0)	46,536 (100.0)

Source: Thailand, Samnakgaan Utsaahagam Cangwat Nakhon Ratchasima [n.d.].

**Table 6** GPP (NM Province), GRP (Northeast) and GDP Classified by Sector, at Current Market Prices, 1975, 1980, 1985 and 1989

GPP of NM Province (%)				
Sector	1975	1980	1985	1989
Agriculture	45.0	42.5	29.1	26.5
Mining and quarrying	0.8	1.5	4.3	4.2
Manufacturing	11.4	8.9	8.4	8.6
Construction	4.1	6.4	9.0	8.0
Electricity and water supply	1.1	1.0	2.3	2.6
Transportation and communication	3.4	3.2	3.9	4.0
Wholesale and retail trade	18.2	20.9	16.7	18.9
Banking, insurance, and real estate	1.9	3.0	2.4	3.4
Ownership of dwellings	1.8	1.2	5.1	5.9
Public administration and defense	5.7	6.2	7.4	6.5
Services	6.6	5.3	11.5	11.4
G P P (Millions of Baht)	100.0 (7,186)	100.0 (14,987)	100.0 (22,622)	100.0 (34,193)

  

GRP of the Northeast (%)				
Sector	1975	1980	1985	1989
Agriculture	48.8	43.2	29.8	27.5
Mining and quarrying	0.6	0.6	2.2	2.2
Manufacturing	7.1	6.9	6.5	7.5
Construction	5.0	5.3	7.0	6.4
Electricity and water supply	0.5	0.5	1.4	1.6
Transportation and communication	4.0	5.6	5.3	4.5
Wholesale and retail trade	19.8	21.8	20.3	22.2
Banking, insurance, and real estate	1.5	2.3	2.0	2.8
Ownership of dwellings	2.0	1.5	6.1	6.6
Public administration and defense	4.6	5.7	7.2	6.5
Services	6.1	6.6	12.2	12.3
G R P (Millions of Baht)	100.0 (51,279)	100.0 (102,841)	100.0 (150,542)	100.0 (229,875)

Table 6 continued

GDP	(%)			
Sector	1975	1980	1985	1989
Agriculture	31.5	25.4	16.7	15.0
Mining and quarrying	1.4	2.1	4.0	3.4
Manufacturing	18.1	19.6	22.1	25.5
Construction	4.3	5.8	5.6	6.3
Electricity and water supply	1.1	0.9	2.3	2.3
Transportation and communication	6.3	6.6	7.7	6.9
Wholesale and retail trade	18.3	18.8	15.1	15.4
Banking, insurance, and real estate	4.9	6.1	3.5	4.9
Ownership of dwellings	1.5	1.1	4.1	3.3
Public administration and defense	4.1	4.1	4.8	3.6
Services	8.7	9.4	14.1	13.3
G D P (Millions of Baht)	100.0 (298,895)	100.0 (684,909)	100.0 (1,014,399)	100.0 (1,775,978)

Source: Thailand, NESDB [1986; 2529; 1991].

through the 1980s [Thailand, Center for Agricultural Statistics 1983, 1985, 1988].

As a matter of course, the rich availability of rice and cassava influenced the structure of local manufacturing. Cassava, a root crop, is processed into tapioca flour and tapioca pellets. As Table 5 shows, rice milling and tapioca processing are representative of the manufacturing sector in NM Province. In 1989, the former accounts for an overwhelming majority of the number of factories, and the latter accounts for more than one third of the registered capital.

Next, I will compare the industrial composition of the GPP of NM Province with that of the GDP and the Gross Regional Product (GRP) of the Northeast. Table 6 reveals a downward tendency of the agricultural sector in national accounting in NM Province as well as in the whole country (GDP). However, in NM Province, the agricultural sector accounted for more than a quarter of GPP and was still the largest sector in 1989. In the GDP, the reduction in the agricultural sector coincided with an increase in the manufacturing sector from 1975. But this was not the case in NM Province, where the share of the manufacturing sector did not grow. There, increased shares of services, construction, and ownership of dwellings took the place of the decreasing share of agriculture. A comparison with the Northeast reveals that NM Province had a very similar industrial composition to that of the Northeast during the period of research. The table does not, however, confirm that NM City was the distribution center of the Northeast, which might be expected to show up in a strong wholesale and retail trade, and a strong transportation and communication sector.

Since agriculture has been the largest economic sector in NM Province, the economic growth rate, given in Table 2, was conditioned by growth in the agricultural sector. Between 1980 and 1984, NM Province realized a higher growth rate than the whole country because of favorable growth in the agriculture sector in all years except 1981 and 1984. From 1985, the situation reversed: NM Province's growth rate failed to equal that of the whole country. However, in 1988

and 1989, when Thailand was in a ferment with a two-digit economic growth, NM Province also attained very respectable growth rates; 10.4 percent in 1988, as a result of high growth in agriculture, and 9.0 percent in 1989, due to expansion in agriculture and trade. In 1988 and 1989, the manufacturing sector, which had become the largest sector in the Thai economy from 1981 [Thailand, NESDB 1991], expanded by as much as about 17 (1988) and 15 (1989) percent in the whole country. But in NM Province, the manufacturing sector attained less than half of the national growth rate. Therefore, the manufacturing sector did not trigger high economic growth in NM Province as it did in the Thai economy overall.

Finally, I shall look at labor force statistics. The data for NM Province (Table 7) can be assumed to reflect the labor force structure of NM City rather accurately because NM City dominates the municipal population of this province. In comparison with the municipal areas of the Northeast and the whole country, NM Province is strong in services and is poor in manufacturing in terms of the labor force. This might be interpreted as showing that NM City is the service center for the Northeast.

**Table 7** Percentage of Population (aged 11 years and over) at Work: Municipal Areas, April 1979–March 1980

Sector	NM Province	Northeast	Whole Kingdom
Agriculture	10.6	10.4	7.1
Manufacturing	7.9	9.3	18.0
Commerce	25.5	28.5	24.4
Services	43.3	37.2	29.3

Source: Thailand, NSO [n.d.].

Note 1) This is the ratio to population (aged 11 years and over), not to the labor force.

2) Municipal areas include *theetsabaan nakhon*, *theetsabaan muang* and *theetsabaan tambon*.

### III Methods of Gathering Data

Data on entrepreneurs were collected mainly through interviews with them during my stay in NM City from February 1991 to February 1992, although some published materials such as newspapers (including two local newspapers published in NM City) were also used. The first task was to pick out influential businessmen in this local circle. They were selected on the basis of their experiences as committeemen in leading associations such as the Chamber of Commerce (NM Branch), the Federation of Thai Industry (NM Branch), and several Chinese associations. Businessmen with experience on the provincial council of NM Province or the municipal council of NM City were also included. Newspapers published in NM City were also informative for selection. Finally, 67 businessmen were chosen with the help of the office head of the Chamber of Commerce, Mr. Khomgrid Sertnaunsang, who added the names of several important persons to my list. However, in this paper, only 46 businessmen are analyzed. Except for one person, who rejected my request for an interview, I gained information about them all through interviews. Some of them made time

to meet me two or three times. Although I was not able to interview one businessman, data on him were collected from published materials. This paper does not refer to the other 21 businessmen for various reasons: some declined to be interviewed, the whereabouts of others was unknown, and some were dropped from the analysis after the interview revealed that they were not as important as had originally been expected.

#### IV Characteristics of Entrepreneurs in Nakhon Ratchasima City

All of the 46 interviewees were male. The oldest was 82 years old, the youngest 27. Classified by age (Table 8), the 41–45 age group accounts for the largest share, 23.9 percent. The average age is 49.8 years, and more than 40 percent were born after the Second World War. This result suggests that the businessmen chosen as influential figures are younger than might be expected on the basis of the preconception that old-fashioned local Chinese run the economies of Thailand's regional provinces.

**Table 8** Age of Interviewees as of 1991

Age	Year of Birth	Number	Percent
26–30	1961–1965	2	4.3
31–35	1956–1960	0	0.0
36–40	1951–1955	8	17.4
41–45	1946–1950	11	23.9
46–50	1941–1945	6	13.0
51–55	1936–1940	3	6.5
56–60	1931–1935	9	19.6
61–65	1926–1930	3	6.5
66–70	1921–1925	2	4.3
71 and over	prior to 1920	2	4.3
Total		46	100.0
Average Age		49.8 years	

In Table 9, the interviewees are classified by occupation. It is notable that entrepreneurs in this city are very weak in manufacturing, despite the fact that Thailand has succeeded in developing domestic manufacturing in such sectors as textiles and the agribusiness in the past three decades. According to my research, only three entrepreneurs were engaged in rather modern manufacturing which would require high-standard technology. Two of them operate factories producing vehicle parts (some for export), one of them manages a large industrial estate in NM City (Case 2 in Table 9). The third owns a tapioca processing factory and, with the technical cooperation of a German company, plans to open a new plant for producing glucose from tapioca and to start another project to produce appliances such as pressure vessels and filter presses for export. No businessman is involved in the textile industry, to which the Thai government has given such high priority in promoting industrialization.

Table 9 Occupations

	Number (Breakdown)
Manufacturing	4
Rice miller	(1)
Kenaf processor	(1)
Factory operator: Tapioca processing	(1)
Factory operator: Production of automobile parts	(1)
Manufacturing-cum-Commerce	4
Maker and seller of food products	(3)
Maker and seller of furniture	(1)
Construction-cum-Commerce	4
Construction contractor and shopkeeper of construction materials	(4)
Commerce	14
Shopkeeper: Gold shop	(3)
Shopkeeper: General shop	(2)
Shopkeeper: Household electrical appliances shop	(2)
Shopkeeper: Construction materials shop	(2)
Operator of department store	(2)
Shopkeeper: Photography shop	(1)
Shopkeeper: Automobile parts shop	(1)
Automobile dealer	(1)
Service	11
Travel agency	(2)
Operator of bus company	(2)
Hotel operator	(2)
Cinema operator	(1)
Operator of transportation company	(1)
Real estate agent	(1)
Operator of law office	(1)
Newspaper editor	(1)
Other	1
Repairman and seller of secondhand construction vehicles	(1)
Unclassifiable*	8
Case 1: Operator of bus assembly factory and bus company, and automobile dealer	
Case 2: Operator of industrial zone and factory of construction-vehicle parts	
Case 3: Operator of ice factory, hotel and agency of office automation machinery, and real estate agent	
Case 4: Operator of match factory and hotel	
Case 5: Operator of tapioca processing factory and transportation company, and automobile dealer	
Case 6: Operator of gas station, transportation company, and bus station	
Case 7: Shopkeeper selling automobile parts and operator of computer parts factory	
Case 8: Operator of passenger transit company and hotel, and real estate agent	
<b>Total</b>	<b>46</b>

Note: Interviewees are classified based on the occupations which I judge to be their largest source of income.

\* The eight persons grouped as "unclassifiable" are involved in so many businesses that I was unable to judge which one is crucial for them. Joint operations with other businessmen are included.

In the following part, some critical points that characterize entrepreneurs in NM City will be analyzed.

*IV-1. Dominance of Chinese Descendants*

As several works on entrepreneurs in Thailand have already mentioned [Kirkkiat and Yoshihara 1983; Skinner 1958; Suehiro 1989], Chinese immigrants and their descendants have played an important role in Thai economic development throughout the postwar period. My research gives similar results. In NM City, Chinese immigrants and their descendants are dominant, accounting for nearly 90 percent of business leaders (Table 10). Teochiu Chinese command an overwhelming majority among the Chinese speech groups.

However, it seems that their consciousness of being Chinese is decreasing. This is largely because of generation change. The second generation is the largest group (68.3 percent), the third generation stands next (26.8 percent), and the first generation accounts for only 4.9 percent (Table 11).<sup>5)</sup> Only 4 of the 41 Chinese have ever resided in China: 3 were born in China, and the

**Table 10** Ethnicity and Dialect Groups

	Number	Percentage
Chinese and Chinese descendants	41	89.1
Teochiu	(34)	(73.9)
Hakka	( 4)	( 8.7)
Hainanese	( 2)	( 4.3)
Cantonese	( 1)	( 2.2)
Thai	4	8.7
Unknown	1	2.2
Total	46	100.0

**Table 11** Generation of Chinese Immigrants and Chinese Descendants

	Number	Percentage	Average Age
First generation	2	4.9	69.5 Years
Second generation: Born in China	1	2.4	68.0 Years
Second generation: Born in Thailand	27	65.9	50.1 Years
Third generation	11	26.8	42.3 Years
Total	41	100.0	49.4 Years

Note: Generation of Chinese people is defined as follows.

First generation: an individual born in China of a China-born father who never resided in Thailand.

Second generation: an individual born in China or in Thailand of a China-born father who immigrated to and resided in Thailand.

Third generation: an individual born in Thailand of a second-generation father.

5) See Table 11 for a definition of generation of Chinese people.

remaining one, who was born in Thailand, stayed in China for about 10 years in his youth, being enrolled in primary school for the first four years. All of the 41 Chinese and their descendants spoke Thai fluently, although three persons spoke it with a Chinese accent and said that their ability in Chinese was far better than in Thai in reading and writing as well. There were only six individuals who were at home in both Chinese and Thai. About two thirds of the 41 Chinese answered that their first language was Thai and that their Chinese was poor. For the third generation, English was given a higher priority than Chinese.

Mr. Wirat Tancindaapraphiip and Mr. Carin Thanyaseet, 58- and 62-year-old Teochiu Chinese descendants, who are regarded as influential persons both in local business circles and in the local Chinese descendants world, explained that Chinese dialect groups are hardly bound up at all with business interests nowadays, although they admitted that they did have an effect on Chinese peoples' business behavior in the past. They explained that business is a matter of individuals, not a matter of speech groups. I assume that this means that their consciousness of being Chinese is decreasing as Thailand-born Chinese descendants become more and more dominant. In addition, the diminishing importance of Chinese associations in the local business world, which is referred to in the following paragraph, supports this argument. Nevertheless, it should be noted that they have not entirely lost their Chinese sense of values. This is shown by the fact that three quarters of the 41 Chinese people interviewed have studied the Chinese language in one way or another (Table 12).

**Table 12** Attendance of Chinese School by Chinese Immigrants and Chinese Descendants

	Number	Percentage
Attended Chinese school* or studied Chinese	31	75.6
Less than 1 year	( 3)	( 7.3)
1-3 years	( 7)	(17.1)
4-6 years	( 7)	(17.1)
More than 10 years	( 1)	( 2.4)
Attended but unknown how long	( 3)	( 7.3)
Did not attend but studied Chinese**	(10)	(24.4)
Never attended a Chinese school or never studied Chinese	9	22.0
Unknown	1	2.4
Total	41	100.0

\* Including three individuals who attended a school in China.

\*\* Including one individual who never attended school but learned Chinese because he was born in China and resided there until he was about 20 years old.

#### IV-2. *Fund-Raising of Chinese Entrepreneurs*

To analyze the ways the Chinese raise capital and expand their businesses, the fourfold classification which Skinner [1958: 43-45] used for measuring the degree to which Chinese leaders were self-made men is applied here (Table 13). The definition of this fourfold classification is about the same as that of Skinner. "Self-made from scratch" are those who had nearly nothing to fall back on

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when they started to work in Thailand. It was their hard work and efforts that elevated their economic status. The second category, "self-made" men, had someone to support them, such as parents or brothers, but were not born rich. They received only primary or, at best, middle school education. None of the "self-made" men graduated from college or university, although one individual entered university at his own expense after he became wealthy enough to afford to pay for a tertiary education. At the start of their careers, some of these "self-made" men worked helping their fathers and some were given a small amount of capital by their parents to set up tiny businesses on their own. After that, they launched into other businesses and succeeded in expanding their undertakings. The third category is that of "partly self-made" men. They started by succeeding to businesses that their fathers had already established. They became successful entrepreneurs through diversifying their undertakings, using the businesses that were originally their fathers' as a launching board. The last category is "not self-made." They literally owe almost everything to their fathers in operating their businesses. The father of one "not self-made" individual built a factory for his son when the son finished a graduate course in the United States, and

Table 13 Self-made Men: Chinese Immigrants and Chinese Descendants

	Number	Percent
Self-made from scratch	3	7.3
Self-made	20	48.8
Partly self-made	4	9.8
Not self-made	13	31.7
Unknown	1	2.4
Total	41	100.0

Breakdown by Generation

Generation	Number (Breakdown)
First generation	2
Self-made from scratch	( 2)
Second generation: Born in China	1
Self-made from scratch	( 1)
Second generation: Born in Thailand	27
Self-made	(18)
Partly self-made	( 2)
Not self-made	( 6)
Unknown	( 1)
Third generation	11
Self-made	( 2)
Partly self-made	( 2)
Not self-made	( 7)
Total	41

another father bought a hotel and let his son manage it after he graduated from university. Those who are classified into this category have not yet been active in launching into other kinds of business.

According to Table 13, nearly half of the Chinese people are categorized as self-made men. This fourfold classification correlates closely with generation. It is probably self-evident that all of the first generation and those second-generation individuals born in China are "self-made from scratch." About two thirds of the second-generation Chinese born in Thailand are classified into "self-made," while nearly the same share of the third generation are "not self-made."

**Table 14** School Career of Chinese Immigrants and Chinese Descendants

School Career	Number	Percentage
No formal schooling or less than 4 years of schooling	3	7.3
4 years of primary school	12	29.3
More than 4 years of primary school	1	2.4
Middle school but did not graduate or less than 12 years of schooling	4	9.8
Middle school graduates or 12 years of schooling	8	19.5
College or university graduates or more than 12 years of schooling	9	22.0
Master's course graduates in the United States	3	7.3
Unknown	1	2.4
<b>Total</b>	<b>41</b>	<b>100.0</b>

**Breakdown by Generation**

Generation	Number (Breakdown)
<b>First generation</b>	2
No formal schooling	( 1)
4 years of primary school	( 1)
<b>Second generation: Born in China</b>	1
Less than 4 years of schooling	( 1)
<b>Second generation: Born in Thailand</b>	27
No formal schooling	( 1)
4 years of primary school	(10)
More than 4 years of primary school	( 1)
Middle school but did not graduate or less than 12 years of schooling	( 4)
Middle school graduates or 12 years of schooling	( 4)
College or university graduates or more than 12 years of schooling	( 6)
Unknown	( 1)
<b>Third Generation</b>	11
4 years of primary school	( 1)
Middle school graduates or 12 years of schooling	( 4)
College or university graduates or more than 12 years of schooling	( 3)
Master's course graduates in the United States	( 3)
<b>Total</b>	<b>41</b>

From this fourfold classification, the upgrade shift from the first to the third generation of Chinese people is evident. Other data also support this point: one is school career and the other is father's occupation. Table 14 (breakdown by generation) reveals that length of education is closely connected with generation. All of the first generation and those second-generation Chinese born in China had only 4 years or less of formal schooling. Roughly 40 percent of second-generation individuals born in Thailand had no education or only 4 years of primary education, while more than 20 percent of them received or finished tertiary education (more than 12 years of schooling). Among third-generation Chinese, the share with tertiary education rises to about 55 percent. In addition, half of them graduated from a master's course in the United States. There is only one third-generation individual with only primary school education.

Next, as far as their fathers' jobs are concerned (Table 15), the data available allows comparison

Table 15 Father's Occupation

Ethnicity and Generation of Interviewees		Number (Breakdown)
Chinese	First Generation	2
	Unknown	( 2)
	Second generation: Born in China	1
	Merchant	( 1)
	Second generation: Born in Thailand	27
	Merchant	(13)
	Farmer	( 5)
	Company employee	( 2)
	Laundry worker	( 1)
	Tailor and dressmaker	( 1)
	Maker and seller of food products	( 1)
	Photography shop	( 1)
	Hotel operator	( 1)
	Unknown	( 2)
	Third generation	11
	Merchant	( 5)
	Factory operator	( 1)
	Cinema operator	( 1)
	Hotel operator	( 1)
	Maker and seller of food products	( 1)
Automobile dealer	( 1)	
Subcontractor in construction	( 1)	
Thai	4	
	Government employee	( 2)
	Company operator	( 1)
	Newspaper Dealer	( 1)
Unknown	1	
	Merchant	( 1)
Total		46

only between the second generation born in Thailand and the third generation. In both generations, those whose fathers were merchants account roughly for half of the total number. Most of these merchants consist of small-scale general shop operators and middlemen for agricultural products. However, farmers make the difference: those whose fathers were farmers, who command nearly one fifth of the second generation, find no counterpart among the third generation.

If I were to pick out the most successful and influential 10 businessmen among all interviewees, 8 would be “self-made” men (7 being second-generation Chinese born in Thailand, the other one being an individual whom I could not interview and thus could not discover his ethnicity), one a “self-made from scratch” first-generation Chinese, and the last a “partly self-made” third-generation Chinese. Therefore, businessmen of high caliber in today’s NM City are predominantly “self-made” second-generation Chinese born in Thailand. The dominance of second-generation individuals born in Thailand among business leaders in this local city can be explained by the stoppage of new immigration after 1949 and the subsequent change of generation. Another reason is that because the average age of second-generation Chinese born in Thailand is nearly eight years higher than that of third-generation Chinese (Table 11), the former can be said to have had many more opportunities and gained much more experience in giving scope to their ability.

Here, I would like to concentrate on how the “self-made” second-generation Chinese born in Thailand, especially those whom I rank among the top 10 businessmen in NM City, started and extended their businesses.<sup>6)</sup> Many of them were born poor with Chinese immigrant fathers, and usually started making money as employees or salaried workers (*luuk caang*), or helped in their fathers’ businesses, such as the operation of general shops, since their childhood. That was the only course open to them. When they sought employment, connections combined with ethnicity seemed to count for something. After they had accumulated experience as *luuk caang* or by helping their fathers at work, they each set up small-scale businesses on their own, usually with a small amount of capital that they had saved, or in cooperation with their parents and brothers. This point is in accord with results of the sample survey that Rozental [1970: 260–262] carried out about urban credit in the latter half of the 1960s, although his survey did not focus especially on Chinese businessmen. According to his survey, 88 percent of the initial capital used to start the businesses of those entrepreneurs represented in his sample was their own capital.

My research found that, if necessary, local businessmen arranged a *chaer* (a rotating credit society) to raise more capital, which they used not only to start their undertakings but also to operate and expand them. Rozental [*ibid.*: 261, 266–267, 270] said that rotating credit societies played a larger role in raising capital for ongoing business operations than in setting up new businesses, and that nearly 30 percent of all the sample firms relied on rotating credit societies in operating their ongoing business, although the amount of money provided by these societies accounted for less than 5 percent of the capital used for ongoing business operations. According to Mr. Carin Thanyaseet (see *IV-1*), the most common way that Chinese merchants raised money in the old days, when the banking system was not yet prevalent, was to set up a *chaer* together with

6) See Appendix for more detailed profiles of the top 10 businessmen ranked by the author.

several credible acquaintances. Those who had not yet established enough credibility to borrow from banks also used this method. He explained that Chinese merchants carefully selected as members of their *chaer* trustworthy acquaintances who belonged to business circles and with whom they expected to manage business satisfactorily. The selection of members was judged by their credibility, not by their membership of a Chinese society such as a dialect group association. This suggested that it was crucial for Chinese merchants who wanted to be successful in the business world to establish a good reputation and credibility in the local Chinese society. He also claimed that raising money through a *chaer* did not mean a heavy burden for the debtor, because interest charges were at most only about 4 percent interest per month. Therefore, a *chaer* was a kind of mutual interdependence system among Chinese merchants who wanted capital to start their businesses.

The following example suggests that the *chaer* system operated in local business circles up to recent times. A second-generation Hakka Chinese, who is the younger brother and cooperator of one of the top 10 businessmen, stated in a newspaper that he and his brother had set up a *chaer* to raise 70,000 to 80,000 baht to open a shop in the mid-1970s [Sengliho 1991]. Another individual, who is a second-generation Teochiu Chinese and one of the top 10 businessmen, said in a newspaper that after opening his department store in 1976, he met his operating costs on several occasions by setting up a *chaer* [PCKRS 25–31 May 1992].

Another way for Chinese merchants to raise money was to set up credit companies which raise funds by the discounting of cheques (*plian cheque*). Mr. Wirat Tancindaaprathüip (see IV-1) mentioned setting up a credit company as one way for Chinese to raise capital. However, this seemed to be a measure used not by businessmen in their cub days, but instead by individuals with established reputations and some money of their own. According to Mr. Sunthon Phumthong, a second-generation Teochiu Chinese born in China, who operated a credit company in NM City at the end of 1970s with other Teochiu Chinese from the same birth place, there were 27 credit companies run by local Chinese businessmen in NM Province by the mid-1980s. Many of these credit companies were operated without being registered with the Bank of Thailand. The management of credit companies seemed to be profitable to the extent that an influential local businessman of NM set up credit companies not only in NM Province but also in Khon Kaen, Chaiyaphum and other provinces in the Northeast. However, a run on credit companies began in 1983 and persisted for a couple of years, not only in the Northeast but all over the country [Thailand, Bank of Thailand 1984, 1985, 1986, 1986; Thailand, Bank of Thailand Northeast Regional Branch 2527, 2528, 2529]. All of these 27 credit companies in NM Provinces went down at that time, said Mr. Sunthon. After this run on credit companies, the Bank of Thailand tightened control over credit companies [Thailand, Bank of Thailand 1984, 1985, 1986, 1986]. It was not clear whether Chinese businessmen set up these credit companies to raise capital for the expansion of their businesses or to seek profits. If the answer lies in the former, these credit companies would have fulfilled the same function that Japanese banks that originated from local *zaibatsu* did. However, unlike the case in Japan, credit companies have not developed into local banks.

In summary, influential entrepreneurs in NM City set up businesses with their own hard-saved

money or with the help of family members. *Chaer* and the discounting of cheques were occasionally used to raise more capital in the past. Especially in the case of obtaining capital through *chaer*, entrepreneurs without credibility or who lacked good working relationships with other local entrepreneurs could not succeed in local business circles. This point is investigated next.

#### IV-3. *Importance of Relationships with Other Local Entrepreneurs*

Joint investment among local entrepreneurs is another very common method used to raise the capital necessary to finance local businesses. This means that local entrepreneurs are required to involve themselves to a great extent in the local business world, and must maintain good relations with others within it, as in the case of setting up a *chaer*. There are several intermediators which lie between local businessmen and acquaint them with each other. Here, some societies which are organized in NM are considered.

First, some local Chinese associations should be mentioned. Teochiu Chinese, the largest Chinese dialect group in NM as in the whole country, do not have a *samaakhom* (society) in NM. However, a foundation named *Muunlanithi Lak Siang Siang Tung*, a charitable foundation which was established in NM in the mid-1950s, served as a kind of club for the Teochiu Chinese. This foundation was organized originally by Teochiu Chinese in Siiraachaa, Chon Buri Province, and developed into a nationwide organization.

A society for Hakka Chinese of NM (*Samaakhom Haakaa Nakhon Ratchasima*) was established in about 1949 for the purpose of strengthening the solidarity of Hakka Chinese in NM. Membership is limited to Hakka Chinese and their descendants. This society is a large one, having more than 700 members.

Chinese immigrants and their descendants also have societies for those who bear the same family name. One of these is *Samaakhom Tia Carern Nakhon Ratchasima*, which was established by those who have the family name of Tia. It was in 1989 that this society registered formally, despite a rather long history, and began to operate a financing company. Most of the 200 or so registered members are Teochiu Chinese, but Hakka Chinese also take part in it. The example of this company, run by people with the same family name, suggests the importance of unity among the Chinese of the local business world.

However, nowadays, Chinese societies focus on charitable work and do not directly take an active part in business matters. Membership of Chinese societies has not been as helpful to local entrepreneurs in financing their businesses as have their credible acquaintances. Thus, the role of Chinese societies in financing local businesses is rather limited.

Barton's [1983] analysis of the importance of credit-worthiness among overseas Chinese traders in South Vietnam suggests one function which Chinese associations fulfill within a local society. Barton [*ibid.*; 57] argues that "voluntary associations within the Chinese community provided merchants with another outlet for demonstrating their wealth and building their reputations." Barton's first point is that Chinese merchants place great importance on credit-worthiness in doing business. The various societies and associations of the Chinese, based on common native places, dialect groups, surnames and so on, offer opportunities not only to get acquainted with other people

and exchange information, but also to investigate their credit and trust through their monetary contributions to various organizations. In other words, Chinese associations are means through which Chinese businessmen show to what extent that they have established credibility.

The following example that happened to reach my ears illustrates well the significance of interpersonal trust and credit for the Chinese. It suggests how the Chinese try to maintain a good reputation within the community to which they belong. The details of the story have been changed somewhat. We will call the businessman involved, one of my interviewees, *X*. He is a Teochiu Chinese, and a respected person within the Chinese community in NM. Although he has retired from active business life, in the past he held responsible positions in certain Chinese associations, as do several of his family members today. His family name is widely known in the local society for their brilliant achievements in commercial and service undertakings. Seeking a way to diversify their business, his family decided to enter the manufacturing sector. Gaining the acquaintance of an engineer, whom we will call *Y*, who manages a factory, *X*'s family reached an agreement with *Y* on a joint undertaking and started a factory.

Unfortunately, *X*'s family had no knowledge of production and their company incurred heavy losses. In the resulting confrontation between *X*'s family and *Y*, *Y* suggested to *X* that they renounce their joint business. However, *X* turned down *Y*'s offer decisively. *X* and his family believed that their family name would be damaged if they abandoned the factory. It seemed to me that this project had already burdened *X*'s family with too heavy a capital investment for them to recover. This decision to continue their involvement with the factory might not seem a rational one to an economist. However, they feared that the damage to their reputation in the community which would result from their abandoning this project outweighed the economic losses.

This example not only illustrates the significance of reputation in the local society, it also suggests that the small Chinese community places a limit upon the local entrepreneur's behavior. In this point, Thai local entrepreneurs suffer from the same restrictions imposed by their small community that Morikawa [1985: 252-253, 283] found for local *zaibatsu* (*chihō zaibatsu*) in pre-war Japan. He argued that local *zaibatsu* had to devote a lot of their time to serving the local community as representatives of associations or assemblies, and to arbitrating any troubles in their local community, where they were celebrities. This argument suggests that local businessmen cannot succeed without keeping close connections with the local community where they place their economic base.

Contrary to local Chinese societies, which are becoming less significant in business circles, trade societies and nationwide organizations such as the Chamber of Commerce and the Rotary Club seem to have gained broad support from, and certainly have won the wide participation of, the younger businessmen, most of whom are second- or third-generation Chinese. The advanced age of the principle members of such Chinese associations, most of whom are elder first- or second-generation Chinese, has caused a reorganization of Chinese societies in NM City. A number of second- and third-generation Chinese have not sought membership of Chinese associations, despite the fact that their fathers were members. I expect that these associations will fade away by the time the third generation, who do not identify themselves as Chinese so strongly, becomes dominant. The president of an above-mentioned charitable foundation of Teochiu Chinese clearly stated that though

his foundation still plays an important role in charities, it has handed over its leading position in the business world to the NM Chamber of Commerce. A first-generation Hakka Chinese, who has served as the president of the Hakka Society, also noted the diminishing importance of this association in the local society.

The best-organized of the newly-established organizations in NM today is the NM Branch of the Chamber of Commerce, which was established in 1980. The number of members reached about 900 in the whole province as of October 1991. Some senior Chinese from several dialect groups, including Hakka and Hainanese as well as Teochiu, now hold positions in this organization as committee members. In NM, this association is the most functional in grouping local entrepreneurs together. Its leading members have joined hands in setting up several projects. Two projects which attracted a good deal of public attention concerned hotel management, and it is noteworthy that both involve Bangkok-based businessmen as investors. One is a project to refurbish an old local hotel into a modern one. The other is a joint venture between local businessmen and a well known Bangkok-based hotel chain company to establish a first-class hotel in NM (see *IV-6*). In the latter project, the president of the NM Branch of the Chamber of Commerce has taken the lead among the local businessmen involved. The Chamber of Commerce is a nationwide network and thus it has helped local businessmen to form better connections with Bangkok business circles. It seems not only to fulfill the function previously served by Chinese associations in building members' reputations, but also to help members to expand their business networks.

Matrimonial relations provide another channel by which local entrepreneurs strengthen relationships with one another. Hewison [1981: 399-406] emphasizes family relationships within "the financial bourgeoisie," which in his terms means big business groups formed by bank-managing families like the Bangkok Bank Group. Through family ties, big financial business groups are not only tied to each other, but are also linked with other influential families, directly or indirectly, in the business world, the bureaucracy, and the military. According to Hewison, these family ties help "the financial bourgeoisie" to strengthen their business linkages. Skinner's survey [1958: 183] also found that intermarriage among the big business leaders' families in Bangkok strengthened their power in the business world.

Hewison and Skinner refer to the top business group in Bangkok. Because NM City has such a small population in comparison with Bangkok, it is perhaps only natural that eminent businessmen have some family relations with one another. It is not clear however that local businessmen use family relations with other influential families to their advantage in the business world. That is, it seems at least that there are no remarkable cases in which marriage has reinforced the linkage between two families in the business world. It seems to be more important for local entrepreneurs to establish a reputation for reliability than to establish marital relationships with one another. Besides family ties among local businessmen, no notable family relations were found between local businessmen and Bangkok-based businessmen, the central bureaucracy, or the military in Bangkok.

#### *IV-4. The Importance of Connections with Bangkok*

Joint investments by local businessmen are common in NM as mentioned above. Joint investments between local entrepreneurs and Bangkok-based ones are also found widely at many levels from small-scale investments to large-scale projects. In addition, this is a two-way street, that is, not only does Bangkok capital flow into NM, but NM capital also moves to Bangkok. However, the contribution that each makes to the economic development of the other is, of course, quite different.

In big projects and projects requiring sophisticated know-how or technology and large amounts of capital, the role of Bangkok-based entrepreneurs rises in importance in NM City. A typical large-scale project which was undertaken by both Bangkok-based and local businessmen in 1991 is the construction of a first-class hotel with the cooperation of a well-known hotel franchise based in Bangkok (see *IV-6*). One of the local investors explicitly stated that management know-how of high-class hotels was needed for the project to succeed. Technological and know-how cooperation with Bangkok entrepreneurs is often found in investments made in NM, regardless of the size and kind of business. In the commercial sector, dealers in automobiles and electric appliances whose shops also serve as service centers are given guidance in repair technology by head offices located in Bangkok, which in turn are backed by foreign companies. When such dealers are unable to repair goods, specialists are either called from Bangkok, or the goods are sent to Bangkok for repair. Some manufacturing factories entrust the repair of their machines to the companies that set them up in the factories. These companies are usually based in Bangkok.

On the other hand, some businessmen of NM take part in enterprises such as real estate, financing, and export in Bangkok. However, it is doubtful whether their participation in projects in Bangkok contributes greatly to the economic development and industrialization of the whole country. The biggest sector in which they are involved is the real estate business, such as the construction of condominiums in Bangkok. Therefore, at least at present, the local businessmen's launch into the Bangkok economy should not be regarded as a dynamic inroad made by the local economy into Bangkok. In the case of NM City, local entrepreneurs have merely found an outlet in the construction boom in Bangkok, that lasted from the end of the 1980s to the beginning of the 1990s, through which they can utilize their capital.

#### *IV-5. Remote Relations with Foreign Capital*

A deluge of direct foreign investment was one of the driving forces which boosted the economic growth rate of Thailand, especially after 1988. However, NM City enjoyed almost no foreign investment until about 1990, when foreign companies began to operate in the SIZ. After that, the inflow of foreign capital, mainly from Japan and Taiwan, seemed to become a steady stream in this city. Almost all of the foreign companies that have invested in and around NM City are located within the SIZ. As in the country as a whole, direct foreign investment established few, if any, close links with local small and medium-sized industries. NM city provided foreign investors with scarcely any of the materials, parts, and machines necessary for production. These were either imported or brought in from other regions. Furthermore, these foreign companies were export-oriented.

In the process of industrialization in Thailand, entrepreneurs who lack advanced technical knowledge typically enter a new manufacturing business by tying up with foreign companies. Among my interviewees, there was only one such person. He sought technical cooperation from a German company when he planned to begin to produce a higher value-added product than the tapioca starch which was then his main product.

Thai companies have only now started to embark on indirect investment in foreign countries. It is reported that Thailand stands first on the list of approved foreign investment (in terms of numbers of projects) in Cambodia as of April of 1992 [Hiebert 1992]. This suggests that the Thai economy has developed to the extent that it is able to make inroads into foreign countries, particularly Indochina. However, I found only one local entrepreneur in NM City who has a definite plan to invest overseas, although some did express an interest in investing in Indochina in the future. That businessman planned to set up several factories in Malaysia to produce ice cubes for the Malaysian and Singaporean markets. This was a joint venture with a Malaysian company, in which the Thai businessman would provide the technology needed to produce ice cubes.

In summary, local entrepreneurs in NM City lag behind their counterparts in Bangkok and other regions in establishing relations with foreign companies.<sup>7)</sup> Those who intend to start new businesses under cooperation with foreigners or intend to launch into foreign markets through direct investment are hitherto exceptional in this city.

#### *IV-6. Politicians with Links to the Center and Local Business*

The participation of politicians who have connections with the central government seems to have great weight for local entrepreneurs involved in large business projects. In NM, projects such as the Royal Princess Khorat and the Suranaree Industrial Zone (SIZ) are cases in point.

The Royal Princess Khorat is one of several projects presently underway in NM, each aiming to establish a new first-class hotel. Its registered capital was 120 million baht as of 1991, although the company was reported to be preparing to increase this to 550 million baht [KRWYKI 1-4 March 1991]. An affiliate of the Dusit Thani Group, which is the leading hotel-franchising company in Thailand, will hold half of the new hotel's capital. The other half of the capital will be shared between local businessmen (with 40%), and the former deputy minister of communications, Suwat Liptallop (10%) [BP 17 May 1991].

Suwat was a member of parliament, belonging to the Puang Chon Chao Thai Party, who ran for parliament for the first time in 1988 in the same election district with Gen. Chatichai Choonhavan, and was returned at the head of the poll, defeating Chatichai by a wide margin. He was appointed as the deputy minister of the Ministry of Communications in August and again in December of 1990 in the Chatichai government. After the February 23 coup d'état of 1991, when Chatichai fell from power, Suwat was appointed as one of the 20 members of the National Legislative Assembly by the National Peace-Keeping Council. Before the general election of March 1992, he defected to the military-backed Samakkhi Tham Party with Gen. Arthit Kamlang-ek, who had been the leader of the

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7) The case of Mr. Siriphong Rungrootkitiyot is an exception. See Appendix for his profile.

Puang Chon Chao Thai Party. After the army's crackdown in May 1992, he abandoned that party and joined the group which set up a new party, the Chart Pattana Party, with Arthit and Chatichai. Suwat is a politician who originally came from business circles. His father operated a construction company in Bangkok to which Suwat succeeded. It is said that during the period that Arthit was supreme commander in the army, this company won many construction contacts from the army [*The Nation* 21 March 1991]. Suwat was not born in NM, but his father's contribution to NM City through the construction of roads and hospitals there seemed to be influential enough for his son to get the support of the local people. At present, their company is taking part in widening some sections of the highway between Saraburi and NM from a two-lane to a four-lane highway [Thonkorn 1991: 38-39, 46, 61; *BP* 8 February 1992; *KRWYKI* 17 December 1990].

The Suranaree Industrial Zone (SIZ) is a privately-developed industrial estate which opened in 1988. By 1991, the SIZ covered an area of 5,000 *rai*. It was developed with the cooperation of a local businessman and several politicians who had belonged to the Chart Thai Party, including Chatichai. The operator of the SIZ stated that Chatichai advised him to purchase a piece of land for developing an industrial estate. He added that he managed to open the SIZ with the help of Chatichai and Korn Thapparangsi, Chatichai's nephew, who was a member of parliament in the Chart Thai Party and who has been elected from NM Province since 1983. The SIZ attracted investment not only from Bangkok, but also from foreign countries (see *IV-5*). Local entrepreneurs so far have not been as enthusiastic. As of October of 1991, 25 factories were in operation, many of them strongly export-oriented.

How should the participation of influential politicians in local business be interpreted? The most orthodox answer is that both local businessmen and members of parliament for NM have a common interest in promoting local business. If a businessman establishes a close relationship with an influential figure in the Bangkok political scene, through cooperation in business, he can expect something in return, such as an increase in public investment in NM that will be profitable for him. On the other hand, members of parliament of NM expect some form of support from local businessmen. Such was the case of the relation between the Chatichai government and businessmen in NM. When Chatichai brought several large projects to NM (see *II-2*), the local business circle received them with immense enthusiasm because they were expected to boost the city's economy. Businessmen in NM, who have had a powerful effect on local politics (see *V*), reacted to the good offices of politicians by increasing their support for the ministers who had been elected from NM.

How we interpret the participation of politicians in the economy has some bearing on the problem of politics intervening into the economy. This point is argued in section *V*.

#### *IV-7. Discontinuity of the Chinese*

The last point analyzed in this section is the discontinuity of the Chinese. It is remarkable that many of the economic leaders of NM City were not born locally. NM City-born individuals make up less than one third of all Chinese descendants (Table 16). Birth places of second-generation Chinese born in Thailand show a large divergence, from Bangkok to various local provinces.

Furthermore, among the seven NM City-born third-generation Chinese, the fathers of only two individuals were born there. The grandfathers of these two were not born in NM City, but moved there from Bangkok. Therefore, the families of only two individuals have lived in NM City for three generations. On the other hand, 11 of the Chinese interviewees' families have stayed in the city for two generations: they are NM City-born second- and third-generation Chinese. According to my research, Chinese entrepreneurs whose families have resided in this city for two generations or more are in the minority.

The grandfathers of the two individuals whose families have resided in NM City for three generations moved from Bangkok, where they had both operated gold shops, and opened gold shops in NM City. One of them moved his economic base from Bangkok to NM City in the early 1920s;

Table 16 Birth Place: Chinese Immigrants and Chinese Descendants

Birth Place	Number	Percentage
Thailand		
NM City	13	31.7
NM Province (except for NM City)	6	14.6
Central (except for Bangkok)	7	17.1
Bangkok	6	14.6
Northeast (except for NM Province)	5	12.2
North	1	2.4
China: Kwangtung Province	3	7.3
Total	41	100.0

Breakdown by Generation

Generation	Number (Breakdown)
First generation: Born in China	2
Second generation: Born in China	1
Second generation: Born in Thailand	27
NM City	(6)
NM Province	(5)
Central	(6)
Bangkok	(5)
Northeast	(4)
North	(1)
Third Generation	11
NM City	(7)
NM Province	(1)
Central	(1)
Bangkok	(1)
Northeast	(1)
Total	41

and among the interviewees, his family has lived longest in NM City. Three other families, which have stayed for two generations in NM City, had settled there by the early 1930s and have the second longest history. One was a photography shop operator who came from Bangkok, where he worked in a photography shop managed by Chinese. Another, from Nakhon Pathom Province, came from fruit-grower stock and started an ice factory in the 1950s in NM City. The last was engaged in several jobs until his family managed to open a shop there.

My research in Ratchaburi Province in 1989 [Ueda 1990] found that the local textile industry had its origin in small-scale manufacture started by Hakkas who had moved from Bangkok by the latter half of the 1930s. These Hakka Chinese had experience working in Chinese-run textile factories in Bangkok. This suggested that manufacturing in local provinces was established by Chinese who had gained technical know-how in Bangkok and become widely dispersed all over the country several decades before 1960, when the Thai government introduced an industrialization policy.

However, according to my research, NM City had no prominent manufacturing which Chinese immigrants had started several decades earlier, making use of knowledge and experience obtained in Bangkok. At least, I could find no signs of modern manufacturing, which might have been expected to lead the local economy, through interviewing Chinese families who had lived in the city for more than six decades. It is notable that Chinese migrants from Bangkok to NM City in the 1920s or 1930s were engaged in commerce such as shopkeeping not in manufacturing. Why did NM City fail to develop local manufacturing: why, in other words, were there no manufacturers who moved from Bangkok at that time bringing know-how with them.

Ingram [1971: 117] mentions that the town of NM "has long been a silk-weaving center, and silk cloth was (and still is) exported," but "after the railway was opened to Korat [Khorat], the production of silk began to decline in the Northeast."<sup>8)</sup> At present, there are several factories which produce raw silk or weave silk cloth in Amphoe Muang NM and *amphoe* around it. However, according to my survey at the Research Center of White Mulberry in NM, these factories began to operate several years ago and have no continuity with the older silk industry.

What prevented NM City from developing a local manufacturing sector in the pre-1960 period? The distance from Bangkok might have been an obstacle to stronger economic connections with Bangkok. After the railroad reached NM City in 1900, the Northeast was provided with hardly any further transportation means at all until 1958, when the Friendship Highway reached NM. During these six decades, the Chaophraya delta was reclaimed and the economy of Bangkok grew rapidly as rice exports increased. The difference in size of the economies of Bangkok and NM City might well have widened during this period. The increase in rice shipments from NM to Bangkok with the opening of the railroad seems to have boosted the economy of NM City far less than the rice export-related industry boosted that of Bangkok.

Here, the special circumstances of Amphoe Muang NM which contributed to the increased

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8) According to Brown [1988: 157-164, 166], the sericulture industry in Thailand gave ground to imports of silk products from Asian countries in the early twentieth century. Brown investigates the failure of a sericulture program which was set up with the cooperation of Japanese officials in the beginning of this century in *monthon* Khorat.

mobility and thus the discontinuity of Chinese nationals needs to be noted. During the Second World War, those who did not possess Thai nationality were forced to leave Amphoe Muang NM, presumably because an army base was located there.<sup>9)</sup> This prohibited-areas policy imposed hardships on Chinese because they “had to sell out or at least close up shop before evacuating” [Skinner 1957: 271]. According to Mr. Corthin Saeliw, who is 82 years old and was one of the evictees at that time, all Chinese who were not naturalized Thais disappeared from NM City as a result of this policy and only a few of them returned after the war. He stated that a great number of Chinese had to leave, and that they dispersed all over the country. Some went to Bangkok and some to Chiang Mai, while Corthin himself rusticated in a nearby *amphoe* town. Since only a few of these people returned to NM after the war, it follows that the continuity of the Chinese society of NM City was largely disrupted. The Chinese aliens were forced to suspend their economic activities and were deprived of what they had accumulated through their businesses. Skinner [*ibid.*: 275] notes that Amphoe Muang NM suffered an “economic paralysis and acute food shortage” after 1941 because of the eviction of Chinese nationals. That the eviction was severe enough to cause economic paralysis indirectly shows what a drastic effect it must have had on the Chinese involved. I suspect that this discontinuity might be one reason why NM City lagged behind in manufacturing before 1960.

In summary, my research in NM City found that only a small number of Chinese families have stayed there for two or three generations. Certainly, the economy of this city has made progress through the frequent migration of Chinese people from Bangkok and other regions. However, this economy is characterized by a lack of locally-developed manufacturing, which might have been at least partly caused by the discontinuity of the Chinese community.

## V. Entrepreneurs Launching into Local Politics

As Murashima’s survey [1987] in Nakhon Sawan showed, a marked tendency of businessmen to launch into politics can be seen in local areas. The extent to which my interviewees have been concerned in local politics is shown in Table 17. About 30 percent have had the experience of either running in person in local elections or having their children run.

In NM City, the movement of local entrepreneurs into local politics took the form of a political body. This was formed mainly by politically-minded local entrepreneurs in about 1974. The president of this political body (call him Z) is one of the best known businessmen in the city. He is a second-generation Teochiu Chinese born in NM City, and was said to have made a fortune operating a gas station, which he opened in the late 1950s when the Friendship Highway from Saraburi to NM was opened. He and his family now operate several transport businesses. In my interview, he explained that he took the lead in forming a local political body in order to support

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9) On 19 September 1941, a royal decree named Amphoe Muang NM as a prohibited area together with two other *amphoe*. Foreign nationals were forbidden to enter such prohibited areas, and those who were already living there were forcibly evacuated. This prohibited-area policy was continued until its abrogation in 1945. See Skinner [1957: 270–272, 274–275] and Thavi [1973: 121–123] for more details.

Table 17 Experience in Local Elections

	Number	Percentage
Ran in local election in person	10	21.7
Elected*	(7)	
Unelected	(3)	
Children ran in local election	4	8.7
Elected	(3)	
Unelected	(1)	
Never ran in local election in person, neither did their children	32	69.6
Total	46	100.0

Note: Those who have run in elections for the municipal council of Amphoe Muang NM and the provincial council of NM Province are included.

\* One individual who was returned once although not in the latest election is included.

candidates for seats on the municipal council of Amphoe Muang NM. *Z* firmly denied any relations with any of the political parties in the central political world. According to him, his political body was not so successful in elections. One of its ex-members explained that this group fell into disarray because of internal discord and finally it was absorbed by a group led by another entrepreneur, *A*, in the election of 1990. However, *Z* is still an influential figure in local politics, belonging now to the political body lead by *A*. One of *Z*'s sons was successfully returned as a member of the municipal council of Muang NM in 1990, receiving support from *A*'s group. The families of *Z* and *A* have a matrimonial relation that may have helped to solidify their ties.

According to the editor of a local newspaper, it was from the 1980s that local businessmen began to launch into local politics and grew to be an overwhelming power in NM. In 1985, *A*, who is regarded as the most successful entrepreneur in NM, with brilliant achievements in his bus assembly plant and other transportation services, took the leadership in forming a political body on the occasion of a local election. Today, he is regarded as the leader in local politics. His political body has backed several candidates from entrepreneurial backgrounds and met with excellent results in elections held in 1990 for the provincial council of NM Province and the municipal council of Amphoe Muang NM. The way this political body raised membership and put up candidates seems to have been by taking advantage of the credibility that its members had already established through business undertakings. This point is illustrated by the following concrete example, which shows how their business relationships help them to be politically united.

*A* and four of his acquaintances (*B*, *C*, *D* and *E*) have managed a transportation company in NM City since 1985. When the election for members of the municipal council of Amphoe Muang NM was held in September 1990, *A* and two of his four colleagues, *B* and *C*, had their sons (*A*\*, *B*\*, and *C*\*) stand as candidates of their political body. It was the first time for *A*\* and *B*\* to run in a local election, while *C*\* had stood successfully in the election of 1985. The poll ended with an overwhelming victory for their group. Only about one month later, in October 1990, voting for members for the provincial council of NM Province took place. Here, *A*'s political body backed

*A*\*\* and *B*\*\*, other sons of *A* and *B*. Only *A*\*\* won, though *B*\*\* topped the list of unsuccessful candidates. *A* formed this political body as a local one. However, it now has connections with central political parties. *A* was known widely as a sponsor of ex-premier Chatichai Choonhavan. It was believed in NM City that Chatichai awarded a seat in the Upper House to *A* in return for economic support in previous elections. In addition, it was said that *A*'s political body gave backing to Suwat Liptapallop, another influential member of parliament for NM.

The fact that *D*, one of the four members involved in the management of the transformation company, ran in the election to parliament as a candidate of the Puang Chon Chao Thai Party in 1988 suggests a close relationship between the political body led by *A* and Suwat. *D* served as mayor of NM City for about two years in the past and thus he was already an influential figure in local politics. However, he failed to be returned. Although neither *E*, the last member of this transportation company, nor any of his family members have ever stood for election, *E* played an active part in elections. A local newspaper reported, for instance, that *E* was a *hua khanaen* (vote solicitor) for several political parties.

Besides these political bodies, the NM Chamber of Commerce has started to take an interest in local elections. In the latest election for seats on the municipal council of Amphoe Muang NM in 1990, it backed two candidates who held responsible positions in its organization. However, they were soundly beaten by the group led by *A*.

Why are entrepreneurs so eager to launch into local politics? Pertinent to this point is political intervention into the economy. If entrepreneurs have the latitude to carry out their business activities within the sphere of a free market, their entry into politics will be motivated by reasons other than economic ones, such as a desire for fame. This is because they can maximize their economic utility only within the economic sphere as long as the principles of a free market are upheld. However, if politicians interfere in economic matters, entrepreneurs cannot attain utility maximization through purely economic activities. Businessmen who aspire for economic success may not be able to find a way to do so other than by joining hands with politicians, or by launching into politics themselves. Although Thailand's economy is arguably more *laissez-faire* than those of other developing Asian countries, the fact that entrepreneurs are so enthusiastic about local politics seems to suggest that the Thai economy is structured in such a way that entrepreneurs feel the need to take part in politics to protect themselves from political meddling, or believe that an investment in politics will be more profitable for them personally than purely economic activities, such as investment in production.

## VI Concluding Remarks

In this paper, I have analyzed some characteristics of local entrepreneurs, based on my survey in NM City. They are summarized as follows. Chinese immigrants and Chinese descendants are dominant among local entrepreneurs, and "self-made" second-generation Chinese born in Thailand are the most prominent in this local business circle. Apart from hard work, establishing good credibility in the local society is their first consideration for business success. Another important

condition for them to make great strides is to have a close connection with an influential politician such as a member of parliament. Entrepreneurs in NM City seems to be weak in manufacturing, and the discontinuity of Chinese residents might be a reason why this city has failed until recently to develop manufacturing. The tendency for businessmen to launch into local politics is strengthening in this city, as in other local provinces.

### **Appendix : Profiles of the Top Ten Entrepreneurs**

These profiles are of the 10 individuals whom I rank among the most influential businessmen in both business and social circles of NM City. The data provided here are mainly based on interviews with them, except for one individual whom I could not meet. Information on this individual is based purely on published material.

One businessman whom I would rank high among the top 10 entrepreneurs is not referred to here. I did manage to interview him, but he was unfortunately very cautious about giving details on his business career. I was not able to collect enough information through published materials to give an outline of his personal history. With the exception of this single businessman, all of the most prominent entrepreneurs in NM City are represented in these 10 individuals.

#### ***Manufacturing***

##### **Thosapol Tantiwong**

Thosapol Tantiwong is the operator of a tapioca processing plant that is thought to be one of the largest in Thailand. His business has grown together with the expansion of cassava cultivation in NM. His factory is huge : its production accounts for 7% of the total Thai market of tapioca starch.

Thosapol was born in Ratchaburi Province in 1937. His father was a Teochiu Chinese who immigrated from Puning, Kwangtung Province, to Ratchaburi, where he engaged in selling forest products such as cattle hides and beans. Thosapol came to NM City after finishing primary school (three years in a Chinese school and three years in a Thai one), following his elder brothers, who had already moved there and opened a general store. He explained that his elder brothers settled in NM City during the period (1941–1945) when foreigners not possessing Thai nationality were prohibited from residing there (see *IV-7*). He and his brothers cooperated to expand their business through dealing with car-related products. Besides selling car parts and gasoline, they also dealt in automobiles, motorbikes and tractors. In 1974, Thosapol decided to separate from his brothers and took over the part of the business involved with the sale of car parts and gasoline. Dealing in automobiles and so on was left to his brothers. Moreover, he started to operate a tapioca-processing plant in the expectation of higher profits. At that time, the number of cassava cultivators were increasing sharply in NM, and this was why he entered agribusiness. His plant started operation in 1976. He explained that although he had no higher education he was able to produce tapioca by himself due to his knowledge of machines, which he gained through dealing in car parts. This helped him in the operation of his factory.

He is endeavoring to diversify his enterprises into other manufacturing undertakings. Thosapol's

way of entering a new field of manufacturing is similar to that of other Thai entrepreneurs who have difficulties with technology: that is, through a joint venture with foreigners. He will open a new plant producing glucose from tapioca in technical cooperation with a German company. Another project to produce appliances such as pressure vessels and filter presses for export, again a joint venture with Germany, has received approval for investment promotion from the Board of Investment (BOI): he plans to establish a factory in the Suranaree Industrial Zone (SIZ). He is the first and only local entrepreneur who has invested in the SIZ at present.

Date of Interview: 3 May 1991

Other Source: [*Saam Thotsawat Thurakit Isan* 1991?]

#### Siriphong Rungrootkitiyot

Siriphong Rungrootkitiyot stands out among local entrepreneurs in NM City because of his aggressive expansion into machinery manufacturing, which requires rather highly developed technology. At the same time, he is a businessman more open to foreign countries than the local society in NM. That is, he maintains close connections with foreign countries in seeking new markets and obtaining new technology.

Siriphong is a second-generation Teochiu Chinese. His father stayed in NM City after immigrating from China. Siriphong was born in 1948 in NM City, and graduated from a high school in his birth place. It was during a stay of seven years (not consecutive) in England that he learned the technology needed to produce automobile parts. This knowledge he obtained in school and in a factory which manufactured car gears. At first, he was engaged in dealing used cars and Ford tractors in NM City. It was natural for him to start a factory which produced small parts of automobiles, putting his knowledge gained in England to practical use. At present, gears and shafts are manufactured in his plant, which employs about 300 workers. Half of the production is exported to European countries, the U.S.A., and Singapore. This means that the technology of his factory has reached a high enough level for him to export to the world market. His plant is not greatly dependent technologically on foreign engineers, and in this it differs from other manufacturing factories with intricate technology in NM. A Japanese engineer, an employee of Siriphong's factory, noted that this factory may boast the highest technology among all Thai factories in the car industry. A company directory ranks Siriphong's plant as the 366th largest establishment in Thailand in terms of profit in 1990.

Siriphong is extremely active in extending his business to new fields. A plant to produce computer parts will soon open. According to the data of the BOI, a project by him to produce automobile parts and grinding machines in cooperation with a Japanese group was approved to receive investment promotion from the BOI. He intends to develop a private industrial zone in NM.

Date of Interview: 20 May 1991

Other Source: [Verapong n.d.; *KRWYKI* 17 December 1990]

#### Apisak Piriyaongsak

Only one industrial estate is in operation in NM Province. Apisak Piriyaongsak is the operator of this privately run industrial zone, the Suranaree Industrial Zone (SIZ).

Apisak was born in Amphoe Khonburi of NM Province in 1943. His father, a Teochiu Chinese, immigrated to Amphoe Khonburi, and Apisak is thus a second-generation Teochiu Chinese. He graduated from a four-year elementary school (*po.* 4) in his birth place, then attended a Chinese school in Bangkok for five years. After that, although he succeeded to his father's general store and then cultivated agricultural products in his home town, he also went as far as Trang Province in the South to work for an agency dealing in tires which was operated by his relatives. Because they took on the service of repairing batteries in addition to the sale of tires, he learned how to repair batteries as well as how to mend punctures. It took one year for him to set up his own plant to repair batteries and mend punctures in Trang. In about 1973, he returned to NM, though to Amphoe Muang NM and not to Amphoe Khonburi, and began to manage a factory producing batteries, as well as to operate as an agency for tires. Several years later, his business advanced far enough for him to be able to establish a factory to produce parts for construction vehicles for the domestic market.

In about 1980, he thought of establishing an industrial estate in NM, which would be of great help to people in the Northeast who otherwise would have to go to Bangkok to look for work. He purchased a piece of land near the Moon River which seemed to be suitable for industrial use, deferring to Gen. Chatchai Choonhavan's advice. According to Apisak, he opened the SIZ in 1989 with the assistance of influential politicians such as Chatchai and Korn Thapparangsi, who is a nephew of Chatchai and a member of parliament for NM Province. In the SIZ, he operates a factory producing parts for construction vehicles, such as hydraulic shafts and hydraulic cylinders, some of which are exported, mainly to Europe. He employs a Singaporean engineer in his factory. (See *IV-5* and *IV-6* for details of the SIZ.)

Date of Interview : 23 July 1991

Other Source : [*LTT* 5-20 April 1991]

#### ***Construction-cum-Commerce***

##### Suwan Canrattanapriidaa

Suwan Canrattanapriidaa is looked on as a leading figure in local Teochiu society. He is the president of a charitable foundation, which is the most comprehensive society among Teochius in NM. He holds several other important positions in Chinese societies of NM, such as that of chairman of a native place association, vice chairman of a family name society, and director of a credit company that was formed by Chinese immigrants and Chinese descendant with the same family name. Apart from these positions in Chinese societies, he holds an advisory position in the NM Chamber of Commerce. His success in local business circles, particularly in construction-related businesses, allowed him to assume these positions.

Suwan, a second-generation Teochiu Chinese, was born in Amphoe Buayai of NM Province in

1930. His father was a Teochiu who came from Puning, Kwangtung Province and immigrated to Amphoe Buayai, where many Teochius with the same family name of Tia had already settled. Suwan's father operated a general store in Amphoe Buayai. Suwan graduated from a Chinese primary school in his home town and thus he is bilingual in Teochiu Chinese and Thai. After graduation from school, he started to help in his father's shop, as is usually the case with Chinese. Being ambitious, he left his home town in search of his fortune. He explained that he decided to move to NM City because it was larger than his rustic home town. During the last half of the 1940s, he opened a lumber shop in NM City. After that, he was successful in expanding into construction-related businesses.

When his eldest son finished high school, Suwan and his son began to work as subcontractors in construction and to deal with construction material. They started on a small scale and gradually diversified into related businesses as Suwan's children became independent. That is, each child was presented with a shop or a workshop on finishing school. At present, he runs a construction company, a sanitary ware shop, construction material shops, and is involved in the building and selling of furniture, with his five children. All these businesses run by his family have grown to the extent that they employ about 300 people, and when they undertake a big construction project, they employ about 700 to 800 people. A company of one of his sons is now involved in rather large projects, such as the construction of a memorial park and a first-class hotel in NM City.

Date of Interview: 7 June 1991

### *Commerce*

#### Sansern Congcarerncai

Sansern Congcarerncai and his family are the most prominent shopkeepers dealing in household electrical appliances and motorbikes in NM City. A supplement of a local newspaper reported that they are also one of the five largest dealers of Mitsubishi electrical appliances in Thailand.

Sansern is a Hakka Chinese and was born in Kwangtung Province in 1924. He finished the first four years of primary education in his home town of China. He immigrated to Thailand in 1939 when he was 15 years old. His uncle already lived in NM City, and thus Sansern intended to go to NM City from the beginning. He learned how to repair watches during the 11 years that he stayed with his uncle, who was engaged in selling watches. After that, he became independent and opened a shop selling watches with his brother. They have expanded their business by establishing new branches at every opportunity, including those provided by their marriages, and their children's independence. Goods that they deal with have changed from glasses, oil lamps, and watches to electrical appliances such as radios and television sets. Sansern later began to deal in agricultural machines and motorbikes, both of which are Japanese products. There are now five shops in NM which have branched from their business. Three of these are managed by his three sons.

Sansern's family is one of the leading Hakka Chinese families in NM. He has been president of the NM branch of the Hakka Society, which has 700-800 members, for several terms. At present, his younger brother, who operates two of their five branches, has succeeded to this position. In

addition, Sansern is a member of the advisory committee of the NM Chamber of Commerce. He has also served as president of the Rotary Club of NM. One of his sons, who also succeeded to a shop selling electrical appliances and motor bikes, ran for election to the municipal council of Amphoe Muang NM in 1985 but was defeated.

Date of Interview: 3 May 1991

Other Source : [*Saam Thotsawat Thurakit Isan* 1991?]

#### Phaisaan Maanasin

Phaisaan Maanasin is the owner of the biggest department store in the Northeast. He is a second-generation Teochiu Chinese, born in NM City in 1941. His father, who came from Swatow and was a soldier in China, and mother stayed in Paaknam (Samut Prakan Province) for a while after immigrating from China with little more but the clothes on their backs. Roughly 60 years ago they moved to NM City, where they turned their hands to various occupations such as a laundry service. Because Phaisaan was born poor, he and his siblings had to contribute from childhood to their parents' support, and earn their living by selling newspapers and lottery tickets, carrying them from place to place such as the railway station and restaurants. In an earlier interview [Thailand, Krom Wichaakaan 1988], Phaisaan recalled that in his childhood he used to wonder why his life was like it was, why he was not as happy as others looked, and what life was at all when he was ordered away from the places where he was selling lottery tickets. Although he entered junior high school, he did not manage to graduate.

In 1958, when he was only 17 years old, he purchased a house in a block with a store on the first floor (such blocks are a common sight in Thailand) for 10,000 baht in the center of NM City. He started a business handling newspapers with his mother. They enjoyed such steady sales that their business expanded, first to include another shop in the same block of houses in about 1963, and then to include another two in about 1968. At the same time, they diversified into stationery and textbooks in addition to newspapers.

Phaisaan's shop grew, eventually becoming a department store in 1976. What led him to launch into the management of a department store was a number of trips to foreign countries. Department stores in small provinces in Japan and Malaysia caught his eye. In 1986, he moved the store to a new site and developed it further, so that it became the largest and most modern department store in the Northeast at that time. He explained that he took the utmost care not to lose the confidence of banks during this process of expansion.

In December 1991, he opened another department store (with a basement and six stories) with 80 million baht of registered capital, in the center of NM City. This new department store is the biggest one in the Northeast. He is planning to add several further stories, where he will manage a hotel. His business has thus developed into a huge one. At present his two department stores employ 2,200 persons. Besides these two department stores, he plans to build a 23-storey complex in NM City within five years, according to a newspaper report.

His eldest son, who took an M.B.A. degree in the United States, presently assists him in the

management of one of the department stores, and one of his other sons, a university graduate, is working for a hotel in the United States. Their business interests seem to progress mainly in the commerce sector. They might start a joint venture managing convenience stores in NM City in cooperation with a foreign company.

Date of Interview: 21 August 1991 (with his eldest son)

Other Sources: [Thailand, Krom Wichaakaan 1988: 97-110; *LTT* 5-20 December 1991; *NKHCNM* August 1991; *PCKRS* 13-19 January 1992, 25-31 May 1992; *Sengliho* 1991]

#### Saner and Wichian Suphasirapraphaa

Saner and Wichian are brothers who first caught the public eye when they opened their new department store along the Friendship Highway in 1991. They held an opening ceremony to which they invited Gen. Prem Tinsulanonda, an ex-Prime Minister, as a guest of honor. Their new department store, a five-story building with one basement, was reported to be a first-class commercial center in the Northeast.

The brothers were not born rich. Saner, the elder brother, was born in 1944 in Amphoe Buayai, NM Province. Their parents, Hakka Chinese, immigrated from China to Amphoe Buayai, where their father's younger brother had already settled. Saner and Wichian's father made a livelihood by tailoring and dressmaking. Saner and Wichian had to work to help family finances after they graduated from a four-year primary school (*po.* 4). Saner moved to NM City and began to work for a rather large general store owned by another Hakka Chinese, who had moved from NM City to Amphoe Buayai during the Second War when the prohibited-area policy was in force (see Note 9). This connection with the owner might have helped Saner get his job in the general shop.

On the other hand, Wichian, the younger brother, served as an apprentice in a shop in NM City with a monthly salary of 80 baht. His job was to carry goods to an army base by bicycle. He recalled bitter memories of those days in a supplement of a local newspaper, saying that when mobile stalls came around selling noodles at night, he could not sleep well because he had to ignore his hunger in order to remit money to his family. After that, Wichian changed job several times. He worked for the general store managed by the Hakka Chinese where his elder brother, Saner, had already worked, at one time he found employment in Bangkok, and on another occasion he was involved in selling tires in Udon Thani together with some friends. Before becoming independent, he also worked in a clothing store for five or six years.

In 1975, the brothers, aged about 30, opened a small clothing store in NM City with their hard-saved 30,000 baht, according to Saner. (Concerning this point, Wichian differs, stating in a newspaper that they formed a *chaer*, a rotating credit association, and collected 70,000 to 80,000 baht when they set up their shop). Fortunately, two or three years after their store opened, the jeans boom reached its height and they succeeded in expanding their clothing store into a small department store at the beginning of 1980s. Moreover, in 1991, they opened another, larger department store as described above. They are presently planning to construct a seven-story shopping arcade next to their new department store, to open in 1993.

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Date of Interview : 8 October 1991 (with Saner)

Other Sources : [*LTT* 20 May–5 June 1991; *PCKRS* 13–19 January 1992; *Sengliiho* 1991]

**Unclassifiable** (see Table 9)

Amorn Vongsurawat

Amorn Vongsurawat has been the president of the Nakhon Ratchasima Chamber of Commerce for many years and is thus regarded as one of the most influential businessmen in NM. He also holds an important position as the deputy secretary-general of the national Thai Chamber of Commerce. This position facilitated his cooperation with the Dusit Thani Group, one of the most prominent Bangkok-based hotel franchises in Thailand, in order to construct a first-class hotel, the Royal Princess Khorat, in NM City.

Amorn was born in 1935 in NM. His father was a second-generation Teochiu Chinese from Nakhon Pathom, where he was engaged in growing fruits, who moved to NM City seeking a chance to improve his station in life. Amorn's father started an ice factory in NM in the mid-1950s. After finishing his education at a vocational course (*po. wo. cho.*), Amorn started his career as an operator of a rice mill. He also took part in the management of a hotel with some friends about 20 years ago. During the Vietnam War, he managed a business which provided the American army with food.

He now manages several businesses. One is an ice factory, which he inherited from his father. The other is an agency dealing in office automation machinery and real estate. He is also one of the central figures among local businessmen who are joining in the project to construct a first-class hotel in NM City under a tie-up with the Dusit Thani Group. Moreover, he is the only individual among my interviewees who plans to invest in a foreign country. Amorn plans to set up several ice-cube factories in Malaysia with a Malaysian businessman from Kuala Lumpur. This joint venture will rely on Amorn's know-how of ice cube production and marketing, because the Malaysian businessman is engaged in real estate and has no experience of ice cube production. They plan not only to produce ice cubes for the Malaysian and Singaporean markets, but also to produce ice-making machines.

Date of Interview : 30 April 1991

Other Sources : [*BP* 17 May 1991, 15 July 1992; *KRWYKI* 17 August 1991; *PCT* 20–23 October 1991]

Wirat Tancindaapraphiip

Wirat Tancindaapraphiip is an influential person regarded with respect in business circles in NM City. He was one of the founder members of the NM branch of the Chamber of Commerce, which was established in 1980. He is presently a member of the advisory committee of this branch. He is also the president of a society of some 200 members that was organized to promote friendly relations among various groups, such as businessmen, politicians, government officials, and so on in NM. Besides these positions, he also holds responsible positions in some local societies for Chinese descendants, such as the same region society and the Sae Tang family name society. He can thus be said to be a prominent figure in the local Teochiu Chinese society as well as in the local

business world.

Wirat is a second-generation Teochiu Chinese born in 1933 in Amphoe Catturat, Chaiyaphum Province, 133 km from NM City. In about 1928, his father immigrated from Swatow to Amphoe Catturat, relying on relatives who had already settled there. Here his father and his relatives dealt in husked rice and foods. Wirat graduated from Thai primary school (*po.* 4) into a world embroiled in the Second World War. He traveled the distance of 133 kilometers to NM City by oxcart (*kwian*) to seek work. He recalled that this trip took three days. He was engaged in the transportation business for five or six years in NM City from the age of 14. His parents later moved to NM City and began to work as subcontractors in the making of cheap clothes. After that, Wirat took several jobs, such as selling tableware and dealing in forest products, as well as in transportation services. In about 1966, he opened a rice mill. Unfortunately, he had to abandon the management of this rice mill after fire struck on two separate occasions. He then started a new business, a shop handling machinery and machine parts used in rice milling and tools.

At present, his business interests seems to lie in the service sector. He has left the management of this shop to his children, and operates a passenger transit company which runs a train between Bangkok and the Northeast (Surin and Ubon Ratchathani) in cooperation with acquaintances in NM. He is also one of the project members who plans to construct a first-class hotel in NM City under a tie-up between local businessmen and the Dusit Thani Group. In addition, he is constructing a six-storey condominium on his own in NM City which will be the largest one there when completed.

Date of Interview: 13 May 1991

### *The Politically-Ambitious Entrepreneur*

Wichai Chertchai

Wichai Chertchai is regarded as the most successful businessman in NM Province, with a brilliant achievement in his bus assembly plant. At present, he manages various other businesses such as busing services in the Northeast, and is involved in automobile dealing. At the same time, he is unmatched in exercising his skill in local politics.

Wichai is not a native of NM. He was born in 1932 in Chon Buri Province of parents who were merchants of miscellaneous goods. He finished the four years of compulsory education there. At the age of 14 or 15 years, he felt a need to be independent and wandered from place to place in pursuit of better opportunities. He started his career rafting logs from Kabinburi (Prachin Buri Province) to Baangpakong (Chachoengsao Province) for sale. He has also worked as a driver of motor boats in Baangpakong and as a truck driver carrying goods between Aranyaprathet and Nakhon Nayok or Prachin Buri. During that time he had also worked in a car assembly plant at Chon Buri at the age of 17 or 18. This experience helped him to succeed in the same industry later. He travelled as far as Yala in the South, where he tapped rubber trees.

When his father died, he returned to Baangpakong before deciding to go to NM City to seek his fortune, which he did in about 1955 as a young man of 23. He again found himself changing

employment frequently in NM City. After working in a truck transportation service, selling sweets, and making furniture, he started a service to provide wood for fuel for the steam-train. Wichai, who had a great interest in assembling cars, bought a truck to transport wood. He discovered that he was able to assemble that truck, and that this work interested him. He thought that he might enjoy the benefits of being the first to enter the market, because there were no other assembling plants then operating in NM. He eventually abandoned all his other businesses and concentrated on assembling cars.

Today, his factory has grown to be the largest bus assembling plant in the Northeast, with registered capital of 500 million baht, and provides the government-run Transportation Company with 60 percent of its assembled buses.

Wichai presently plans to establish, in cooperation with other local businessmen, a new factory to produce automobile spare parts, such as nuts and screws. He is aiming not only at the market of the Northeast, which Bangkok now supplies with these parts, but also that of Indochina, that is Laos, Cambodia and Vietnam. He is involved in many businesses. He operates busing services in the Northeast and an automobile dealership. He has just started a new tour bus service between Bangkok and the North, and in the East. He also runs trains between Bangkok and the Northeast. During the period when the project of EXPO proceeded under the Chatichai government, he formed a plan to build a hotel in NM. Although there have been some ups and downs since then, this plan has recently moved from the drawing board to the working site. It has taken the form of a joint undertaking with other businessmen from NM and Bangkok in which they bought a bankrupt department store in order to convert it into a hotel.

Wichai is much of a politician. He was said to be a staunch supporter of the Chart Thai Party led by Chatichai. A newspaper explained that he was honored with a seat of the senate in recompense for his financial support for Chatichai in the election of 1988. After Chatichai's government was overthrown by the top military leaders in February 1991, he was said to have estranged himself from the Chart Thai Party and made contact with the Samakkhi Tham Party, which has close links with the military. However, when the Chart Pattana Party was formed for the election September 1992, and Chatichai got into office as the party leader, Wichai seemed to return to Chatichai. Wichai's wife has stated in a newspaper interview that when an election is held, they have to repay Chatichai's kindness because he was the person who awarded Wichai a position in the senate.

Wichai takes the lead in local politics. In 1985 he formed a group named *Prasaan Mit*, a campaign club, in order to support candidates in local elections. When elections for the city assembly were held in 1990, his campaign club won all three constituencies. All 18 members who won belonged to this group, and one of his sons was included. Since that election of 1990, the management of the municipal council of Amphoe Muang NM has been in the hands of his campaign club. Another son was elected as a member of the provincial council of NM Province in 1990.

In the future, he intends to launch into the central political world by sending his child, who is now accumulating experience as a politician in the provincial council, to a bigger field, that is, a general election. According to a newspaper article, in March of 1992 when a general election was held, three political parties (the Samakkhi Tham Party, the Chart Thai Party, and the Social Action Party)

sounded out Wichai on his son's candidacy. However, Wichai's son did not run for election, partly because Wichai could not decide under which parties' banner his son should run.

He was decorated by the king in 1981 and given an honorary master's degree in technology from Khon Kaen University in 1985. He holds the position of president of the Nakhon Ratchasima Federation of Thai Industry, which was established in 1990.

Sources: [*Mati Chon Sut Sapda* 30 September 1990: 21-22; *BP* 8 February 1992; *KRWYKI* 27 October 1991; *KRWYKT* 11 January 1992, 16 January 1992, 2 February 1992; *LTT* 5-20 October 1991, 5-20 December 1991; *The Nation* 21 March 1991; *PCKRS* 20-26 July 1992; *PCT* 15-18 December 1991; *Saam Thotsawat Thurakit Isan* 1991?]

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**Magazine**

*Mati Chon Sut Sapda*

**Newspapers**

*AWSJ* (The Asian Wall Street Journal)

*BP* (Bangkok Post)

*KRWYKI* (Khorat Raai Wan Yuk Khaao Isan)\* \*\*

*KRWYKT* (Khorat Raai Wan Yuk Khaao Thai)\*

*LTT* (Lert Tham Thurakit)\*

*The Nation*

*NKHCNM* (Nangsuuphim Khaao Hokaankhaa Cangwat Nakhon Ratchasima)\*

*PCKRS* (Phuu Cat Kaan Raai Sapda)

*PCT* (Prachaachaat Thurakit)

\* Published in NM City.

\*\* *KRWYKI* changed its title to *KRWYKT* in January of 1992.

**Newspaper Supplements**

*Saam Thotsawat Thurakit Isan.* 1991? Nakhon Ratchasima: Lert Tham Thurakit.

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