The Vietnam War and Tourism in Bangkok's Development, 1960–70

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Abstract

This paper explores the reasons behind Bangkok's rapid growth in the 1960s, concentrating on two particular influences: the Vietnam War and its related developments, and the first significant upsurge in tourism. It is suggested that US military involvement in the Vietnam War had a significant impact on the development of Bangkok's service and construction industries. Particularly important was a major burst of construction activity in the 1960s: new suburbs developed and hotels and other commercial building sprang up. The financial, commercial and tourist industries experienced rapid growth, and construction followed in their wake. The presence of the US military in Vietnam indirectly induced an influx of foreign direct investment boosting the growth of industry in Bangkok. Tourism added to the expansion of services and construction. Among the reasons for the increase in tourism were the stable political atmosphere and the development of Bangkok as a crossroads of international air transportation. The hotel industry and retail industry both expanded rapidly due to tourist demand.

I Introduction

The 1960s was a crucial decade in the history of Bangkok. It was a period which saw an astonishing pace of development, in road building, housing development, hotels, and in various other ways. In 1950 Bangkok was still a relatively small city, with a population of some one million. Canals still dominated movement, and *samlor* (pedal *samlor*) plied all the main streets. By 1960 many canals had been filled in, new roads took their place, and the *samlor* was disappearing.

This paper explores the reasons behind this rapid change, and concentrates on two particular influences: the Vietnam War and its related developments, and the first significant upsurge in tourism.

II The Vietnam War

The decade of the 1960s saw (1) the involvement of the U.S.A. in the Vietnam War and (2) the influx of foreign direct investment to Thailand. The latter was to an extent

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caused by the former. Both obviously contributed to the growth of Bangkok due to a huge injection of spending.

The Vietnam War and the Thai Economy: A General Background

The Vietnam War had a major stimulating effect on the Thai economy through direct aid, the construction of American bases and related infrastructure such as highways, spending by American servicemen on leave, and by a boost to Thai exports of various products to war-torn countries in Asia. American measures to combat the spread of communism in Thailand included support for the Thai military, direct aid for infrastructure projects, and social measures to improve welfare in the Thai countryside (for example agricultural improvements and better health and education). Social aid and other measures helped raise living standards in rural Thailand.

The involvement of Thailand in Vietnam reflected a close military alliance with the United States. A number of major air bases were constructed beginning in 1961. Five were in the northeast at Korat, Udon Thani, Nakhon Phanom, Ubon Ratchathani and Khon Kaen. The sixth, usually referred to as Utapao, was the B-52 air base at Sathahip in Chon Buri province, and the seventh was in Nakhon Sawan in the central region [Boonkong 1974: 1–2]. The inflow of US military spending in the period 1965–72 was equivalent to 4 per cent of GNP or around 26 per cent of the total value of exports (Table 1).

Thai economic success in the 1960s was partly because of the Vietnam War. In the period 1965–69, when the war escalated, the United States significantly raised spending in

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	(1)	(2)	(3)	(4)
Veen	National Income	US Military	Thailand Exports	US Military
Year	(million baht)	Expenditure as % of (1)	(million baht)	Expenditure as % of (3)
1960	46,448.5	0.1	8,541.9	0.4
61	50,453.1	0.1	9,922.7	0.7
62	54,332.6	0.3	9,434.5	1.8
63	57,496.1	0.5	9,577.7	3.2
64	62,203.1	0.7	12,165.0	3.5
65	70,321.1	1.3	12,663.5	7.2
66	85,050.1	2.9	13,817.2	20.2
67	89,594.0	5.0	13,808.1	32.6
68	95,345.0	5.6	13,227.6	40.1
69	104,581.0	4.5	14,267.2	33.2
70	111,598.0	4.1	14,256.4	31.0
71	117,175.0	3.4	16,567.3	24.2
72	125,399.0	3.6	21,252.3	21.1

 Table 1
 US Military Expenditure as Percentage of National Income and Exports, 1960–72

Source: [Boonkong 1974: 34]

Thailand from 438.4 million baht in 1964 to 4,445.7 million baht (Table 2).

The large amount of US spending made it possible to finance the widening gap in the trade balance deficit and gave a surplus balance of payments during most of the 1960s. The rising imports of raw materials, parts, and machinery would not have been possible without huge American spending [see Yoshihara 1978: 75–76].

Thai politics reflected the pro-American stance. Martial law was declared in 1958, after which the government under Sarit Tanarat was a staunch supporter of American anti-communist policy. This stance was partly motivated by the communist takeover of China in 1949, and also by the deterioration of France's position in Indo-china. As a by-product of these geo-politics, Bangkok was selected as the site for various international organizations, and for frequent regional conferences of various agencies, groups and business firms. Such organizations included the following (Table 3).

Also by the mid 1960s, there were more than 50 embassies, legations and consulategeneral in Bangkok representing the major nations of the world.

The Vietnam War and the US military presence in Thailand resulted in three main impacts on the economy of Bangkok: foreign direct investment, construction for hotels and other service industries.

Table 2	US Militar	US Military Spending in Thailand, 1964–69				
	Year	Million Baht				
	1964	438.4				
	65	922.1				
	66	2,589.1				
	67	4,109.2				
	68	4,917.8				
	69	4,445.7				

Table 2US Military Spending in Thailand, 1964–69

Source: [Boonkong 1974: 31]

Table 3	Offices of International	Organizations in	Bangkok in the 1960s
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Asia Foundation;
UN Economic Commission for Asia & Far East (ECAFE);
UN Food and Agricultural Organization (FAO);
Fulbright Foundation;
International Civil Aviation Organization (ICAO);
International Institute for Child Study;
UN International Children's Emergency Fund (UNICEF);
Southeast Asia Treaty Organization (SEATO);
UN Technical Assistance Board (UNTAB);
UN Economic & Social Council Organization (UNESCO);
World Health Organization (WHO);
World Veterans Foundation.
Source: [Apopumous p.d. 5]

Source: [Anonymous n. d.: 5]

Foreign Direct Investment

Investment opportunities in Thailand became much more attractive to foreign investors in the 1960s. There was an influx of foreign direct investment into Thailand, and mostly concentrated in Bangkok, especially from Japan. The Japanese presence is indicated in Tables 4 and 5.

Year	Taiwan	Thailand	Hong Kong	Singapore	Indonesia	Philippines
Before 1960	3	4	1	1		
1960	4	4	1		—	
61	2	2	4	1		—
62	9	6	1			
63	8	5	4	8	_	—
64		14	4		—	
65	9	10	3	3	_	
66	24	9	10	4	_	
67	46	6	2	4	-	5
68	80	8	1	3	1	2
69	73	17	6	10	8	2
Total	258	85	37	34	9	9

 Table 4
 Approval of Japanese Investment Project in Some Selected Countries

Source: [Yoshihara 1978: 65]

Table 5	Japanese Joint	Ventures in Southeast Asi	a (as of March 31, 1971)
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	Thailand	Malaysia	Singapore	Philippines	Indonesia	Total
Manufacturing	103	51	54	13	30	251
Food	8	4	2	2	5	21
Textiles	29	3	8	2	6	48
Wood & pulp	1	8	2	0	0	11
Chemicals	16	8	10	1	6	41
Metal fabrication	12	6	8	3	5	34
G. machinery	5	2	3	0	1	11
Electric appliances	12	7	2	3	3	27
Match	8	2	5	0	1	16
Others	12	11	14	2	3	42
Non-manufacturing	61	31	19	18	18	147
Agr. & forestry	0	6	0	1	9	16
Fishery	0	4	0	1	5	10
Mining	7	13	0	6	0	26
Construction	4	2	2	0	1	9
Commerce	34	3	11	6	1	55
Finance & insurance	3	2	1	2	1	9
Others	13	1	5	2	1	22
Grand Total	164	82	73	31	48	398

Source: [Ichimura 1973: 229]

In the 1960s Thailand was a relatively attractive site for foreign investment. The crucial factor for Japanese investors was stable political and military conditions. Thailand was spared from the turmoil and political conflict that occurred in Indonesia, Malaysia, Singapore, and the Philippines. In the case of Indonesia, the government under Sukarno prior to 1967 nationalized all foreign property and generally made foreign investment unattractive. Between 1957 and 1965, a number of foreign enterprises were seized [Yoshihara 1978: 54–57]. Larger foreign investment in Thailand compared to other Southeast Asian countries also reflected that the Japanese took advantage of import substitution investment opportunities. Especially, the large textile investment in Thailand was due to the large size of Thailand's internal market.¹⁾

In 1968, Paul Sithi-Amnuay, from the Bangkok Bank and the Thai Board of Investment in New York analyzed reasons why an increasing number of American firms were investing in Thailand in preference to other nations of the region in 1968:

In Japan, foreign investment now is not wanted. Korea lacks cheap sources of power. Taiwan's political future remains in doubt. Australia offers no incentives unless the investment is used to develop her natural resources. Investment in New Zealand is out. Malaysia has only 11 million people, and the direction its government will take remains in doubt. The Philippines ask that 50% of investment be made by its citizens. Singapore is just too small. Thailand has 33 million people and a stable economy backed by about one million dollars in foreign exchange holdings on deposit in America. [Irwin 1969: 22]

Similarly, a not very perceptive English businessman noted why foreign investors looked to Thailand in the early 1970s:

Hong Kong's prices are too high. Singapore has a scarcity of labor. Both these boom towns have burnt out. The Philippines has become very attractive lately and this is attributed to the nonsense inducements of the Marcos regime. Malaysia is sort of catching the spill over from booming Singapore.... Indonesia is also attracting investment but is not yet a threat to Thailand. Indonesia has such a large population, and such a large domestic market, that it is an

¹⁾ A comprehensive work on foreign investment in Thailand and other Southeast Asian countries is by Pasuk Phongpaichit. She found that the flow of investment out of Japan into Asia increased steadily from the mid-1950s onwards. In the period up to 1985, three major trends can be identified. First, Japanese investment sought to secure supplies of raw materials which were scarce in Japan. Second, Japanese firms relocated manufacturing processes to countries with lower production costs. Third, Japanese firms established subsidiaries in countries which had erected tariff barriers to encourage import substitution. Japanese capital began investing in import-substitution projects in ASEAN in the 1960s. This form of investment increased through the 1970s, and then tailed off. In the early 1970s, the Philippines was a favorite destination, but investment there subsequently declined and more flowed to Malaysia and Thailand [Pasuk 1990: 29-30].

"island unto itself." Taiwan has political uncertainties,... South Vietnam could emerge as a major attraction if stability comes to that area. Investors are keeping a close eye on this situation.... In Thailand labour is still cheap and it is adaptable. [Bangkok Post, 6 September 1973: 8]

The Gross Domestic Product increased by 5.6 per cent per year in real terms between 1951 and 1960, and by 7.3 per cent between 1960 and 1970. In the 1960s, the economy went through significant structural changes with an increase in domestic savings, rising annual capital formation, increase in exports, greater diversification in exports, and improved sectoral balance. Agriculture, manufacturing, construction and public utilities all showed high rates of growth. The rate of inflation was modest compared to most developing countries, at not more than 5 per cent annually for the period 1951–70. The balance of payments was strengthened by foreign economic and technical assistance.

In summary, foreign investment was encouraged by Thailand's stable political and economic system and by the presence of the US military in the Vietnam War. Thailand's labor costs were low compared with neighboring countries and the domestic market was relatively large. The workforce was also mobile and receptive to new methods of training.

In addition, Sarit's government (1959-63) aimed at reducing the direct role of the government and encouraging private domestic and foreign investment in the manufacturing sector, with only a few minor restrictions such as in public utilities. The government's role was reduced to the provision of economic infrastructure and to the establishment of a legal and political order favorable to the growth of private enterprise, which was now regarded as the engine of development. Since Thailand lacked technical know-how and capital, it was deemed imperative that foreign capital be attracted to Thailand, and hence the Board of Investment was established in 1959. Sarit promised that all private enterprises, whatever their nationality, would enjoy similar rights. Once an investment project had been approved, the government guaranteed that it would not set up any enterprise to compete with it. Nor would the government nationalize private industrial enterprises. The government offered to facilitate investment to the extent of waiving import duties on machinery, accessories and equipment, and offering exemption from income tax for a period of two to five years. The inflow of foreign capital was in excess of the outflow by about 153.7 million baht in 1963. By 1969, the net inflow had grown to 669.7 million baht (Table 6).

The capital inflow increased from around 120–370 million baht between 1961 and 1964, to 580–1,090 million baht between 1965 and 1969. According to the Board of Investment statistics, more than 70 per cent of Thailand's new factories were owned and operated by foreigners, leaving only small plants to be operated by Thai owners, while many medium-sized factories were jointly-owned by Thai and foreigners [Sidhiphol 1972: 279].

Year	Capital Inflow	Capital and Profit Outflow	Net Inflow
1961	120.9	204.9	- 84.0
62	156.7	204.7	-48.0
63	348.2	194.5	153.7
64	373.3	201.6	171.7
65	603.7	205.0	398.7
66	587.7	345.6	245.1
67	869.5	377.4	492.1
68	1,312.5	339.0	973.5
69	1,090.0	420.3	669.7

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Source: [Bank of Thailand Various Issues]

Type of	Male		Female		Temporary	Employees	Total	
Industry	June '68	Dec '69	June '68	Dec '69	June '68	Dec '69	June '68	Dec '69
Textiles	1,890	3,323	5,556	8,703		126	7,546	12,152
Automobiles	994	1,632	182	241		48	1,176	1,926
Metals	1,628	1,826	106	105	106	163	1,840	2,094
Foodstuff	617	722	97	114	230	900	944	1,736
Others	824	1,017	294	429		537	1,118	1,983
Total	5,953	8,525	6,335	9,592	336	1,774	12,626	19,891

 Table 7
 Number of Employees in Japanese Enterprises, 1968–69

Source: [Investor, August 1970: 817]

Among the foreign investors from over 20 countries, the leading nations were Japan, then the USA, and the Republic of China respectively. Between 1959 and 1971, 17,510 million baht of registered capital was invested in industry. Of this 5,014 million baht was owned by Thais, while Japan's share constituted 852 million baht (11.3 per cent of total registered capital, or 34 per cent of total foreign registered capital), the USA 468 million baht, and Taiwan 398 million baht [*loc. cit.*].

In December 1969, Japanese enterprises employed 19,891 workers (Table 7). Total wages paid in 1969 to Thai workers in Japanese enterprises were estimated at 157.4 million baht, and the monthly average pay per worker was estimated at 812 baht (Table 8). This was higher than the national average, surveyed by the Ministry of Industry at 638 baht per month. The higher wages in the Japanese enterprises were caused by a relatively higher use of capital creating an increase in labor productivity.

Foreign direct investment projects were concentrated around Bangkok, where they contributed to the increases in employment and construction. Many were established on the fringes of Bangkok (such as Rangsit) to take advantage of low land prices.

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	1969	1969	1968	1968
Type of Industry	Total Amount of	Per Capita	Per Capita	Monthly Average of
	Wages Paid	Monthly	Monthly	Wages in Manufacturing
	during the Year	Average	Average	Industry Investigated by Ministry of Industry
	('000 baht)	of Wages (baht)	of Wages (baht)	(baht)
Textiles	63,587	613	540	449
Automobiles	23,287	1,040	960	782
Metals	34,260	1,363	877	813
Foodstuff	15,015	721	858	877
Others	21,247	983	1,007	540
Total	157,393	Average 812	Average 718	Average 638

Table 8 Wages of Thai Employees in Japanese Industrial Enterprises, 1968-69

Source: [Investor, August 1970: 817]

	19	965	19	966	19	967	19	68
Number of visitors								
Overseas visitors	18	9,620	20	7,111	24-	4,283	297	7,856
Neighboring visitors	3	5,405	7	8,006	9	1,562	79	9,406
Totals	22	5,025	28	5,117	33	5,845	377	7,626
R & R		n. a.	3	3,000	5	4,000		n. a.
Visitor expenditure (US\$ million)								
Overseas visitors	21.8	(86.1)	24.1	(64.2)	23.7	(49.7)	35.1	(67.7)
Neighboring visitors	3.5	(13.8)	6.8	(18.1)	13.4	(27.5)	5.9	(11.3)
R & R		n. a.	6.8	(18.1)	10.8	(22.6)	10.8	(20.8)
Totals	25.3	(100.0)	37.5	(100.0)	47.6	(100.0)	51.8	(100.0)

Table 9 Visitors, R & R and Their Expenditure, 1965–68

Source: [Thailand Yearbook 1969/70: N 35]

Rest and Recuperation (R & R) and Tourism

That the Vietnam War also stimulated growth of hotels, restaurants and what might be termed "soft" industries (night clubs, bars and brothels) was partly explained by an increase in the number of tourists as well as increased US spending, together with Rest and Recuperation (R & R). The available statistics on R & R and foreign visitors are given in Table 9.

R & R military personnel from Vietnam accounted for 11–16 per cent of total visitors during 1966 and 1967. They spent 6.8–10.8 million US dollars each year between 1966–68, accounting for around a fifth of the total visitor's expenditure (Table 9). The expenditure per head of R & R military personnel was double that of general visitors in 1967.

As the gateway to Thailand, and thus a center for all travelling in the kingdom, Bangkok attracted most of the tourists and the US military personnel. The importance of R & R spending on the hotel construction in Bangkok was recorded in 1972, a year in which there was a decline of R & R visitors to Thailand:

The first hotel category, R and R type, would certainly appear to be in trouble at this time, what with the rapid decline in the number of R and R visitors to Bangkok and with the long range prospect of their eventual complete withdrawal. Most of these hotels certainly are not the international class and consequently must look for new markets, if they are to survive. [*Impact*, April 1972: 3]

Looking at the growth of "soft" service industries, which included nightclubs, bars, and massage parlors, these activities were generally recognized as products of the large spending of US military personnel in the 1960s on recreation and entertainment. One newspaper noted that "Petchaburi Road extension, dubbed the American strip, grew out of a swamp rice field and fruit orchards. The main activity along the five mile strip reflects the influence of American involvement in South Vietnam" [Bangkok World Annual Review 1969: 70].

In 1966, for example, there were at least 652 night clubs, bars, and massage parlors in the whole country of which 336 were in Bangkok, 126 were in the five provinces housing US bases in the northeast, and 190 in the other provinces particularly close to the two bases in provinces in the central region. In 1972, there was a reduction of the US military personnel in Thailand. The Takli base in Nakhon Sawan was closed in 1971, and Khon Kaen base in 1973. This naturally effected investment in the soft services industry, and there appears to be a considerable decline of these kinds of industries. For example, bars declined from 652 in 1966 to 499 in 1972. In Bangkok alone the number halved between 1966 and 1972 [Boonkong 1974: 52].

The expansion of the service industries from the 1960s resulted in a growing number of rural migrant women working as prostitutes, offering massage services and dancing. There were no official records on their actual numbers. Unofficial records on brothels, or places which were related to prostitution or service girls, show these were found at Bangkhunphrom, Banglumpoo, New Pethchaburi road, Patpong and so on, from the 1960s.

III Tourism

The Checchi Company of Washington DC, which came to Thailand under contract with the US Department of Commerce, sponsored by the PATA (Pacific Area Travel Association), noted that the tourist industry had barely existed before 1960:

In 1959, of the total 189,000 international air travelers who arrived at Bangkok airport only one-third visited Bangkok and 120,000 were in-transit international travelers who did not leave the airport. The report pointed out that the group represented a great tourist market, already at Thailand's door step. A decade ago nothing was done to tap these perspective resources.

Bangkok had only 871 hotel rooms of tourist standard and there were no trained guides or organized tours. In fact, tourism was a neglected trade and the only income gained was accidental. [*Thailand Yearbook* 1969/70: N 5]

In 1959, the government under Field Marshal Sarit Tanarat established the Tourist Organization of Thailand (TOT) to take an active lead in the development of the industry. The Prime Minister in his speech at the opening of the TOT office in 1962, stressed the necessity for the TOT to give full co-operation, assistance, support and guidance to business enterprises and individuals closely connected with the travel industry. He further stated: "I feel that the promotion of tourism can be best achieved for the benefit of our people and our country only when every government office, individual enterprise, and the people themselves give their full co-operation and support to this important industry" [*ibid.*: N 6].

TOT largely promoted tourism in the capital, with advertisements focused on Bangkok's palaces, temples, markets and night life. Only rarely were provincial attractions such as at Chiangmai or Sukhothai noted. TOT opened its first overseas branch office in New York on June 7, 1965 and the second in Los Angeles in November 1969. Offices followed in Frankfurt, Tokyo, Sydney, Toronto, Paris, and London [*Thailand Yearbook* 1970/71: F 7]. In 1969, the government approved 200 million baht to improve the facilitates for commercial air traffic and to accommodate the new jumbo jet era which was dawning [*ibid*.: F 6].

Bangkok as a Crossroads of International Aviation

The role of Bangkok as a crossroads for international aviation needs to be emphasized. Bangkok has grown rapidly in importance as a tourism center. One of the main reasons for this has been Bangkok's location on several major trunk routes. Thus, most of the airlines flying to Europe or Australia and via other the world routes found Bangkok a convenient stopping place for refueling. A growing importance of Bangkok as a crossroads of air transportation in the Asia-Pacific region, increased local and regional travelers. Flying time to the major centers of Mainland Southeast Asian Countries (e. g. Rangoon, Mandalay, Kuala Lumpur, Vientiane, Phnom Penh and Saigon) approximated one hour; Hongkong, Singapore and Calcutta were but two hours distant; and Delhi, Jakarta and Manila might be reached in about four hours. Don Muang was, in fact, Southeast Asia's busiest international airport. Immediate communication with all the capitalist world was available through such facilities as a 24-hour cable service and radio telephone to the major cities of Asia, Europe, the United States and South America [Anonymous n.d.: 52]. Statistics of the growth of civil aviation at Don Muang and some interesting statistics are given in Table 10.

We may add that Bangkok was, and remains the hub of the domestic air network. Direct links between provincial airports have remained virtually non-existent. Other

- Table 10
 Statistics of the Growth of Civil Aviation and Passengers at Bangkok International Airport in the 1960s
 - Number of aircraft movements through Bangkok (including transit) 1960-15,800 movements; 1972-40,400 movements.
 - Twenty eight international airlines were being used in 1969, Don Maung among them. The best known and fastest growing being Pan Am, TWA, BOAC, Qantas and JAL.
 - In 1950, 16,800 flights landed at Don Muang, in 1965 there were 22,400 and in 1966 the number had reached 27,900, in 1968, there were 45,000.
 - Passengers passing through Don Muang in 1959 numbered at about 225,000. This figure rose to 550,000 in 1965 and in 1969, it was 1.5 million. Direct income from commercial airlines was about 9 million baht in 1959. In 1965, this reached 40.4 million baht and by the end of September, 1969, the income had reached 60 million baht.

Sources: [Bangkok Post, 26 September 1969; 20 September 1973]

factors stimulating tourism were the prosperity of developed countries (boosted by mass air travel) and relative political calm. The substantial improvement in air transportation linking Bangkok to developed countries, and the development of Jumbo jets which increased the capability of air craft, the availability of modern transportation and hotel facilities, boosted tourism. Political stability was also significant. In the 1960s, Thailand was spared from turmoil which contrasted with neighboring countries of Vietnam, Laos, or Cambodia. Bangkok was also the terminus for international railway service to Malaya, Singapore, Laos and Cambodia. The development of the railway network linking the border countries allowed for short haul journeys which in turn encouraged a growing neighboring tourist market.

Under the impact of the US presence and the development of Bangkok as an air hub, tourism developed quickly from a fledgling industry to a giant enterprise. In 1960 total tourist revenues were estimated at 196 million baht. By 1969, these had grown to 1,485 million, and tourism revenue ranked fifth among earners of foreign exchange [*Thailand Yearbook* Various Years]. Total tourist arrivals doubled between 1965 and 1969, to reach 469,784. Americans formed the largest group (133,327) followed by the Japanese (42,872), British (31,331), and Germans (20,190) (Table 11).

Tourist expenditures were concentrated in Bangkok. In 1969, foreign visitors spent 1,770 million baht in Thailand, 690 million baht more than the total expenditure of Thai people traveling abroad. Foreign tourists in Thailand spent an average 55 per cent of expenditure on lodgings, 19 per cent on food, 17 per cent on travelling and sightseeing, 32 per cent on shopping, and 7 per cent on miscellaneous items [*Thailand Yearbook* 1970–71: F 1].

IV The Impact of the Vietnam War and Tourism on Bangkok's Growth

The 1960s was a crucial period in the shaping of modern Bangkok. A visitor in 1970 would

	1957	1960	1965	1969	1970	1971
(1) Total foreign visitors ('000 person)	44.3	81.3	225.0	469.8	628.7	638.7
US			78.3	133.3	159.2	147.6
Of which: R & R			(15.0)	(70.3)	(44.3)	(26.6)
Japan			17.3	42.9	47.0	55.8
Malaysia			18.4	59.6	105.0	128.9
Germany			7.4	20.2	28.0	35.8
U. K.			20.3	31.3	37.0	37.7
France			6.7	12.7	21.1	17.9
Australia			6.6	14.7	20.3	18.8
(2) Average length of stay (days)			4.8	4.9	4.8	4.9
(3) Hotel capacity in Bangkok (rooms)			4,469.0	7,984.0	8,763.0	9,259.0
(4) Foreign exchange earnings (millions of baht)	76.5	147	506.0	1,770.0	2,175.0	2,214.0

 Table 11
 Tourism Basic Data, 1957–71

Source: [Thailand Yearbook 1975-76: L 81]

hardly have recognized the city from a decade before.

Expansion began in the 1950s, but at this stage the overall shape and appearance of the pre-war city still remained intact. From the early 1950s, the old European business area along Charoenkrung road was pushed out from the river along Silom and Suriwong roads, and finally joined with Rama IV road to form the most fastest growing area in Bangkok. The expansion of other business districts was noticeable along Ploenchit, Petchaburi and Asoke roads. Old roads were re-surfaced, widened, reconstructed and provided with modern facilities for sanitation and traffic control. Roads were built or upgraded to improve access to the Klong Toey port and to Don Muang airport.

By the early 1970s, the Don Muang-Saraburi Highway was widen and improved in order to cope with the growing traffic congestion and an expanded city. Because this highway leads to seven major provinces in the central region, four major provinces in the northern region and many provinces in the northeast of the country, its traffic was very heavy along this route. As noted by the *Bangkok Post*:

The [existing] road with its 7-meter asphalt concrete travel way was not adequate to cope with the ever growing traffic volume. All motor vehicles traveling from the northeast use this route and the highway had to handle more than 8,000–10,000 vehicles per day on the Saraburi-Wangnoi section. There are many accidents along this section of the highway. The Highway Department therefore decided to widen the road from Don Muang to Saraburi, a total distance of 83 kilometers by adding another two new parallel lanes to the west of the Paholyothin road.

The new roadway which is nearly completed now will be separated from the existing road by a 5-meter raised median in populated areas. In other areas the road has a 9-meter dividing area between it and the existing road. The Don Muang-Saraburi highway project extends from near the Don Muang airport, about 24 kilometer-north of Bangkok, to the town of Saraburi, about 108 kilometers northeast of Bangkok. The project consists of upgrading approximately 84 kilometers of route No. 1 and existing two-lane divided highway. The new road will have a 7-meter wide asphalt concrete surface with a 2.5-meter wide outer shoulder and a 1.5-meter inner shoulder. The existing road will also be resurfaced with asphalt concrete. Some major towns flanking the road and intersections will be provided with new lighting systems. The work also includes the improvement of storm water drains at both sides of the road through Saraburi town. The construction was divided into two sections. Section I extended from Don Muang to Bang Pa-In intersection, a distance of 27.5 kilometers. Section II extended from Bang Pa-In intersection to the provincial district of Saraburi. [*Bangkok Post*, 14 September 1973]

Settlement in outer districts such as Bangkane, Din Daeng, Phrakanong, Samut Prakarn, Pathum Thani and Prapradang increased in importance, and also demanded the improvement and construction of new roads. Between 1953 and 1965, many major roads were built and improved. Rajadamnoen Klang and Phetchaburi roads were widened. Din Daeng, Sri Ayutthaya and Wisutkasat roads were reconstructed and improved. Sunthornkosa and Phaholyothin were widened. Rama IV road was extended to Prakanong and Samut Prakarn. Petchkasem road was extended to Nakhon Pathom. Taksin road was extended to Pom Prachul [Thailand, Government of Thailand, Various Issues; Thailand, Ministry of Interior, Various Issues]. In the late 1950s, other main roads were constructed to cope with the increase in population in Thonburi, for example, Charansanitwong, Pran Nok, Issarapap, Somdej Chaophraya, Ladya, Charoen Nakhon, and Maha Sawan-Buddhamonthon roads. Three important bridges were opened for traffic: (1) Krungthon bridges, linking Rajawithee road (Bangkok) with Charansanitwong (Thonburi); (2) Krungthep bridge, linking Charoen Krung road at Bangkoalam (Bangkok) with Mahai Swan road and Bukkalo Thonburi; and (3) Nonthaburi bridge, linking Tiwanon road (Nonthaburi) with Tambon Banmai (Pathum Thani).

The building of roads and a high growth rate in population resulted in a considerable increase in the urbanized area. So far as this can be traced back, the urbanized area of Bangkok in 1898 was approximately 4 sq km. This area was created by Royal decree for the purpose of sanitary administration [Thailand, Government of Thailand 1898: 82–96]. The administrative definition of Bangkok was subsequently changed several times. By 1936, the area of Bangkok Municipality (excluding Thonburi) had reached 50.77 sq km; in 1942, 72.15 sq km; and by 1955, 124.75 sq km [Nuntaka 1958: 82]. The area of the municipality of Thonburi in 1937 contained 47 sq km, and by 1955 increased to 51 sq km [Thailand, Ministry of Interior, Various Issues]. Newspapers of the time noted the changes in the city: various new buildings, road widening schemes, new bridges and so

on [*Siam Rath Thai Weekly Review*, 23 November 1958]. The *samlor* disappeared from the central streets in 1959, a sure sign of the progress of the city.

Despite this expansion, in 1960 the shape and economic functions of Bangkok would have been familiar to those acquainted with the pre-war city. The rice trade still dominated commercial activity, canals still played a role in day-to-day transport and living, and New Road still formed an identifiable "city center."

From 1960, the pace quickened. In 1961, the start of the first National Economic Development Plan (1961–66), a number of canals were filled to build roads, including Silom, and Hua Lumpong (Rama IV). In the early 1950s, there were still nearly 100 functioning canals in Bangkok and Thonburi [Thepchu 1975: 55–62 based on *Government Gazette*, Various Issues], but by 1970 only one-third remained, with some reduced to small conduits in the middle of major roads. The disappearance of canals in the 1960s was a feature of the period.

The expansion of the city was shaped by the network of roads built after 1950. In the northern area of Bangkok, the growth extended alongside Paholyothin and Vipawadee Rangsit roads to Pathum Thani, and then extended along Bangkok-Nonthaburi to Pakkred. The land use in this area in the 1960s was mainly residential and for government office buildings. In the eastern region, the city's expansion took place alongside Lard Prao and Ramkhumhaeng roads to Bangkapi, and also along Phetchaburi road and Rama IV road. The land was used mainly for residential areas and commercial buildings. In the southern part of Bangkok, growth extended along Sukhumvit road until Samut Prakarn district, while in the city's western area, the expansion followed Charansanitwong, Taksin, Ekkachai and Petchkasem roads. The growth of the city on the Thonburi side was slow compared to Bangkok. Most of the land there was residential, commercial and industrial and some was still used for orchards and rice fields [Chulalongkorn University 1991: 468–471].

The growth of Bangkok had multiple nuclei. As the size of the city expanded, the inner part of Bangkok surrounded by the old city wall slowly lost its population as people moved away to other sections of the city. The old business district along Charoenkrung and Yaowaraj roads also suffered a decline in relative importance as new trade centers emerged at Patunam, Rajaprasong, Siam Square, Suriwong, Saphankwai, Wong Wien Yai in Thonburi, Phrakanong and Banglumpoo [Paiboon 1976: 230].

Coupled with the physical growth of the city, land prices in Bangkok-Thonburi increased. One source in 1966 noted the high price of land in Bangkok:

One index of the buoyancy in land prices is that the prime industrial locations are ten times more expensive than rich paddy fields on the outskirts of Bangkok. While agricultural land is available at less than US \$1,000 an acre, there are bidders for factory sites above US \$6,250 an acre in Thonburi, who are prepared to spend an equal amount on land fill. These price levels are pretty small beer in comparison with the premium on sites in the most preferred locations in

southeast Bangkok on the Sukhumvit highway. In this elite district, an acre changes hands at not less than US \$15,000, besides an equal investment in land fill at US \$3.75 a cubic meter. Housing lots are even more prohibitive, and none other than multi-million-dollar interests can dream of buying choice residential land in uptown Gaysorn shopping district at US \$125 a square meter. [Asian Industry, May 1968: 41]

The rise in the price of land reflected growing demand for housing, commerce, and industry. The average value of land adjacent to roads or large communities was higher and tended to be lower if not immediately connected to transportation and communication ways. Land in Bangkok reached its highest values along roads in the commercial zone.

Building Construction in Bangkok

Bangkok's construction industry came of age in the 1960s, with a burst of building activity that produced new office buildings, factories, hotels, and public buildings. Its growth can be judged by the figures from the National Accounts. Gross capital formation in Bangkok increased from 4,056 million baht in 1960 to 8,186 in 1965, and 16,244 million baht in 1970. Building and construction activities usually accounted for more than 60 per cent of the gross domestic capital formation (Table 12). A rapid growth of both private and public sector construction in 1965–70 was mainly caused by the US military expenditure, the Fifth Asian Games (1966) and infrastructure projects such as resurfacing and improving roads.

The important role that the building industry plays in economic development has long been recognized. Apart from its direct contribution to GDP, the building construction sector promotes economic growth through the provision of a large proportion of the investment goods necessary to induce growth in other sectors of the economy. In

Veer	Private	Public	Tatal	Private	Public	Tatal	Gross Capital
Year	Construction	Construction	Total	Equipment	Equipment	Total	Formation
1960	1,633.1	854.6	2,487.7	932.5	294.5	1,227.0	4,056.5
61	1,825.6	944.6	2,770.2	945.8	386.2	1,332.0	4,331.5
62	1,873.1	1,275.9	3,149.0	1,107.2	497.5	1,604.7	5,224.8
63	1,994.7	1,627.6	3,622.3	1,513.6	551.1	2,065.2	6,539.1
64	1,817.1	2,127.0	3,944.1	2,001.1	667.1	2,668.2	6,757.3
65	2,404.4	2,508.8	4,913.2	2,106.7	818.9	2,925.1	8,186.5
66	3,414.3	3,046.1	6,460.4	2,790.4	980.5	3,770.9	10,356.3
67	3,771.4	4,951.6	8,723.0	3,802.6	1,010.7	4,812.7	13,798.9
68	4,361.8	4,825.2	9,187.0	4,078.7	1,288.0	5,366.7	14,623.4
69	4,410.0	5,271.1	9,681.1	4,764.1	1,191.0	5,955.1	15,762.0
70	4,461.5	5,474.4	9,935.9	4,962.3	6,240.5	6,202.8	16,244.8

 Table 12
 The Bangkok Metropolitan Gross Capital Formation, 1960–70 (in million baht)

Source: [Thailand, NESDB, Various Issues]

addition, the wide choice in possible techniques of construction suggests that the building industry can contribute to the creation of productivity, employment and possibly cope with the poverty of the rural migrants.

During the 1960s, the construction sector in the Bangkok metropolitan area increased by about 15 per cent annually. This high growth rate was due to numerous construction projects, both private and public. An article in 1969 summed up what this construction growth had done to the landscape:

At the early 1950s Bangkok did not even resemble the city of 1970. The scene and moods were typical oriental — flat, soggy and humid. No sense of prevailing dynamism existed. At one point, the city boundaries ended at the Victory Monument and empty rice fields began. The Sapan Kwai area — one of the business centres today, and the Suthisarn and Lard Prao residential areas have turned into the well developed suburbs they are now. The change also hit the stately old Bangkok suburbs, then the location of splendid residences of the city's well to do. The upper-class suburbs had been transformed into a dynamic and growing town, containing Thailand's tallest building, a 22 storey skyscraper, built by one of Bangkok's new engineering companies, Chokchai International. The Sukhumvit thoroughfare, once a klongbordered ribbon linking the seaside resorts of Bangsaen and Pattaya to Bangkok and the river town of Paknam, has been transformed into a six lane street with its klongs filled in. This effort was soon followed along other main thoroughfares in the city. [Bangkok World Annual Review 1969: 70]

From the mid-1960s, high rise apartment blocks and office buildings, bars and food shops entered into this landscape. Phetchaburi road extension, dubbed the American strip, grew out of a swamp of rice fields and fruit orchards. The main activity along the five mile strip reflected the influence of the American involvement in South Vietnam — one of the major factors boosting the city's changes. Furthermore, a significant part of the construction activity was geared to building domestic dwelling for the growing population. One source noted that "The demand for houses is escalating so fast that on a conservative count, the number of dwellings built anew in the Bangkok-Thonburi area is doubling itself almost every third year" [*Asian Industry*, May 1968: 39]. Rapid growth of the construction activity, especially housing, was caused by the influx of the rural migrants to the city. As noted by the same source in 1968:

One of the biggest operators in this field is possibly the government itself because the tidal influx of the working class into the capital is sharply accentuating the need for low cost housing. The success of its efforts is seen in the clusters of public housing projects in Klong Chan and Huay Kwang as well as the modern, self-sufficient communities established by the state railway, irrigation and other departments. Some of the projects are quite large by any standard. The Din Dang settlement alone, completed last year, offers 5,000 accommodation units. [*ibid.*: 41]

By 1970, there were some two hundred buildings providing rental office space in Bangkok, of which a quarter could be characterized as "prestigious" quality according to a survey of office buildings in Bangkok conducted by the Thai Investment and Security Company Ltd [*Investor*, March 1971: 216].

Office space was in high demand, resulting in high occupancy rates, extension of office building to new areas such as Phaholyotin, Sukhumvit and Lumpini park, and high prices for suitable land (Table 13). For example, land prices for sites fronting Silom road were approximately 4,500 to 5,000 baht per square meter, and on the Rama IV strip facing Lumpini park prices were estimated to be around 3,000 baht per square meter. Along Wireless road to Ploenchit the rate varied between 2,500 to 3,000 baht. The developer of Chokchai International building on Sukhumvit road bought the plot in 1968 at 1,500 baht per square meter, and within a year the price had risen into the 2,250 to 2,500 baht range [*loc. cit.*].

In the 1960s, the Bangkok World Annual Review held that:

Most exciting of all are the shopping centers around Rajaprasong, Patumwan and Pleonchit areas. Since the empty lot became the site of the Erawan Hotel, the surrounding has became the smart district where the best shops and restaurants are located. The Gaysorn shopping centre, built in 1962, was a forerunner of other developments which soon sprang up. Many other construction projects were planned for many other districts of the city. A look at Silom, where the klongs were filled in to turn the whole street into a row of office buildings, serves to remind one that ten years ago Bangkok was called the Venice of the East.... Slum clearance is another noteworthy effort to revive the once lovely interior of the city. Although the project has not completely eradicated ancient wooden dwellings from the city, many have been demolished by properly planned buildings, as evidenced by those sections around Chulalongkorn University, near SEATO headquarter and in the Din Daeng road area. [Quoted in *Bangkok World Annual Review* 1969: 70]

Throughout the 1960s government officials evicted slum-dwellers to make way for new developments, for example the building of SEATO headquarters (near Mahidol University, Rama VI road) and housing projects in the Din Daeng and Huaykwang districts. Large retailing shops also emerged in the 1960s, for example, the Central department store, Daimaru, and Rajdamri shopping arcades. These department stores served the sophisticated markets of middle and upper income Thais and foreigners and sold a wide variety of merchandise, almost all of it imported.

Hotel Construction

Hotels were a significant part of Bangkok's changing landscape in the 1960s. To accommodate the increasing influx of tourists to Bangkok and elsewhere, new hotels had to be built speedily. For example, 1966 was a peak construction year for the hotel

Year	Name of Duilding	Available Rental	Occupancy	Rental Rates
Completed	Name of Building	Area (sq meter)	Rate (%)	(baht per sq meter/month)
1962	Wang Lee	5,000	99	55-65
63	Sribunrueng I	4,900	57	50
64	Silom	4,000	100	69
65	Vongvanij	800	100	55-60
66	A. I. A.	6,000	100	85
67	Thai Farmers Bank	9,666	100	95
67	K. Y.	2,000	88	55-60
67	B&P	3,400	91	40
67	Sirinee	5,950	86	60
67	B. O. A. C.	1,764	79	50
68	Bangkok Insurance	9,000	97	55-60
68	Biya & Sons	2,160	67	70
68	Union	4,900	100	55-60
68	Kasemkij	4,440	80	55–60
68	United	1,624	95	n. a.
68	Nai Lert	3,600	96	55
68	Maneeya	2,000	100	60
68	Anglo Thai	4,000	100	60-80
68	BUMC	1,920	100	60
68	Sarasin	5,040	100	65
69	Sri bunrueng II	4,900	14	50
69	СММС	4,480	100	65
69	Piyathanee	8,000	100	60
69	Dusit Thani	10,000	60	15-85
69	Zuellig	8,429	100	100
70	Vachara-Thanawat	5,000	50	n. a.
70	Southeast Insurance	9,200	100	60-70
70	Olympia Thai	6,300	70	75
70	Ploenchit Arcade	8,100	96	65
70	Tinnakorn	4,800	66	60
70	Sri Ayudhya Bank	10,580	75	75
70	Thaniya	10,782	50	65-120
70	Chokchai International	15,000	90	45-80
70	Bara Winson	15,864	47	55-60

 Table 13
 Some Major Office Buildings in Bangkok in the 1960s

Source: [Investor, March 1971: 218-219]

business. During this single year, 14 new luxury and first class hotels were opened in Bangkok, adding approximately 2,500 more rooms to the business [*Thailand Yearbook* 1968–69: G 89]. Many of Bangkok's "tourist class" hotels were constructed in the 1960s (Table 14).

The growth of tourism in the late 1960s prompted a frenzy of hotel building. Both deluxe and economy hotels not only provided facilities, including rooms for conventions

Year of Establishment	Hotels
1961	Rama
62	Capital
63	Nana
64	Victory, Park, Imperial
65	Rex, Amarin, Federal, Crown
66	Century, Majestic, Manora, Siam Inter, Rich, Peninsula, Reno, R. S.,
	Montien, President, Manhattan, Asia, Chavalit, Rajah, Chao Phya,
	Continental, Bangkok Tower
67	First, Grace, Siam, Narai

 Table 14
 Selected "Tourist Class" Hotels Constructed in Bangkok in the 1960s

Source: [Thailand Yearbook 1968–69: G 102–103]

and conferences but also included such attractions as swimming pools, snack bars, coffee shops, shopping centers, barber shops etc. The total of hotel rooms increased from 959 in 1960, to 1,843 in 1963, 2,634 in 1965, and 7,064 in 1967 [*Thailand Yearbook* Various Years]. Numbers of some major hotel rooms are given below (Table 15).

Apart from the growth of business, local tourism and the US presence, the record growth of hotel rooms was triggered by the first Asian International Trade Fair and the Fifth Asian Games in Bangkok in 1966. Also the Expo fair in Japan and the Olympic Games in Tokyo, as noted by the *Bangkok Post*, "increased the rate of tourist growth in Thailand, although this was an artificial prop as it brought tourists to the Far East during the Expo when they would probably have visited at another time, tourist began discovering Thailand and local businessmen realized that the hotel industry had a lot of potential. A total of 11 hotel applications were promoted and went into operation in 1966" [*Bangkok Post*, 19 September 1973].

The government encouraged hotel construction through incentives. From the early 1960s until the mid-1970s, the government provided various incentives to private investors for building hotels of a high standard. These incentives included exemption from import duties on construction materials and equipment and from taxes on income derived from sales for five fiscal years after the start of operation.²⁾ Last but not least, from around 1970 came a revolution in tourist traffic associated with the new jumbo jet aeroplane [*Bangkok Post*, 26 September 1969]. In the late 1960s, the Thai government

²⁾ World Bank's Report on Thailand's Tourism, "In order to qualify for these privileges, a hotel must be first class; its design and equipment must be approved by the Board of Investment; and its management and operation must be of the standard required of first class hotels in other countries. The size of the hotel must be not less than 400 rooms if it was located in Bangkok; 80 rooms if it was located in another municipality; and 60 rooms if it was located elsewhere. Thus far, 24 hotels in Bangkok and 36 hotels in the provinces had qualified for and received these promotional privileged" [*The Exotic Image*, 31 August 1972: 18].

No	Name	1960	1961	1962	1963	1964	1965	1966	1967 *
1	Erawan	175	182	181	181	181	181	200	200
2	Oriental	91	90	54	130	126	126	132	132
3	Trocadero	84	84	50	150	160	160	170	170
4	Plaza	70	82	82	82	82	82	72	100
5	Kings	105	105	107	107	107	107	107	107
6	Grand	46	108	108	108	108	108	108	108
7	Royal	60	60	140	140	140	140	136	136
8	Princess	64	93	93	95	95	95	91	93
9	Metropole	42	34	41					
10	Palace	37	37	37	37	37			
11	Europe	40	40	40	40	40	40	40	40
12	Pacific	32	34	34	34	34	34	34	34
13	Coronet	28	26	26	26	26	26	105	
14	Atlanta	25	105	105	105	105	105	105	70
15	Viengtai	60	70	67	140	125	125	134	134
16	Rama		180	180	180	180 121	180	195 121	195 121
17	Capital			121	121	46	121	45	45
18 19	Fuji Thai			46 60	46 60	40 60	45 60	45 60	45 105
19 20	Nana			00	61	61	60 61	60 61	105
20 21	Victory				01	125	125	125	108
21	City					45	45	64	64
22	Manida					43 64	45 64	64	64
$\frac{23}{24}$	Park					63	63	63	133
24	Imperial					00	111	127	129
26	Rex						105	105	105
20 27	Amarin						112	112	230
28	Federal						82	82	100
29	Crown						63	63	63
30	Century						00	89	89
31	Majestic							67	67
32	Manora							216	216
33	Siam Inter							214	214
34	Rich							55	60
35	Rajah							139	139
36	Peninsula							102	108
37	Reno							110	68
38	R. S.							142	142
39	President							180	180
40	Chao Phya							230	230
41	Manhattan							153	153
42	Chavalit							300	300
43	Montien							188	188
44	Continental							70	122
45	Asia							140	140
46	Bangkok Tower								100
47	Empire								140
48	Express								72
49	Foretuna								107
50	First								222
51	Grace								104
52	Morakot								121
53	Parliament								121
54	Siam								130
55	Narai				· ····				500

 Table 15
 Number of Hotel Rooms in Bangkok, 1960–67

Source: [Thailand Yearbook 1968-69: G 102-103]

* Includes hotels for which statistics were not available earlier as well as the hotels that opened in the year.

expanded Don Muang airport to accommodate the jumbos. In 1969, the *Bangkok Post* reported:

Only recently the government approved a 200-million baht budget for a construction project that would give the airport a new look. The project calls for two more floors to be built on the two-storey terminal building so that the ground floor, which at present is the centre of all airport activities, will be remodeled to serve only domestic airline passengers. The old second floor is to be resigned as a departure lounge with space provided of course for the usual cluster of souvenir shops and restaurants. Rows of couches and passengers lane will be built in the arrival section on the third floor, and the top most floor, a more exclusive area, will house the control tower and the VIP rooms... But giving the terminal building a face lift in preparation for the Jumbo age is only part of the 200 million baht renovation scheme for Thailand's international air port. The rest of the amount has been advanced to Wichitphan Construction company which a month ago completed resurfacing of the airport's asphalt run away after extending it to the west. [*ibid*.]

The advent of jets stimulated an annual growing number of tourists to Bangkok in the late 1960s. As noted in 1970, "There is a growing market for economy-class hotels among the Japanese, American youth, and worker-travelers, thanks to cheap charter flights and youth or student fares. The small hotels could be kept at full occupancy as hotels if they upgraded their facilities and aimed at this market" [*Investor*, October 1971: 841].

Capital Investment of Hotels

The investment involved in major hotel projects in Bangkok was very high. For example, The Siam Intercontinental cost over 200 million baht for 400 rooms, or 500,000 baht per room. The Dusit Thani was estimated at 170 million baht, or 340,000 baht per room. Below 300,000 baht per room was the Rama, while the President was built comparatively cheaply at 250,000 baht per room [*Investor*, May 1969: 400]. According to the Board of Investment survey in the late 1960s:

Among hotels in lower categories, the Mandarin seems to have the highest investment per room, about 300,000 baht. It is also the newest hotel, has been subject to construction delays, and may reflect a trend towards increasing costs which future developers would do well to note. The Asia Hotel at 220,000 baht per room was cheap for a good hotel, while Manora at 200,000 baht represents an average for its class, as does the Florida at 160,000 baht. In the middle range of hotels, it has been possible to build for between 55,000 and 70,000 baht per room excluding the cost of the land, which has been frequently been rented. Both the R. S. and the Empire fall into this range, and this is about the cheapest that one could have expected to go if one aimed to cater at all for foreign visitors. [*loc. cit.*]

Investment in hotels reflected the general buoyant economic climate in the 1960s, creating substantial employment in the service sector and construction. The construction of hotels also gave a notable change to the landscape in Bangkok. In the 1960s, the location of hotels moved away from the previous central business district at the Charoenkrung road to new commercial and tourist areas such as Pratunam, Rajdamri, Silom, and Rajthevi. There was even skepticism at the time that a new hotel planned in Pratunam would be successful, so novel was its location. In 1969, it was claimed that:

Top hotels in Bangkok today are located along a fork of land starting at the riverside Oriental, which has somehow managed to hold its own, going up Suriwongse to the future Sheraton and present Montien, or up Silom to Rama and Narai, and then via Phya Thai to the Siam Intercontinental, Asia and First Hotels, or else from the Dusit Thani via Rajadamri to the Erawan, Amarin and President Hotels. Other hotels tend to gain or lose in relation to their proximity to this key area and the league leaders, and the new hotels under construction in the Suriwongse and Silom area may strengthen this tendency.... The importance of site appears not to have escaped the attention of the promoters of the new Indra Hotel, now under construction and due to open in 1970 or 1971. It is located in an unfashionable, not to say down-at-heel portion of Rajaprarop road, and on what may prove to be the wrong side of the Phetchaburi road flyover. For this mammoth 500 room, 240 million baht project, the most expensive ever undertaken in Thailand, there are two main hopes: firstly that the sheer scale of the undertaking will raise the status of the whole area, attracting prestige establishments (and thereby windfall profits for local landowners), and secondly the fact that of all top-grade hotels, the Indra will be the closest to the existing international airport, while still being within reach of shopping areas and tourist attractions. [loc. cit.]

Indeed, to some extent hotel construction was an indicator of the spatial development of the city. For example, we have already seen that in 1970 the Indra pushed into the "frontier" of Pratunam. In 1969, the Park at Ploenchit and in 1969 the Rex both indicated the extension of development along Sukhumvit road. Interspersed on this and nearby roads were the small R & R hotels.

Business Performance of Hotels

Hotel expansion was fuelled mainly by the continuing tourist boom that brought in as much as US \$33 million in 1967, representing a six fold increase in less than a decade. Hotels at this time were highly profitable [Irwin 1969: 41]. For the first class hotels, such as Asia, Mandarin, Montien, and Narai, occupancy rates were well above the 50 per cent bracket, which enabled them to return a profit in a short period of time. The highest occupancy rates were found in the luxury hotels such as the Oriental, President, and Erawan. As noted by the *Impact* magazine in 1972:

In the early 1960s when the Mandarin, Hilton, and the old President were constructed, everyone predicted bankruptcy and doom, and in fact they did have difficulty for a couple of years, but all of us know what the situation has been for the last 6 or 8 years. They have been running nearly full and returning profits unheard of in most parts of the world.... The fact also is that a number of deluxe category hotels such as Oriental, Siam Intercontinental, Rama, President and Erawan have enjoyed very good occupancies in the past years and many of them have returned their entire investments in a remarkably short period of time. [*Impact*, April 1972: 4]

The boom of the hotel business may partly be explained by the presence of the US military during the Vietnam War.³⁾ According to *Investor* magazine:

Chavalit, which opened in 1966 with 300 rooms, took U. S. personnel in 1967, and since 1968 has turned itself into an apartment house for long-term lease.... The Chaophraya, with 230 rooms, serves as quarters for U. S. officers, and the Trocadero with 170 rooms for sergeants.... Suffice to say that such hotels readily admit that by going into the R & R business they automatically cut themselves out of any other business for the duration. A total of 17 hotels, many of them among the 66 recognized by the Tourist Organisation of Thailand as suitable for overseas visitors, have signed contracts with a well-known and highly enterprising travel agency. [*Investor*, May 1969: 398–399]

Hotel capacity in Bangkok more than tripled between 1965 and 1970. Hotel construction and to a lesser extent the arrival of department stores and supermarkets was itself a major activity. The connection between such construction and the development of Bangkok as a tourist center may be exemplified through two examples, the Dusit Thani group and the Central Department store group.

The Dusit Thani Hotel

Located at Rama IV (Saladaeng circle) near Lumpini park, the Dusit Thani Hotel was opened in 1970. The chairperson and managing director, Khunying Chanut Piyaoui, had opened her first hotel, "The Princess," on New Road in 1949. This hotel no longer stands today.⁴⁾ Born in 1922, she came from a Chinese merchant family. While her father

³⁾ Although hotels in Bangkok recorded around 50 per cent occupancy rates around 1969, lower than 80-90 per cent in occupancy rate in the mid-1960s, this was a fairly reasonable occupancy figure when compared to the United States, national average of some 65 per cent. Mr Boeder noted that some of Bangkok's hotels could possibly show a profit with 50 per cent occupancy [*Investor*, May 1969: 398-399]. As mentioned above, it suggests that the hotels in Bangkok enjoyed high occupancy rates, which certainly enabled them to return a profit in the 1960s.

⁴⁾ It was listed in the Stock Exchange of Thailand on April 1975. By 1994, of its 600 million baht capital, 405 million baht was paid up [Who's Who in Business & Finance 1995: 21].

conducted sawmill and dock business on the bank of Hualumpong canal, her mother operated a sawmill at Saraburi province. She was educated at Saovapa school, Suksanaree school, and Traim Thammasat University (class 4) where she dropped out before graduation due to the breakout of World War II. Upon her return, she found she had lagged behind academically, and decided to continue her studies in the United States.

As the numbers of foreign visitors grew rapidly, Khunying Chanut invited a number of partners, such as the Crown Property Bureau, to take part in the hotel business as a joint venture [*Who's Who in Business & Finance* 1995: 21]. Built in 1966 with an initial registered capital of 40 million baht, of which 25 per cent was paid up, the Dusit Thani Hotel was designed as an international deluxe hotel with its main purpose to serve foreign visitors [Vira 1989; *Who's Who in Business & Finance* 1995: 21]. Unfortunately, we have no data on the distribution of the major share holders before 1989. But we know that the Crown Property Bureau has been a major shareholder since its operation. Figures from 1989, show that the major shareholders were distributed as follows (Table 16).⁵⁾

The hotel performed well. Sales were 157 million baht in 1977, 182 million in 1978, and 196 million in 1979, delivering profits of 34, 40, and 45 million baht in the three years (Table 17).

The high profit margin of the Dusit Thani was in part due to the boom in tourism and the presence of the US Army in the Vietnam War. By the early 1970s, Dusit Thani attracted visitors from all over the world. One noted that:

The Dusit Group emphasises innovativeness. It strongly believes in keeping one step ahead of its competitors.... The first example was in the late 1960s when the Princess Hotel was sold to build the 500-room Dusit Thani, the world class hotel. It was an innovative movement of that time in terms of building an upscale property in a then-fledging hotel industry. In addition, while most hotels represent international designs, Dusit used as much locally-inspired design as possible, as well as the very local name Dusit, to represent the Hotel.⁶⁾ [May and Heeler 1994: 143]

⁵⁾ By nationality, Thai shareholders constituted 70.02 per cent, Singaporian 2.89 per cent and American 2.81 per cent [*Thailand Company Information*, 1990-91 1992: 986].

⁶⁾ In the late 1980s, the strength of the Dusit Thani group lied in its innovations, image, location, constant upgrading of the facilities, unique cultural orientation, employee training, high technology applications, diversification into related business and cooperative promotion strategies with the organizations. With the success of the hotel, by 1993, the Dusit Thani group was in fast expansion phase. The Dusit Thani expanded its network as the following. Dusit Hotels and Resorts group (for up scale market) as well as Thani Hotels, Resorts and Inns (franchise group). The franchise groups were entitled to reservation network use as well as assistance in operations. Also, as part of the franchise division, *∧*

Table 16 The Major Share Holders of Dus	it Thani Hotel in 1989
The Crown Property Bureau	16.24 %
Piyachantana, Co. Ltd	7.89 %
Princess Co. Ltd	7.57 %
Chanint Co. Ltd	6.94 %
Inisathai L. P.	5.36 %

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Source: [Thailand Company Information, 1990-91 1992: 986]

The rapid growth of the Dusit Thani Hotel represented the success of local business in the service sector under the conditions of dynamic change in Bangkok.

The Crown Property Bureau (CPB), previously known as the Privy Purse Bureau (PPB), was the largest shareholder in the Dusit Thani. In 1936, the CPB was separated from the royal household, and its income was used for royal household expenses, entertainment for private and state visitors, donations for charitable purposes as well as for the support the pensions for members of the royal family. The CPB remained one of the largest asset-holders in Thailand, with shares in a number of business concerned including banks, hotels, insurance and construction. The CPB owned 44 per cent of the Siam Cement Group, as well as shares in some 30 companies including the Thai Danu Bank, the Siam City Bank, the Siam Commercial Bank, the Erawan Hotel, the Royal Hotel, the Majestic Hotel, the Siam Intercontinental Hotel and the Sri Maharaja Company, one of the biggest manufactures of plywood in the country⁷ [*Investor*, February 1971: 124].

Dusit Thani group had established an affiliate company, the exclusive licensee of the Best Western (US chain) in Thailand. To its members, Best Western has offered a world wide reservation lineup as well as international marketing support. The Dusit Hotels and Resorts group comprised eight projects which were as follows: The Dusit Thani (Bangkok), Dusit Resort (Pattaya), Dusit Resort and Polo Club (Cha-Am), Dusit Laguna (Phuket), Dusit Island Resort (Chieng Rai), Santiburi Dusit Resort (Samui), Dusit Rayawadee (Krabi), and Dusit Premier (Chieng Rai-underway). The Royal Princess group comprised eight projects which are as follows: Royal Princess (Bangkok), Grand China Princess (Bangkok), Royal Princess (Chieng Mai), Royal Princess (Korat), Wangtara Princess (Chachoengsao-underway), Charoen Thani Princess (Khon Khaen-underway), Palmeraie Princess (Rayong-underway), and Lake View Princess & Golf Club (Hua Hin-underway). Thani/Best Western group were as follows: Nongkhai Grand Thani (Nongkhai), Suan Bua Thani (Nongkhai), Suan Bua Thani Hotel & Resort (Chieng Mai), Maeyom Palace Thani (Phrae), Roi Et Thani Hotel (Roi-et), PR Union Inn (Bangkok), Bel-Aire Princess (Bangkok), T. V. Palace Hotel (Bangkok), T. V. Palace Hotel (Bangkok), and Banthani Beach Resort (Phuket). By 1993, grand total number of rooms of the Dusit Thani group was 3,789 rooms [May and Heeler 1994: 143]. Furthermore, by the early 1995, The Dusit Thani group expanded its network by taking over the 23 Kempinski Hotels in various countries [Who's Who in Business & Finance 1995: 27].

⁷⁾ Further information of the share holding involvement of CPB, see for example, *Thailand Company Information*, 1990–91 [1992], see also *Million Baht Business Information*, *Thailand*, 80–81 [1981].

The Investor magazine recorded:

[A]s the largest of the land owners both in Bangkok and the provincial areas of which about almost one third of land in Bangkok belonged to the CPB in the period before the Second World War, the CPB played an important role in constructing buildings to rent on the long-term basis. For example, in the late 1960s Saphan Khao area with its rickety wooden shop houses and ramshackle old buildings was pulled down to prepare for construction of a multi-million baht commercial high-density residential centre with a 20 storey office building, 356 shop houses, 1,150 unit flats and two cinemas.... The Chalermloke area, opposite Rajaprasong Shopping centre was also shaping up to become yet another first class shopping area. [*loc. cit.*]

The Central Department Store

In 1956, the first Central Department Store was opened at Wangburapa with an area of 200 meters squares and initial registered capital of 3 million baht. This store was the first department store in Thailand [Boonchai 1990: 113–114]. The founder of the Central Department Store was Tiang Chirathivat, a Chinese emigrant who had been a small restauranteur in Thonburi before the Pacific War. Shortly after the war ended, he opened his first retail business on Charoenkrung road. Although it was small, the shop prospered because of his innovative ideas in merchandising, mainly selling a range of a number of newly imported goods.⁸⁾ The tourist trade and the presence of the U.S.A. in the Vietnam

	1977	1978	1979
Sales ('000 baht)	157,172	182,846	196,619
Profit ('000 baht)	34,838	40,443	45,871
Capital ('000 baht)	189,395	199,188	389,489
Asset ('000 baht)	235,215	258,753	470,033
Liability ('000 baht)	45,819	59,564	81,323
Equity ('000 baht)	189,395	199,188	388,710
Gross margin (%)	39.13	40.03	36.61
Profit margin (%)	31.33	32.87	34.65
Return on equity (%)	26.00	30.18	17.53
Return on capital (%)	26.00	30.18	17.49
Return on asset (%)	20.94	23.23	14.49

Table 17The Business Performance of the Dusit Thani Corporation, Ltd
(owner of the Dusit Thani Hotel)

Source: [Million Baht Business Information, Thailand, 80-81 1981: 564]

Note: Management Staff: Chairman-Poonpun Krairksh; Managing Director-Voraphong Piyaoui; General Manger-Somphot Piyaoui; Sales Manager-Khampi Suwanarat; Financial Manager-Chamni Yudhananas; Purchasing Manager - Serisangar Mariratana

⁸⁾ For Chirathivat family biography, see, Vira [1989: 35-38], and Boonchai [1990: 110-135].

war stimulated the rapid development of department stores. In 1968, the Silom branch was opened in a nine-storey building with a total construction cost of 10 million baht. In 1974, a branch was added on Ploenchit road. In the early 1980s, the fourth store was opened at Thonburi and in 1983, the fifth one was established at Lard Prao. The sixth branch, also in Lard Prao, comprised a hotel of 1,600 rooms, a plaza, and the department store, altogether covering 417 *rai* and involving a huge registered capital of 2,000 million baht [*ibid.*: 110–135].

The Central Department Store chain not only constructed modern deluxe buildings in Bangkok, but also carried a wide range of merchandise, almost all imported. Its policy was to sell only top-quality products imported from the United States, Europe and Japan to serve the high-income group and foreigners. Unfortunately, there is no record of the chain's business performance in the 1960s. But by the late 1970s, sales revenues were in the region of 4,000 million baht a year (Table 18). The Central group also extended its business operation to other commercial interests including hotels, manufacturing and real estate, which included the Central Grain Co. Ltd., Central Plaza, Central Plaza Hotel, Central Sport Co. Ltd., and Central Trading Company.⁹⁾ One of the most successful retailing businesses in Bangkok since the middle 1960s has been the Central Department Store.

The success of the Central Department Store also reflected the boom in tourism and the presence of the US military. Hewison noted that:

Both stores [Silom and Chidlom branches] were in the centre of the expanding tourist trade. Bolstered by thousands of U.S. service personnel taking rest and recreation leave from Vietnam, as well as by large doses of U.S. aid and military spending, Bangkok experienced a tremendous wave of growth in the mid and the late-sixties. The Central Department Stores and associated supermarkets were carried on the crest of this wave, expanding rapidly and achieving high rates of profit. [Hewison 1989: 155]

	1977	1978	1979
Sales	329,389	382,808	466,846
Profit	12,060	9,526	10,024
Capital	108,920	118,355	128,379
Asset	449,036	513,497	601,313
Liability	340,115	395,142	472,933
Equity	108,923	118,355	128,379

Table 18	Some Statistics	for the Central	Department Store Group	('000 baht)
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Source: [Million Baht Business Information, Thailand, 80-81 1981: 502]

Note: Major Shareholders: Samrit Chirathivat 24.50%; Tieng Chirathivat 16.30%; Vanchai Chirativat 10.00%; and Suthijai Chirativat 6.66%.

9) Further discussion of Chirativat family business, see Krirkiat and Yoshihara [1983].

The Vietnam War and Tourism: The Implications of the Growth of the Construction Industry

In 1972, the World Bank estimated on the basis of employee-to-room ratios that Thailand's hotel industry employed 20,000 people [*The Exotic Image*, 31 August 1972: 18]. In 1977, a Thai academic estimated that tourism generated direct employment for some 200,000 people, and indirect employment for another 900,000, particularly in the souvenir industry [Teerapong 1977: 1–11].

The implication of the rapid growth of tourism, and the huge spending of US military together with the rapid growth of industries was significant for Bangkok's development. The construction industry was a visible example, encompassing companies, construction equipment dealers, construction equipment importers, construction equipment, rental companies, construction material importers, building contractors and a host of other businesses.

Little is known about the structure of the market performance of the construction industries in Bangkok. The industry was characterized by a large number of small and very small indigenous contractors or self-employed, and also by a small number of large and very large private or public contracting organizations. The large firms were often foreign owned. The small indigenous contractors accounted for only a minor proportion of the total demand such as the design and specifications of the simplest building, while modern, western standard complicated building was under design specifications from large foreign firms. By 1967/68 there existed a considerable range of large construction industries in Bangkok [*Thailand Yearbook*, Various Years].

Construction had become a major source of employment for a large segment of the rural population who migrated to find jobs in Bangkok in the 1960s. The building industry played an active role in offering employment to rural migrants. There are no records on the volume of rural migrants entering construction industries, or other related information such as methods of hiring, levels of skilled needed, how workers entered the construction sector labor market, etc. Construction workers were usually recruited and hired casually by local foremen who were villagers themselves. Foremen were usually sent from Bangkok. The employment basis was mostly seasonal hiring (based upon the project site contract duration). A few workers were on a daily casual basis.

Different phases of the project dictated the size and composition of the work force needed. Construction companies always hired both skilled and unskilled labor. The skilled labor were, for example, carpenters, painters and welders, while there was a large number of unskilled labor or manual laborers to help the skilled workers as well as to move material and equipment, to excavate and haul dirt, to mix cement, and to generally clean up. Moreover, there were female workers in construction industries engaged in many types of work too. This had implications for circular migration from the rural sector to Bangkok. For the laborers, circular migration represents a means by which they could maximize their living standards. They could increase their earnings by moving to

Bangkok where work was available and reduced the living costs for their families by staying, sleeping at the building site while working in the building site while working in the city. Circular migration represents an economic link with Bangkok and rural areas.

The 1960s was a time of immense physical change in Bangkok. Demand for labor increased considerably. Manual jobs in the service sector constituted most of the non-professional urban jobs especially in the 1960s [NSO 1962; 1973]. Over the 1960s, the share of construction in Bangkok's labor force increased from 2.10 to 5.21 per cent, transport from 5.36 to 6.26 per cent, and other services from 22.64 to 28.34 per cent (Table 19).

Even though there was rising demand for labor for construction in the 1960s, a survey taken by the Board of Investment indicated that the wage rates in 1970 for

To decide a	19	60	1970	
Industries	Number	Per cent	Number	Per cent
Agriculture	288,975	28.52	219,549	8.30
Mining and quarrying	1,785	0.17	5,075	0.37
Manufacturing	145,553	14.36	257,402	18.62
Construction, repair and demolition	21,245	2.10	72,007	5.21
Electricity, gas, water and sanitary service	8,798	0.87	13,605	0.98
Commerce	216,345	21.35	272,993	19.74
Transport, storage and communication	54,290	5.36	86,588	6.26
Services	229,440	22.64	391,890	28.34
Others	46,840	4.62	63,510	4.59

Table 19Distribution of Working Population by Main Industrial Classification in the Bangkok
Metropolitan Areas* in 1960 and 1970

Sources: [NSO 1962; 1973]

* Bangkok Metropolitan area included Bangkok, Thonburi, Nonthaburi and Samut Prakarn.

-		Unit : hourly wa			
Plumber	4.09	Concrete mixer operator	4.4		
Reinforcing iron work	3.10	Erectors	4.47		
Electrician	4.56	Sheet metal workers	6.77		
Carpenter	3.79	Bulldozer operator	3.50		
Painter	4.89	Road grader operator	4.98		
Bricklayer	3.51	Crane operator	5.15		
Tile setter	5.50	Laborers (male)	2.14		
Welder	5.23	Laborers (female)	1.85		
welder	5.23	Laborers (Temale)			

 Table 20
 Wage Rates in Construction Industry in Bangkok in 1965

 Unit : bourly wage re

Source: [Investor, July 1971: 12]

unskilled laborers remained low, averaging about 15–25 baht per day and the working hours reached about 9 hours per day [*Investor*, July 1971: 12]. An article in July 1971 titled "16 baht for a 9 hour day; the big money goes to somebody else" is worth quoting:

"Thai labor is being exploited by the contractors" said one Farang [western] company manager who has been in Thailand many years. "Wages are kept as low as possible and, since there are many people who want jobs and there are no labor unions to protect them, the contractors can get away with it.... A 10-hour day, 5.5 or 6 days a week is common for construction workers, but during the busy seasons there is much overtime, with extra pay. Still very few workers will take home as much as 2,000 baht during a month." [loc. cit.]

The influx of rural migrants helped to keep down unskilled labor wage rates in construction and other branches of industries. A survey conducted by the Labor Department in 1965 concerning wage rates in construction industry showed average hourly wages for various trades. Wages had not risen appreciably (probably not more than 10 per cent) between 1965 and 1970. These were the average hourly wages in 1965 in baht for various skills at that time of the survey (Table 20).

V Conclusion

This paper has explored the reasons behind Bangkok's rapid growth in the 1960s. It is suggested that US military involvement in the Vietnam War had significant impacts on the development of Bangkok's service and construction industries. Particularly important was a major burst of construction activity in the 1960s: new suburbs developed and hotels and other commercial building sprung up. The financial, commercial and tourist industries experienced rapid growth, and construction followed in their wake. The presence of the US military in Vietnam indirectly induced an influx of foreign direct investment boosting the growth of industry in Bangkok. Tourism added to the expansion of services and construction. Among reasons for the increase in tourism were the stable political atmosphere and the development of Bangkok as a crossroads of international air transportation. The hotel industry and the retail industry both expanded rapidly on tourist demand.

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