

The Unfolding History of Remittance Firms in Thailand (1885-1981): Constructing the Transnational Remittance Network

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Chapter 1. Introduction

1. Background

Remittance firm, or *Qiaopiju* (“侨批局” in Chinese), refers to a type of Chinese private institution specializing in handling overseas Chinese’s homebound remittance and correspondence. It not only offered foreign exchange service but also collected and delivered letters for overseas Chinese, and therefore performed simultaneously as a kind of post office and an exchange bank. It also catered to the specific needs of overseas Chinese and their families that modern post office and bank alone could not make it. Firstly, they assigned staff to write letters for illiterate overseas Chinese while collecting remittance. Once the remittance-cum-letter arrived at the destination, the staff would read to the recipient. Secondly, they managed to reach the home villages of overseas Chinese in rural regions that the state post service failed to reach and deliver remittance letters successfully even without the exact address. Remittance firms conduct business transnationally with branched or corresponding agents in destinations in both China and abroad.

The agencies systematically take a complete record of the clients and their relatives in China, including the names, addresses, and occupations. Each record will be numbered and sent directly to the agents in China, making delivery timely and accurate. Moreover, remittance firms’ financial function enabled them to accept remittance on credit for remitters who lacked enough cash. They usually sent money to the intended recipients in advance and settled this advance through other business transactions between the branches across regions, allowing the remitters to pay the promised money when receiving the replied letters from their families in China (Dai 2003, 75; Harris 2015, 140). In light of these remarkable services, remittance firms gained tremendous popularity among overseas Chinese and their families, even with the advent of state post and banking service.

Remittance firms emerged during the unprecedented wave of Chinese emigration growth in the nineteenth century from Guangdong and Fujian Province consist of Cantonese, Hokkien, Teochew, Hakka, and Hainanese. This period has witnessed a severe decline and fall of the Qing dynasty after its defeat in the Opium Wars (1839-1842 and 1856-1860), coupled with the surging population, intensified famines, and widespread poverty in Guangdong and Fujian. In contrast, the western colonial powers had facilitated their global expansion to Asia, America and Oceania, which brought about enormous investments in plantations, tin mines, road, railway and harbor construction, leading to surging demand for the labor force. Apart from that, the arrival of steamships and their earlier overseas linkages, Guangdong and Fujian had become the most prominent migration-sending region. The Chinese migrants were mostly impoverished peasants, and headed mainly for Southeast Asia and North and South America and Oceania working as coolies, miners, rickshaw pullers, or small-scale trading ventures to earn a living and raise their families left in China. They regarded working overseas as a strategy to survive in the difficult times, and maintained close ties with their families and clans by sending remittance from abroad in the form of a family letter.

Overseas Chinese' desire to send remittance back home gave an impetus to the development of remittance delivery service. In history, overseas Chinese utilized a variety of means to send remittance to China. Before the emergence of remittance firms, couriers (*shuikē*, “水客”) had involved in transmitting remittance and letters for a long time. Quite a few business practices conducted by remittance firms were inherited from couriers, such as engagement in international trade and financial activities, and making profits on foreign exchange manipulation. Additionally, the modern post office and bank as a latecomer played an increasingly important role in overseas Chinese remittance trade. Also, it was popular for Chinese overseas to carry the remittance by themselves in the form of cash, exchange bill, check or other valuable treasure on their journey back home. Others were prone to entrust the remittance to returnees who were mostly their relatives or friends from the same place. Overall, overseas Chinese

speaking different dialects varied in their preference for remittance means. According to Figure 1.1, just Cantonese used banks as a prominent channel to transmit remittance while Teochew, Hakka, Hokkien, and Hainanese preferred to sending remittance through remittance firms.

Figure 1. 1 Preference for Remittance Delivery Means Divided by Dialect Groups.

Dialect group	1	2	3
Cantonese	bank	yinhao ¹ ; remittance firm	post office; courier
Teochew	remittance firm	courier	others
Hakka	remittance firm	courier	others
Hokkien	remittance firm	-	-
Hainanese	remittance firm	bank	courier

Source: Xia Chenghua [夏誠華], 1992, *Jin dai Guangdong sheng qiao hui yan jiu (1862-1949): Yi Guang, Chao, Mei, Qiong Diqu wei li* [近代廣東省僑匯研究(1862-1949): 以廣, 潮, 瓊地區為例], Xinjiapo nan yang xue hui: Singapore, p42

For most Cantonese, America was their final destination where banking service was more advanced than other regions, and thus, it was convenient to send remittance to China through banks. The rest of the dialect groups, accounting for around 80% of the Chinese migrants, concentrated primarily in Southeast Asia where the banking and post-service was underdeveloped. Despite the initiation of modern post office and banks by the western powers in Southeast Asia, these banks and post offices mainly served the western merchants, diplomats, or the upper circle of the local elites, and their service was not available for Chinese laborers. The deficiency contributed to the dominance of remittance firms in the overseas Chinese remittance trade for over a century. Due to the popularity of remittance firms in Teochew and Hokkien groups, numerous remittance firms mushroomed in Thailand, Singapore, and Malaysia, for they had been the largest recipient places for the two groups. Teochew constituted more than 60% of the Chinese migration in Thailand, while Hokkien was the largest speech group

¹ *Yinhao* refers to a type of private exchange banks with a long history in South China. It was 銀号 in Chinese.

in Singapore. Therefore, Teochew remittance firms dominated in Thai remittance trade, and the Hokkien remittance firms led the Singaporean remittance trade.

In Thailand, remittance firms were called *Poykwan* (*piguan*, “批馆” in Chinese) in the Teochew dialect. *Poy* (pi, “批”) means letters containing money, and *Kwan* (*guan*, “馆”) refers to the venue where people gather in to carry out some activities. When placing the two words together, *Poykwan* was the venue for overseas Chinese to send remittance and letters to their families left in China, that was, remittance firm. The word *Poykwan* was popular in spoken language among the Chinese community in Thailand. With the development of the state post system in Thailand, *Poykwan* was also spoken as a verb in practice to represent the behavior to send remittance and letter to China. In the written language and the official Thai document; however, the word *Yinxinju* (银信局) was adopted instead of *Poykwan*. *Yinxinju* was Cantonese dialect: *Yin* means silver, indicating remittance; *Xin* means letters; *Ju* has the similar to *guan* referring to the place for people to conduct certain activities together. In 1942, the Thai government promulgated the Currency Exchange Control Act. Under the act, remittance firm was not allowed to perform its financial function, but relied on the government-authorized banks to cash the remittance, ending up being “money-buying agent” announced by the Thai authority.

This official name for remittance firm was used until 1981 when the Thai government did not grant the new license for the remittance firm in Thailand on the grounds of the decline of their business, driving the remittance trade underground primarily through the travel agency. From 1981 onwards, the Chinese community still preferred the word *Poykwan* to suggest sending letters with money in a secret or illegal way. Remittance firms had various names in different periods and regions, which often confused scholar in the study of remittance firms. The name *Yinxinju* (银信局) was easily confused with another institution *Xinju* (信局) or *Minxinju* (民信局) to distinguish from the official post office initiated by the Qing court. *Minxinju* was born earlier than *Yinxinju* in the Ming Dynasty Yongle period (1402-1425) and developed into an extensive commercial

network across China since the 1850s. Unlike transnational-operated *Yinxinju*, *Minxinju* mainly handled domestic letters, especially Chinese merchants, as the official post office in China was not available for them. Besides, it focuses on shipping goods and sending notes, silver, and other valuable treasures for trade and commercial use. As a domestic agency, it had nothing to do with overseas Chinese. The ambiguity was clarified in 1933 when China's nationalist government attempted to monopolize the state post service.

According to the government regulation on the post service, *Minxinju* was reaffirmed as an institution to deal with exclusive domestic letters while overseas remittance letters were under the charge of remittance firm (*Yinxinju*). Due to the government's crackdown on the private post institution, *Minxinju* went decline and eventually was shut down, but remittance firms had survived given its importance to overseas Chinese and its unique system that national post office could not replace. Additionally, the name of the remittance firm varied among different dialect groups in different regions. *Hokkien* called them *Minxinju*, *Xinju*, or *Piju*; Cantonese named them as *Huiduiju* (foreign exchange office 汇兑局), *Huiduizhuang* (foreign exchange house 汇兑庄) or *Jinshanzhuang* (gold mountain firm, 金山庄). In Southeast Asia, remittance firms were known as *Pixinju* (批信局), *Piju* (批局), *Piguan/Poykwan* (批馆) and *Qiaopiguan* (侨批馆).

2. Literature Review

Many scholars have made arduous efforts to seek the sources of the remittance firms' resilience for over a century faced with diverse political and economic contexts. Their perspectives can be discerned into two different groups: the culturalist approach and the instrumentalist approach. The culturalist approach is mostly embraced by the Chinese scholars who attribute the remittance firms' success to the indispensable "Chinese" elements, especially the traditional Chinese culture that rooted in Confucian values. Scholars agree that remittance firms' business model is a typical type of family

business (Chen 2000; Dai 2003; Jiao 2005). The family business model makes it easier to build trust, accumulate capital, and saved costs. Other than geo-consanguineous links, *guanxi* networks that build on reciprocal social connections and informal trust also played a significant role in developing the interfirm and client-customer relations of the remittance firms (Chen 2000; Huang Yanhua 2006; Chen Liyuan 2003; Liu Hong 2016).

Looking into their business practice, other scholars argue that the remittance firms rely on the traditional cultural and interpersonal trust in conducting business rather than impersonal rules, such as offering considerate services to write and read letters coupled with the remittance for the illiterate remitters and recipients that the post offices and banks failed to compete. On the contrary, the instrumentalist approach removes cultural factors from their understanding of overseas Chinese capitalism and stresses the rational economic agents in practice. Adhering to an instrumentalist view, Harris (2015) rejects to regard remittance firms as a form of Chinese capitalism because the overemphasis on the Chinese cultural affiliates tends to lead to a neglect of the rational economic agent as a driving capitalist endeavor. It turns out to be a common flaw of the broader Orientalist discourse with their efforts to link the overseas Chinese economic prosperity with Chinese cultural heritages, Confucius moral codes, and traditional values, such as *guanxi*, familism, and kinship system (Skinner 1957; Hamilton 1989; Redding 1990; Fukuyama 1995).

With a focus on adopting the cutting-edge technology and marketizing culture manifested in the remittance firms, Harris (2015) argues that they represent a new form of transnational economic organization that has nothing to do with Chinese. Liu and Benton (2016) take issue with Harris's thesis and still maintain a Chinese capitalism argument by attaching great importance of ethnicity and identity in the overseas Chinese business culture. Despite an emphasis on the importance of cultural affinities in the remittance business, the ethnicity and culture that Liu and Benton refer to was sub-ethnicity and regional culture rather than a general Chinese identity and Confucius culture raised by other culturalists. Instead, Benton and Liu (2016) capture a common

subethnicity and regional culture feature underlying the remittance trade, for the pan-Chinese identity was only adopted by the overseas Chinese society during the Sino-Japanese war and political unrests. According to Liu and Benton, remittance trade is demarcated by dialect and native place. They also point out that some cultural features shared by the overseas Chinese are at the opposite of the Chinese Confucius culture by introducing some studies of local experts with a focus on *qiaoxiang* (home village of Chinese living abroad). The migrant-sending regions Guangdong and Fujian are influenced by the oceanic culture due to the centuries of overseas navigation and migration history (Su and Huang 2013: 40). Therefore, the people in the southern littoral areas are more likely to sail the world and settle down overseas, which, however, is usually regarded as a betrayal of their family and country in the Confucian orthodoxy. Furthermore, the vibrant private trade, including the remittance industry, creates a pervasive respect for the merchants in this region contrast to the Chinese traditional social division in which the merchants and traders usually ranked at the bottom in the hierarchic structure.

Apart from the different opinions on the nature of remittance firms, Liu and Benton also refute Harris's main supporting arguments for his conclusion. Firstly, they do not agree with Harris's technological determinism. Harris identifies 1870s as a watershed period in the history of the remittance firms, which witnessed the development of modern technologies and institutions, including the steamship navigation, the advent of telegraph network, and the emergence of modern postal and banking services, making it possible for the remittance firms to use remittances as costless short-term loans to involve in more lucrative business activities, such as currency speculation through exchange banks or price arbitrage on commodity among different regions. These new profit-making strategies are regarded as "capitalist" and "modern" by Harris that is different from the previous business model dominated by *shuike* (couriers) depending on traditional personal trust and geo-consanguineous linkage. In contrast, Liu and Benton criticize that the time-division based on technological innovation implies that modern technology is incompatible with

traditional structures and values. As they point out, “Technological determinism is no less a form of essentialism than the cultural determinism that Harris rejected.” Furthermore, they remind that there is no clear-cut line between *shuikē* and remittance firms, neither within remittance firms. Remittance firms have never replaced *shuikē*, and the two had co-existed in history for quite a long time. The so-called “modern capitalist strategies” and the following “cultural-sensitive services” adopted by the remittance firms are largely inherited from *shuikē*. (Benton and Liu, 2016: 578).

Secondly, Liu and Benton also cast doubt on what Harris called “new culturally sensitive customer services” that the state-run counterpart found difficult to replicate and further epitomize these services as a marketizing culture rather than traditional Chinese culture. The wide range of services listed by Harris included: the writing and reading letters for the illiterate customers; the dispatch of agents to collect remittance door-to-door; the acceptance of remittance on credit rather than cash; issuance of a specific ticket as a form of insurance to reduce the risk of carrying cash; *huipi* (replied letters) as a receipt to confirm the remitting procedure. Harris argued that they not only accommodated the unique needs of their clients abroad and their families, giving a competitive edge over the modern post office and banks but also built up a systematic trust as a substitute for the personal trust embedded in the Chinese tradition.

Benton and Liu (2016) refuse to label these services as modern or market and insist that the remittance firms’ customer relations continue to be based on traditional ties such as dialect and native-place even after technological modernization of their enterprise, although they admit that trade ties may play a small part. Lastly, the remittance firms’ establishment of “modern” remittance trade associations in Southeast Asia in the late 1920s and early 1930s was defined by Harris as a tide away from economic specialization by native-place among the old-fashioned guilds and argued that the institutionalization had fostered a dynamic transnational civil society to thwart the state’s efforts to enforce the postal monopoly. Liu and Benton doubt that the boundary between the remittance firms and “traditional” guilds was as clear as Harris

demonstrates. In their view, Harris's claim is untenable because the early *huiguan* (会馆) or other similar organizations could be horizontal and transnational as the remittance associations. Thus, they argue that being transnational does not necessarily disqualify the remittance firms as "traditional" and further lead to the overriding of "cultural characteristics" over "instrumental economic practices" (2016:578).

In the search for the explanation of the remittance firms' decline after 1949, Harris ascribes to the political causes, such as Southeast Asia's anti-communism policy and China's cultural revolution (1967-1977) while Liu and Benton argue that the remittance firms were defeated by the state-sponsored modern banks and post offices. They further state that the clash between the remittance firms and modern banks and post offices were inevitable, due to the traditionalist and fundamentally transnational orientation of the former and the modern, and subjective to the capitalist and national state framework of the latter. It is probably confusing that Harris attributes the remittance firms' resilience to their triumph over the modern post offices, while Liu and Benton own the remittance firms' decline to its inability to compete with modern institutions like post offices and banks. The two groups of scholars come up with an ostensibly contradictory conclusion because of a different period they focus on. Harris gave specific attention to 1920s when the remittance firms organized themselves into a trade association known as *Yinxinju gonghui* (remittance association, 银信局公会) and transnational network that eventually nullified the states' attempts to clamp down the remittance firms.

Nevertheless, Benton and Liu tend to concentrate on the post-1949 era when modern banks started to rise and compete with remittance firms. Their perspectives are both tenable when situating within the time framework they concentrate, but when it comes to the overall historical development of remittance firms for over a century, their perspectives fail to reflect the whole picture. Moreover, they both take the dichotomy of the remittance firms and modern institutions like banks and post offices for granted in defending their thesis. Far from being antagonistic and competitive, the relationship between the remittance firms and modern institutions is more complicated and dynamic.

Beyond that, the relationship between modern post office and banks and remittance firms was different and even varied. For quite a long time, remittance firms cooperate with modern institutions. The former takes advantage of the latter to facilitate their business while the latter benefits from the former in increasing the financial income.

3. Research Gap and Goal

The debates on the nature of the remittance firms reflect a typical culturalist-instrumentalist divergence. The culturalist explanation tended to see overseas Chinese as a homogenous entity and ignores identity, class, intergeneration differences, and sub-ethnicity groups, which also affects how Chinese develop their business interests, thus failing to capture realities in heterogeneous Chinese business behavior. Wongsurawat (2017:7) presents the internally heterogeneous and dynamic nature of Chinese communities in Thailand and reminds us of the ethnic and cultural diversity within the Chinese Thai². Realizing the heterogeneity of overseas Chinese, instrumentalist attempt to remove the Chinese culture attributions from the study of the remittance firms and stress the rational logic behind the Chinese capitalists, arguing that the Chinese do business the same way as Westerners. Sitting at the opposite end of the spectrum, the culturalist-instrumentalist dichotomy invites much debate and scholarly critique. The cultural and instrumentalist perspective function as a static essentialist notion that is contested as it fails to explain diverse and multiple variations.

Both of these perspectives fail to capture the variability and diversity of the remittance firms of different types and at different times. Even the same remittance firms' operation model was involved and protean, and sometimes it was more traditional while at other times, it was more modern. Additionally, the diversity of the remittance firms not only exist depending on types but also regions. Their operation model and relationship with other modern institutions varied in different places in Southeast Asia.

² Wongsurawat Wasana, 2017, "Rise of the Red Capitalists: PRC Influence and the New Challenge of the Royalist-Chinese Business Alliance in Thailand", in *Chinese Capitalism in Southeast Asia: Cultures and Practices* edited by Yos Santasombat, Singapore: Springer Singapore, pp35-55.

As the set-up of the Chinese Sub-Post office in Singapore caused fierce resistance and unrest while the establishment of the 8th post office in Thailand was smooth without objection from the remittance firms.

Despite their transnationality, the remittance firms were vulnerable to various states' intervention and colonial forces. The more regions or countries they straddle, the more rules and regulations they were bounded by, and thus more vulnerable they became. There were usually more remittance firms abroad than in China, so the local government's attention on remittance firms would not be less than the Chinese government. Both the Chinese and foreign government attached great importance to overseas remittance. Accordingly, the former's agenda was to attract as much remittance as possible from overseas, while the latter's priority was to deter the capital outflow. Despite divided agendas, they were all devoted to putting remittance firms under the state control, which was from the postal system first and then the financial system. Therefore, these national states or colonial authorities both play a significant role in the development and transformation of remittance firms.

For migrant-settling countries, the money delivered by the remittance firms was made in host countries so that the fortune loss always touched the local government's nerves as a parasitic form of wealth. Thus, the vast amount of remittance often aroused the local government's intensive concern on the Chinese minority and enhanced their belief that their loyalties still belonged to China. Thus, remittance firms, as a principal channel to transmit remittance, could not escape the local government's attention. The local authorities always made arduous efforts to limit the overseas Chinese remittance and replace the remittance firms through various means (regulations, laws, tax, punishments). However, the existing literature's study on the state's role in the remittance trade was mainly focused on the Chinese government, including the Qing Imperial court, the Nationalist government, and the Communist government in history. Regarding the relationship between transnational remittance firms and receiving states,

it suffers a fundamental omission, especially for the local governmental policy's impact on the remittance firms and these firms' response to the state policy.

In light of the controversies surrounding the analysis of the remittance firms, this research intends to move beyond the culturalist-instrumentalist dichotomy and shed new light on the nature of remittance firms. To this end, the study will investigate the internal operation of remittance firms and the transnational remittance network that they had formed, but also their external relations with post office and banks. Furthermore, the study aims to explore the factors that contributed to the decline of remittance firms. Thus, it will adopt a historical perspective and examine the emergence, transformation, and demise of remittance firms that spanned over one century across South China and Southeast Asia.

Given that the regional variation among the remittance firms makes it difficult to generalize, the research would adopt a case study and focus on a significant but largely ignored receiving state-Thailand. Remittance delivery was operated along the sub-regional line among Chinese migrants. Although remittances' delivery was through various means: banks, remittance firms, post offices, and couriers as well as self-carried, the use of remittance firms was the first option for Teochew, Hokkien, Hakka, and Hainanese who were mostly destined for Southeast Asia where the banking and post system was less developed. In contrast, Cantonese tended to remit through banks in that the majority of Cantonese were from the urban area and migrated to America or Europe, where the banking system was more developed than the other region.

The remittance firms were mostly owned by Teochew and Hokkien. In the heyday from the 1910s to 1940s, Teochew had opened the most remittance firms in Thailand while the remittance firms belong to Hokkien were mostly set up in Malay (Malaysia and Singapore). The existing studies concentrate primarily on remittance firms of the Hokkien group, probably because Hokkien is the largest group of Chinese migration to Singapore where the scholars are based. Nevertheless, the remittance trade of Teochew

and Hokkien varied in terms of style, circumstances, and relationship with the government. Teochew's system is more coordinating and cooperative than those of Hokkien. Furthermore, Thailand is the only country to preserve its sovereignty in Southeast Asia successfully, and the Thai government's intervention in the Chinese remittance trade started as early as 1885 when it initiated its national post system. Thus, the Thai case deserves special attention.

4. Sources

The study utilizes not only a wealth of primary sources including Chinese newspapers, governmental documents, commemorative albums and journals circulated in China, Thailand, and Singapore, but also draws inspirations from books, papers, memoirs, and non-academic publications written by Chinese and Thai scholars. Apart from that, the author also conducted field trips in multiple sites in Thailand, Singapore, Mainland China, Hong Kong, and Taiwan and thus incorporating interview transcripts from the people who have involved in remittance business directly or indirectly.

4.1 Chinese Newspaper as Both a Primary and Secondary Source

Newspapers have long been rich sources for historical studies. In Thailand, the first Chinese-language daily newspaper *Hanjing Daily News* (汉境日报) was published in 1903, but none of these newspaper had been found so far.³ The Chinese newspaper published in the Chinese society of Thailand offers a valuable source of information that is hardly obtained from the official documents for the research of Thai remittance trade.⁴ Particular for the era of the 1950s, Chinese newspaper was almost the only remaining evidence for the study of remittance firms in Thailand. The value of the Chinese newspaper in researching into the Thai remittance trade has been noticed by the Thai researchers such as Xiuchao (修朝), Dararat Ang (洪林) and Li Daogang (黎

³ Duan Lisheng [段立生], 2014, *The History of Thailand*, Shang Hai: Shanghai Academy of Social Sciences Press

⁴ Kwan Swee Huat [關瑞發], 2000, "The Chinese Newspapers in the early period reserved in the National Library of Thailand", *Sino-Thai Journal* [泰中学刊], Bangkok: Taizhong xuehui [泰中學會], pp62-70.

道纲). They had made tremendous efforts to search for information of remittance firms from these Chinese newspapers, and published abundant articles and books regarding this area. It also attracted the attention of the Chinese and Singaporean scholars with a focus on the study of overseas Chinese (Benton, Liu 2016: 585). So far, the complete volume of Chinese newspapers has been currently reserved in the National library of Thailand, and the library of Huachiew Chalermprakiet University has been engaged in the digitalization of these old newspapers recently. The author had selected the Chinese newspaper from 1912 to 1958, allowing the author to trace the historical development of the remittance industry in Thailand over time.

The Chinese newspaper is like a wide range of database to reflect various facets of the remittance trade. Firstly, it contains plenty of advertisements posted by remittance firm owners to recruit new agents or announce special promotions, openings, closures, and new removal due to expansion or shop fires. Secondly, it includes the announcements to inform the remitters of collecting and receiving replied letters, and regulations imposed by the Thai, Chinese governments or British Hong Kong authority, as well as updates on new arrangements in terms of the delivery time, mail route, and service fee settled by different remittance associations divided by speech group in Thailand. Moreover, there were extensive in-depth reports and editorial reviews on the Thai remittance industry in these newspapers. Some critiques review the negative impact of the nationalist government's financial policy on the Thai remittance trade.

In contrast, others reveal the conflicts between the Thai remittance industry and Chinese state-owned banks, as well as the internal conflicts between remittance firm owners and the split of the remittance trade association and their affiliation with the rival military figure. Last but not least, the Chinese newspaper covers a wide variety of reports on various activities of the remittance trade association, ranging from its establishment, negotiation with the government and other associations, the election of the board committee, to regulations and policies on the remittance trade. In this sense, the Chinese newspaper containing these reviews, articles, and reports could also serve

as secondary sources for the thesis. The newspapers become one of the most reliable written records of the association because all the official documents of the association were destroyed by a fire.

The Japanese “occupation” of Thailand in 1941 had largely transformed the landscape of the Thai remittance trade. The Japanese strived to gain control of the Thai finance and trade including the lucrative remittance trade. Given the significance of the Chinese newspaper, the Japanese authority shut down all the Chinese newspapers in Thailand except *Tong Guan Pao* (中原報) which became the only Chinese newspaper in Thailand after being reformatted by the Japanese from 1942-1945. During this period, the Japanese-controlled *Tong Guan Pao* had been rife with the Japanese trade and commercial advertisements, whereas the information on the remittance trade was considerably reduced. Although the absence of *Chun Tong Guan Pao* in 1941 and 1942 had left a void, *Tong Guan Pao* (1943-1944) provided valuable information, especially for the advertisements posted by remittance firms to inform the remitters of their business assumption during that period.

The author has encountered several obstacles in reading the Chinese newspapers that deserved an attention. Firstly, some of newspaper-printing is not clear, making it difficult to read. Besides, the photographs of the newspaper look blurry since the resolution is too low. Secondly, there are large numbers of jargons, terms and dialects in the articles and reports of the newspaper, and quite a few of the words were probably only used in the overseas Chinese community. For instance, it used *Pangu* (盤古) to express Bangkok rather than *Mangu* (曼谷), and *Shanba* (山巴) to refer to *Tangjawat* (outlying provinces in Thailand, ตีาง จังหวัด) . To take full advantage of these newspapers, it is necessary for the researchers to take significant time to figure out and get familiar with these terms, otherwise it could be much more likely to cause misunderstandings or even make mistakes. To overcome these difficulties, the author resorted to check the Mandarin-Teochew dictionary and sought help from the older generations of overseas Chinese in Thailand.

The use of newspaper as academic sources invites other prominent issues. In light of the newspaper's role in shaping public perceptions, Chinese newspapers had been big business and tended to reflect the economic or political interests of their owners. Not all the Chinese newspapers in Thailand necessarily had always been a mouthpiece of a particular government, but some did at a certain period. *Tong Guan Pao* (中原报) had long been the major source for studying Thai remittance trade due to its timely and intensive coverage of the issue. However, the *Tong Guan Pao* published in 1943 and 1944 during the Japanese control period must be evaluated critically. The efficiency and favorable offer of the remittance delivery through the Japanese bank were extensively mentioned in the advertisements of remittance firms of those newspapers, these advantages of the Japanese bank could be a misleading message for the study of remittance trade at that time. In fact, the Japanese banks suffered a deficiency of Chinese currency and were not capable enough to handle a large amount of overseas Chinese remittance, which was evident in another official report of the Bangkok branch of Yokohama Specie Bank and other sources from the Chinese side.

Besides, the Chinese nationalist-communist split also reflected in the Chinese newspaper in Thailand and further impacted the Thai remittance trade. The communist-supported *Chuan Min Pao* (全民报) had risen to be one of the crucial newspapers to report on remittance trade since the late 1940s and early 1950s with the communist victory in China. It not only accused the nationalist government harshly of their disastrous economic policies incurring difficulties for overseas remittance trade, but also widely reported the communist government's favorable policies towards overseas remittance. These reports not necessarily contain falsehood or misleading news, but it could draw our attention away from other factors that were formative to the remittance trade in the meantime. This period also witnessed the surge of the Thai government's anti-communist campaign and economic nationalism in the global context of the cold war which posed a great impact on the Thai remittance trade, but they were not much discussed in the newspaper. Therefore, it is indispensable to integrate other reliable

sources into the study apart from newspapers rather than relying exclusively on them. Furthermore, it reminds us to keep prudent in using newspapers as historical sources in view of their features. Lastly, it is important to look for some second literatures to be familiar with the history of the newspaper and understand the intention behind the author together with the large social, economic, and cultural context.

4.2 Other Primary Sources: Thai, Chinese and Japanese Archives

This research draws from materials collected in National, Provincial, and even Municipal Archive from multiple places in Thailand, China, and Japan. In the National Archive of Thailand, the archive collections during Reign of the King Rama V and VI contain a part of the Thai authority's investigation on the Chinese remittance firms, including its number, name, capital and dialect origin in 1911. The investigation report written by Chaophaya Yomaraj, who was the then Minister of Metropolitan of Thailand, indicated that the Thai authority had started to pay specific attention to the remittance instead of focusing on letters only then. Moreover, Chinese newspaper *Kee Nam Pao* (启南报) published in October, 1912-the eldest Chinese daily newspaper discovered in Thailand by now - was also in these collections. Three pieces of advertisements were posted *Kee Nam Pao* by remittance firms to either offer a special promotion or announce service fees for the remittance. It has been the earliest Thai remittance advertisements that have ever been discovered so far.

The thesis comprised the Japanese archive, which was a report written by the manager of the Bangkok branch of Yokohama Specie Bank.⁵ It touches on the remittance firms' sources for profit, the exact amount of the Chinese remittance sending through the remittance firms and the Yokohama Specie Bank, respectively from 1940 to 1942. Besides, the report demonstrates the Japanese authority and Chinese nationalist government's competition for overseas Chinese remittance and puts forward some pieces of advice about the future plan for the Yokohama Specie Bank. This archive has provided direct evidence of Yokohama Specie Bank's involvement in the Thai

⁵ The source was kindly provided by my PhD fellow Ms. Sirus Ongsakul (Maenam).

remittance trade during the Japanese “occupation”, and has filled in the historical blank left due to the lack of the 1941-1942 Chinese newspaper.

Furthermore, the research incorporates Chinese archival materials from Guangzhou Provincial Archive and Shantou Municipal Archive in China. Guangzhou Provincial Archive had a considerable number of archives regarding the remittance trade concentrating on the Guangdong Provincial government’s policies and regulations on the overseas remittance trade during the nationalist period (1912-1949), particular the archives from Guangdong Postal Department, Guangdong Financial Department, Guangdong Provincial Bank, China Bank, and the smuggling letters seized by the Department of Customers of Guangdong Province. Given Guangdong provincial government’s focus on the remittance trade as a whole, the information on the Thai remittance trade accounted simply for a small portion in the wake of the Japanese occupation of Shantou in 1939 when the Thai remittance trade turned the Chinese nationalist government to save the trade in war and during the post-1945 period in which state-owned China Bank and Provincial Bank accelerated crackdown on the remittance firms. During the author’s stay in the Archive (June 5-16, 2017), some of the archives were not available to use for repair and reorganization. Therefore, the author turns to the secondary source, including some Ph.D. or Master thesis, to obtain the detailed information of the archive which have been largely adopted by the Chinese scholars.

Finally, the thesis actively utilizes archives collected from Shantou (汕头) Municipal Archive. Shantou, or *Swatow* in Teochew dialect, had been the center for the Teochew remittance. Thus, almost all the remittance from Thailand was delivered to Shantou first and then further to be sent to the remitters’ home villages. The Archive in Shantou holds a great amount of data centered on the Thai remittance trade, particularly the registered information pertaining to Shantou branches of remittance firms headquartered in Bangkok during the Japanese occupation period from 1939 to 1945. It has become an outstanding complement to the information of remittance firms in

Bangkok found in the Chinese newspapers on the Thai side during the same era and thus allowing us to see the whole picture of transnational operation chain consist of remittance firms in Bangkok and their branches in Shantou during the war. Beyond that, the government reports and minutes of government meetings from the 1950s to 1960s stored in Shantou Archive has shed new light on the Chinese communist government's policy towards Thai remittance trade that has not yet been used so far. Combined with the sources on the Thai side with the same period, the author can gain new insight into the dilemma of Thai remittance firms being caught between the Thai government's anti-communist campaign and the Chinese government's surging communist campaign targeting for overseas Chinese.

4.3 Other Secondary Sources

Apart from primary sources, the thesis employs extensive collections of secondary sources scattering cross various regions encompassing books, journals, MA and Ph.D. dissertations, and government reports. Some of them are worthy of our particular attention. For instance, the report of the Thai financial adviser from 1901 to 1941 has documented the increasing import of Hong Kong dollars 1907-08 to Thailand that used for Chinese immigrants returning to China, via Hong Kong. It demonstrates that this part of self-carried money by Chinese returnees does not figure into the official statistics on overseas Chinese remittance, which is based primarily on the amount sent through remittance firms. The 1938-39 report emphasized that the home remittance of Chinese immigrants has been a great loss for Thailand given its essential role in Thai commercial and trade. The conclusion was closely tied to the Thai government's intensified crackdown on the Chinese remittance trade. These reports were written by British financial experts hired by the Thai government targeting the foreign representatives in Bangkok, mostly Europeans (Brown 2014: 61). Besides, the Japanese government had initiated a wave of in-depth investigations on the Chinese business activities in Southeast Asia with its imperial expansion, leaving us substantial sources to explore this study area, especially those highlighting remittance firms' involvement in the international trade and foreign exchange manipulation in Hong Kong. These

official reports have served as a valuable reference for me to unfold a more complete picture of the remittance network by incorporating the Hong Kong part. On top of that, the thesis also utilizes non-academic magazine, pamphlets, memoirs, Chinese local gazetteers and souvenir publications of clan association and chamber of commerce overseas, coupled with interview notes of the people who used to manage the remittance firms in Thailand, China, or the descendants of them.

5. Significance

Through an extensive application of primary and secondary sources in various languages collected from multiple places and countries, the research adds new knowledge to the study of the remittance firms. In particular, the study of Chinese newspaper published and reserved in Thailand and Singapore since the early 20th century, accompanied with the third party's observation from the British government and Japanese government, contribute to a more integrated picture of the remittance firms and the transnational remittance network they have created as well as a fresh insight into the history of relevant regions from a transnational angle. Moreover, the thesis links up with scholarship in the Chinese-speaking places, and non-Chinese scholarship bridges the gap between the past research findings and current leading studies on this issue. For this reason, the thesis opens up remittance firms' studies to researchers speaking different languages in different parts of the world, probably coming from different study areas, but sharing the same interest in the study of overseas remittance trade.

Apart from building new knowledge, the thesis makes a significant theoretical contribution. With an emphasis on the diversity and variability within the remittance firms as well as their intricate relationship with modern institutions, the research provides an alternative perspective to the dominating culturalist and instrumentalist thesis in understanding the nature of the remittance firms as a transnational mechanism connecting the Chinese migrants in receiving end-Thailand and their families in the

sending country-China. At the heart of the debate, Chinese culture and ethnicity's role is neither determined as culturalists have overdone nor a total absence as instrumentalists have insisted. Instead, this study integrates the two rival perspectives into somewhere in between the two ends of the spectrum, arriving at diverse capitalism which admits that Chinese culture and ethnicity does play a large part in the overseas Chinese business activities. Yet, their role is not essential but contingent and thus compatible with the role of the capitalist dynamic. Meanwhile, the thesis challenges the modern-traditional debate on the relationship between remittance firms and post office and banks. In view of their financial and postal function, remittance firms were bound to encounter with the newly-emerged financial institutions like banks and state-run post offices with the rise of colonial powers and national states.

Furthermore, the study sheds new light on the overseas Chinese study by shifting the focus from the Chinese angle to the indigenous point of view. The study of remittance firms has captured the most attention of Chinese scholars or those who are interested in China studies, especially in the area of history and cultures. These scholars often take granted for the remittance firms' natural ties with China. The existence of remittance firms was to serve the overseas Chinese to send remittance back to their families left in China. As a transnational mechanism, remittance firms' significance to Chinese families and China's economics was undeniable. Nevertheless, the one-sided Chinese view led to overall neglect of the relationship between the remittance firms and receiving states in Southeast Asia as well as entrepot Hong Kong. In light of this, the research pays intensive attention to the context of the receiving state-Thailand and the interactions between the remittance firms and commercial banks and post offices in Thailand and thus adding to the debate a hitherto neglected, but equally important dimension of the matter. In this way, this thesis will redound to not only the researchers with specific attention to the remittance firms and overseas Chinese business activities but also scholars in the research area of Thai economic and postal history as well as broader Southeast Asian studies.

6. Scope and Structure

The time scope of the study will be confined from 1885 to 1981. The operation of the remittance firms as transnational entities is bounded by the national-state framework. In the Thai case, the state efforts to phase out the remittance firms initiated as early as July 1, 1885, when Thailand (Siam) joined the United Postal Union and began her post service to foreign countries. Since then, the remittance firms had encountered rising pressure from the state intervention in the remittance trade. Until 1981, however, the Thai authority refrained from granting the license to remittance firms as the amount of remittance sent through these firms was too small. Moreover, the study concentrates mainly on the remittance firms belonging to Teochew, considering its overwhelming dominance in the Thai remittance trade in terms of scale and number.

Chapter 1 reflects that the remittance firms had built partnerships with a variety of institutions dispersed in different regions with various agents and branches. The type of cooperation was different from individual *shuike*'s trade ties because it integrated various types of remittance forms, thus forming a transnational network that connected the overseas Chinese at one end and their families at the other end. It is revealed that the kinship and trade affiliates and institutionalization were not created by the remittance firms. They just trod the previous path of *shuike*. The remittance firms distinguished from the individual *shuike* rested with the absorption capability of the former. The remittance firms could deal with a more enormous amount of remittance faster and more secure than *shuike*. Therefore, the author holds that the major distinction between the remittance firms and *shuike* was not whether they were modern or traditional but in terms of scale.

Chapter 2 mainly examines the historical evolution of the remittance firms in Thailand to analyze their ups and downs. The first climax of the remittance firms' development came around the 1920s and 1930s when the Chinese traditional exchange shops started to run remittance business and became remittance firms at the same time, which had

competed out modern banks and monopolized the foreign exchange of the remittance business. The second upsurge arrived at the post-war period when the interrupted connection between overseas Chinese and their families was resumed. They were eager to send money to support their family and write letters to reunite with their families. However, the Thai government attempted to limit the Chinese remittance out of Thailand. Under the new policy, the remittance firms were descended to be the money-buying clients of the commercial banks. Despite the tremendous numbers, the remittance firms did not make as much money as before.

It was noticed that the state-owned banks even united with *shuike* during the war. Therefore, *shuike* had played a vital role in crisis and war when the remittance firm suffered tremendous losses. The remittance firms' business came to decline since the 1950s due to the dramatic fall in remittances to China. Many people attributed the decline to China's political chaos and Thailand's restrictions on remittance to communist China, leading to a server hint on overseas ties. Chapter 3 narrates the establishment of the Thai modern post system, especially the opening of the 8th post office to be in charge of the Chinese remittance letters and its impact on the remittance firms. The chapter further reveals that the Thai authority referred to the Singaporean case and learned the lessons from them, thus obtaining tremendous support from the Chinese society in contrast with the chaos and unrests from the Chinese community in Singapore.

Chapter 4 elaborates on the relationship between the remittance firms and banks in Thailand. The remittance firms had used modern banks to cash the remittance, including the predominated western banks, then overseas Chinese-capitalized Singaporean and Hong Kong banks, and later the Thai commercial banks developed mainly by ethnic Chinese. During WWII, the chaos and unrest thwarted the remittance firms' activities, and the state-owned Chinese banks became a dominating player in the remittance business. Besides, with the establishment of the Thai national bank, remittance firms have been under the control of the Thai Ministry of Finance, though

their activities were contained greatly by the Japanese Yokohama Specie Bank. Since the post-war period, the local Thai commercial banks had sprung up and became a strong competitor of the remittance firms, due largely to the Thai government's support. In early time, the western banks-centered banking service in Thailand was not competitive to the remittance firms. Rather, they cooperate with the remittance firms in terms of the remittance transfer. The cooperation was also maintained between the remittance firms and overseas Chinese banks with head office in Singapore and Hong Kong. The real competition between the remittance firms and modern banks had initiated as the emergence of the Thai commercial banks.

Overall, the remittance firms were not superseded by the modern post offices and banks in early time largely lies with their profit-making strategies. The remittance firms were not replaced by the modern post office but instead make full advantage of it to facilitate the remittance delivery. In return, the post offices gained tremendous taxes from the remittance firms. As the modern banks started to emerge, the owners of the remittance firms used them to cash the remittance. There was no competition between the remittance firms and these banks. However, the ethnic Chinese merchants started to mimic the western banks and created banks to finance their own business. It was these Chinese banks or exchange shops that have developed into a rival to rule out the remittance firms in the 1960s. The development of the remittance firms depended on the intimacy between the overseas Chinese and their families. When the connection was tightened, the remittance firms prospered while when the connection was loose, the development of the remittance firms would be hindered. *Shuike* and other self-carried means would be enough to sustain the remittance delivery for not a vast amount of remittances. The modern banks could not be a substitute for the remittance firms was due to the limits of the overseas Chinese themselves who were mostly illiterate. It is impossible to draw a clear-cut boundary between the traditional and modern in term of remittance firms. Rather, remittance firms were a bridge connecting the "traditional" overseas Chinese and "modern" banks. When the old generations of overseas Chinese

retreated from the historical stage or succeeded in modernizing them after mastering the rules of the modern banks, the remittance firms' function as a bridge faded away.

Chapter 2. The Transnational Remittance Network and its Nature

1. Introduction

Remittance firms had been vital in transforming the remittance industry into a system of networks linking China with overseas since the mid-19th century. Before the emergence of the remittance firm, remittance delivery was mainly operated by specialized couriers (Shuikē, 水客 in Chinese) but also improvised sailors, captains, or any individuals who were entrusted to by the remitters based on a tie of family, kinship, native place or friendship with the remitters. Above all, Chinese overseas carried the remittance on their own during their home-visiting trip. Nevertheless, none of these conduits were able to build a vast network of remittance. Instead, the remittance firm had formed a transnational remittance network bounded by the linkage of consanguinity and trade. The network was dominated by remittance firms, together with the post office, commercial shop, and Chinese private exchange institutions, covering every stage of the remittance-cum-letters delivery from the collection, transfer, distribution and the transit of replied letters versa vice spanning across a variety of regions and countries.

The construction of the remittance network dominated by the remittance firms managed to handle much larger-scale of remittance letters than any other means, but also preserved an efficient delivery from outlying regions to the urban center and further to rural areas, making the remittance industry more complicated, dynamic and vibrant. This chapter begins with a discussion about how the remittance firms in Thailand constructed an extended transnational network connecting the overseas Chinese in both Bangkok and inland areas and their families left in the rural villages of China. Furthermore, it intends to analyze the nature of the remittance network by examining the role of kinship, trade ties and the institutionalization of the remittance firm. Lastly, the chapter concludes that remittance firms' business model is neither Chinese capitalism nor transnational capitalism, but a combination of the two.

2. The Establishment of the Transnational Remittance Network

The remittance firm is not a homogenous business entity. The remittance firm's dominance in the remittance industry for over one century does not conceal its internal diversity. Given its substantial variations in many aspects, the remittance firm was divided into two types: transnational remittance firms and local remittance firms. As their names indicated, transnational remittance firms were set up in the urban center or international ports, making it convenient for them to handle the foreign exchange for the remittance transfer across national borders from Thailand to China via Hong Kong.⁶

As Benton and Liu (2018: 49) pointed out, only a few transnational remittance firms managed to control all the four stages of the remittance process from collection, transfer, receive, to delivery through a vertical hierarchy of corporate command known as the "single-whip" (*yitiaopian*, 一条鞭) system. 10% of remittance firms in Southeast Asia were of this form, and they were usually larger-scale and better capitalized than most of their counterparts. In contrast, local remittance firms were either based in local outlying provinces in Southeast Asia, mainly in charge of collecting remittance letters from remitters staying there or operated in the home villages of overseas Chinese located in the hinterland of South China responsible for delivering remittance letters to the recipients living there. Transnational remittance firms were relatively large-scale starting on capital funding about 250,000 Chinese yuan with an average of around 40 persons while local remittance firms were initiated with small numbers of funds of approximately 20,000 Chinese yuan with around 10 persons on average.

Besides, the remittance amount handled by transnational remittance firms reached more than 50,000 dollars per year, but the annual amount of remittance dealt with by local ones was less than 20,000 dollars. Remarkably, Chinese merchants usually conducted remittance business as a sideline. Some run remittance business first and then involved

⁶ Yao Zengyin [姚曾荫], 1943, *Overseas Chinese Remittance to Guangdong Province* [广东省华侨汇款], Chongqing: The Commercial Press [商务印书馆], p22.

in other business while others may have their business already and started making money from remittance business afterward. Regardless of which sort, remittance firms tended to diversify their business. Transnational remittance firms mostly developed from Chinese private foreign exchange firm (*huiduizhuang*, 汇兑庄) and trading companies or versa vice. For this reason, most of them engaged in foreign exchange manipulation and futures trading or international trade between Thailand and Hong Kong, and then between Hong Kong and China.

Thus, transnational remittance firms usually made enormous profits from international trade or financial activities. On the other hand, local remittance firms were primarily grocery stores and retailers involved in domestic trade. Without the transnational operation, they could only gain a tiny part of the benefits from the commission paid by transnational remittance firms and service charge to the remitters, which varied according to the remittance amount, the distance between remitter and recipient as well as the nature of the remittance-whether it was in cash, on credit, or drawn on savings. The fee that they charged for remittance service was not high. Some remittance firms charged nothing and even paid remitters to attract more remittances when the competition was fierce. As a result, transnational remittance firms accounting for less than 10% earned the most substantial part of the profits and thus turning to be the upstream chain of the remittance trade while the rest majority only profits on small margins.

Figure 2. 1 The Differences Between Two Types of Remittance Firm

	Transnational Remittance Firm	Local Remittance Firm
Size (on average)	30-50 persons	5-15 persons
Initiate capital	250,000 dollars	20,000 dollars
Numbers	less than 10%	more than 90%
Location	international ports, urban cities	inland rural areas
Function	transnational operation: collection, transfer, and delivery	collection from remitters or delivery to receivers
Annual remittance amount	over 50,000 dollars	less than 20,000 dollars

Other business sectors	foreign exchange, international trade	grocery, retail, domestic trade
Main profit source	foreign currency manipulation	commission, charge

Source: compiled by the author.

Despite the leading role of transnational remittance firms, its cooperation with local remittance firms was indispensable in constructing the transnational remittance network. For the Chinese in Thailand who intended to send money back to China, it would be much easier if they stayed in Bangkok, for they could hand over their remittance letters directly to remittance firms which were mostly transnational remittance firms able to deliver remittance and letters to Shantou via their branches in Hong Kong. Upon arriving at Shantou, they could further send them to the hand of the recipients living in rural areas of South China. As for the Chinese residing in the outlying provinces of Thailand, such as Lampang, Nakhon Nayok, Udon Thani, Phuket, or Chiang Rai, they had to figure out how to send their remittance letters to Bangkok first. Similarly, for their families left in the rural villages of China, they also attempted to obtain the remittance letters delivered to Shantou as the destination for transnational delivery.

In this sense, remittance trade was not only a transnational transit process but also incorporated domestic trans-regional collection and delivery in Thailand and China respectively. Thus, the whole delivery process of remittance letters was spatially composed of three stages: 1. Domestic part in Thailand from the inland outlying provinces to Bangkok consists of transnational remittance firms and local remittance firms in Thailand; 2. Transnational link from Bangkok to Shantou via Hong Kong formed by transnational remittance firm in Bangkok and Shantou, respectively; 3. Domestic part in China from Shantou and the rural villages in Guangdong Province operated by transnational remittance firms and local remittance firms in China. The following sections thus would examine how transnational and local remittance firms cooperate to integrate the three parts into a vast of transnational and trans-regional

network covering from urban center to remote rural area that state post office failed to reach.

2.1 Domestic Part on the Thai side: Transnational Remittance Firm and Local Remittance Firm in Thailand

The domestic part on the Thai side of the transnational remittance network was formed through the cooperation between transnational remittance firms and local remittance firms in different parts of Thailand. In Thailand, transnational remittance firms were largely clustered around Bangkok's Chinatown, including the Sampeng lane and Charoen Krung area. Some of the transnational remittance firms were initiated in Bangkok and then opened a joint office (*linhao* 联号) in Shantou, while others turned out to be the *linhao* of their counterpart created in China. Apart from transnational remittance firms, small local-oriented remittance firms abounded in Thailand, both in Bangkok and outlying provinces of Thailand. They operated on a small amount of capital without overseas connections with China. Their prominent function was to collect remittance letters from the hands of the Chinese seeking a livelihood there and deliver to the big transnational ones in Bangkok when accumulating to a certain amount.

The latter handled remittance orders collected by the former in the same way the latter dealt with their own, except that the replied notices were sent to local remittance firms and then to return to the senders. Remarkably, there was no impenetrable barrier between the two kinds of remittance firms. Most transnational remittance firms performed the same function as the local remittance firms: collecting remittance letters and delivering the replied letters, making transnational remittance firms a local one at the same time. In this case, the transnational shop did not rely on local remittance firms to collect and deliver remittance for them. Besides, Benton and Liu (2016:578) point out that big remittance firms could fragment or shrink back into small ones after fizzing brilliantly for a while, and back again into big ones, depending on circumstances. The cooperation between transnational and local remittance firms was realized through the agent system. Transnational remittance firms developed local remittance firms as

their agents in the local region based on trade ties. As a Japanese investigator (1914) pointed out, local remittance firms were not always as busy as the transnational remittance firms, and thus between 80% and 90% of these local remittance firm owners ran remittance business as a sideline. Some even worked from roadside tables in the areas of Chinese concentration. Nevertheless, diversification was exclusively operated by local remittance firms, so did transnational remittance firms. For this reason, the owners of transnational remittance firms tended to look for agents who had already existed commercial connection along the same business line with them in the local, such as grocery store, spirit store, tea store etc. They signed a contract to clarify the commission and other details. According to an investigation of the Japanese, there were three kinds of agent contracts between the transnational and local remittance firms: Joint ventures in which profits are tabulated once a year are usually joint equity investments or family businesses.

All the expenses on China's part are borne by the Chinese agents. They are paid a commission of 10-17 yuan for every 1,000 yuan of remittances received from Southeast Asia. The Southeast Asian remittance firms pay a commission of 2-4 yuan for every 1,000 yuan of remittances received to the Chinese agents. Most agents work under the arrangements described abovementioned. They can make extra profits by using rates favorable to themselves when changing foreign-currency remittances into Chinese yuan. If problems occur in the remittance transfer process, the agents are held entirely responsible.⁷

Under the agent system, not only did the transnational remittance firms in Bangkok cooperated with local remittance firms in outlying provinces, but also with local remittance firms in Bangkok. Figure 2.2 shows the leading transnational remittance firms in Bangkok and their agents in Bangkok and the hinterland of Thailand in 1938.

⁷ Investigation Section of Taiwan Bank, 1914, *Overseas Chinese Remittances in the 1910s*, translated and included in Chapter 2 of *Overseas Chinese Remittances from Southeast Asia 1910-1940* edited by George L. Hicks, 1993, Singapore: Select Books.

The multi-layered agent approach enabled the overseas Chinese in Thailand to send remittance to China regardless of where they resided. The complete remittance process did not necessarily involve all the types of remittance firms. The diversity of cooperation pattern is illustrated in Figure 2.3. As demonstrated in Figure 2.2, No.1 Tan Peng Choon had developed two agents from local remittance firms in Bangkok, but did not own agents in the remote hinterland. It suggested that Tan Peng Choon mainly handled remittance letters in the Bangkok region. No.8, No.9, No.15, and No.s 26-28 all belonged to this pattern, namely Pattern 2 in the Figure 2.2. Similarly, the business scope of transnational remittance firms including No.7, No.s10-14 except No.13, and No.s17-25, was restricted in Bangkok. Their difference just lay in the numbers of the agents they had. Some had only one agent (No.7, No.10, No.12, No.14, No.s17-23, No.25), some owned two (No.1, No.s8-9, No.15, No.s26-28), and others had three (No.11, No.24), as shows as Pattern 1, 2, and 3 respectively.

Unlikely, Figure 2.3 represents another cooperation model of transnational remittance firm No.13 and No.16. They both involved two types of remittance firms. They developed local remittance firms in outlying province to transfer the remittance for Chinese living away from urban center. From Pattern 1 to Pattern 4, it manifested that these transitional remittance firms developed either local remittance firms in Bangkok or hinterland into their agents. In contrast, the transnational remittance firm from No.2 to No.6 owned agents in both Bangkok and outlying province but just distinguished from each other in terms of the agents' number. No.3, No.4, and No.6 had one agent in Bangkok and the other was in inland, summarized as Pattern 5, while No. 5 had two agents in Bangkok and one in inland, shows in Pattern 6. For No. 2, it owned one agent in Bangkok and three in inland, which was Pattern 7. Lastly, it was worth noting that other than the agent system, some transnational remittance firms built up branches in charge of collecting remittance for them in line with the agent method. In the case of No. 3 of transnational remittance firm *Xie Chengxing* (协成兴), *Liu Shunxing* (刘顺兴) turned out to be its branch rather than an agent in dealing with the letters and remittance

collection. Regarding the inland areas, *Xie Chengxing* developed *Lin Deji* (林得记) in Khon Kaen to be its agent. Overall, the interfirm cooperation between remittance firms was rife with diversity and flexibility depending on various circumstances, such as capital, personnel, other commercial activities involved, etc.

Figure 2. 2 The Transnational Remittance Firms in Bangkok and Their Agents in Both Bangkok and Hinterland Thailand,1938

No.	Transnational remittance firm, Bangkok	Local remittance firm, Bangkok	Local remittance hinterland of firm, Thailand	
	Name	Name	Name	Region
1	Tan Peng Choon 陈炳春	She LinHe 舍林合		
		Zeng JinJi 曾金记大银批信局		
		[Qiu] Shun RongJi 邱顺荣成记		
2	Zheng Cheng shunli 郑成顺利振记		Lin Shengtai 林胜泰	Bang Rak
			Lin Chengji 林程记	Nakhongsril hammarach
			Liao Yanxing 廖炎兴	Ratchaburi
3	Xie Chengxing 协成兴	Liu ShunXing 刘顺兴 (branch)		
			Lin Deji 林得记	Khon Kaen
4	Tai Xingyu 泰兴裕	Yi Sheng MeiLi 亿盛美利信局		
			Hi Chengji 蚁成记	Phra Nakhon Si Ayutthaya
5	Huang Chaoxing 黄潮兴	Huang DeChang 黄德昌		
		Tai ChengJi 泰成记		
			Chen Yifa 陈益发	Nongkai
6	Zheng Shengxing	Zhen ChengFa		

	振盛兴	振成发		
			Cai Yu Chengfa 蔡裕成发	Phra Padaeng
7	Wang XingChang 万兴昌	Chen Yixin 陈宜新		
8	He Xingli 合兴利	Wu Xiefeng 吴协丰		
		Zhen Chengfa 振成发		
9	Rong Fengli 荣丰利	Chen Ruifa 陈瑞发		
		Wu Junxin 吴俊新		
10	Tai Hechang 泰合昌	Tian Shoutang 天寿堂		
11	Wu Tai'an 吴泰安	Zhang Rongfa 张 荣发		
		Xu Ruihe 许瑞和		
		Xu Risan 许日三		
12	Chang Fengtai 常丰泰	Rong fa 荣发		
13	Zhang Xiangsheng 张祥生泰信局		Cai Jiucheng 蔡就成	Phra Padaeng
14	Xu Mingfa 许明发	Xu Zhenmao 许振茂		
15	Xu Gongxing 许公兴	Chen Renyuan 陈 仁源		
		Zhuang Sheng Yuxing 庄胜裕兴		
16	Chen Meisheng Heji 陈美盛和记		Lin Yufa 林裕发	Songkha
17	Chen Xieshun YanMei 陈协顺言美	Chen PeiXing 陈培兴		
18	Yong Taixiang 永泰祥	Chen HeFa 陈和发		
19	Yong Changsheng 永昌盛银信局	Lian ShunLi 联顺利		
20	Yi Ruixing	Cheng Lifa		

	义瑞兴	成利发		
21	Chang Xingli 长兴利	Chang Xing 长兴		
22	Hong Fa 宏发	Tai ChengJi 泰成记		
23	Ma Jinfeng 马金峰	Liu Yancheng Yuji 刘炎成裕记		
24	Zhen Taifeng 振泰丰	Jilong 集隆		
		She Linhe 舍林合		
		Zheng Xieji 郑协记		
25	Zhen Huafeng 振华丰	Rongjiang Xinju 榕江银信局		
26	Cheng Shunli 郑成顺利舜记	De XingLi 得兴利		
		Chengxing 成兴		
27	Guang Shunli 广顺利	Cheng Lixing 陈利兴		
		Ma Taisheng 马泰盛		
28	Xie Chengfeng 协成丰	Hong Yucheng 洪 玉成		
		Hua Taixing 华泰兴		

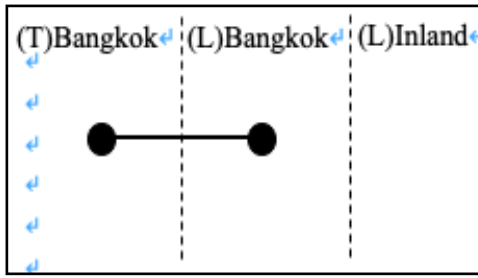
Source: Zou jinsheng [邹金盛], 2001, *Chaobang Pixinju*, Hong Kong: Yiyuan Publisher, pp161-311.⁸

Figure 2. 3 Different Patterns Visualized According to Figure 2.2

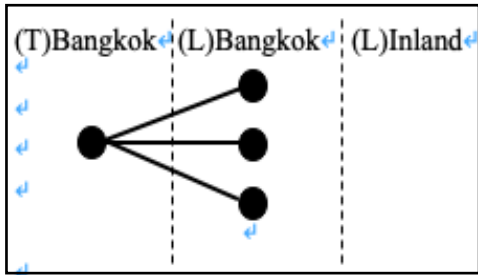
Pattern 1: One agent in Bangkok

Pattern 2: Two agents in Bangkok

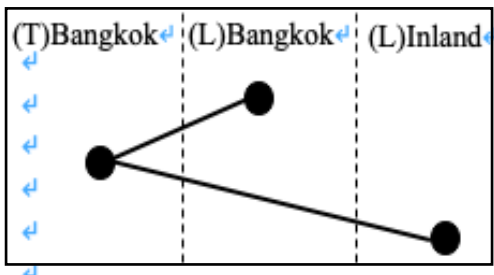
⁸ Also see Chen Liyuan[陈丽园], 2007, Interactions between South China and the Chinese Communities in Southeast Asia: A study of the Teochew remittance networks, 1911-1949 [华南与东南亚华人社会的互动关系--以潮人侨批网络为中心 (1911-1949)], Doctoral Thesis, National University of Singapore, p57.



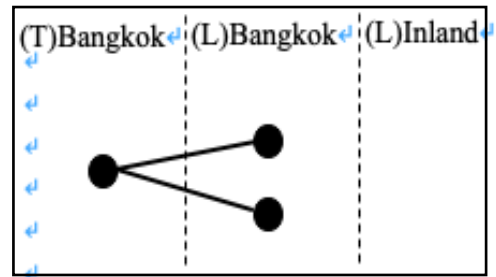
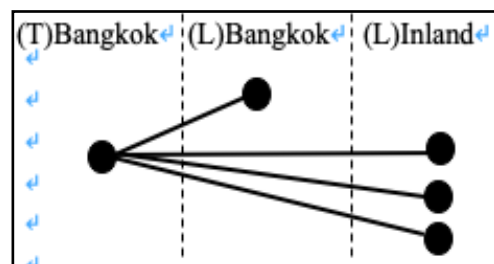
Pattern 3: Three agents in Bangkok



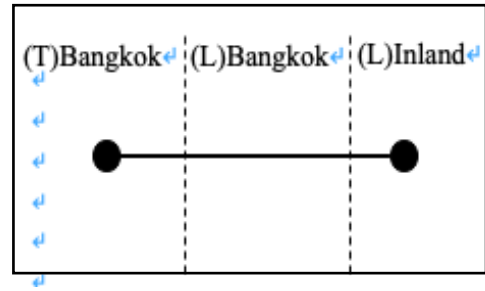
Pattern 5: One agent in Bangkok and the other in inland area



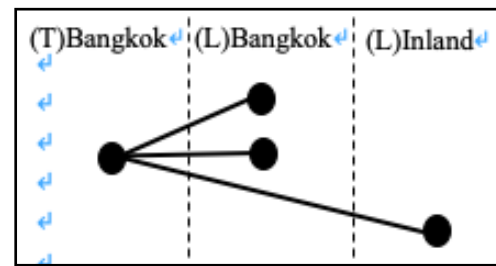
Pattern 7: One agent in Bangkok and two agents in inland area



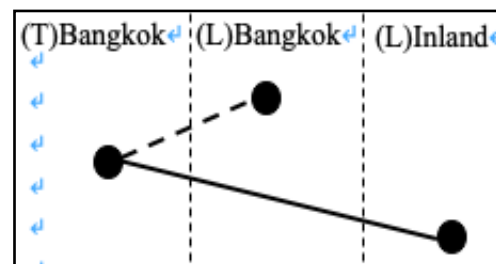
Pattern 4: One agent in Outlying Province



Pattern 6: Two agents in Bangkok and one agent in inland area



Pattern 8: One branch in Bangkok and one agent in inland area



Source: compiled by the author

Note: T=Transnational remittance firm; L=Local remittance firm

———— agent relationship

----- branch of the firm

Source: Compiled by the author.

Given the funding and human costs involved as well as the potential risks, transnational remittance firms preferred to act on agents rather than set up new branches in the

outlying province of Thailand, albeit a few of them opened a new branch in Bangkok. The establishment of the branch in a new remote place required extra capital and personnel to invest. Furthermore, the owners of remittance firms were reluctant to take the risk in operating their business in the places where they lacked personal connections and intelligence of the local markets. For them, it was costly and obtrusive to install personnel and initiate business in these unfamiliar regions. Thus, the remittance merchants tended to look for agents who usually operated their own business, such as grocery store, spirit store, or tea store in the local and maintained close ties with the customers who could be potentially remittance senders.

The transnational remittance firms succeeded in absorbing a larger amount of remittance from the inland region of Thailand relying on contract-based agents by paying a small number of commissions. Meanwhile, local remittance firms also benefited from agent system, which allowed the small traders to reap profits from engaging in the remittance business. Thus, they became local remittance firms mainly in charge of collecting remittance letters from local senders whom the transnational remittance firms could barely reach directly. It reveals that the development of the agent-system has nothing with traditional Chinese attributes, such as family and kinship ties, but instead, it was more like a capitalist strategy to control costs and maximize their benefits.

The inter-firm relations between remittance firms turned out to depend primarily on trade ties or sometimes a mix of trade and kinship linkage. However, remittance firms' relationship with customers was overwhelmed by ties of sub-ethnic ties. The customers and remittance firm owners were from the same place and spoke the same dialect. Out of the geographic familiarity, only the remittance firms with the same origin could send the remittance letters to the hands of the receivers who are usually in remote areas that modern post offices failed to reach. Remittance firms provided a variety of customer services for remitters to satisfy their specific needs. One of the most remarkable services was writing and reading letters for illiterate remitters for free. To attract more

remittances, remittance firms accepted remittances on credit. In this situation, remitters did not need to have the cash in hand to remit, but instead, they could pay them off later. The deadline is set according to the payday of the remitters or the date of receipt of reply from their families. It usually took two weeks for the delivery so that the loan or credit was usually approximately two weeks. Some remittance firms charged paltry rates of interest on the credit while others did not. In Thailand, around 2/3 of the remittance was sent on credit and the rest 1/3 was in the form of cash.⁹

Remittance on credit turned out to be an effective way to attract huge remittance from overseas Chinese in Thailand. The amount of credit offered by remittance firms depended on their connection with customers. Thus, the linkage of the home place and dialect was vital in building the personal trust between remittance firms and customers. Beyond that, remittance firms initiated a more secured regularized procedure in handling the remittance letters through serial numbers and replied letters as a receipt, making it possible to track down and check the embezzlement and deceptions. Harris argues that the development of a standardized procedure was out of the mistrust in the firms, but it also helped to improve the efficiency and accuracy of transnational delivery that involved so many different steps and such a large amount of remittance. Regardless of the technological advancement and the cooperation with the modern institutions, the dialect and ethnicity ties played a dominating role in the customer-firm relations until the final stage of the remittance industry in Thailand.

2.2 Transnational Part from Thailand to China via Hong Kong: Transnational Remittance Firms in Thailand and Transnational Remittance Firms in China

The previous section has demonstrated how transnational remittance firm in Bangkok took advantage of the agent system to cooperate with local remittance firms in either Bangkok or inland or both of them to form a trans-regional network within Thailand. The following part focuses on the role of transnational remittance firms in both

⁹ Tong Kok Daily News [中国报], October 6, 1938.

Thailand and China that is extending the domestic remittance network into a transnational one, reaching Hong Kong as an entrepot and further the Chinese port city-Shantou. The transnational operation was realized through opening branches or *lianhao* the transnational remittance firms that usually had their branches abroad. As mentioned earlier, transnational remittance firms formed both in China and overseas. Some remittance firms were based in China but set up a joint office (*lianhao* 联号) or branches abroad, while others used foreign ports as their base of operation and set up *lianhao* or branches in China. Thus, transnational remittance firms in Thailand were either the headquarter office or the branches of a remittance firm, so did transnational remittance firms in China.

Regardless of which status they held, headquarter or branch, they belonged to the same remittance firm. As we could see from Figure 2.4, most of the remittance firms in Bangkok and Shantou shared the same name except Hong Wanfa (洪万发) in Bangkok with its Shantou office named Hong Wanfeng. Despite the name difference, it turned out that the owners of the two remittance firms Hong Xiancai (洪贤才) and Hong Xianming (洪贤明) were brothers. The consanguineous ties were prevalent in between the managers of transnational remittance firms in Shantou and Bangkok, for example, Zheng Shengxing (振盛兴), the manager of Shantou office was Zeng Shoutian (曾寿田), the younger brother and son of the managers of Bangkok office, Zeng Zhuangwu (曾壮吾) and Zeng Guosheng (曾国声), respectively. The transnational part was maintained by the affinal relatives and intimate friends, but the most profit-making part of the business was largely seized by the most intimate core family members. Compared to the regional network of the remittance industry based on agent system, kinship, native place, and dialect played an essential role. For the remittance business, the key was the flow of capital, which required trust.

The trust was easily built among the same family members than non-family outsiders. Through the family business model, the remittance office in Bangkok and Shantou

enjoyed the same ownership, shared the profits and losses (Chen 2004: 97-98).¹⁰ As the business evolved, we saw the growing importance of non-family ties in the remittance business, such as trade ties. However, the consanguine bonds within the remittance firms had never disappeared and had a dominating role, especially in the initial stage of the remittance business. Beyond, some remittance firms were joint ventures, co-founded by several businessmen. According to the list of Shantou registered remittance firms in 1948, 28 remittance firms out of 58 were joint investment schemes (Hamashita, Chen Liyuan). *Zeng Shengxing* set up the remittance firm with his friend Cai A'niu from the same place. Later on, Cai A'niu pulled his investment out and Zeng Yangmei became the only owner of *Zheng Shengxing* Remittance Firm.

Figure 2. 4 Transnational Remittance Firms in Bangkok and Shantou

		Bangkok		Shantou
No.	Name	Manager	Name	Manager
1	Cheng changli 成昌利	Xiao Zhuoshan/Wu Xiuda 萧卓珊/吴秀达	-	Liu Ziqian 刘子谦
2	Cheng Shunli 成顺利	Chen Fubi/Zheng Dunhan/Zheng Guoxian 陈府弼/郑敦翰/郑国贤	-	Zheng Guoqian 郑国槩
3	Zheng shengxing 振盛兴	Zeng Zhuangwu/Zeng Guosheng 曾壮吾/曾国声	-	Zeng Shoutian 曾寿田
4	Xie chengxing 协成兴	Xu Hanping 许汉平	-	XuJingwei/Chen Jianren 许经纬/陈健人
5	Tong fali 同发利	Luo Jiapan 罗价潘	-	Xu Bochuan 徐伯川
6	He hexiang 和合祥	ZhangWeiqiu/ZhangKezhi/ Zhang Yanxian 张伟秋/张珂志/张炎先	-	Zhang Shengming 张声名
7	Yong shunli 永顺利	Ma Songxuan/Ma Canfeng 马松轩/马灿峰	-	Xiao Songwen 肖松文
8	Guang shunli 广顺利	Xie Yi'an/Xie Zihe 谢毅庵/谢子和	-	Xie Zihe 谢子和

¹⁰ Chen Liyuan [陈丽园], 2004, "The Arteries of Chinese Transnational Communities: A Study of the Teochew (Chaozhou) Remittance House Networks, 1911-1949", Vol.2, No.2, *Journal of History and Anthropology*, Hong Kong: South China Research Center, pp83-109.

9	Hong wanfa 洪万发	Hong Xiancai 洪贤才	HongWanfeng 洪万丰	Hong Xianming 洪贤明
10	[Zheng]Cheng shunli 郑成顺利	ZhengShunzhi/ZhengLaiyuan/ Zheng Dachen 郑舜之/郑来源/郑大臣	-	Zheng Guozhan 郑国槩

Source: compile by the author according to multiple materials.¹¹

However, remittance and letters were not delivered directly from Bangkok to Shantou. Instead, they were transferred to Hong Kong. In the transnational operation of the remittance network between China and Shantou, Hong Kong was a key node as a crucial transit center. Hong Kong was originally a part of Guangdong province and became a British colony in 1842 after concluding the Sino-British Treaty of Nanking. Since then, Hong Kong had developed into a thriving entrepot and international financial center, which was of great significance for the remittance trade in which the foreign currency exchange into the local currency in China was an essential part. Indeed, the main purpose of home remittances was to send money back to their home villages from Thailand or elsewhere abroad, yet these funds inevitably had to pass through financial markets, formal or informal before they arrived at their home town.

As William Keswick of Matheson & Co. remarked in 1890, “being a free port and affording every convenience for quick dispatch, it [Hong Kong] has become the great center for shipping, the terminus of many mail lines and the junction from which new departures are taken. ... For foreign trade, it has become the port of Canton, and for the great and growing coast and native trade with North and South, and with Tonquin, Saigon, Siam, and the Strait Settlements and India, it is the emporium.”¹² Hong Kong’s particular role in the remittance trade was also noted by Thailand’s financial adviser, a British economic expert W.J.F. Williamson working for the Ministry of Finance in

¹¹ Wang Wei Z., et al (ed.) ,2013, *Chaoshan qiaopi lungao [The discussion on the Teochew Remittance Letters]*, Hong Kong: Tian’ma Publisher, pp52-53, pp79-82.

¹² Joseph Ting Sun-Pao, 2017, Chapter 3.3 Rapid Development of Shipping and Entrepot Trade, in Lau Chi P.[劉智鵬] (ed.),*1860-1898 The Establishment of Entrepot Trade*, Hong Kong: Hong Kong and South China Historical Research Program, Lingnan University, retrieved from: <https://www.mardep.gov.hk/theme/porthk/en/p1ch33.html>.

Thailand. In the *Report of The Financial Adviser on The Budget of The Kingdom of Siam for The Year 127 (1908-09)*, Williamson pointed out:

Hong Kong and other similar dollars on a silver basis are usually imported into Bangkok for two purposes only- firstly, for use in the arts, and secondly for sale to Chinese immigrants returning to their own country, via Hong Kong. These usually take their savings with them in the form of silver dollars, and the Customs returns show that there was a large increase last year, as compared with the previous one, in the numbers of deck passengers both entering and leaving the port of Bangkok-the departures for Hong Kong numbering over 42,000 against the previous year's figure of 32,000 odd, or an advance of 31 percent. (1909, p9)

Other factors also contributed to Hong Kong's status as a transfer hub for remittance from Southeast Asia to China. Firstly, China had been adhered to the silver standard¹³ before 1935 and subjected to volatile fluctuation. To hedge currency risks caused by fluctuations in Chinese silver, remittance firms tended to buy Hong Kong dollars and converted them into Chinese currency when the exchange rate was favorable. Secondly, Chinese official banks did not establish enough branches abroad yet. Additionally, overseas Chinese was still wary of these banks' credit, making it impossible to directly deliver remittance from abroad to China. Thirdly, Hong Kong owned a complete financial system and a peaceful environment most of the time compared to mainland China, which sank deep into the mire of western colonial expansion and domestic chaos. These advantages made it possible for Hong Kong to become the intermediary center for most of the overseas Chinese remittance between Southeast Asia and China.

Overall, it would be more convenient and profitable to deal with remittance via Hong Kong rather than a direct transaction from Thailand to China. According to Lin (1999: 18) noticed that 90% of the Chinese remittance from Thailand was sent passing through Hong Kong to Shantou of China. In this circumstance, large numbers of remittance

¹³ Silver standard refers to the earliest and sheer floating exchange rate system in the international finance history.

firms with headquarters in Southeast Asia set up branches or cooperated with local agents in Hong Kong (Kanji Saito, 1914). Although the author has not found any official report or record on the name of the Thai remittance firms' Hong Kong branches or agents, some other evidence still supported the fact. Remittance firm *Zheng Shengxing* (振盛兴) - one of the oldest transnational remittance firms initiated in Thailand – opened a *lianhao* (联号) in Hong Kong called *Yuanming Hao* (远明号). Other leading remittance firms in Thailand, *Cheng Changli* (成昌利)¹⁴ owned by *Xiao Zhuoshan* (萧卓珊) and *Rong Fengli* (荣丰利)¹⁵ also had an office in Hong Kong.

With limited capital, remittance firms needed trusted cross-border partners to handle advances and guarantee credits. Under these conditions, a system of *lianhao* associate companies was founded. These are companies whose shares are cross-owned by close relatives but are financially and administratively independent.¹⁶ Nevertheless, it remained ambiguous whether the *lianhao* or office in Hong Kong was either a branch or joint venture of transnational remittance firms in Bangkok, for *linhao* could refer to both of them. The concept *lianhao* was unique in Chinese commercial activities in expanding their business network, notably *yueshang* (粤商, the Chinese merchants of Guangdong).

There were three forms of *lianhao*: branch, joint venture, and combined the former two. Branch-type was similar to the western company's branch: the relationship between transnational remittance firm in Bangkok and *linhao* in Hong Kong was equivalent to the headquarter and branch. The two maintained close connections in terms of capital, personnel, and business activities. On the opposite, joint-venture was similar to the agent system, the remittance firm in Bangkok and Hong Kong were independent from each other in fund and personnel. It was an equal partnership based on contracts or other

¹⁴ The Tong Wah Chinese Daily News [中华民报], June 29, 1939.

¹⁵ Wang Wei Z., et al (ed.) ,2013, *Chaoshan qiaopi lungao [The discussion on the Teochew Remittance Letters]*, Hong Kong: Tian'ma Publisher, pp52-53, pp79-82.

¹⁶ Zelin, Madeleine, 2015, *Merchant Communities in Asia, 1600–1980*, London: Routledge, p74.

types of deals rather than hierarchic relationship of the former. The last form combined both branch and agent system prevalent in large conglomerates.¹⁷

Remittance was mainly transferred through traditional Chinese banks and foreign banks. Because their counterparts in China lacked adequate funds for cashing the orders received, they had to purchase remittance bills from these banks. In addition, sending money via Hong Kong, they could profit from an exchange rate that was more advantageous than sending remittances directly to Guangdong province. In that case, they sent remittances by telegraphic transfer to their Hong Kong brokers, and go the brokers to issue a Hong Kong draft to their correspondent offices/branches in China. The remittance firms in China would sell the draft to foreign banks or local Chinese banks in China to get Chinese yuan to pay to the remittance recipients (Bank of Taiwan 1914/1993,72-73, p83).¹⁸

When remittance firms in China received notices of remittance transfers from Thailand, they recorded them and called local couriers together when the mail-ship arrived in Shantou. The day before the ship arrived, they exchanged the draft that their counterparts in Thailand had converted to local currency. When the orders arrived, the remittance firms checked the order against their records and sent cash to their destinations, sending their couriers to rural and mountain villages. When their missions were completed, they asked the recipients to sign or stamp the receipts for return to the senders. The remittance firms then collected all replied letters, matched them to the remittance orders, recorded their delivery, and then sent them as “returned letters” to remitters in Thailand. When the remittance firms in Thailand received the return letters, they checked them against their records, and then stamped them “return” before sending them back to the remittance senders (Bank of Taiwan 1914/1993,72, p. 83).¹⁹

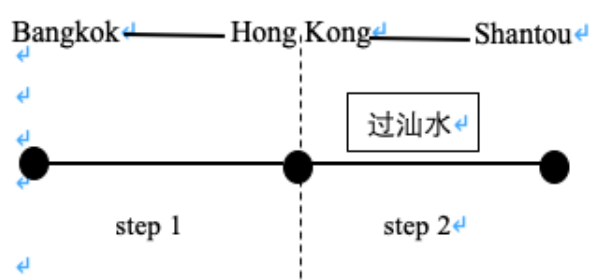
¹⁷ Zhang Xiaohui[张晓辉], 2015, *Jindai yueshang yu shehui jinji* [近代粤商与社会经济], Beijing: Beijing Book Co. Inc, p326.

¹⁸ *ibid*

¹⁹ *ibid*

The money flow was sent via Hong Kong. The process was as follows: if a sender in Southeast Asia wished to remit money to his hometown in the hinterlands of Guangdong Province, he first paid for the remittance in local currency at the remittance firms nearby. The remittance firms exchange converted the money into Chinese yuan and issued three copies of a receipt: one was given to the sender as a receipt, one was retained, and one was sent to the handler at the destination. The payment was then dispatched with a letter must containing the amount of payment and with some personal messages. The envelope bore the sender's name and address and the amount of the remittance for verification purposes. The remittance transfer procedure stepped into a double conversion procedure (see Figure 2.5): converting Thai baht into Hong Kong dollars and from Hong Kong dollars to Chinese yuan. The following figure illustrated that the exchange rate between the currencies of Thailand and Hong Kong (step 1) was usually stable, and thus the benefits and losses incurring from the exchange manipulation were rather small. However, the foreign exchange fluctuation between Hong Kong and Shantou (step 2, also known as *guoshanshui* 过汕水 in a jargon) was quite huge, making it the determining factor in making or losing money from the engagement in foreign manipulation.²⁰

Figure 2. 5 Remittance Line Passing Through Hong Kong



Source: compiled by the author

Remittance firms used both approach of spot foreign exchange (forex) and forex futures. The difference between spot forex and forex futures was that the former was over-the-counter, it was not subject to exchange rules and regulations. However, forex futures were transacted at an established exchange rate and predetermined time based on

²⁰ Yao Zengyin [姚曾荫], 1943, *Overseas Chinese Remittance to Guangdong Province* [广东省华侨汇款], Chongqing: The Commercial Press [商务印书馆], p23.

derivative contracts obligating the buyer (remittance firm) and the seller (bank). Forex future managed to hedge the potential risks created by the currency fluctuations in multiple transactions and meanwhile to speculate and profit from foreign exchange fluctuations. For instance, when remittance firms estimated that the exchange rate was favorable on a particular month, they would pre-order the forex futures. The exchange rate here was set by the British Hong Kong authority, more specifically, Hong Kong and Shanghai Bank. The amount of foreign currency purchase depended on the previous sum of remittance collection on average. The future forex trade was usually set for two months.

After the pre-order, remittance firms would start to collect remittance from overseas Chinese according to the real-time exchange rate set by the Chinese official bank on a daily basis. In this process, the profits or losses were thus generated as the result of exchange fluctuations between currencies in Thailand, Hong Kong and China caused by the time lag in delivering letters and remittance. It usually took 14 days for the letters to reach Shantou from Thailand, while remittance arrived at Hong Kong a few days (four to five days) earlier than letters that were destined for Shantou ((Bank of Taiwan 1914/1993,75/p85). Remittance firms primarily adopted telegraphic transfer (*dianhui*, 电汇) rather than demand draft (*piaohui*, 票汇). Although Telegraphic transfer charged high than demand draft, it was faster, allowing remittance firms to have enough time spent in taking advantage of the remittance as a capital investment in the financial activities.

In line with their profits from foreign exchange speculation directly, transnational remittance firms also used the remittance money as funds to purchase goods in Southeast Asia, and sell them in Hong Kong or China or bought gold and silver in lieu of actual transfers. Therefore, remittance firms derived benefits either from the commodity price difference. These goods could either be consumed by the remittance's recipients or sold for cash. As rice and timber were the major export products in Thailand, it witnessed the increasing involvement of rice traders in the Thai remittance

trade in the 1920s and 1930s when these rice traders started to establish their own enterprises in banking and insurance to compete with their western counterparts for the homebound Chinese remittance.²¹ Remittance firms used these banks to handle the remittance transfer in three ways. Firstly, remittance firms transferred remittance into Hong Kong dollars to their *lianhao* or office in Hong Kong by telegraphic transfer or demand draft. Secondly, remittance firms proceed the remittance into their branches in Shantou in the form of Hong Kong dollars by telegraphic transfer or demand draft. Lastly, the remittance was delivered to Shantou in Chinese yuan by telegraphic transfer or demand draft. The first method was the most popular one while the last was rare to use in practice. Throughout the 1920s and 1930s, almost all of the remittance from Thailand bound to China was handled by these Chinese exchange banks operated by leading rice traders in Thailand, and most of them were Teochew.

In the early period, Hong Kong and Shanghai Bank Corporation (HSBC), as a leading bank of the Thai banking service, had been reported to deal the most with the foreign exchange of remittance from Thailand, followed by Banque de l'Indochine. HSBC's headquarter was rightly located in Hong Kong and Banque de l'Indochine also owned branches in Hong Kong. The remittance firms used the exchange rates set by the foreign banks, especially those of the Hong Kong and Shanghai Bank for their transactions in Hong Kong. All of these banks had branches or agents in the main business hubs and trading ports of Southeast Asia.

Apart from western banks, traditional Chinese banks and trading companies engaged in the trade-related financial services in Hong Kong. These Chinese financial institutions initially did not perform the normal function as a modern bank but serve as financial support to facilitate the capital flow of a family business, especially rice trade, such as WangLee Chan Bank(豐利棧銀行), Taishan Bank(泰山銀行), Guang Shunli

²¹ Choi Chi-cheung., Shiroyama Tomoko, Oishi Takashi (ed.), 2019, Chinese and Indian Merchants in Modern Asia Networking Businesses and the Formation of a Regional Economy, Leiden: brill academic publishers.

Bank (广顺利银行), Liao Rongxing Bank (廖榮興銀行), Shun Fucheng Bank(顺福成銀行), Tan Peng Choon Bank (陈炳春銀行) and Chin Seng Exchange (振盛匯兌莊). These institutions were mostly owned by Teochew Chinese, so did the remittance firms in Thailand. Given the dialect ties and lower cost and easier procedure compared to banks, these traditional Chinese banks started to deal with Chinese remittance and gained increasing popularity in the remittance firms in Thailand for their foreign currency exchange services. Not long, they dwarfed modern banks and acquired dominance in the foreign currency exchange market.

Notably, some of the exchange banks also run remittance as a sideline. Therefore, remittance firms used remittance to offset bills paid in Hong Kong for export/import transactions.²² In this sense, the collected remittance was served as the capital to facilitate the trading between Southeast Asia and South China and thus becoming the financial linchpin of the transnational trade (Hamashita, 2019:70). Overseas remittance, accompanied with the goods from Southeast Asia flooded into China passing through Hong Kong as a result of the interplay of trade and foreign exchange procedures. In the meantime, the Hong Kong dollar became the main currency for commercial activity between China and Southeast Asia. Although the final destination of most remittances was a family in a rural village, the money remitted was used for trade, finance capital, and investment in various forms (Zheng, 1940: 67-84).

The number of remittances was not a direct function of the Chinese population in any given place, so we surmise that the remittances from each country flowed into China not necessarily with the individual nation as a unit but, more probably, through the financial centers in each region, in the intermediate form of trade settlements, investments, and foreign exchange businesses, before finally finding their way to China (Hamashita, 2019:77). Both remittance and letters were also sent from Thailand via Hong Kong to their final destination Shantou. The former was related to Hong Kong's

²² Yao Zengyin [姚曾荫], 1943, *Overseas Chinese Remittance to Guangdong Province* [广东省华侨汇款], Chongqing: The Commercial Press [商务印书馆], pp23-24.

status as financial and trade center while the latter resulted from Hong Kong's status as a transportation hub for remittance trade. This status was even more enhanced partnered with the advent of steam shipping technology. By the 1860s, the scheduled steaming service run regularly between Hong Kong and the three main port of South China-Canton, Swatow, and Amoy, followed by the initiation of the routes between Bangkok and Hong Kong in 1873 as well as between Haikou and Hong Kong in 1876.

Therefore, all the five emigrant speech groups hereto were eventually able to travel by scheduled steamers to Bangkok via Hong Kong (Skinner, 1957:43). In 1882, the Bangkok Passenger Steamer Company, a newly formed British firm, began regular runs direct from Swatow to Bangkok and returned to Swatow via Hong Kong (*ibid*). Thus, remittance firms in Thailand packed the collected letters into clubbed bags in Bangkok port, were sent to Hong Kong and then delivered to South China. Therefore, transnational remittance firms in Bangkok, partnered with their offices in Hong Kong and branches in Shantou, composed the transnational operation of the remittance network in which both remittance and letters were sent from Thailand to Hong Kong first before arriving at its destination-Shantou.

2.3 Domestic Part on Chinese Side: Transnational Remittance Firms and Local Remittance Firm in China

After examining the transnational part of the remittance network, this section mainly discussed the domestic part of the remittance network on the Chinese side, which is somewhat similar to the operation in Thailand but presented slight differences. Like the regional network in Thailand, the agent system contributed significantly to establishing of the remittance network in China. However, family ties played a vital part in organizing the remittance network covering different rural areas of China. The combination of both agent system and family business model was explicitly signified in the three remittance firms listed in Figure 2.6. On top of that, the function and customers of the local remittance firms in China and Thailand were different. The former was mainly in charge of delivering remittance letters and collecting replied

receipts from the local village fellows while the latter was primarily responsible for handling collection of remittance letters from overseas Chinese and delivered the replied notes from the transnational remittance firms to the hand of the remitters.

Figure 2.6 has listed some remittance firms and their “branches” in China based on the registration for the Chinese government. According to the figure, remittance firm in Shantou was usually regarded as a headquarter while their foreign counterpart was seen as a branch office. On the Thai side, however, the remittance firm in Bangkok was often seen as a headquarter while their counterpart in Shantou was deemed as a branch. Therefore, it seems difficult to draw a clear boundary between the branch and headquarter of the remittance firm. In the case of Zheng Shengxing (振盛兴), the remittance firm was initiated in 1889 in Bangkok, following by the set-up of other offices in 1909. Notably, the founder of Zheng Shengxing (振盛兴)- Zeng Guosheng(曾国声, also known as 曾仰梅 Zeng Yangmei), was also the manager of the office in Shantou and his home village Tuhao. Later in 1912, Zheng Shengxing extended its business to other towns such as Chaoan, Chaoyang, Liuhuang, Jieyang, and Huanggang in the year of 1935. Far from being the branches of Zheng Shengxing as they registered in the list, these local offices often with different names, however, turned out to be the independent agents running parallel. Xie Chengxing (协成兴) had opened an office in Shantou, Bangkok, and Chenghai with the same name.

For the rest of the offices, they were all agents of Xie Chengxing. Thus, Xie Chengxing in Shantou established two offices based on family links, which was its foreign office in Bangkok and local office in Donglong, and the rest sever offices were all agents of Xie Chengxing. Another remittance firm Qi Fengzhan (启峰栈) also established an extensive remittance network through the agent system and ties of kinship and native place. Wei Qihe and Wei Qipu- the managers of Qi Fengzhan’s Shantou and Jieyang office- were brothers. Qi Fengzhan developed agent relationship with five local remittance firms Jufeng (聚丰), Xihe (喜合), Maoli (茂利), Xincheng (信成), Youxin

(有信). As for its foreign offices, only the Singapore office was found to be set up based on family ties, for the manager of Xin Fengzhan(新峰栈) in Singapore Wei Maozhong was the son of Wei Qihe. The manager of other foreign offices in Vietnam, Siam, and Indonesia were agents of Qi Fengzhan. It shows that the Qi Fengzhan in Shantou, Qifeng in Jieyang, and Xin Fengzhan in Singapore had constituted the core of Qi Fengzhan’s remittance business.

Figure 2. 6 Some Remittance Firms and Their “Branches” in 1936

Name	“Branch” Name	Year	Place	Manager	Place
Zheng	Zheng	1889	Bangkok	Zeng	Chenghai
ShengXing 振盛兴	ShengXing 振盛兴			Guosheng 曾国声	澄海
	Zheng ShengXing 振盛兴	1909	Tuhao 图濠	Zeng Guosheng 曾 国声	Chenghai 澄海
	Putong 普通	1912	Chaoan 潮安	Wu Caitang 吴彩堂	Chaoan 潮安
	Liu Xihe 刘喜合	1912	Chaoyang 潮阳	Liu Zhuchuan 刘竹船	Chaoyang 潮阳
	Ruiji 瑞记	1912	Liuhuang 留隍	Zheng Xinnan 郑新南	Liuhuang 留隍
	Wei Qifeng 魏启峰	1912	Jieyang 揭阳	Wei Qipu 魏启圃	Jieyang 揭阳
	Ruifu Taoji 瑞福陶记	1935	Huanggang 黄冈	Yu Guisheng 余桂生	Huanggan g 黄冈
Xie Chengxing 协成兴	Xie Chengxing 协成兴	1923	Shantou 汕头	Xu Hanping 许汉平	Raoping 饶平
	Xie Chengxing 协成兴	1923	Bangkok	Xu Jingwei 许经纬	Raoping 饶平
	Xie Chengxing 协成兴	1923	Donglong 东陇	Xu Xihe 许锡河	Chenghai 澄海
	Taohe Hao 陶合号	1917	Huanggang 黄冈	Xu Xianqi 许献其	Raoping 饶平
	Xincheng Zhuang 信成庄	1923	Lianyang 莲阳	Yu Changqi 余昌期	Chenghai 澄海
	Jufeng Zhuang	1924	Chaoan	Zhu Xianglan	Chaoan

	聚丰庄 Guangshun Zhuang 广顺庄	1916	潮安 Dian Zaitou 店仔头	朱湘兰 Jin Zhenzhong 金振忠	潮安 Raoping 饶平
	Guangyuan Zhuang 广源庄	1918	Zhaoan 诏安	Xu Fengsheng 许风声	Zhaoan 诏安
	Weiqifeng 魏启峰	1919	Jieyang 揭阳	Wei Qipu 魏启圃	Jieyang 揭阳
	Liuxihe 刘喜合	1916	Jieyang 揭阳	Liu Zhuchuan 刘竹船	Chaoyang 潮阳
Qifeng Zhan 启峰栈	Qifeng 启峰	1911	Shantou 汕头	Wei Qihe 魏启和	Jieyang 揭阳
	Qifeng 启峰	1911	Jieyang 揭阳	Wei Qipu 魏启圃	Jieyang 揭阳
	Jufeng 聚丰	1924	Chaoan 潮安	Zhu Xianglan 朱湘兰	Chaoan 潮安
	Xihe 喜合	1911	Chaoyang 潮阳	Liu Zhuchuan 刘竹船	Chaoyang 潮阳
	Zhengji 政记	1911	Mianhu 棉湖	Yang Birong 杨碧荣	Mianhu 棉湖
	Maoli 茂利	1925	Huanggang 黄冈	Huang Zihou 黄子厚	Huanggan g 黄冈
	Xincheng 信成	1923	Lianyang 莲阳	Yu Siyao 余斯耀	Lianyang 莲阳
	Youxing 有信	1922	Chenghai 澄海	Rui Biqin 芮弼卿	Chenghai 澄海
	Yong Fengfa 永丰发	1930	Vietnam	Lin Junzheng 林君正	Jieyang 揭阳
	Chen Dehua 陈德华	1911	Supanburi, Thailand	Chen Chenghuang 陈成煌	Jieyang 揭阳
	Li Tongchun 李同春	1924	Pontianak, Indonesia	Li Chunshu 李春树	Jieyang 揭阳
	Yuan Hexing 源合兴	1922	Pontianak, Indonesia	Xu Shuangshun 许双顺	Jieyang 揭阳
	Xinfeng Zhan 新峰栈	1932	Singapore	Wei Maozhong 魏茂中	Jieyang 揭阳
	Xie Chengxing 协成兴	1923	Donglong 东陇	Xu Xihe 许锡河	Chenghai 澄海

Zheng ShengXing 振盛兴	1909	Tuhao 图濠	Zeng Guosheng 国声	Chenghai 曾 澄海
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Source: Shantou Post Office File, 86-1-344, Guangdong Provincial Archive

Notes: the author added on office established in 1899 in Bangkok for the Zheng Shengxing (振盛兴)

Overall, the agent system played a dominated role in constructing the domestic part of the remittance network, albeit establishing a branch in the inland. The cooperation pattern of domestic remittance network was summarized in Figure 2.7. Remittance firms usually set up branches in the villages where they originated from since they were familiar with the place. As for other areas, they tend to cooperate with more agents than branches. As the three cases illustrated, *Zheng Shengxing* owned two branches and five agents; *Xie Chengxing* had only one branch, and the rest of eight remittance firms were all agents; *Qi Fengzhan* had two branches, but their agents were as many as ten.

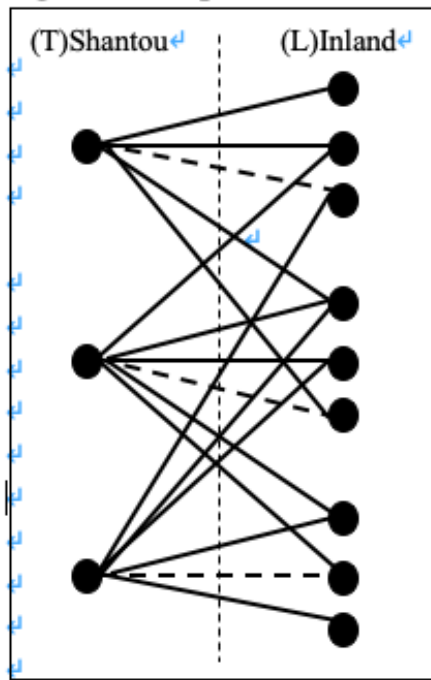
Like their counterparts in Thailand, the transnational remittance firm owners tended to cooperate with other merchants in the local as their agents to expand their business, rather than setting up branches in light of the capital and personnel constraints. Furthermore, these local branches of the transnational remittance firms turned out to be agents for other transnational remittance firms in the local, which was rarely seen in the agent system in the Thai case. For instance, *Wei Qifeng in Jiayang* was the local agent of *Zheng Shengxing*. The difference of the remittance network between Thailand and China lay with the latter usually owned more agents than the former, for the overseas Chinese living abroad tended to concentrate in tight settlements while for the receiving end, their families generally lived in scattered locations of Guangdong province.

Remittance firms and their branches, agents at home and abroad, had constituted a complex remittance network that operated transnationally and trans-regionally. For the Thai part of the remittance network, all the remittance letters collected from the sporadic inland were concentrated in Bangkok, especially the Sampeng and Charoen Krung areas known as Chinatown and the trade and financial center of Chinese business

in Thailand. In parallel, these remittance letters were received amass in Shantou and then further delivered to the recipients living in the rural villages of inland China. Shantou- home to large numbers of remittance firms and exchange banks local banking- had witnessed the prosperity of remittance trade. Therefore, Bangkok was regarded as a departure center for remittance letters while Shantou was taken as a receiving center for them. On top of that, the remittance letters were not delivered directly from Bangkok to Shantou. Instead, they were transferred to Hong Kong. In the transnational operation of the remittance network between China and Thailand, Hong Kong was another key node as a crucial transit center. For the domestic delivery of Thailand, Overseas Chinese remitters managed to send remittance and letters with the cooperation among local remittance firms in both inland areas and Bangkok coupled with transnational remittance firm in Bangkok.

The cooperation pattern mainly relied on agent system based on commercial ties supplemented by the branch of the family business model, which was similar to the partnership between transnational remittance firm in Shantou and local remittance firm in inland China. Such cooperation pattern made it possible to reach the recipients in inland rural areas of China without significant costs on human and capital. Unlike Thai domestic delivery, there were few transnational remittance firms in Bangkok, and the local remittance firm in inland China could serve to be agents for several transnational remittance firms in the local at the same time. For transnational delivery via Hong Kong, it was realized through an agent system for Bangkok-Hong Kong first and then establishing branches under the family business pattern for the Hong Kong-Shantou part. When putting all the three parts together, a complete transnational remittance network across Thailand, British Hong Kong and China had been constructed in which different types of remittance firms in urban and rural areas in different forms of partnership, allowing the remittance and letters of overseas Chinese abroad to reach the hands of their families in their home villages that even modern institutions failed to cover.

Figure 2. 7 Cooperation Patterns on the Chinese Side



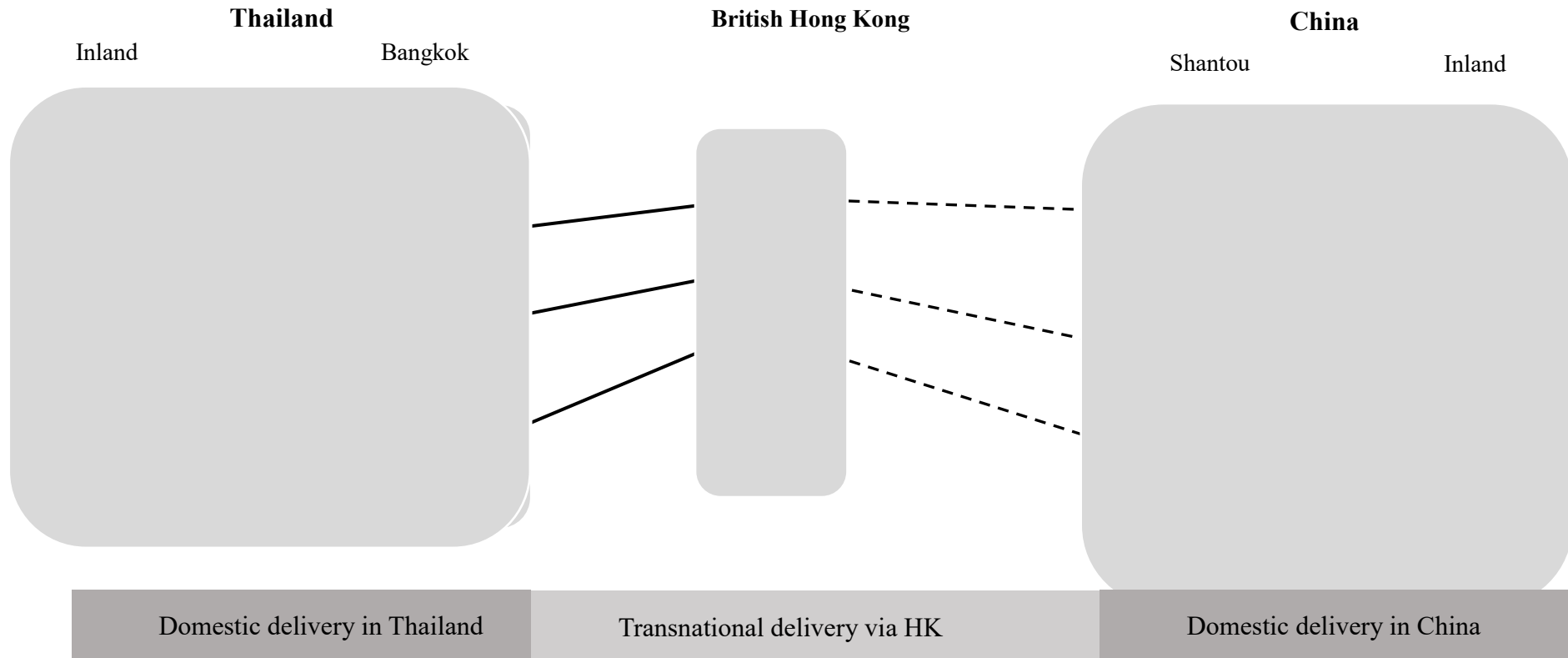
Source: compiled according to Figure 2.6

Note: T=Transnational remittance firm; L=Local remittance firm

———— agent relationship

----- branch of the firm

Figure 2. 8 The Transnational Remittance Network across Thailand, Hong Kong, and China.



Sources: compiled by the author.

3. The Role of Kinship and Trade Ties in Constructing the Remittance Network

Section one has examined how the transnational remittance network across various regions came into being. In the process, developing agents and opening branches were the major two approaches that remittance firms adopted. Thus, this section further explores the role of kinship ties under the family business model allowing for the establishment of branches transnationally and trade or commercial ties serving as the underlying underpinning of the agent system.

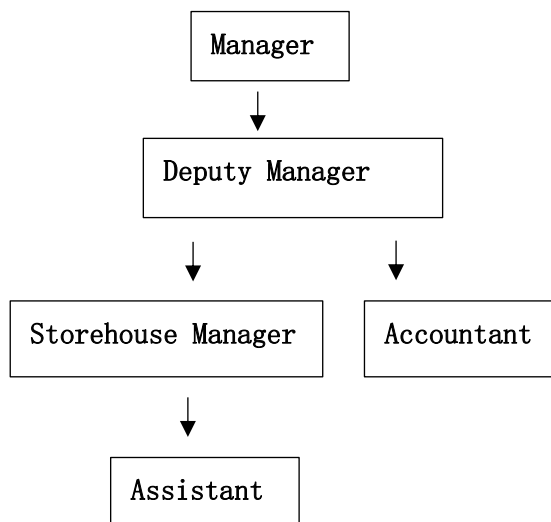
3.1 Remittance Network's Family and Kinship Ties

The family and kinship ties played an important role not only in the initiation, organization, and operation of various types of remittance firms, but also in the forming and developing transnational remittance networks, and thus became a salient feature of the remittance industry as a whole in Thailand. Like other overseas Chinese businesses, remittance firms were deeply rooted in kinship, native place, and dialect. They were family or lineage-based firms, almost along the lines of geo-sanguinity or dialect. In 1936 nearly 70% of Shantou's remittance firms were family business, and an even higher number had particularistic ties of other sorts based mainly on the native place. Overall, remittance firms in all areas and eras were similarly rooted in the family or broader kinship networks. Owners, customers, and workers of remittance firms were either from the same place or at least speakers of the same dialect.

Remittance firms were not a large-scale enterprise compared to other Chinese business organizations. It was usually composed by a superintendent who supervised the operation of the exchange and negotiated with financiers, a manager in charge of accounting, a liaison officer dealing with the dispatch of correspondence and remittance, clerks and apprentices who recorded correspondence on a note and performed sundry duties (Zheng, 1940: 299). These staffs were close relatives or friends of the owners, for trust was an essential part in the remittance business. Even for the deliverymen who

were hired by the remittance firms for sending remittance to the hand of the receivers in the rural villages, they were unlikely to be outsiders to ensure honesty and loyalty. Taking Zheng Shengxing (振盛兴) as an example, it was established by Zeng Yangmei (曾仰梅) in 1899 in Bangkok, and later Zeng set up its branches in Shantou and hometown Tuhao village. In the late 1930s, Zeng Yangmei reshuffled Yuanming Exchange Bank (远明钱庄) to be the remittance firms in Hong Kong mainly in charge of the foreign currency exchange for the collected remittance. In each office, there was one manager on the top in charge, one accountant, one cashier, and one assistant. Approximately, there are 6-8 persons in each office, plus 10 delivery persons. There are over 40 persons in total. All the employees working in the firms and their branch offices in different places were relatives from the same clan or relatives by marriage, including ten workers in charge of delivering remittance letters.

Figure 2. 9 The Institutional Arrangement of the Remittance Firms.



Source: retrieved from the interview.

As demonstrated by Figure 2.9, the managers of the remittance firms operated in Bangkok, Shantou, and Hong Kong were all siblings. They were the sons of Zeng Guosheng, the founder of Zheng Shengxing remittance firm and the manager of one branch in Tuhao village of Shantou. These chains of offices or branches across Thailand,

Hong Kong, and China coordinated with each other, forming a dense remittance network based on kinship and family ties. Furthermore, common provenance (village or region), surname, and dialect engendered feelings of trust between clients and remittance firms. Their clients and remittance firm owners were usually from the same native place and spoke the same dialect.

Figure 2. 10 The Person in Charge of the Remittance firms in 1930s

Place	Manager	Family Ties
Bangkok	Zeng Yixun (曾益勋 ²³)	eldest son
Shantou	Zeng Yisan (曾益三 ²⁴)	third son
Tuhao village	Zeng Guosheng (曾国声 ²⁵)	father/founder
Hong Kong	Zeng Yisan (曾益三)	third son

Source: compiled by the author.

Looking into the remittance industry in Thailand in different eras, it firmly followed the dialect division from the start to the end, say, Teochew, Hainanese, Hakka, Cantonese, and Hokkien. According to an official survey conducted in 1911, it revealed that the Thai remittance business was conducted by 58 remittance firms in Bangkok, most of which was owned by the Teochew group. Some belonged to Hainanese and Hakka. Yet, no remittance firms were owned by the Hokkien and Cantonese at that time, probably because their remittance letters were relatively fewer, and thus they were sent through well-known companies or acquaintances. The remittance trade expanded rapidly since the 1920s and 1930s, particularly the institutional development of the Thai

²³ Also recorded as 曾壮吾.

²⁴ Also recorded as 曾寿田.

²⁵ Also recorded as 曾仰梅.

remittance industry. In 1927, the association was called remittance trade association (侨批业公会)²⁶ and later changed to be Overseas Chinese remittance trade association in Siam (暹罗华侨银信局同业公所) to meet the requirement of the nationalist government's policy towards overseas Chinese organization in 1930.²⁷

However, the committee members of the association implied that the association was controlled by Teochew. Until 1947, when the remittance union was eventually covered all the dialect groups in Thailand.²⁸ Among the 80 remittance firms as the members of the association, Teochew owned 58 of them, still maintaining an overwhelming dominance, followed by Hakka with a number of 11, Hainanese of 3, Hokkien of 2 and Cantonese of 1.²⁹ This situation did not change in the 1950s and 1960s when the remittance trade declined. In the total of 64 remittance firms in 1956 operating in Thailand, 42 firms belonged to Teochew, 17 firms to the Hainanese, 3 firms to the Hakka, Cantonese and Hokkien owned one for each.³⁰

Teochew obtained 7 licenses for their operation of remittance business from the Ministry of Finance, and the rest four dialect groups were assigned only one license for each group. Teochew's preponderance in the remittance trade in Thailand sustained until the end. The dominance of consanguineous ties made it easier to build up trust, which was essential for the operation of remittance firms to avoid absconding with remittances. It was also a check on corruption and dishonesty in a society where agreements were not necessarily enforceable under law. From the 18th century to the early 20th century, few Chinese migrants enjoyed the protection from Chinese embassies or consulates. They tended to receive ill treatment and suffer from abuse.

²⁶ The Min Kok Daily News [民国日报], May 24, 1927.

²⁷ Shuen Chong Daily News [晨钟日报], January 6, 1930.

²⁸ Ming Sheng Daily News [民声日报], June 2, 1947.

²⁹ Tong Guan Pao [中原报], May 18, 1947.

³⁰ Hong Lin [洪林], Li Daogang [黎道纲], 2011, *Taiguo qiaopi ye ziliao huicui [Thai materials of the remittance trade]*, Shantou: Chaoshan Historical and Cultural Center, p483.

Even the Nationalists' declaration in 1924 that they would support overseas Chinese and their dependents made the scant difference in practice, either in China or overseas. Under such circumstances, kinship ties or provenance provided the possibility of mutual aid and at least a modicum of protection.

3.2 Remittance Network's Commercial Ties

The remittance business had a long association with trade. A study found that 90% of Teochew remittance firms dealt in business other than remittance. The patterns were intricate. Some firms put most of their effort into a trade other than remitting, some were half and half, others engaged mainly in remitting, and only a few were exclusively in remitting. Some initiated remittance business first and then diversified to maximize profit margins in a highly competitive industry or to make better use of the capital represented by the accumulation of remittances before their dispatch. The customers knew and trusted the storekeeper, swapped gossip in his or her shop, and went there for help and advice. The store was also like a bank, safe and convenient, where they could deposit savings and remit them in whole or in part once they had accumulated to a certain amount. They could also borrow money when necessary.

Most remittance firms diversified their business since they were relatively poorly capitalized. In 1933 the average amount of capital held by Shantou's 55 remittance firms was 20,000 yuan. Smaller remittance firms in the interior had average capital of around 870 yuan in the early 1930s. Besides, the fierce competition in the remittance trade, and the resulting narrow profit margins had contributed to the diversification, giving rise to the combination of the Chinese remittance network with the commercial network (Liu Hong, 2016: 41). According to the Chinese newspapers in Thailand, the remittance firms had mainly engaged in other business sectors such as trade, groceries, spirit, silk, tea, insurance, banking, and gold as listed in the following figure:

Figure 2. 11 The Remittance firms' Involvement in Other Business Sectors in the 1920s and 1930s.

Business	Remittance firm
Trade	Guang Gaolong (广高隆)
Groceries	Guang Hengfeng(广恒丰), Yong Hesheng(永和盛), Yun Changxing (运昌兴), Shuncheng (顺成)
Spirit	Guang Yuanshun(广源顺), Yong Yuanchun (永源春)
Silk	Guangyuan(广源), Guang Tailai (广泰来)
Tea	[Chen]Meihe Kuanji (陈美和宽记), [Chen] Yueji Chahang (陈悦记茶行)
Exchange and Banking	Zhensheng Exchange (振盛汇兑), Tan Poon Chon (陈炳春)
Insurance	Cheng Changli(成昌利)
Gold	Bao Hejin(保和金)

Sources: compiled by the author from the advertisements of the Chinese newspaper from 1920s to 1930s reserved in Huachiew University.

Not only the local remittance firms run business and other commercial activities at the same time, so did the transnational remittance firms. Most of the transnational remittance firms were looking for agents for local remittance business through advertisements in the Chinese newspaper. Some big-scale transnational remittance firms were initially a traditional-style Chinese bank developing remittance business as a sideline, such as *Zhensheng* Exchange (振盛汇兑) and *Tan Peng Choon* (陈炳春), both of them had extensive branches in Bangkok, Shantou, Hong Kong, and other important ports and cities in China and Southeast Asia. International trade was another type of business that the transnational remittance firms were involved in, especially the rice trade. The rice traders at first intended to established their own “banks” to financialize their family business. However, as the remittance firms without their exchange and banking service increasingly shifted away from the western banks to these “Chinese banks” to cash the remittances, the rice traders were inevitably involved in the remittance business, particularly the most lucrative part-foreign currency exchange. During 1920s and 1930s, the most powerful rice trading group is Tan Wang

Lee led by Tan Siew Meng, who also served as the president of the Chinese Chamber of Commerce. Wang Lee family owned private exchange bank to run remittance business simultaneously.

The remittance industry's ties with international trade is also seen in Guang Gaolong (or Kwang Kho Long 广高隆), a trading company owned by Chote Lamsam (伍柏林), one of the core family members of Lamsam family business which dated back to the late 19th century. The founder of the business was Ung Maio Ngian (or Ung Lam Sam 伍淼源) of Hakka origin. It enjoyed the rapid growth in the 1920s and 1930s and built wealth from the timber in Northern Thailand, and rice milling. By diversifying into property, hotels, hospitals, finance, insurance, and other ventures, the Lamsam family groups became a business conglomerate, wielding enormous clout in the Thai economics upon the present.³¹ These remittance firms involved into banking and international trade business were also known as *shangpan* (the top of the remittance trade value chain 上盘) while the local remittance firms working on narrow profits were called *xiapan* (下盘 the bottom of the remittance trade value chain).

In the history of the Thai remittance trade, the *Shangpan* had been those western banks especially Hong Kong and Shanghai Bank, but in the early twentieth century, the Chinese gradually established their own enterprises in banking, insurance, and shipping by cooperating with the western firms in Thailand. The most well-known Shangpan were firstly the rice traders and then initiated their own banking service. These business conglomerates eventually formed into five banks Tan Peng Choon Bank (陈炳春), Wang Lee (陈鬯利), Shun Fucheng (顺福成), Taishan (泰山), and Liao Rongxing (廖荣兴), together with Chinese capitalized-banks Cantonese Bank (广东银行), Huachiew Bank (华侨银行), Szi Hai Tong Bank(四海通银行) from Hong Kong and

³¹ Suehiro Akira, 1989, *Capital Accumulation in Thailand, 1855-1985*, Tokyo: Center for East Asian Cultural Studies, p114.

Singapore, which had broken up the monopoly of western banks' dominance in the remittance business transfer and the whole banking system in Thailand. However, these banks were forced to close in 1939 under the Thai economic nationalism campaign, leaving only Tan Peng Choon bank (陈炳春) and Wang Lee (陈贇利).

In the more recent 1940s and 1950s, the Thai remittance trade had witnessed an increasing involvement of financial magnates in banking, insurance, gold, and jewelry. One group was led by banker Chin Soponpanich (Bangkok Bank) and Leun Buasuwan (Authuthaya Bank). Another group of bankers connected with the remittance business was led by the Sri Nakorn Bank Limited, which consists of Mr. Uthain Techapaiboon, Mr. Chuan Tanthana, Mr. Oeua Cheua Liang, and Mr. Kong Pow Sae Liang (Chana Setapakdee). All the four individuals are highly-experienced traders, who engaged in foreign exchange, insurance, and warehouse businesses. Mr. Puay Nam Sae Dang(陈培南), chairman of the Remittance Association of Thailand in 1959, was another prominent figure who had an insurance company named Sooksawat Insurance Company. His company was set up by a joint investment with Mr. Chin Soponpanich, with Mr. Kuang Apaiwongse being the chairman of the board of directors (Sangsit Piriyarungsun 1983:396).

In addition to transnational remittance firms, local remittance firms also run remittance as a sideline. A majority of them opened a grocery store, probably due to the overlap of their trade network and the remittance network. Chen (2013) recorded a case of Senlin Grocery Store (森林杂货店) to demonstrate how its remittance was intertwined with the groceries business, in Nakhonrachasima. Senlin Grocery Store mainly sold staffs such as vinegar, rice, cowhide, watch and so on. The mainly purchased goods from the local villages and resold them in Bangkok. Likely, they also bought various goods in Bangkok and resold in the local market. Meanwhile, their remittance business followed the same routine. Senlin Grocery Store acted for *He Hexiang* (和合详), collected remittances from overseas Chinese in the local place and passed them to *He*

Hexiang in Bangkok to further deliver to China through *He Hexiang*'s branches in Shantou. Intriguingly, the transnational remittance firm *He Hexiang* was also a grocery store. The two stores had already established business ties in the dealings of the groceries before cooperating in the remittance business.³²

The remittance business's combination with other commercial activities was mainly to save the cost. Apart from that, it was also beneficial to develop their customers into potential remitters. The remittance firms that engaged in other business activities tended to build up trust with other traders that were not necessarily based on consanguineous or geographic ties. When appropriate, they could lean on these people for support or use them as remittance clients. The trade and business ties could somewhat warrant trust. The majority of the remittance businessmen were mainly traders or merchants in other commercial sectors. They were usually entrusted by their customers to send remittance back to China given that there were no remittance firms in the local to collect remittance. Thus, remittance firms' commercial link appeared to be natural when their customers become the remitters. Besides, running remittance as a sideline was also beneficial for the businessmen. It not only provided them some capital but also help diversify their business. Furthermore, it not only earned a narrow margin of profits from the remittance business, but also boosted a commercial reputation for these merchants to offer the remittance service for the Chinese residing in the hinterland of Thailand.

For the remittance industry, small local remittance firms or grocery stores simply worked on the less profitable part of the business, such as commission fees to provided convenience for their clients and maintained a good relationship with them. Yet, the most lucrative share of the value chain was obtained by the transnational remittance

³² Chen Liyuan[陈丽园], 2007, Interactions between South China and the Chinese Communities in Southeast Asia: A study of the Teochew remittance networks, 1911-1949 [华南与东南亚华人社会的互动关系--以潮人侨批网络为中心 (1911-1949)], Doctoral Thesis, National University of Singapore, pp69-70.

firms, especially those with exchange and banking firms and international traders involving in the imports and exports between Southeast Asia and China. Apart from kinship, lineage, and native-place ties, trade relations were an important thread of the remittance network. After Thailand established diplomatic relations with PRC China, Chinese, or Sino-Chinese in Thailand resumed contact with their relatives in China again. They paid a visit to their home villages and became aware of the miserable situation of their relatives. As a result, they spent money to assist them, especially in the form of house repairing, cemetery building for the ancestors, and village public facilities maintaining to honor their families.

The help was extremely pervasive in the first four and five years since the re-establishment of diplomatic relations and gradually diminished. The normalization of Sino-Thai relations led to a significant decrease in the remittance through the bank system. Remittances could be done by kinsmen or acquaintances returning to China, or through remittance firms as usual. Therefore, remittance to support their families through the bank system lost its important role, and the remittance firms lost their role as money-buying agents. They continued their business by improving their pattern and system of remittance, keeping pace with the changing situations. This new pattern was similar to the time before the National Bank of Thailand's control in 1942. Regulations and procedures were modernized to produce quick and effective communications. Presently remittance business is now part of international tourism. Chinese travel by plane to Hong Kong, and take the ferry to the Mainland, China. During these trips, the remittance firms visited their agents in Hong Kong and Shantou. Due to the foreign currency exchange law, the remittance firms wishing to carry on their business had to do that very carefully to avoid violating the law. Since it was only a personal agreement between the money sender and the company, thus no tax was paid.

When remittance firms were eliminated in 1981, they had lost legal base for the business and thus had to proceed secretly. The Chinese who wished to send money were required to provide names and addresses of both the sender in Thailand and the receiver in China to the remittance firms to ensure that there would be no communication breakdown between the two sides. A person with good credit might be charged the fee after receiving the reply from the receiver. The agent could write a short letter in Chinese without charge if the senders were illiterate. The writing note was a tiny and thin piece of paper, 4 centimeter-wide and not more than 7 or 8 centimeter-long enclosed in a thin, small envelope. Both letters and addresses were written in Chinese. It took about 16 days for the bill to reach China. The foreign currency exchange rate was the same as the black market. The remittance firms usually charged higher fees than the government. Most of the senders did not know precisely how much they had to pay for the remittance. They only mentioned the amount of money to be sent. On average, the service charge costs around 15-20 % of the remitted amount. If it was sent through individual *shuike*, it would be higher than remittance firms. The senders had no way of checking whether their relatives received the full amount of money in the bill since the replied note would state only the quantity of things such as bean, cloth, or rice. The exact amount of money was known only to the insiders.

Some senders contact remittance firms by themselves while others regular customers would sometimes receive calls from the clerk of the remittance firms to induce them to send money especially in Chinese New Year, or other religious days, etc. The remittance could be done by telephone and home service for trustworthy customers. Money could also be sent by a group of people, *shuike* who traveled to Bangkok, Hong Kong, and mainland China two or three times a year. They were familiar with the Chinese in Mainland China, and could even give an oral message. Some people preferred sending through remittance firms because it was faster than *shuike* and

guaranteed with a replied note to confirm that their relatives had received the money. *Shuike* did not carry the money with them but gave it to the remittance firms.

When they arrived in Hong Kong, they would contact an agent in the Hong Kong who had connections with the firm in Thailand. The *shuike* would receive the cash in Hong Kong dollar. In this way, they profit from the conversion of the exchange rate between Thai baht and Hong Kong dollar and Chinese yuan on the black market, in which the rate was almost double that of the official one. This service started to be popular after the normalization of relations between China and Thailand, and some Chinese started a career as amateur *shuike* collecting money from Chinese in Thailand with whom they were familiar. Another group of people known as bill carriers, middlemen between customers and remittance firms, who was also done only for familiar people. A bill carrier wrote the bill, or short letter in Chinese to the sender and charged around 15% of the total remittance amount. They took the money and letter to the remittance firms to arrange for delivery. When the receipt was sent back, the bill carrier would collect the remittance firms' receipt for further distribution.

Remittance firms started to operate a tour company in line with their remittance business to serve those who wanted to visit their kinsmen in China. The remittance firm or the tour company would be in charge of the money. If the traveler wanted to send money, the firms would give him a short letter, or a secret code to claim the money from the company, or the remittance firms' agent in Hong Kong before taking money into China. If the traveler wanted to buy some consumer goods such as a television set, a sewing machine or a bicycle, he could do so in Hong Kong but he would be provided for the receipt here. When he arrived in Shantou, China, he would be asked to present the receipt in exchange for the goods he bought in Hong Kong. If the sender did not want to travel, he could entrust the money to a remittance firm or tourist company. His relatives in China would get the money from the branches of the company in Hong

Kong. In case he did not want to travel or had no relatives in Hong Kong, he could repay the tour guide who visited China to hand over the money, whose duty was similar to those of a *shuike* by paying for the service. In Hong Kong, the tourist guide would claim the money and bring it to the recipients' home village in China.

The remittance firms profited from the exchange rate, and there was no charge for the service fee if the sender took the money or his kinsmen came to take it by themselves. Credit and trust were essential in conducting the business. The delivery procedure was kept in secret and the remittance amount sent was usually higher than the one for ordinary services. Though it was no secret to the National Bank of Thailand, it was difficult to control. The problem was mentioned in a business circle, as follows:

Today, the tourists to and from the country are usually conducted in groups. Agencies are in good cooperation with one another. When foreign tourists come in, they may not bring foreign currency from associated tour agencies. This is also true for tourist companies in Thailand. They may not carry much foreign currency with them as they could cash foreign currency from other agencies abroad. Consequently, travelers could spend foreign currency without limits, which is illegal. (Foreign currency exchange for travelers, 1984: pp17-18)

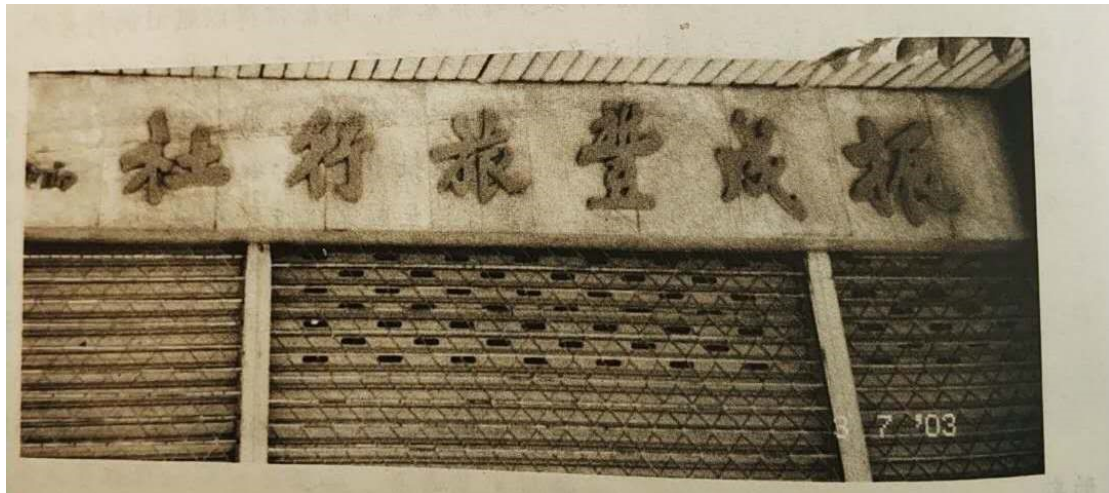
As for remitting the money, the remittance firms used their tricks in practice for a long time. The same methods are still being used but tailored for new situations. In other words, most of the money which the remittance firms collected did not have to be remitted through the bank. The remittance firms used letters, telegraphs, telephones, and for a certain period, unlicensed radios as a means of communication. Nowadays, communication technology has substantially advanced. Communication is now achieved with high speed and accuracy by teletypes, facsimiles, and illegal telegrams in codes to inform the firms or agencies in other places like Hong Kong, to direct payments to the firms or persons by using credits or a short letter in order to cash the money and distribute it to their relatives in mainland China.

In Thailand, Hong Kong might order the remittance firms to pay the customers the same way to debit and balance the account. Occasionally, they would close the account to check how much they still owed each other. As for letters, the dispatch was usually done as the post parcels without the name and address of the sender in Hong Kong, Macao, or other places. They were sent directly to mainland China under pseudonyms. These letters were numbered by the remittance firms with the names of receivers and senders in the letters' content. Nevertheless, the foreign agent could sort out the letter and send it to the receiver when receiving the parcel.

Once receiving the letter with money, the receiver would reply with the signature and give it to the bill-carrier. If he wished to add a message in the letter, he could do it, and they were sent back by mail. When the bills reached Thailand, the remittance firms would sort out the letters, enclose them in envelopes, address the letters, and send them to bill carrier in accordance with the name lists of remittance firms. The transaction was carried out and ended when the return bill was dispatched. In addition to the profits from the exchange rate on the black markets, which yielded double the amount from converting bath to Hong Kong dollar, and from Hong Kong dollar to Chinese yuan, they also benefited from the delivery services that was about 15% to 20% of the amount sent. Apart from that, some customers also invested their money in other business or earned some interests from loan rather than remitting. Therefore, the remittance firms not only operated tourist business but also affiliated with financial activities like a small bank, making their business a full-circuit activity.³³

Figure 2. 12 A photo of *Zhen Chengfeng* Remittance Firm, which Was Changed to *Zhen Chengfeng* Tourist Agency, taken in 2003

³³ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, pp135-136.



Source: Hong Lin[洪林], Li Daogang[黎道纲], 2011, *Taiguo qiaopi ye ziliao huicui* [Thai materials of the remittance trade], Shantou: Chaoshan Historical and Cultural Center, p440.

4. Institutionalize the Remittance Network-Overseas Chinese Remittance Association of Siam

As early as 1926, a notice of canceling of “clubbed package” for remittance letters was made public by a remittance association known as *Lvxian chaomei gonghui* (旅暹潮梅公会, Teochew and Hakka Remittance Trade Association) in the Chinese newspaper *Huaxian xinbao* (华暹新报)³⁴. In 1927, another Chinese newspaper *Minguo Ribao* (民国日报) had posed a petition to the Thai government on the issues of clubbed package in the name of a similar institution called *Huaqiao piye gonghui* (华侨批业公会, Overseas Chinese Remittance Association).³⁵ To comply with the Nationalist government’s policy, it was renamed as *Xianluo huaqiao yinxinju tongye gongsuo* (暹罗华侨银信局同业公所, Overseas Chinese remittance trade association in Siam) in 1930. An official record revealed that it was formally registered as *Huaqiao yinxinju gongsuo* (华侨银信局公所, Overseas Chinese Remittance Association) to the Thai

³⁴ Chino-Siamese Daily News [华暹新报], December 15, 1926.

³⁵ The Min Kok Daily News [民国日报], May 24, 1927.

Government on January 31, 1932.³⁶ The Board Committees were composed by 14 remittance firms in which Kuang Shunli (广顺利) and Tan Peng Choon (陈炳春) were also exchange banks on the Tan Siew Meng's list presented to the Thai government in 1933. For the rest, they were transnational remittance firms without operating the banking business. Despite the name's trade-wide identity, other federations (of Hakka and Hainanese) continued to exist, it has been suggested that the association was dominated by Teochew.

Figure 2.13 The Board Committees of the Overseas Chinese Remittance Association for the First Term (1932)

No.	Position	Remittance firm	Name
1	Chairman	Wu Taian 吴泰安	Chen Hejiu 陈鹤九
2	Deputy Chairman	Guang Shunli 广顺利	Xie Yi'an 谢毅庵
3	Director	Cheng Shunli 成顺利	Chen Fubi 陈府弼
4	Director	Tong Fali 同发利	Luo Jiafan 罗价藩
5	Director	Xin Heshun 新合顺	
6	Director	He Hexiang 和合详	Xu Shengyu 许声育
7	Director	Zeng Jinji 曾锦记	
8	Director	Xie Chengxing 协成兴	
9	Director	Tan Peng Choon 陈炳春	
10	Supervisor	Tai Wanchang 泰万昌	
11	Supervisor	Xiang Shengtai 祥生泰	
12	Supervisor	Chen Xieshun 陈协顺	
13	Supervisor	Taiji 泰记	
14	Supervisor	Yong Zhenfa 永振发	Ma Keshan 马克山

Source: Punnee Bualek, 2000, *The nature of Thai capitalists from 1914 to 1939*, Doctoral thesis, Chulalongkorn University, Thailand, p285.

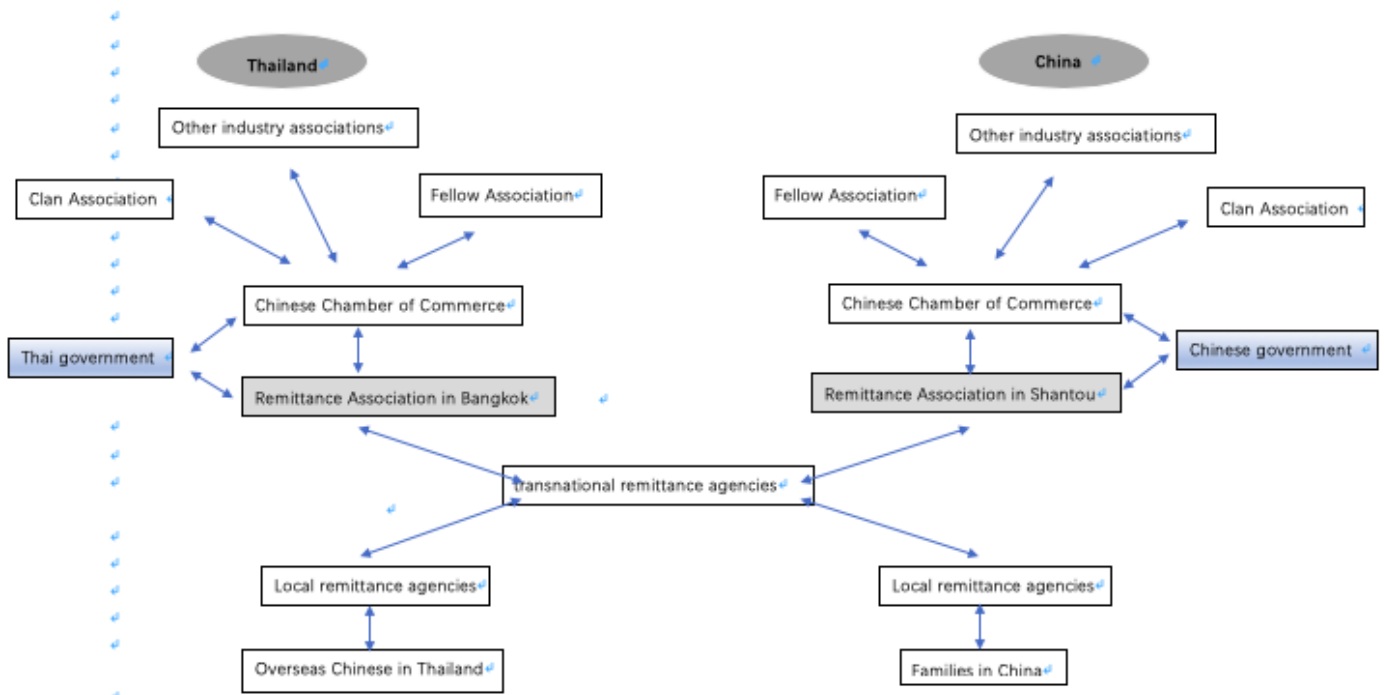
The establishment of a remittance firm union was aimed at promoting the interest of the remittance trade. To achieve this goal, the association devoted not only facilitating a cooperation among the various remittance firms but also to influencing the

³⁶ Punnee Bualek, 1985, *The growth and development of commercial bank capitalists in Thailand (1932-1973)*, Doctoral Thesis, Chulalongkorn University, Thailand, retrieved from <http://cuir.car.chula.ac.th/handle/123456789/33069>.

government policies. Zeng (1956) pointed out that most of the remittance association's leaders were well-off Chinese in Thailand, and it was an influential Chinese organization of the Chinese society in Thailand. Meanwhile, it was also an important venue for the Teochew merchants to maintain fellowship before 1947 when all the five speech groups of Chinese in Thailand were invited into the association. In Thailand, the remittance association had close connections with the Chinese Chamber of Commerce of Thailand, the leading organization of the Chinese society in Thailand. On top of that, the remittance association also turned to other overseas Chinese organizations in Thailand for different periods to lobby the Thai government, such as the Teochew Association, Rice-Milling Trade Association. Externally, the remittance association worked together with its counterparts in Shantou and Singapore to influence the Chinese government policies towards the remittance industry in Southeast Asia to protect their interests.

When the Nationalist government established diplomatic relations with Thailand in 1946, the remittance association also appealed to the Chinese embassy to seek help to change the Chinese government policies in their favor. Therefore, the remittance industry had formed an institutional network that could reach different governments across borders, as shown in Figure 2.14. The establishment of the remittance association and its extensive networking with various institutions in Thailand, China, Singapore, and Hong Kong empowered the transnational remittance network to resist hostile policies and other threats such as wars, economic crises and crimes.

Figure 2. 14 The Institutional Network of the Remittance Industry.



Source: compiled by the author

The association's activities were mainly divided into two aspects. Firstly, given its transnational nature in operation, they had to deal with the policy changes of various governments including Thailand, China (nationalist government and then the communist government), and British Hong Kong in terms of tax, regulations on the remittance bags, and mail fees as well as financial policies in the foreign exchange and banking. On the other side, they were required to cooperate with the government to punish those who failed to comply with these regulations, especially smuggling. Secondly, the association was responsible for managing the remittance delivery time, delivery routine, transportation, and setting a uniform price to avoid the price-cutting competition among the remittance firms that would threaten the survival of the whole industry. In the price-setting process, the remittance association had to take a balance of different interests among the members.

Moreover, the association sometimes had to suspend the remittance delivery to avoid the loss of the remitters, such as during Sino-Japanese war when Shantou was occupied by Japan in 1939, later when Hong Kong was lost to Japanese in 1942, and during the cold war period when the Thai government promotes an anti-communist policy. Due to the Japanese war, the remittance association in Thailand ceased functioning from 1941 to 1946. Besides, it also suffered two major splits that severely threatens the union of the remittance association caused by the hyperinflation in 1949.³⁷ Another was in 1953 when the Thai Ministry of Finance announced a regrant of the license, only three remittance firms got the license, and the rest had been united together.³⁸ In the financial crisis, the remittance association had been trapped in a dilemma. On the one side, it could not follow the official rate set by the nationalist government given the hyperinflation. On the other side, it was illegal to remit through the black market in Hong Kong.

The Chinese government could not control the remittance firms' exchange manipulation, which led to the bankruptcy of the remittance firms due to the lack of trust. Many remittance firms just announced a termination and ran away without paying for the compensation for the remitters or business partners. Takefushi (1932) pointed out that the malicious bankruptcy was the same old trick prevailing in the Chinese merchants, causing a great loss for their partners and remitters.³⁹ Beyond that, the Thai government's policy intensified their crackdown on the remittance trade under the new wave of economic nationalism and anti-communism course in line with the U.S.A.: The Thai government decided to restrict the number of remittance firm to only three in 1953.

³⁷ Tong Guan Pao [中原报], May 9, 1949.

³⁸ Hong Lin[洪林], Li Daogang[黎道纲], 2011, *Taiguo qiaopi ye ziliao huicui [Thai materials of the remittance trade]*, Shantou: Chaoshan Historical and Cultural Center, p440.

³⁹ Takefushi Jyuurou [竹节十郎], 1932, *An analysis on the business strategies of the Chinese merchants in Nanyang during 1930s*, Tokyo: the Institute of East Asia Economic Studies, translated by N.I., 1984, pp31-34.

Consequently, the leaders of the remittance association fell in a tense competition for the three licenses, causing a serious split and conflict from within. Also, the campaign led to rampant corruption in the Thai government and the Sino-Thai business alliance at the elite level in almost every business sector, including the remittance industry. Faced with the mounting pressure from the Chinese government and Thai government and the remittance firms' fraud and breach of trust, the Thai remittance association found themselves in a plight, and their power tended to decline. However, the remittance association continued to function under the Thai government's supervision since then until its end in 1981.

5. Conclusion

The chapter has depicted a broad picture of the transnational remittance network composed by the Thai domestic delivery with Bangkok as a center, transnational operation via Hong Kong, and the Chinese domestic delivery with Shantou as a center. It turns out that remittance firms were far more diverse and dynamic rather than a homogenous entity. According to their difference in function, location, scale, and profit source, etc., remittance firms were divided into two types: transnational remittance firm and local remittance firm. The former falls into the category of "transnational capitalism" relying on the capitalist strategies, new technology, and marketizing culture while the latter was manifested as a similar form of "Chinese capitalism" in which ethnicity and identity matter greatly. Besides, it further explores the nature of the remittance network by examining the role of ethnicity and trade ties in binding different types of remittance firms scattered in different regions.

As a result, their roles were vital in constructing the transnational network but varied in different areas. For the domestic link in both Thailand and China, the agent approach based on trade and commercial ties played a dominating role. As for the transnational operation part, it was primarily realized by the establishment of branches based on family or kinship ties under the family business model, albeit growing importance of

trade linkage later. Furthermore, the establishment of the Remittance Trade Association definitely empowered the remittance firm to influence the government policies in their favor. However, it did not represent a new trend away from the “traditional” Chinese economic organization, as Harris argued (2015:143). Dialect and native-space separation remained to be robust as traditional Chinese organizations abroad. Internally, the association was organized based on native-place lines and generally dominated by Teochew from the start to the end. Thus, it was an important venue for the Teochew merchants to maintain fellowship. Along with the association, other federation of Hakka and Hainanese operated separately.

The Teochew dominance was a manifestation of parochialism that did not run counter to their transnational cooperation with other remittance associations in China, Singapore, and British Hong Kong. Through an analysis of the inter-firm relations, customer-firm relations, and institutionalization, the research argues that the business model of the remittance firms is neither a Chinese capitalism nor a transnational capitalism. Rather, it turns out to be a combination of the two forms. For over a century, the remittance merchants were adept in combining their ethnic and cultural features with the rational economic strategies, and with different prioritization in different eras or places in order to survive and thrive in the face with the various national intervention of the Chinese government, Thai government, and colonial authority.

Chapter 3. The Evolving History of the Remittance Trade in Thailand

1. Introduction

Thailand had long experience in accommodating Chinese migrants since the 13th century when it was established. The development of the Chinese remittance trade in Thailand was closely connected with Chinese migration surge in the 19th century and early 20th century, one of the largest waves of the Chinese migration to this country. In 1825, there were 230,000 Chinese, accounting for 4.8% of the total Thai population. By 1917, the figure had reached 906,000, and the proportion had increased to 9.8%.⁴⁰ Apart from the scale, this migration wave differentiated from the previous trend in terms of the dialect division and class categorization. By speech groups, the Chinese in Thailand were further divided into Teochew, Hakka, Hainanese, Hokkien, and Cantonese. Hokkien Chinese resided in Fujian Province while the rest all belong to Guangdong Province.⁴¹ Throughout the 19th century, the proportion of the Chinese population had experienced dramatic changes. Teochew began to rise as the largest Chinese group in Thailand, leaving the previously-prevailing Hokkien and Cantonese, the fourth and fifth place. Also, this period saw a massive influx of Hakka and Hainanese, second only to Teochew.⁴²

Chinese migrants to Thailand were composed of Teochew with a dominating 60% and followed by Hokkien, Cantonese, and Hainanese with 10 percent for each group, and Hakka with 8% and the rest of Shanghainese and Ningbo-nese and others accounted only for 2%. The dominance of Teochew was not only manifested in quantity but also

⁴⁰ Skinner George W., 1957, *Chinese society in Thailand: An analytical history*, Ithaca, New York: Cornell University Press, p79.

⁴¹ Hainan Island, as a former administrative region of Guangdong Province, became a province on April, 13, 1988.

⁴² Skinner George W., 1957, *Chinese society in Thailand: An analytical history*, Ithaca, New York: Cornell University Press, p124.

their economic status in Thailand. Teochew tended to control the rice trade, later banking, and other lucrative business sector compared to other dialect groups. Since Teochew people controlled the critical sector of the Thai economy, other dialect groups even had to learn Teochew to do business in Thailand. Besides, the leaders of the Chinese community in Bangkok were mostly from Teochew group, just like the way as the Hokkien dominated in Singapore or Manila.⁴³ This new change had set the present pattern of the Chinese population proportion in Thailand, but also the pattern of the sub-ethnicity distribution of the Thai remittance trade with a dominance of Teochew.

Figure 3. 1 The origins of Chinese Migrants in Thailand by Dialect

Dialect Group	Population	Percentage
Teochew	1,500,000	60%
Hokkien	250,000	10%
Cantonese	250,000	10%
Hainanese	250,000	10%
Hakka	200,000	8%
Others (Shanghainese, etc.)	50,000	2%

Source: The Enterprising Bureau of Japanese Government, 1939, the Studies on Overseas Chinese, 企画院編『華僑の研究』松山房.

Furthermore, it was the first time that the illiterate coolies had overtaken better-educated traders to be the main force of the Chinese migration to Thailand since mid-19century. On one side, the Thai government established an official policy to attract Chinese migrants due to the server shortage of labor face for its economic development in the reign of Lama V (1868-1910). On the contrary, China was mired in western aggression and internal disturbance, coupled with widespread poverty and famine resulted from frequent natural disasters and overpopulation in South China. Most of

⁴³ Gomez Terence., Hsiao Hsin-Huang M., 2004, *Chinese Business in Southeast Asia: Contesting Cultural Explanations*, Researching Entrepreneurship. London: Routledge Curzon, p86

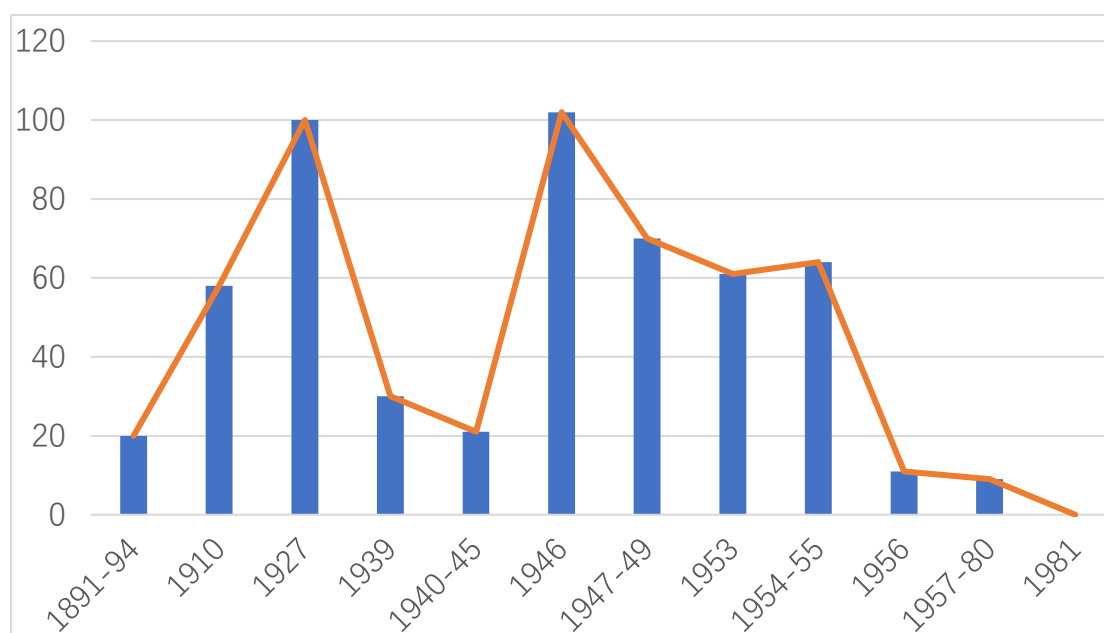
them migrated to Thailand to overcome economic difficulties. Some also migrated to join relatives or out of natural disasters, business expansion and so forth.⁴⁴ Given that such a large number of Chinese emigrate to earn money to raise their families left in China, it would not be surprising that Chinese migrants remit money regularly to their families. Most of them remitted through remittance firms of the same dialect and sub-region. Consistently, the remittance trade in Thailand had seen a dominance of the Teochew remittance firms from the start until the end. The Chinese migrants from these regions are mostly landless-peasant class or the urban poor people working abroad to earn a living and feed their families left in China. Therefore, they regarded migration as a strategy to survive in difficult times and maintained close ties with their families and clans by sending remittance and letter or message regularly.

According to the ups and downs of the remittance firm in Thailand (Figure 3.2), this chapter identifies five phases in the history of the remittance trade in Thailand as follows: (1) initiation period from 1885 to 1910s; (2) rapid expansion 1920s to 1932; (3) trough period 1932 to 1945 (4) the recovery and “prosperity” from 1945-1949 (5) the decline and demise from 1949 to 1981. The first stage has seen the rise of remittance firms and their dominance in the Thai remittance trade. The rapid expansion of the remittance firms was associated with the boom of rice trade in the same era. However, the flourishing trade was hindered by the Thai government’s repression when the Peoples’ Party came to power in 1932. The following period has witnessed that remittance firms in Thailand were backed into a corner due to the mounting pressure from the Thai and Chinese government, the Sino-Japanese War, and the Japanese’ presence in Thailand. In the wake of the post-war period, the remittance firms immediately recovered and resumed operation. Various remittance firms sprung up in Thailand, including the old remittance firms running long-term and newly-established

⁴⁴ Chen Da [陈达], 1938, *Overseas Chinese in Southeast Asia and the Hokkien and Cantonese societies*[南洋华侨与闽粤社会], Changsha: The Commercial Press [商务印书馆].

ones. Nevertheless, the “prosperity” relying on the speculation, together with the Thai and Chinese nationalist government’s crackdown, was bound to be ephemera. With the communist victory in mainland China in 1949, the remittance trade in Thailand found themselves sandwiched between communist China’s socialist transformation and the Thai government’s anti-communist stance and its new wave of economic nationalism. All of these factors engendered the decline and eventual demise of the remittance firm in the historical stage.

Figure 3. 2 The Number of Remittance Firms in Thailand, 1891-1981



Source: compiled from various documents and Chinese newspapers

2. Initiation Period from 1885 to 1910s: The Rise of Remittance Firms

In early days when the Chinese still dominates the maritime trade through junk⁴⁵, the Chinese in Thailand always entrusted the remittance and letter to the crew or the owners of these Chinese junk to because they were tracible and economically reliable. With the increase of remittance letters, couriering developed into a profession. On almost every junk, it was easy to find individuals in charge of collecting and delivering remittance,

⁴⁵ A type of Chinese sailing ship, red head boat (红头船) in Chinese.

making it a regular business. These people are known as *shuiké* (“水客” in Chinese). The *shuiké* were usually from the same native village as the remitters and charged a commission of around 10%.⁴⁶ It lacks the record of the amount of Chinese remittance in Thailand in the early days. As Gutzlaff shows, some junks sent more than \$60,000 (Spanish) to China in 1830 (Skinner, 1957:124). With the explosive growth of Chinese emigration, especially in the 1850s, the previous *shuiké* delivery failed to handle the soaring remittance. As a result, remittance firms began to emerge in Bangkok. These firms were called Poeykwan (“批馆” in Chinese). “Poey” meant letters in Teochew and Hokkien dialect. However, it referred to a combination of money and letters in practice. PoeyKwan was widely used in spoken word by the Chinese in Thailand while the official documents recorded them as *Yinxinju* (“银信局” in Chinese) instead.

Moreover, the advent of steam shipping facilitated the rise of remittance firms in remittance trade. Compared to the old red-bow junks, steamships were cheaper, more regular, and secure, enhancing the international cargo and passenger transports between Thailand and South China. Also, the remittance process accelerated significantly by steam traffic. In the junk navigation age, there were so few sailings that the delivery through *shuiké* could take months and even two or three years.⁴⁷ All these advantages contribute to the thriving of the remittance firms as a more institutionalized and large-scale business style. By the 1860s, the scheduled steaming service had run regularly between Hong Kong and the three main port of South China-Canton, Swatow, and Amoy, followed by the initiation of the routes between Bangkok and Hong Kong in 1873 as well as between Haikou and Hong Kong in 1876.

⁴⁶ Gregor Benton, Liu Hong, 2018, *Dear China: Emigrant Letters and Remittances, 1820-1980*, California: University of California Press, p34.

⁴⁷ Gregor Benton, Liu Hong, and Zhang Huimei (ed.), 2018, *The Qiaopi Trade and Transnational Networks in the Chinese Diaspora*, London and New York: Taylor& Francis Group, p46.

Therefore, all five speech-groups hereto were eventually able to travel by scheduled steamers to Bangkok via Hong Kong (Skinner, 1957:43). In 1882, the Bangkok Passenger Steamer Company, a newly formed British firm, began regularly running directly from Swatow to Bangkok and return to Swatow via Hong Kong (ibid). Despite the remittance firms' emergence, *shuike* sustained for quite long until the demise of remittance trade in the 1970s. In rural areas without modern roads, *shuike* were the primary conduits in sending remittance. They even assumed a more significant role during the wartime or whenever the remittance firms failed to function. Liu Hong (2018) pointed out their three advantages over remittance house: they were more personal and intimate, they were true experts in both overseas and China, and they performed a wider range of functions (recruited labors, loaned passage money, booked passage, and also handled commercial transactions).⁴⁸

Besides, a lack of post-service for the Chinese remittance letters in Thailand created a favorable condition for the development of the remittance firms in Thailand. Before the Thai authority initiated its post system, Thai post service was under the charge of the British Consulate from 1857 to 1885. Yet, this post service mainly served the British merchants, governors, and Thai royal members, which was not available for the ordinary people, including Chinese remitters, who were mostly laborers. According to Suchada (1989: 52), some managers of the remittance firms, who were mostly British or French subjects, applied the service via cargo ships to transmit the collected money letters. Thus, the post-service in Thailand initiated by the British had no intention to compete with the remittance firms for the Chinese remittance. Rather, the shrewd Chinese merchants running remittance business simply took advantage of the British Consulate's mailing service for remittance letters delivery given their status as British or French subjects.

⁴⁸ Gregor Benton, Liu Hong, 2018, *Dear China: Emigrant Letters and Remittances, 1820-1980*, California: University of California Press, pp68-69.

Regarding the earliest remittance firms in Thailand, no definitive evidence has been found. Hong Lin (2006:26) estimates that it was established between 1852 and 1862. As early as 1852, a remittance firm named wanchengshun (万成顺) had set up in Thailand. It also discovers that a remittance letter was sent by changfengtai (常丰泰) in 1858.⁴⁹ It also records that Li Amei, who was a former shuiké, had created yonghefengpiguan (永和丰批馆) together with his town fellow in Bangkok in 1875. The remittance letters were sent four times every month, and the amount of remittance reached 5000 to 6000 pieces of silver for each time. Similarly, Zeng Yangmei (曾仰梅) co-founded zhenshengxing piguan (振盛兴批馆) with his friends in Bangkok in 1899, and this remittance firm lasted until the end of the remittance trade in the 1970s.⁵⁰ As the Thai document shows, from 1891 to 1894, 20 agents in Bangkok were in charge of collecting and delivering Chinese remittance letters.⁵¹

The earliest reliable record of the remittance amount in Thailand is on a government investigation report in Rama VI Reign (1910-1925). It was found that there were 58 remittance firms in Bangkok owned by Teachew, Hakka and Hainanese. As for Cantonese and Hokkien, their remittance letters were relatively fewer and sent through familiar companies or acquaintances. The money deposited in the 58 remittance firms reached 7,800,000 dollars (the exchange rate was 87 dollars for 100 baht). There are 4 categories based on the amount of money sent by each shop: (1) the first category was deposited of 500,000 dollars per year (2) the second category was deposited of 400,000 dollars per year (3) the third category was deposited of 300,000 dollars per year (4) the last category was deposited of 200,000 dollars per year.⁵²

⁴⁹ Hong Lin [洪林], 2006, “The Study of Thai Qiaopi and Yinxin Ju”, see in *The Culture of Thai Qiaopi*, Hong Lin [洪林], Li Daogang [黎道纲] (ed.), Bangkok: Sino-Thai Study Society [泰中学会], p26.

⁵⁰ Wang Weizhong [王炜中], ed., 2013, *Chaoshan qiaopi lungao (Draft of Chaoshan Qiaopi)*, Hong Kong: Tian Ma Publisher Limited Company, pp21-22.

⁵¹ Tantasuralerk Suchada, 1989, *Poykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, pp50-51.

⁵² National Archives of Thailand, Document of the Ministry of Finance, 0301.4.2/50 “Poykwan (Money Buying)”.

It was estimated that each Cantonese sent about 40 dollars on average a year. There were 100 thousand Cantonese living the Thailand, and the total amount reached 4000 thousand per year. As for Hokkien Chinese, there were 5000 thousand Hokkien, and each Hokkien Chinese sent 40 dollars per year. Thus, they sent about 200 thousand dollars a year. The Thai government also investigated that the Chinese who returned to China bring around 40 dollars. In 1910, about 60,797 Chinese returned to China and carried 2400 thousand dollars back home. Thus, the amount was as many as 14 million dollars a year.⁵³ According to the rate at that time, it was 16,551,724 baht 13 sadang (100 sadang=1 baht). This was tremendous money sending out of Thailand. After the investigation, the Thai government became aware of the loss and decided to control or limit the amount of money remitted by the overseas Chinese in Thailand.

With concern on the Chinese remittance, they also had conducted some investigation into the impact of the gambling/lottery termination policy. Finally, it was announced to be terminated and stopped all the pawn shops in Bangkok on March 31, 1916. It turns out that the Chinese, both the rich and the poor, in Bangkok sending money through remittance firms was still 1/3 reduced due to the increasing consumption on gambling, drinking and smoking opium; the opium became more expensive than before; decreasing Chinese population in this period (Suchada, 1989: 69). It found that the earliest pieces of advertisement of remittance business were about promotion of Teochew remittance firms Tongfali xinju (同发利信局) and Chengshunli xinju (成顺利信局) in 1911.⁵⁴

3. Rapid Expansion from the 1920s to 1932

The following 1920s and early 1930s had witnessed the most prosperous phase in the development of remittance firms in history. The number of the remittance firm climbed to over 100 in 1927, nearly twice the number from 1911. The boom of the remittance

⁵³ *ibid*

⁵⁴ The Kee-Nam Chinese Daily News [啟南新報], September 5, 1911

trade was reflected in various advertisements in the Chinese-language newspaper in Thailand. The Chinese newspaper from the 1920s and early 1930s had become glutted with advertisements about promotions and newly-opened remittance firm. Most remittance firms advertising in the newspaper belonged to Teochew and Hakka, but a few were from Hokkien (王奇昌信局) and Cantonese (广源绸庄). It turns out that only a small part dealt only in remittance while the rest was the grocery store, medicine shop, liquor store, silk shop, inn, etc., which started to run remittance as a sideline or even run more than two business at the same time. Notably, exchange shop (*huiduizhuang* 汇兑庄) or money shop (*qianzhuang* 钱庄) and newly- established issuance shop also engaged in remittance trade. Huiduizhuang and qianzhuang was a type of private Chinese bank. Some remittance firms grew out of these small banks and later registered as modern banks in the Thai government. Four of these banks were identified in Thailand, as shown in Figure 2:

Figure 3. 3 Chinese Exchange Banks Established in the Early 20th Century in Thailand

Chinese or Thai Name	English Name	Starting Year
和昌银庄银行公司		1908
บริษัทสะคะณะธนาคาร	Money Bank Company	1908
炳春银行	Tan Peng Choon Bank	1916
ห้างเงินหมื่นยัดเงินจอง	Money exchange and reserve Store	-
顺福成银行	Shun Fucheng Bank	1912
成顺利银行	Cheng Shunli Bank	1922

Source: Zhang Zhongmu [张仲木], 2005, “Huaqiao shangye yinhang de xingqi” [The Rise of Overseas Chinese Commercial Banks], Volume 3, *Tai Zhong yanjiu (Sino-Thai Studies)*, Bangkok: Huachiew Chalermprakiet University Sino-Thai Studies Center, p214.

Furthermore, remittance firms accelerated the process of institutionalization of remittance trade during this period, marked by the formation of remittance trade association. As early as 1926, Chinese newspaper showed that a similar association

named *lvxian chaomei gonghui* (旅暹潮梅公会, Teochew and Hakka remittance trade association) had already existed in 1926.⁵⁵ In 1927, the association was called *qiaopiye gonghui* (侨批业公会, remittance trade association)⁵⁶ and later changed to (暹罗华侨银信局同业公所, Overseas Chinese remittance trade association in Siam) to meet the requirement of the Nationalist government's policy towards overseas Chinese organization in 1930.⁵⁷ The name of the association implied a trade-wide identity, but other federations (of Hakka and Hainanese) continued to exist, and it has been suggested that the association was in fact dominated by Teochew. The remittance union covering all the dialect groups in Thailand did not emerge until late 1947.⁵⁸

In 1932, the trade association was officially registered as *yinxinju gongsuo* (银信局公所, Overseas Chinese remittance trade association) when the government tried to impose restrictions on the trade.⁵⁹ It attempted to regulate the exchange rate between Chinese and Siamese currency and coordinate the internal relations among the remittance firms and external governmental relations. Generally, the associations had two primary goals. On the one hand, the association was founded to minimize harmful competition and set common standards of conduct in order to win the confidence of an understandably often doubting clientele. On the other hand, it aimed to form a unified response in dealing with the hostile actions of the Chinese and other state authorities, thus attempting to influence public policy in a favorable direction to the remittance trade.

The rapid expansion of remittance trade during this era was attributed to the application of the technology and the rise of the ethnic Chinese in the rice trade and the business derived from it, including banking and shipping service. The remittance trade's

⁵⁵ Tong Wah Chinese Daily News [中华民报], December 15, 1926.

⁵⁶ The Min Kok Daily News [民国日报], May 24, 1927.

⁵⁷ Shuen Chong Daily News [晨钟日报], January 6, 1930.

⁵⁸ Gregor Benton, Hong Liu, 2018, *Dear China: Emigrant Letters and Remittances, 1820-1980*, California: University of California Press, p63.

⁵⁹ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p50-51.

integration with the rice trade between Southeast Asia and South China via Hong Kong had contributed significantly to the prosperity of the remittance trade, making it a rather profitable business at that time. It turned out that the owners of large-scale transnational remittance firms were usually international traders involved in multiple industries. Their engagement in remittance business was intended to make huge profits from the lucrative business in transferring remittance for other small remittance firms. Meanwhile, a large amount of remittance could be served as a capital flow for their trading activities. Thai rice traders monopolized the rice trade's process from the hands of producers in Thailand to the stomachs of the consumers in China. They sent agents to collect unhusked rice from the farmers and brought to the rice mills of their own, and then the milled rice was exported Singapore and Hong Kong, in which the wholesalers auctioned a portion for local consumption. The rest portion was re-exported to Shantou to local wholesalers, who waited for a good buying price before purchasing and a higher selling price before putting the goods onto the market. The rice importer usually gave a one-month credit term to the wholesalers, which enabled the wholesaler to manage the finances more flexibly.⁶⁰

The transnational process had to go through various commercial and technological systems. To hedge risks and facilitate the transnational transaction, rice traders dabbled in various business sectors: they set up shipping companies to export other goods and transport passengers; they opened warehouses for temporary storage; they established financial institutions; they became involved in remittance transfer. On the one side, the rice trade and the business derived from it facilitated a Hong Kong-Singapore-Bangkok-Shantou trading network. On the other side, the integration of these business activities enabled Thai rice traders to capitalize on new market opportunity gestated by the multiple demands for local Chinese products and remittance services by the Chinese

⁶⁰ Zelin Madeleine, 2015, *Merchant Communities in Asia, 1600–1980*. London: Routledge, p70.

in Southeast Asia, and for rice and remittance from Southeast Asia to raise the Chinese in South China.⁶¹

During this era, a majority of Thailand's remittance was transferred through financial institutions operated by these rice traders, especially those of Teochew affiliate.⁶² To a large degree, the remittance network was overlapped with the trading network. The rice trading companies opened remittance firms to handle the remittance transfer, a lucrative business used to be dominated by the western banks and thus displacing western banks as the new leading player in the Thai remittance trade. Remitters, even those in Bangkok, rarely remitted through western banks directly while remittance firms were the main clients for these banks before the rise of financial institutions operated by Teochew rice traders. These financial institutions were still traditional-style *yinhao* (银号) or *qianzhuang* (钱庄) that was different from modern banks operated by the British and French.

These “Chinese-style banks” had established an unbreakable bond with remittance firms. They offered a more favorable price for the foreign exchange than banks, but also provided funding to support remittance firms in a financial strait. When the Thai government outlawed the foreign exchange business of private institutions except for licensed banks, these Chinese financial institutions raised capital and reorganized themselves into banks to align with government requirements. They were Tan Peng Choon (陈炳春), Chen Wang Lee (陈鬻利), Shun Fucheng (顺福成), Taishan (泰山), and Liao Rongxing (廖荣兴). They were all run Teochew merchants, and the restructuring made it even more difficult for the western banks to compete. Beyond that, Cantonese Bank, which occupied a large share in transferring remittance, announced to close in 1935 dealt a profound blow to the overseas Chinese-capitalized modern banks

⁶¹ Zelin, Madeleine, 2015, *Merchant Communities in Asia, 1600–1980*. London: Routledge, p69.

⁶² Yao Zengyin [姚曾荫], 1943, *Overseas Chinese Remittance to Guangdong Province* [广东省华侨汇款], Chongqing: The Commercial Press [商务印书馆], p43.

in Thailand.⁶³ The combined factors brought the Thai remittance trade to reach their zenith, given that the remittance firms dominated every step of remittance trade by kicking modern banks out of the remittance transfer. Therefore, modern banks, regardless of leading western banks or the overseas Chinese-capitalized, could merely watch the enormous remittance funnel into the pockets of the transnational remittance firms.

4. The Trough Period from 1932 to 1945

The Thai remittance trade started to encounter increasing pressure from the Thai government since 1932, when people's party ascended to power. Meanwhile, the Chinese government intensified its repression on remittance firms to reaffirm their state post monopoly. Furthermore, the remittance trade was threatened by the acceleration of the Sino-Japanese war. The Japanese troops' occupation on Swatow (1939-1945) and landing on Thailand (1941-1945) interrupted the pattern and regular route of remittance trade developed for long. Under immense pressure, the Thai remittance trade was put on the verge of collapse and struggled to survive in a tight corner. By integrating historical sources from the Chinese, Thai and, Japanese side, the section unveils that how the Thai remittance trade withstands the state intervention of the Thai and Chinese government and the war threat from the Japanese empire in particular.

Although the Chinese remittance issue in Thailand was brought to light as early as the reign of Rama VI (1910-1925), its significance for the Thai economy was fully realized only when the Thai nationalist revolutionary government came into power in 1932. The global depression in the late 1920s left Thailand in despair. Nevertheless, Chinese in Thailand sent even more remittance as the Japanese escalated their aggression in China since 1931. Some sent more remittance to raise their families for fear of the cut-off once the war broke out while others sent money in response to the Chinese government's

⁶³ Yao Zengyin [姚曾荫], 1943, *Overseas Chinese Remittance to Guangdong Province* [广东省华侨汇款], Chongqing: The Commercial Press [商务印书馆], p42.

national salvation movement to fight against the Japanese invasion. As shown in Figure 3.4. The remittance number amounted to a peak of 37 million baht in 1932, which triggered wide dissatisfaction of the Thai government. In view of the foreign exchange function that some remittance firms performed, the Thai government under the People's Party affirmed that remittance firms were to blame for the drain of money from Thailand, and thus imposing a heavy tax on remittance firms through promulgation Banking and Insurance Tax Act B.E. 2475 (1932).

Figure 3. 4 Chinese Remittance Amount from 1911 to 1932

Year	Amount (thousand baht)
1911-1917	12,000
1918	9,000
1919	24,000
1927-1932	26,600

Source: Choon Koshpasharin [许茂春], 2008, *Dongnanya huaren yu qiaopi [The Overseas Chinese and Money Remittance Mail in Southeast Asia]*, Bangkok: Choon Koshpasharin, p82.

According to the Thai Financial Report (1933-34), the banks in Thailand at that time were distinguished into two categories: Deposit Bank and Exchange Bank. Exchange Bank referred to the banking institutions locally known as “exchange shops” that dealt merely in exchange and did no other business. The “exchange shops”, or officially-named “exchange banks” were exactly the abovementioned “Chinese-style banks”, *yinhao* (银号), or *qianzhuang* (钱庄) were also transnational remittance firm responsible for the foreign exchange of the remittance collected by local remittance firms. It was suggested that there were 13 exchange banks, as presented in Figure 3.5. In 1933, Tan Siew Meng, the then chairman of the Chinese Chamber of Commerce of Thailand as well as the owner of Wang Lee, submitted a list of money exchanging banks to the Thai government. Given their engagement in the foreign exchange of the remittance from Thailand, the Thai government's heavy tax policy was targeted exclusively for these Chinese exchange banks.

Under the Act, Exchange Banks were subject to tax at the rate of as high as 1/4th of 1% on the total gross amount of exchange business in each taxable year, while Deposit Banks were taxed at the rate of 1/48th of 1% on the capital employed in each month and at 1/36th of 1% on the average of their monthly deposits. The capital of branches of foreign banks carrying on business in Siam was assumed to be 25% of deposits. As for other banking institutions doing the business of a *Crédit Foncier* were taxable at the rate of 1/48th of 1% of the capital employed in each month, the capital of any *Crédit Foncier* which was a branch of a foreign company being taken to be the amount of money loaned on or invested in immovable property in Siam. Besides, Insurance undertakings were subject to a tax of 1% on the total premia collected during the taxable year. The tax was payable half-yearly, except that the first taxable period ended on December 31, 1932. Nevertheless, the Act was working unsatisfactorily as far as Deposit and Exchange banks were concerned. Even the 1933-34 Thai Financial Report admitted that the tax on the Exchange Banks was obviously too high while the tax payable of the Deposit Banks did not seem in all cases to bear an equitable relation to earnings.⁶⁴

The policy also raised widespread concern in the Chinese community in Thailand. The list presented by Mr. Tan Siew Meng was to petition the Thai government to revoke the heavy tax imposed on exchange banks, emphasizing these exchange banks' connection with rice trade-the most important trade of the Thai national economy. Tan explained that the essential part of rice trade is to deal with bills and currency exchange by remittance firms or exchange banks, sent in the form of currency or goods. Tan also pointed out their difference from the western banks. With a small amount of capital of a few hundred thousand baht, these remittance firms that developed from a store or business that already existed was a sideline of their rice trade. Most of the owners of

⁶⁴ James Baxter, *Report of the Financial Adviser on the Budget of The Kingdom of Siam for the Year 1933-34*, Bangkok: The Ministry of Finance, p10.

remittance firms were Chinese merchants with deep pockets managing multiple businesses. The remittance firms usually owned branches, agents, or associated firms (*lianhao* 联号) in Hong Kong, Singapore, and Shantou to bolster their business and provide capital when needed (Pannee Bualek, 1985:54-56).

Figure 3.5 The list of Money Exchanging Banks in 1933 which Mr. Tan Siew Meng Presented to the Thai Government is as follows:

Lists	Name	Amount of Money used in business transactions	Tax	Owner	Other business
1	Thye Sua 泰山	3,348,290.02	8,370.73	Tang Jeng Young (陳崢嶸)	Rice
2	Kwang Soon Lee 广顺利	3,111,830.00	7,779.58	Hia Kwang Iam (谢毅庵) ⁶⁵	Rice/Distiller/ Ship
3	Leow Young Heng 廖荣兴	3,066,999.81	7,669.50	Koon Setrapakdee (廖公圃)	Rice
4	Tan Peng Choon 陈炳春	3,004,255.60	7,510.64	Tan Hong Iy (陳鳳毅)/Tan Keng Koon	Bank in Singapore
5	Seng Soon Lee 成顺利	1,417,286.97	3,543.22	-	-
6	Jin Seng 振盛	1,395,656.28	3,489.14	Ma Liap Koon Boon Kul (馬立群)	Rice/Insurance
7	Kwang Koh Long 广高隆	798,269.45	1,995.67	Lam Sam Family	Rice, Wood

⁶⁵ Error* As Hong Lin (洪林) corrected, the owner was Xie Yiyan (谢毅庵) as Chinese official source recorded, Hia Kwang Iam(蚁光炎) had never engaged in remittance business, according to Hong Lin's source and biography of Hia Kwang Iam(蚁光炎).

8	Seng Hong Thai 咸丰泰	318,867.57	797.17	-	-
9	Ngong Hok 五福	273,383.43	683.46	Boon Sook (盧颯川)/ Boon Koon Tan(馬立群)	Rice/Insurance
10	An Fong Lao Mai Hong 宴芳楼 米行	27,393.83	68.48	Wong Fook/ Woon Chan Sompong Thongtat	Rice
11	Tan Wang Lee 陈贇利 棧	2,445,065.38	6,112.66	Tan Siew Meng (陈守明)	Rice
12	An Fong Mai Hong 宴芳米 行	2,700,764.16	6,751.91	-	-
13	Thye Hong Yoo 泰丰裕	-	-	-	-

Source: Punnee Bualek, 1985, *The Nature of Thai Capitalists from 1914 to 1939*, Doctoral Dissertation, pp54-55.

In light of the situation, a new Act was drafted, containing the following provisions as follows:

1. Every Bank organized as a company under the laws of Siam and every Bank organized as a company under the laws of a foreign State and carrying on business in Siam shall pay a tax at the rate of eight per centum (8%) of all sums paid in interest to debenture or bondholders and/or in dividends and/or in cash bonus to shareholders. "For the purpose of the computation of the tax payable by a Bank

organized as a company under the laws of a foreign state and carrying on business elsewhere as well as in Siam, the proportion of the interest, dividends, and/or cash bonus taxable under this Act shall be the proportion which the total of the said Bank's deposits in Siam bears to the total deposits of the Bank. To this end, "deposits" shall be deemed to mean the money on current account and on fixed deposit on the December 31 of the preceding taxable year.

2. Every Bank carrying on business in Siam which is not organized as a company shall pay a tax on exchange business transacted in Siam on the basis and at the rate specified as under:

Where the volume of such bank's exchange business in any taxable year

- a. exceeds Tcs. 6,000,000 at the rate of Tcs. 4,000 per annum
- b. - 4,000,000 but does not exceed Tcs. 6,000,000 at the rate of Tcs. 3,000 per annum
- c. exceeds Tcs. 2,000,000 but does not exceed Tcs. 4,000,000 at the rate of Tcs. 2,000 per annum
- d. does not exceed Tcs. 2,000,000 at the rate of Tcs. 1,000 per annum.

(Baxter, 1934: 11)

Due to the revised Act, the tax imposed on the Chinese exchange banks had been adjusted to a reasonable degree. Thus, the Thai remittance trade eventually went through the crisis. However, the Thai remittance trade was faced with a far more tightened repression from the Thai government. When Phibunsongkhram came to power in 1938, he promoted an intensive program of economic Thaification and firmly adhered to the containment policy towards the Chinese. The severe economic restrictions in 1938-1939 inevitably fostered a wave of smuggling, protection and extortion rackets, and other illegal money-making schemes. The Grand climax in the government's containment policy came in a series of police raids beginning the third week of July and extending through August, shocking the remittance business circle.

The Overseas Chinese bank was found to hold disguised deposits of 800,000 baht from merchants and societies presumably destined for China's war chest.⁶⁶ It was later disclosed that the Thailand Chinese had contributed \$2,400,000 to the Chinese war cause between November 1938 and April 1939.⁶⁷ One of the raids led to the arrest and deportation of the Bank of Canton and the Oversea Chinese Bank's managers, who played a vital role in handling the foreign exchange for the Chinese remittance from Thailand, together with the Chinese Exchange Banks.

Figure 3. 6 The List of Banks in 1938.

List	Name	Country/Area
1	Thye Sua 泰山银行	Thailand
2	Kwang Soon Lee 广顺利银行	Thailand
3	Tan Peng Choon 陈炳春银行	Thailand
4	Seng Soon Lee 成顺利银行	Thailand
5	Wang Lee 陈鬻利栈	Thailand
6	Leow Young Heng 廖荣兴银行	Thailand
7	Shun Fucheng 顺福成银行	Thailand
8	Overseas Chinese Bank 华侨银行	Singapore
9	Sze Hai Tong Bank 四海通银行	Singapore
10	The Bank of Canton 广东银行	Hong Kong

Source: The Bangkok Daily News[曼谷日报], March 26,1938

As for Chinese money exchange banks, the Thai government promulgated the Commercial Bank Act in 1937 to strengthen the control on the Exchange Banks by granting more power to the ministry of Finance (Pannee Bualek, 1985). The Act ascertained a minimum sum of capital as high as 200,000 baht for the commercial banks and other harsh terms on guarantee fund and office hour, and thus many Chinese exchange banks survived the heavy-tax policy in 1932 failed to meet the standard and closed down. In the meantime, the Thai government accelerated its attempts to break out the ethnic Chinese monopoly of the Thai rice trade. By December 1938, the

⁶⁶ Skinner George W.,1957, *Chinese society in Thailand: An analytical history*, Ithaca, New York: Cornell University Press, p267

⁶⁷ *ibid*

government established the Thai Rice Company by buying out several ethnic Chinese-owned rice mills in Bangkok; Cooperative societies to sell rice were also created in five localities.⁶⁸ All these measures struck a severe blow at the Exchange Banks given their affiliation with the international rice trade, leaving just two of the Chinese banks to operate: Wang Lee Bank and Tan Peng Choon Bank by 1939 (Pannee Bualek, 1985:59).

It is worth noting that Kwang Soon Lee(广顺利), Leow Young Heng (廖荣兴)⁶⁹ and Shun Fu Cheng (顺福成)⁷⁰ was closed, but their exchange and remittance business sustained. The resilience of these remittance firms was attributed to the diversification of their business. These remittance firms or banks were more like “multifunctional folk financial institutions.”⁷¹ Although some parts of the function were hindered, other parts of functions would persist, and the forced close-down business could even come to revive once permitted. Furthermore, this Act was targeted exclusively for Chinese-funded banks, including two Singaporean banks-Overseas Chinese Banking Corporation and the Sze Hai Tong Bank and another Hong Kong Bank- the Bank of Canton. No matter which country these banks belong to, they all Chinese-funded and closely related to the remittance business in Thailand. Furthermore, since the enact of the Foreign Exchange Control Act came into force on September of 1939, the travelers were allowed to take up to 1000 baht while banks were required to apply for a license when bringing foreign currency in Thailand, thus creating troubles for the currency exchange in the remittance industry.⁷²

⁶⁸ Skinner George W.,1957, *Chinese society in Thailand: An analytical history*, Ithaca, New York: Cornell University Press, pp262-264.

⁶⁹ Tong Wah Min Pao [中华民报], January, 1939.

⁷⁰ Tong Guan Pao[中原报], March 7, 1939.

⁷¹ Yuan Ding [袁丁], Chen Liyuan[陈丽园], and Zhong Yunrong [钟运荣], 2014, *Minguo zhengfu dui qiaohui de quanzhi [The Republican Government's Control on Remittances]*, Guangzhou: Guangdong Renmin Publisher, p22.

⁷² Tong Guan Pao[中原报], September 15, 1939.

On China side, the Thai remittance firms had to protect the trade from the Chinese government's clampdown on the grounds of their infringing on the state postal monopoly. In response, the Thai Remittance Trade Association and Chambers of Commerce of Thailand formed a transnational network to lobby and pressure the government. Out of the fear for losing the valuable remittance from overseas Chinese, and more importantly, their inability to replace the remittance firms operated transnationally,⁷³ the Chinese authority made concessions, allowing the remittance firms to continue operations in 1934, but under new licensing provisions, which levied high postage costs and strengthened clampdown on letters-smuggling.⁷⁴

As a transnational business, the Thai remittance trade was vulnerable to the financial situation in China and British Hong Kong. From 1932 to 1936, the warlords set up a separated regime in Guangdong and Guangxi province (*liangguang* 两广) from Chiang Kai-shek's central government. Although Chiang Kai-shek brought *liangguang* back into his control in 1936, the region was mired into currency chaos. The previous canton currency (*yuebi* 粤币) and national currency (*guobi* 国币) were both circulating at the same time, causing considerable loss and disputes for the remitters overseas. The remittance from Thailand slumped due to the unresolved exchange rate between *yuebi* and *guobi*. Until June 26, 1937, the Chinese remittance to Shantou was allowed to change into *guobi*,⁷⁵ and two months later, the rate was settled with an exchange rate of 1 to 1.123 instead of 1 to 1 as expected as the Thai Remittance Trade Association.⁷⁶

⁷³ Harris, Lane J., 2015, "Overseas Chinese Remittance Firms, the Limits of State Sovereignty, and Transnational Capitalism in East and Southeast Asia, 1850s–1930s." *The Journal of Asian Studies*, 74(1), p145.

⁷⁴ Shuen Chong Daily News [晨钟晚报], May 14, 1934.

⁷⁵ Chinese Daily News [华侨日报], June 26, 1937.

⁷⁶ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, P39.

Meanwhile, the wartime financial control of the Chinese government on capital outflow caused the surge in *guobi* 国币 and drop of Hong Kong dollar. Hong Kong had been an important currency exchange hub between South China and Southeast Asia remittance trade. The remittances received in foreign currencies were usually exchanged into Hong Kong dollars first and then Chinese currency. The fall of Hong Kong dollars caused a great loss for the overseas remittances. A direct transfer from foreign currency to the Chinese currency was still difficult since the Bank of Canton and the Oversea Chinese Bank in Thailand did not have branches in Shantou. To solve the problem, the Remittance Trade Association invited these two banks to cooperate with the three national banks: China Bank, Central Bank, and Jiao Tong Bank. These banks were relocated from Shantou to *Chaoan*.⁷⁷ Even though Shantou was lost to the Japanese hand, the finance would not be destroyed, and remittance could still be cashed into the receivers. Besides, the Chinese currency suffered a scarcity, and there was not enough money to cash the remittance. The wartime finance limits on the money withdrawal amount made it even worse. According to the new regulation, it was permitted to withdraw only 5% per week. For the rest, it was only allowed to withdraw 150 yuan per week.⁷⁸

With Japan's aggravated invasion of China and Chinese people's incremental adamant resistance, the Sino-Japan conflict plunged into a full-scale war since 1937. The Nationalist government was in desperate need of economic support for the mounting expense of war. Chinese remittance from abroad was thus seen as a valuable supplement to the national budget. On the other hand, however, Japan advanced its financial control on occupied areas in China, and the vast amount of remittance was also brought into its attention. China Union Bank (中国联合准备银行) was established

⁷⁷ Chinese Daily News [华侨日报], August 20, 1937.

⁷⁸ Chinese Daily News [华侨日报], September 18, 1937.

on February 11, 1938,⁷⁹ and huaxing yinhang Hua Xing Bank (华兴银行) was established in Shanghai On May 1 1939.⁸⁰ Both the banks went bankrupt due to the national government's firm resistance in support of the American and British banks. Although Chinese remittance became the focus in the wartime that both sides were scrambling for, the Chinese government's emphasis was on large-amount donations and the purchase of the liberty and national salvation bonds to fund the defense expense. In 1938 when the Chinese government moved the capital to Chongqing due to the fall of Nanjing, overseas Chinese community were told that all the donations and salvation bonds purchase would be handled by overseas Chinese committee (侨务委员会) and at the disposal of the military and political department (军政部). The transfer would proceed in Hong Kong branch of the China Bank.

The remittance received from Thailand suffered a drop of 10% in the first half of 1938. One factor that caused the falling remittance was the devalued Chinese currency yuan. In 1938, 1 Chinese yuan was worth 40 sadang, reducing almost half compared with the previous 70 sadang. If the remittance was calculated in Chinese yuan rather than Thai baht, it was actually slightly higher than before. Secondly, the Thai economic recession led to a fall in salary or even unemployment or among Chinese in Thailand, who were struggling to survive abroad, not to mention sending money back to China. Furthermore, it was noticed that the sharp tumble of large-amount remittance was a trigger for the overall drop. Large-sum remittance senders were more inclined to make donations or buy bonds directly in response to the Chinese government's national salvation campaign, which unexpectedly resulted in the fall in large-amount remittance. Despite the overall decline, it saw a tremendous rise of small-amount remittance, especially for

⁷⁹ Shen Hong [沈泓], 2011, *Minguo zhibi soucang yu touzi [The Collection and Investment of Paper Money]*, He Fei:Anhui Meishu, p126.

⁸⁰ Qi Chunfeng [齐春风], Zheng Zhong[郑忠], and Yanhai[严海], 2011, *Kangri zhanzheng yu zhongguoshehui bianqian [Anti-Japanese War and China's Social Transformations]*, Beijing: Tuan Jie Publisher, p79.

those below 5 Chinese yuan.⁸¹ This upward tendency sustained, reaching a peak in November of 1938 in the aftermath of the fall of Guangzhou, the capital city of Guangdong Province.⁸²

With the surge of Japanese aggression in South Coastal China, the Chinese in Thailand realized their homeland would be lost, thus sending money to their families as much as possible regardless of the economic difficulties. It was estimated that only 1/3 of the remittance was sent by cash while the rest was on loan.⁸³ The surging demand for remitting, exorbitant charges, and currency speculation brought hefty profits for the remittance business, triggering the rise of newly-opened remittance firms or newly-operated remittance business in existing shops during this period. It was seen the most profitable time for the past ten years.⁸⁴ However, different routes developed and varied prices offered by distinct types of remittance firms threw the Thai remittance trade amid chaos. Furthermore, the new remittance firms did not comply with the regulations on the remittance charges and cut off fees to attract more clients, making it difficult for the remittance firms with smaller-scale to survive. The malignant competition among remittance firms also crippled the Remittance Trade Association. The newly-elected association committee refused to take office until making a promise to grant these committee members privileges of reducing price for the next year. Meanwhile, the Association agreed to keep the remittance price at the minimum to avoid harmful price competition.⁸⁵

The shadow of war loomed large in *chaoshan* region with Shantou as a key nodal point of remittance network, giving rise to anxiety among the Chinese in Thailand, especially for Teochew who was the most dominant dialect group in Thailand. *Chaoshan* was the

⁸¹ Tong Kok Daily News [中国报], October 6, 1938.

⁸² Tong Kok Daily News [中国报], October 25, 1938.

⁸³ Tong Kok Daily News [中国报], October 6, 1938.

⁸⁴ China Overseas Press [暹罗华侨日报], September 8, 1938.

⁸⁵ Tong Guan Pao [中原报], December 19, 1938.

homeland for Teochew Chinese, and remittance was regarded as “lifeblood” for *qiaojuan* (侨眷, Overseas Chinese dependent) in this area.⁸⁶ Once Shantou was occupied by the Japanese, the remittance delivery was supposed to suspend. The lack of remittance would be catastrophic for hundreds of thousands of *qiaojuan*, who were highly dependent on the remittance from abroad. The *qiaojuan* could die of starvation.⁸⁷

After the fall of Guangzhou in October of 1938, the Cantonese remittance in Thailand was suspended, arousing the great concern of the Chinese community in Thailand, which urged the Remittance Trade Association to avoid the interruption of remittance supply as the Cantonese in Thailand encountered. The Remittance Trade Association focused three aspects essential for the operation of remittance trade: transport route, transfer, and delivery. Firstly, the remittance was usually transported by sea route. There was regular ship service called “*Xialinan Hao* (夏利南号)” running from Bangkok-Shantou and returning from Shantou to Bangkok via Hong Kong. If the sea lane was destroyed, the remittance would be sent by air to Hong Kong or Guangxi and further delivered to *Chaoshan* by land route.⁸⁸ As for the transfer, the association turned to the Cantonese Provincial Bank which owned large numbers of branches in the *Chaoshan* area and Hong Kong.⁸⁹ Besides, the association enhanced cooperation with China’s post office in Shantou and meanwhile asked the Shantou remittance association to raise the number of *pijiao* (批脚, the person to deliver the remittance letter) to guarantee the delivery of remittance letters in the areas where post office could not reach.⁹⁰

On June 22 of 1939 the next day after Japanese occupied Shantou, the Association held an urgent meeting and decided that the remittance firms continued to receive remittance letters. Moreover, these letters destined for Shantou had to be transferred to Hong Kong,

⁸⁶ China Overseas Press [暹罗华侨日报], September 8, 1938.

⁸⁷ Tong Wah Chinese Daily News [中华民报], November 18, 1938.

⁸⁸ Bangkok Daily News [暹京时报], May 19, 1938.

⁸⁹ Tong Kok Daily News [中国报], June 27, 1938.

⁹⁰ The China Overseas Press [暹罗华侨日报], September 8, 1938.

and leaving to the hand of the Chinese government.⁹¹ However, the Chinese government was not ready to contemplate on the transfer and delivery issue. When the president of the Thai Remittance Trade Association, *Xiao Zhuoshan* (萧卓珊) approached the Hong Kong office of the Ministry of Finance of the Chinese government. However, the Guangdong Government did not conclude a concrete solution on the remittance transfer and delivery. Instead, it merely came to an oral permission that remittance transfer would be handled by the *Meixian* (梅县) Branch of Guangdong Provincial Bank. Another crux was the lack of enough cash for remittance delivery in *Chaoshan* region.

Figure 3. 7 The Timetable of the Fall of *Chaoshan* Region

Time	Area
1939.6.21	Fall of Shantou (汕头), Guangdong
1939.6.27	Fall of Chaozhou (潮州), Guangdong
1939.6.29	Fall of Chenghai (澄海), Guangdong

Source: Summarized by the author.

The Thai remittance industry immediately found itself caught in a dilemma: on the one hand, it was the Chinese government's delayed reactions; and on the other hand, it was the impatience of the Chinese community in Thailand. The remitters had four main concerns: firstly, the previous two batches of remittance letters (sent on June 16 and 23, respectively) were stuck in Hong Kong; Secondly, as for the occupied *Chaozhou*, *Chenghai*, and villages along the Chao Chow–Swatow Railway (潮汕铁路) line, whether it was possible for the remittance firms to deliver remittance to these areas; Thirdly, if the remittance could not reach to the places under the control of Japanese, is there any arrangement for returning the remittance and letters? Lastly, the Thai remittance trade had not released wartime specific measures of remittance letters delivery so far, and still continued to accept remittance letters. Besides, the exorbitant

⁹¹ Tong Wah Chinese Daily News [中华民国], June 23, 1939.

fees charged by remittance firms also raised quite a few eyebrows. All these concerns contributed to a decline in the remittance letters in Thailand.⁹²

To address these concerns, the association held another urgent meeting on June 29 decided to refrain from receiving remittance from Thailand. The association further explained that they had lost contact with the Shantou remittance trade association. What is worse, the former plan's feasibility remained unknown as the Japanese-occupied region was still expanding. The wartime delivery route and transfer means would make the public until the president of Guangdong Province Li Hanhui (李汉魂) made an official response. Thus, the Thai remittance trade had suspended since then. For the Chinese families that lived on remittance, a suspension of remittance probably means "death". Faced with the unprecedented crisis, Hia Kwang Lam (蚁光炎), the chairman of the Chinese Chamber of Commerce in Thailand (CCCT), played a significant role. Hia Kwang Lam happened to be in Chenghai, Guangdong Province, on a visit to his elder sister when the Japanese attacked Shantou on June 21. After the breakout of war, Yi ended his trip and returned to Thailand via Hong Kong. During his stay in Hong Kong, Yi Guangyan discussed with the Hong Kong financial industry about the currency exchange and then wrote two letters to Chen Shuren(陈树人), the head of the Overseas Chinese Affairs Commission, in a request for further assistance on June 20 and 21, respectively.⁹³

In the first letter, Yi first pointed out the significance of remittance to *qiaojuan* and the Japanese's ambitious plan to take over the money exchange of Chinese remittance in Hong Kong, and it provided a feasible solution for the remittance delivery route. Yi suggested the Chinese government to set up a specific institution or bank in charge of

⁹² Tong Kok Daily News [中国报], June 29, 1939.

⁹³ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.) 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documen]*, Shantou: Chaoshan Historical Culture Research Center, pp74-75.

the remittance to enhance the cooperation with the remittance firms in Nanyang (南洋). Therefore, all the remittance packages collected by the remittance firms to concentrate at Hong Kong, and to advance via Huiyan (惠阳) by water route or via Guilin (桂林), and then to Shaoguan (韶关) by the airline to Xingning (兴宁) or Meixian (梅县) as the center of remittance in Guangdong province, and eventually sent to the hands of qiaojuan under the protection the Chinese troops. Regarding the currency transfer issue, Yi proposed that the Guangdong Provincial Bank should establish more branches in the counties as soon as possible to proceed with the exchange transactions for remittance. Receiving the letters, Chen Shuren urged the Guangdong government to order the Guangdong Provincial Bank to set up branches as suggested by Yi Guangyan. All of these concerted efforts eventually made the revival of Thai remittance trade happen on October 10, 1939, announced by the Thai remittance Trade association.

Nevertheless, it was worth noting that some remittance firms did not refrain from receiving remittance during the period of remittance suspension from June 29 to October 10, 1939. On August 3, a Cantonese silk store-Guangtailai chouzhuang (广泰来绸庄) advertised to receive the Teochew remittance. Later, a remittance firm sichengxing yisheng yinxinju (思成兴怡盛银信局) announced that it started to receive Teochew remittance of four counties that the Japanese did not occupy: Chaoyang(潮阳), Jieyang(揭阳), Puning (普宁), and Huilai (惠来). Another remittance firm Rongshengli yinxinju (荣盛利银信局) also were prepared to receive remittance in the non-occupied regions: Jieyang(揭阳), Puning (普宁), Fengshun(丰顺), Meixian(梅县), Xingning (兴宁), etc. Two exchange stores, Rongfengli (荣丰利) and Guang Shunli huiduizhuang (广顺利汇兑庄) announced that they opened new branches in Kunming(昆明) and Shanghai(上海) in handling the currency exchange for the remittance. The advertisement of Meiguang Corporation (湄光公司) and a gold store Malifeng jinhang (马丽丰金行) also appeared in the newspaper. This store had been the overseas agent to collect the remittances for Overseas Chinese Bank (华侨银行)

since December 28, 1938, and started to operate its own remittance business after the Overseas Chinese Bank was forced to close on September 30, 1939, by the Thai government due to its connection with anti-Japanese activities.

Despite minor differences, the remittance service initiated in this period was generally by airlines in both occupied and non-occupied regions. However, this way had two weaknesses: expensive costs and time-consuming. Besides, one obstacle for conducting remittance business was a lack of cash, but these remittance advertisements did not mention the Guangdong Provincial Bank's role in currency exchange. Thus, these remittance business pioneers probably owned enough cash themselves in their branches of China.⁹⁴ Apart from *Guang Shunli* (广顺利), there was no evidence that these remittance firms were members of the Thai Remittance Trade Association. These firms did not comply with the decision made by the association, and the Thai remittance Association had noticed these conducts but tended to keep a blind eye, considering that these remittance firms' dauntless attempts had filled the gap of remittance service when the government and majority of remittance firms failed to do so.

On September 21, 1939, the Guangdong Provincial government instructed the Guangdong Provincial Bank to handle overseas remittance as follows: The Central Bank, China Bank, Jiaotong Bank, and Farmer Bank manages to receive overseas remittance through their branches in Southeast Asia, and deliver to the domestic branches of Guangdong Provincial Bank. The Guangdong Provincial Bank should establish new branches or offices in various places to deal with remittance delivery. The delivery of remittance should specify the address on the remittance sheet.⁹⁵ Except for the above points, the magistrate of Raoping County (饶平县) stressed the

⁹⁴ Tong Wah Chinese News [中华民国], August 5, 1939.

⁹⁵ Li Xiaoyan [李小燕], 2011, A Study of Overseas Chinese Remittance Through Chinese National Banks and Post Offices(1937-1949), Doctoral Dissertation, p139, retrieved from <https://scholarbank.nus.edu.sg/handle/10635/27924>

importance of coordination with creditworthy *shuike* and remittance firms and the heads of the villages and towns.

On October 10, 1939, the remittance association decided to resume the remittance business and set October 20 as the deadline for remittance delivery for this batch. The specific details were as follows:

1. The remittance letters would be delivered three times a month, shipping from Bangkok to Hong Kong. The time to deliver would be announced by the association and usually two days earlier than before. The delivery sticks to the sea route instead of the airway in order to cut off costs.

2. The remittance delivery service covers the whole Chaoshan region, including both occupied and non-occupied areas by the Japanese. If war breaks out after receiving, the remittance will be returned. In the case of failing to find the recipient, the remittance will be returned, too. The costs will be shared by the remitters and remittance firms together, in which the remitters pay the commission fee 24 *sadang* while the remittance firms will be responsible for the costs for delivery.

3. As for the returned letter, it takes much longer than before due to the war. It was around 20 days.

4. The remittance received in Bangkok is required to be cash only. The loan is not permitted. (Tong Guan Pao [中原报], October 10, 1939)

Compared to the initial efforts made by the previous remittance firms, the association's approach was less expensive and more guaranteed. The remittance from Thailand was formerly transported via Hong Kong to mainland China by the British airplane. After the British airline doubled the price of transportation, the Thai remittance industry turned to use the French airplane to transfer in Hanoi. However, the foreign exchange control imposed by the French government made it even more costly for the delivery. Thus, the association preferred the sea route that was more affordable for the remitters

who were mostly low-income earners and chose the airway only for the return trip to transport the replied letters from the recipients to maintain it economically and efficiently.⁹⁶ It was noticeable that the Thai Remittance Trade Association was not representative of the remittance trade of the Chinese community in Thailand. Instead, it was a trade union only for Teochew and Hakka Chinese in Thailand. As for the rest of the dialect groups, Hokkien, Cantonese, and Hainan were not included. Teochew remittance firms were popular with the Hakka Chinese in Thailand.

Due to the geographic proximity, the Hakka remittance was also transferred to the Shantou port, where the Teochew remittance firms dominated. Sending through them was reliable and convenient since these Teochew remittance firms and their branches abroad have formed an extensive remittance network connecting Southeast Asia and South China. Besides, Hakka remittance firms could not compete with the larger-scale Teochew remittance firms. In Thailand, Hakka remittance firms only accounted for less than 20%.⁹⁷ In the case of Hainan remittance, the Japanese captured Hainan Island in February of 1939, leading to the suspension of the remittance to the island. Three months later, a Hainan remittance firm called *yuanchangsheng xinju* (源昌盛信局) posed an advertisement on *Huaqiao Daily* (华侨日报). According to the advertisement, the remittance shop explored a new route to send remittance via French colony Kwang Chow Wan (广州湾, presently knows as 湛江) in Guangdong to Hainan.⁹⁸

The revival of the remittance business would not be realized without the support of the state-owned banks. The China Bank and Guangdong Provincial Bank started to get involved in the remittance business during this period, as seen in the advertisements of

⁹⁶ Hong Lin [洪林], 2006, “The Study of Thai Qiaopi and Yinxin Ju”, see in *The Culture of Thai Qiaopi*, Hong Lin [洪林], Li Daogang [黎道纲] (ed.), Bangkok: Sino-Thai Study Society[泰中學會], p73.

⁹⁷ Xia Chenghua [夏诚华], 1992, *A Study of Remittance in Contemporary Guangdong Province(1862-1949): A Case Study of Guangzhou, Teochew, Hakka and Hainan*, Singapore: South Seas Society, p36.

⁹⁸ Chinese Daily News[华侨日报], May 30, 1939.

Meiguang Company(湄光公司), Zhenyuan minxinju(振远民信局), and Xiongfutian Co., Ltd (熊福田股份有限公司).⁹⁹ Xianfengtai Co., Ltd (咸丰泰股份有限公司) and Futian Co., Ltd (福田股份有限公司) announced to be the agent of China Bank, the Farmers China of China, and Guangdong Provincial Bank in Meixian (梅县) on December 24, 1940.¹⁰⁰ Apart from these state-owned banks, other commercial banks operated by the overseas Chinese continued to play a role. For instance, Yexiancai Co. Ltd (叶贤才有限公司) entrusted the Overseas Chinese Bank to the currency exchange.¹⁰¹ This Singaporean bank's branch in Bangkok was closed by the Thai government in September of 1939, but its extensive branches in China gave it a great edge in sustaining its remittance business. Besides, Hong Kong-Shantou Commercial Bank developed Nanhengtai Spirit Store (南亨泰酒行) as its agent in Thailand to collect remittances.¹⁰² Hong Kong-Shantou Commercial Bank was established in 1934 by Robin Sophonpanich, the eldest son of Thai eminent banker Chin Sophonpanich who was the founder of Bangkok Bank. After China Bank failed to open a branch in Bangkok, Guangdong Bank(广东银行) created by overseas Chinese in Hong Kong served as an overseas agent to collect remittance for China bank.¹⁰³

Despite these efforts, the amount of remittance was lower than expected, probably due to the following reasons: firstly, some remittance firms kept receiving remittance letters even in the period of suspension, making it less crowded in the revival time. Secondly, the remittance firms stopped lending money to the remitters, but received only cash, instead, creating difficulty for the remitters who earned not much and remitting on loan.

⁹⁹ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p87.

¹⁰⁰ Li Xiaoyan[李小燕], 2011, A Study of Overseas Chinese Remittance Through Chinese National Banks and Post Offices(1937-1949), Doctoral Dissertation, p74.

¹⁰¹ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p87.

¹⁰² *ibid*

¹⁰³ Tong Guan Pao [中原报], March 19, 1940.

Another reason was from the competition from the newly-opened remittance firms which attracted some clients from the association members. The member of the Thai Remittance Trade Association was over 30, and now the remittance industry saw more remittance firms and become more miscellaneous. So far, a new landscape of the Thai remittance trade had shaped, shifting from dominance of Teochew remittance firms to a more complicated pattern that multiple institutions and individuals came into play, particularly the rise of state-owned banks and comeback of shuik. Meanwhile, the fall of Shantou provided a new opportunity for Meixian (梅县) as Four Chinese national banks relocated their branches from Shantou to Meixian, making it a new remittance hub and critical nodal points of the remittance network. It also witnessed the emergence of Hakka-owned remittance business, including Meiguang Comapany(湄光公司) and Yexiancai Company(叶贤才有限公司). Hakka remittance was no longer dependent on the Teochew remittance firms since then.

The Japanese also scrambled to control the overseas Chinese remittance in line with their military aggression further to hollow out the Chinese government's economic base to resist Japanese. Thus, intensive measures were taken in both China and overseas. In China, Japan created the Shantou Remittance Trade Association(汕头批业公会) in 1940, which was overseen by Shantou shanhou weiyuanhui (汕头善后委员会) and guided by the Taiwan Bank and Yokohama Specie Bank. All the remittance firms were required to register and apply for a new license. Moreover, the puppet Shantou government granted license to 35 remittance firms after rigorous scrutinization and defined their business region. In Shantou, there were 86 remittance firms registered to the Nationalist government, 23 of them moved to areas out of Japanese control, leaving only approved 37 remittance firms in occupied Shantou. The approved remittance firms included 22 shops running Thai remittance business, seen Figure 3.8.

Figure 3.8 The Registered Remittance Firms in Shantou during Japan's Occupation (1940-1945)

Business Area	The list of Remittance firms
Thailand	泰成昌, 黄潮兴, 陈悦记, 光顺利 (谢毅庵), 理元, 马合丰, 马德发, 马源丰, 普通, 同发利 (罗价藩), 万兴昌 (徐允诗), 许福成, 协成兴, 荣丰利 (徐名奋), 振盛兴 (陈常三), 义发, 陈炳春 (陈培南), 振丰盛, 万丰发, 和合详 (许声育), 成昌利 (萧卓珊)
Singapore and Dutch East Indies	李华利, 光益裕, 有信, 光益, 洪万丰, 永安, 普通, 裕大, 致盛, 荣成利, 陈炳春
Hong Kong	容大, 致盛, 亿丰, 陈炳春

Source: Li Xiaoyan [李小燕], 2011, A Study of Overseas Chinese Remittance Through Chinese National Banks and Post Offices(1937-1949), Doctoral Dissertation, p164.

For the remittance from Thailand, it was required to transfer to a Japanese bank, Yokohama Specie Bank (横滨正金银行) and Taiwan Bank (台湾银行). Regarding the letters, they were handed over to the post office in Shantou. After receiving the letters, the post office did not commence delivery, but entrusted to the Overseas Chinese Bureau for further check. If it was seen deliverable, the letters would be sent to the hand of the *qiaojuan* by remittance firms. Otherwise, the letters and money would be returned to the remitters. Meanwhile, the *pijiao* (delivery person 批脚) who headed for remittance in Shantou was required to join Shantou remittance trade association(汕头批业公会) as well. However, there was no person in the remittance industry taking office in the association so far.¹⁰⁴ Besides, the Japanese's military advancement brought new troubles for the overseas routes. On August 1940, Shenzhen (深圳) was controlled by Japanese, making it impossible for the remittance letters sent to Hong Kong via Huizhou(惠州) and Shenzhen (深圳).

Additionally, the puppet Shantou authorities wielded intensive propaganda campaigns to attract remittance from overseas Chinese. The agitative slogans were crafted on the

¹⁰⁴ Tong Guan Pao [中原报], March 19, 1940.

envelopes of the replied letters. Almost all the slogans stressed the cooperation with the Japanese government, but merits varied. Some stated that “Cooperating with Japan and the overseas remittance will arrive at hometown safely” while some peached that “Cooperation with Japan can strengthen the power of overseas Chinese in Nanyang(南洋).” Some targeted the Chiang Kai-shek government and called for the Chinese people to “wipe out the British and American influence the behind the Chiang Kai-shek government to acquire freedom” or “Build a new order in Asia and be free from the extortion of the Chiang Kai-shek government.” Others inquired that “how the remittance in support of Chiang Kai-Shek could arrive safely?”, etc. The head of Shantou Zhou Zhizhen(周之桢), who also served as the chairman of Overseas Chinese Bureau of Shantou(侨务委员会), wrote a letter to the overseas Chinese that the remittance should hand to the Japanese banks in Shantou and then deliver to Overseas Chinese Bureau of Shantou.¹⁰⁵

To counter the Japanese interference in China’s remittance industry, the Chiang Kai-shek government ordered the Central Bank and China Bank to establish branches or offices both at home and abroad. As for the banks that failed to do so, they looked for overseas agents to collect the remittances for them. For instance, China bank’s agent in Bangkok was Cantonese Bank operated by overseas Chinese. For Thai remittance, two means were adopted in parallel. For non-occupied Chaoan(潮安), Puning(普宁), and Jieyang(揭阳), the remittance was to cash by the national bank, while for occupied region such as Chenghai(澄海) and Raoping(饶平), where the national bank could not reach, the remittance from Thailand would be cashed by the Shantou Branch of the British Bank. The commission of the British Bank was higher than the Chinese national banks.¹⁰⁶ Furthermore, the Chinese government reduced the charges for remitting as well as a telegraphic transfer fee.

¹⁰⁵ Li Xiaoyan[李小燕], 2011, A Study of Overseas Chinese Remittance Through Chinese National Banks and Post Offices(1937-1949), Doctoral Dissertation, p165.

¹⁰⁶ Tong Guan Pao [中原报], August 19, 1940.

As a result, many of the Thai remittance firms announced that the total of remittance that was more than 1000 yuan was exempt from telegraphic charges. The transferring procedure speeded up, too. It only took four days for remittance from Bangkok to *Meixian* (梅县). These efforts had greatly stimulated the increase of remittance from overseas. Additionally, the Chinese government urged the overseas Chinese not to send remittance to Shantou remittance trade association.¹⁰⁷ On the Thai side, the Thai government's suppression of the Chinese grew furious when Phibunsongkhram, a jingoistic Thai nationalist, became prime minister of Thailand. Phibun launched a spate of anti-Chinese policies to curb the economic dominance of Chinese, impose restrictions on Chinese education, Chinese newspaper, and Chinese culture, reaching a climax on August of 1939 when over 100 Chinese schools were all closed, and Chinese newspapers were all closed except one, *Tong Guan Pao* (中原报). Any anti-Japanese news or reviews were forbidden to publish in the Chinese newspaper for the concern of its harm to Thailand's diplomatic relations with Japan but also a desire to weaken the Chinese's ties with the homeland.

Japanese troops arrived at such a troubled period when the hostility between the Thai authority and the Chinese surged. As part of its strategic plan, Japan landed on Thai shores to seek a free passage on December 8, 1941, and soon controlled most Thai territory. Eventually, Thailand formed an alliance with Japan on December 21. Phibun regime made such a decision not only because Thailand succumbed to the tremendous military pressure of Japanese but also expected to benefit from the cooperation. Under the Thai-Japan Alliance, Thailand provided ports, railways, roads, as well as materials and equipment for the Japanese military in return for Japan's assistance in fulfilling Thailand's demands for the recovery of its lost territories.¹⁰⁸ In this circumstance, the Chinese in Thailand found themselves caught a dilemma. On one side, the Chinese

¹⁰⁷ *ibid*

¹⁰⁸ Murashima Eiji, 2002, "Chapter 12: The Thai-Japanese Alliance and the Chinese of Thailand," *Southeast Asian Minorities in the Wartime Japanese Empire*, edited by Kratoska, P.H., New York: Routledge, pp192-222, p197.

perceived Japan as enemy for their compatriots were slaughtered, and their homeland was invaded by Japanese troops. On the other side, the conclusion of the Thai-Japan alliance indicated that Japan was a friend to Thailand, including all the minority ethnic groups residing in the Thai soil, including Chinese. As a result, many Chinese leaders fled Bangkok or hide upcountry. Some succeed while others failed. For those who remained in Thailand, their responses varied: some rejected cooperating with the Japanese, and ended up getting deported or arrested; others followed the Thai government's policy to work with the Japanese. Nevertheless, most of the Chinese leaders submitted to the Thai and Japanese pressure, and further reaped benefits from the cooperation just as the Thai government did to the Japanese, but meanwhile funded the anti-Japanese war underground.¹⁰⁹ This was also manifested in the remittance trade during this period.

In parallel with their cooperation with the Japanese in operating remittance business, the remittance firms in Bangkok smuggled the remittance through four secret routes. Japanese forces were mainly concentrated in cities, ports, railway lines, and transportation hubs, but failed to control the vast farming villages, due to a difficulty in finding people who were willing to cooperate with them, creating opportunities for the remittance smuggling.¹¹⁰ Among the four routes, one of them was well-known Dongxing huilu (东兴汇路, Dongxing Remittance Route):

- (1) Bangkok-Isan-Laos-Vietnam-Dongxing-shaoguan-xingning-jieyang
- (2) Bangkok-ChiangRai-TengTung Burma-Yunnan-Guangxi-Guangdong Shaoguan-Chaoshan
- (3) Bangkok-Ha Yai-Penang(Overseas Chinese Bank)-Taishan (台山)
- (4) Bangkok, Guangdong Bank-Shanghai, China Bank

¹⁰⁹ *ibid*

¹¹⁰ Hong Lin[洪林], Li Daogang[黎道纲] (ed.), 2006 The Culture of Thai Qiaopi, "The Study of Thai Qiaopi and Yinxin Ju[银信局]", Bangkok: Sino-Thai Study Society[泰中学生会], p164.

From 1931 to 1941, the newly-opened Teochew remittance firms already reached 41, but only “legal” remittance firms around twenty were left in this period,¹¹¹ and the Thai remittance reduced significantly from 1941 to 1944.¹¹² The remittance amount was far behind the demand for raising their families left in China. This decrease probably resulted from the difficulties in remittance transportation in wartime. The remitters had to wait for several months or even years to receive the replied letters from their families, which made them more hesitant to remit.¹¹³

5. The Recovery and “Prosperity” 1945-1949

With the end of the war in 1945, the underground remittance firms emerged the surface, and the Thai remittance trade resumed a boom since the Chinese in Thailand were anxious to contact with their families in China. Besides, Newly-opened remittance firms mushroomed in huge numbers, increasing from twenty-some to more than seventy.¹¹⁴ The Chinese newspaper was fraught with advertisements for the remittance firms as well as *shuike*. In the meantime, the Chinese Chamber of Commerce in Thailand received numerous complaints from the remitters who bristled that they had not received any replies from their families after remitting a long time ago. It was found that most remittance was not delivered to the hand of the recipients in the wartime. Instead, they were hoarded by the remittance firms for speculative business, including gold arbitrage and foreign exchange manipulation.

5.1 The Remittance Trade Boom in Post-War Time and Thai Authority’s Remittance Policy

When the Japanese occupied Hong Kong, the remittance firms put the remittance on hold on the pretext of inconvenient transportation, making tremendous profits from the remittance. Admittedly, some remittance firms were guilty of their unscrupulous

¹¹¹ Chuan Min Pao [全民报], April 1, 1946

¹¹² *ibid*

¹¹³ Guang Hua Daily News[光华日报], April 1, 1946.

¹¹⁴ Chuan Min Pao[全民报], April 1, 1946.

conducts. However, the Chinese government contributed a large part to causing the problem. The governors and staff working in the national banks and post offices of the Chinese government corrupted on the remittance, leading to a collusion between the business traders and the government. More profoundly, about 80% of the remittance could not be transferred by the national and provincial banks of Chinese government due to a lack of cash.¹¹⁵ The new government's crackdown on the Thai remittance trade did not alleviate as the Phibun lost power. The government control on foreign exchange during the occupation period was not lifted but strengthened by the promulgation of the Thai Financial ministerial regulations No. 4 on May 9, 1946, dampening the operation of Thai remittance trade remarkably.

The limited quota set by the Thai government could not meet the mounting demand for remitting with the end of the war. Furthermore, the constant game of cat and mouse eventually reached culmination after the Thai Ministry of Finance ordered the 8th post office to refrain from receiving the Chinese remittance packages thus giving rise to a wave of smuggling or other illegal schemes.¹¹⁶ The most well-known was the Don Mueang Airport Gold Smuggling Case, where 26 major remittance firms in Bangkok got involved. The gold worthy of 460 thousand baht and ten packages of remittance letters were impounded, arousing great concern from the Chinese community in Thailand. The Thai Chamber of Commerce petitioned the Thai government for an open-up of the foreign-exchange market, and meanwhile appealed to the Ministry of Foreign Affairs and the Overseas Chinese Commission to negotiate with the Thai government. Together with the efforts of Sun Bingqian (孙秉乾), the head in Liaison office of the Nationalist government in Bangkok, and eminent leaders of the Chinese community-

¹¹⁵ Li Xiaoyan [李小燕], 2011, A Study of Overseas Chinese Remittance Through Chinese National Banks and Post Offices(1937-1949), Doctoral Dissertation, p136.

¹¹⁶ Chuan Min Pao[全民报], April 1, 1946.

Choti Lumsam(伍竹林), the case occurred in May was finally concluded with a satisfyingly lenient sentence in October, 1946.¹¹⁷

Accordingly, the Act was also revised, but it was the licensed exchange firms that benefited from the new Act. It was estimated that just 38 remittance firms conducted foreign exchange before 1939. During the period, less than half of them have held the license. However, the number reached 80, and the rest remittance firms without license had to apply for a license from the Ministry of Finance. Under the new Act, the 38 remittance firms with licenses simply were assigned 20,000 ponds in total for the first month-October, the same as Yokohama Specie Bank in wartime, which was far from enough for the current need.

Apart from the Foreign Exchange Control Act, the heavy tax on remittance firms was another hurdle of the Thai remittance industry. The normal banknotes simply needed to pay 5 sadang for 20 baht while for the remittance, it had to pay 20 sadang for 5 baht, almost 100 times as the banknote, plus other charges, making it difficult to afford for the remittance firms. The total of 102 remittance firms sent a petition letter to the Thai government to request the same amount of tax on remittance firms as the bank.¹¹⁸ Yet, the letter did not receive any response from the government. Due to the rampant extortion rackets pervasive in the Thai government, the regulations were not strictly enforced in practice. It was reported that some government officials were waiting at the door of the remittance firms. Once being caught evading the tax, the shop owners would pay some money to the officials to avoid going to the court. A few small remittance firms had to shut down when they could not afford.¹¹⁹

¹¹⁷ Tong Guan Pao[中原报], October 20, 1946.

¹¹⁸ Tong Guan Pao[中原报], May 18, 1946.

¹¹⁹ Kwang Hua Pao[光华报], October 10, 1946.

For the larger remittance firms, or firms with connection with the government, their business sustained. In the face of the rising demand for remittance business and the Thai government's intensified restriction, the Thai remittance trade association resumed operation after the suspension since 1941. With one-year preparation, the Overseas Chinese Remittance Trade Association (华侨银信局公所) was reconstituted on May 18, 1947.¹²⁰ The association committee was elected, and Xiao Zhuoshan (萧卓珊) remained to be the head of the association. For the first time in history, the Thai Remittance Trade Association formed as a representative of the entire overseas Chinese in Thailand consist of all the five dialect groups hosting over 80 members: Teochew (58), Hakka (11), Hainanese (6), Hokkien (3), and Cantonese (2), instead of the previous association that comprised exclusively Teochew and Hakka.

Despite various issues, 1947-1948 saw the boom of the remittance trade and rapid growth of remittance firms in Thailand, especially when the government control on the foreign exchange was loosened as a result of the economic and political changes. Thai Financial Ministerial Regulation No.6 had been issued on January 31, 1947, and stripped the provisions that required the remittance of the export goods to submit to the Ministry of Finance, except for rice, rubber, tin, and teak. As a result, the foreign currency can enter the market, and the Thai authority was not less strict with sending money out of Thailand. Even some large-amount remittance sent by the traders could be transacted freely in the market. Furthermore, the Thai government announced another new regulation (Ministerial Regulation No. 7) on March 14, 1948, in which most of the foreign exchange control was abolished.

Therefore, the remittance business could be operated without permission. The result was partly due to the establishment of diplomatic relations between the Thai government and the Chinese nationalist government under Chiang Kai-shek. China

¹²⁰ Tong Guan Pao[中原报], May 18, 1947.

held one of the five permanent seats in the UN. To gain support from China to become a member of UN, the Thai government lifted its control on foreign exchange and allowed the remittance to flow freely into China. The amount of remittance sent from Thailand to China reached approximately 25million to 30million per year.¹²¹

5.2 The Inflation in China and the Remittance Firms as Scapegoat

Ironically, the overseas Chinese remittance industry in Thailand had to withstand another blow, from the place they were striving to save through remittance-China. The Chinese government's tough policy on the remittance trade was closely connected with China's crumbling economy. The end of the war with Japan in 1945 did not bring peace to the Chinese people, it only took one year for the civil war to rage on. From 1946 to 1949, China seethed the collapse of the Chiang Kai-shek government, accompanied by the economic and financial chaos. The breakout of civil war caused rising military costs, accounting for over 60% of the nationalist government's total expenditures on average during three-year war and at the same time resulted in a severe deficit. During the civil war years of 1946 –1949, monetary expansion covered 60-65 percent of the government's spending.¹²²

The Chiang government resorted to injecting large amounts of paper currency to finance the majority of its spending, the same manners as they did during Sino - Japanese war. The issuance of the currency reached 6,636,946 billion *yuan* in August 1948, 577 times as the amount in January 1946. The result was a government with neither the will nor the ability to do anything but watched the hyperinflation. The general price skyrocketed more than 1500 times within two years. Under the inflation pressure, people rushed to purchase goods or gold to keep their value; the remittance trade turned out to be a speculative business to adaptive to the volatile economic

¹²¹ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p60.

¹²² Zhang Gongquan [张公权], 1986, *Zhongguo tonghuo pengzhangshi[The Inflation History of China]*, Beijing: Wenshi Publisher[文史出版社], p44

circumstance, including hoarding, or using them to invest in gold and foreign currencies, or offering loans at extortionate rates of interest. The speculative activities were extremely active in the exchange shop (汇兑庄) or companies and remittance firms that run foreign exchange business, which served as a private bank for the Chinese merchants. The remittance amount jumped in 1947, especially in February. In Thailand, 90% of the remittance was sent for raising families, and the rest 10% was to purchase land or offer high-interest loans in the black market. The remittance used to clear the debts merely accounted for a small portion. However, the increased remittance was mainly composed by the investment-type of remittance.¹²³

The high risks went in line with the lucrative and rewarding business. Some struck to rich overnight from the speculative remittance trade, but quite a few left empty-handed in the “gambling” game. The remittance industry in Thailand saw the next collapsing wave of enterprise in exchange area involved Yuanyang Corporation (远洋公司), Xiong Changxing exchange firms (熊常兴汇兑庄), Jin Chaoxing (锦潮兴), Tong Yuchang (同裕昌), Guangyuanheji (广源和记), Xifeng (锡丰) and Xiechengxing (协成兴). Notably, the breakdown of Yuanyang Corporation severely hit the remittance trade in Thailand. Yuanyang was invested by the leading bureaucrats, and warlords of the Chiang government, including the head of the Kwang Dong province-Luo Zhuoying (罗卓英) mainly dealt with shipping and currency exchange business of Thailand. This government enterprises enjoyed numerous privileges and were generally inefficient and corrupt. The corporation was established in Bangkok in April 1947.

Due to the failure in the speculation business, it was announced to bankrupt in August. More than 90% of the remittance firms with a business link with the Yuanyang suffered significant losses. It was estimated that over 200 billion yuan could not be cashed.¹²⁴

¹²³ Tong Guan Pao[中原报], January 1, 1948.

¹²⁴ Chuan Min Pao[全民报], August 7, 1947.

Accordingly, arbitration commission was formed by the most prominent leaders of the Chinese community-Sahat MahaKhun (张兰臣), U Chu Liang (余子亮) Uthane Techaphaibun(郑午楼), Su Khun Kiam(苏君谦), Lu Die Chuan(卢迭川), Xiao Zhuoshan(萧卓珊), etc., mainly in charge with the compensation and mediation of the disputes among the creditors. Another exchange shop Xiong Changxing (熊常兴)'s breakdown, was triggered by the gold smuggling, which was seized by the British Hong Kong government. What is worse, some collapsing enterprise continued their business in other sections while their exchange business was out of operation. Others just fled abroad or inland to escape the debts. Consequently, the remittance trade's credibility was devastated severely, and the remittance association was also criticized for their incapability in solving the problem.¹²⁵ These unscrupulous merchants were definitely to blame for their wrongdoings. However, the fundamental source that contributed to the crisis was the Chiang government's measure to contain inflation by refusing to supply currency to banks, causing a dramatic fall in the remittance amount in the following months in 1947.¹²⁶

Furthermore, to shore up the crumbling economy, the nationalist government-enforced a tight control on the exchange rate and trade after 1946. As a result, the remittance business was forced to operate at the fixed official exchange rate. In contrast, the British Hong Kong authority encouraged a free trade in foreign exchange which provided the merchants an opportunity to maximize their profits in trade and arbitrage. Given the better exchange rate offered in Hong Kong free market, the remittance traders in Thailand often obtain foreign currency through banks in Hong Kong, mainly Hong Kong and Shanghai Banking Corporations (HSBC) rather than the national banks in China, causing a great loss of the nationalist government. Thus, Hong Kong's laissez-faire economic pattern was seen as a "thorn" in the eye of the nationalist government,

¹²⁵ Tong Guan Pao[中原报], August 15, 1947

¹²⁶ Chuan Min Pao[全民报], August 7, 1947

and it often accused that “by continuing to allow the constant stream of smuggling to cross the border, Hong Kong were undermining China’s efforts to restore her economic and financial stability.”¹²⁷

The Chinese government failed in realizing that it was their erroneous economic policies and continuation of civil war that led to the hyperinflation. Instead, the head of Shantou government Li Guojun (李国俊) blamed the remittance traders for resulting in the price surge in China in a letter written to remittance association in Thailand.¹²⁸ Kwang Dong government ordered all the overseas remittance firms to send remittance through national banks.¹²⁹ Meanwhile, the government made the smuggling of remittance out of China a crime punishable by death or life imprisonment. Execution of the black marketeer Wang Chunzhe (王春哲) was widely reported in the press, arousing tremendous discontent in the overseas Chinese society in Thailand. The government forced the overseas remittance to exchange according to the official exchange rate fixed by the nationalist government, which was “tantamount to a ‘donation’ to the government. It would cost your life if you failed to ‘donate’”, lament a remittance businessman.¹³⁰

Under the pressure of the government heavy-handed crackdown on the black market, remittance firms had to withstand the loss and send the remittance to the China bank and Guangdong Provincial Bank in Bangkok. In the 1946-1949 period, the timing was vital for the remittance industry due to the volatile price in China. A little lag in the exchange market could cause huge loss, not to mention the impact of a prolonged delay that prevalent in the government banks. However, the low efficiency, bureaucracy, and

¹²⁷ Catherine R. Schenk, 2001, *Hong Kong as an International Financial Center: Emergence and Development 1945-65*, Series: Routledge Studies in The Growth Economies of Asia (31), London: Routledge, p15.

¹²⁸ Tong Guan Pao[中原报], July 1, 1948.

¹²⁹ Kuang Hua Pao[光华报], June 30, 1948.

¹³⁰ Tong Guan Pao[中原报], October 18, 1948.

poor service of the two banks irritated the remittance traders in Thailand.¹³¹ The most crucial factor that caused the delay in exchange transfer was a lack of cash due to the government's control over the currency supply. The Chiang government feared that the lack of control on the currency supply would further stimulate the price to increase. The problem exacerbated particularly after the Gold Yuan reform in August 1948. All the currency supply was under the charge of Central Bank, its lengthy procedures and low efficiency caused China Bank and Kwang Dong Bank's severe delay in the exchange transfer for the remittance firms in Thailand. Moreover, the Central Bank itself often fell short of Chinese currency due to the limits. When the Gold Yuan slumped by five times in October, just two months since its issuance, the nationalist government made remittance trade scapegoat again for the problem that they created. With the belief that the remittance-smuggling triggered the drop in the newly-issued currency, the Chinese government, resorting to the police force, pledged an iron fist against the remittance industry.

The China Bank asked the remittance firms in Bangkok to transfer at least 40% of their remittance received from the Chinese in Thailand through national or provincial banks, which threatened the survival of the Thai remittance firms, given that the difference between the Chinese official exchange rate and the Hong Kong market rate was as high as 3baht 20sadang per Gold Yuan.¹³² Moreover, the Central Bank of China- with the support of the Bangkok Branch of the Nationalist Party¹³³- organized a secret group to investigate the remittance business in Sampheng region in Bangkok. It intended to acquire the name lists of the remittance firms or exchange shops that conducted smuggling, then submitted the list to China Bank and at the same time delivered to

¹³¹ Tong Guan Pao[中原报], September 10, 1948.

¹³² Tong Guan Pao[中原报], October 16, 1948

¹³³ A letter from the Branch in Siam of China Nationalist Party to Kwang Dong Provincial Government with regards to the Siamese Remittance firms that operate black market [中国国民党驻暹罗支部致广东省政府关于暹批局经营黑市], Archive of Department of Finance in Guangdong Province, 4-5-36, pp51-52, October 18, 1948.

Monetary Authority in Shantou (汕头金融管理局) in order to impose a ban on their branches or *lianhao* (联号) in Shantou.¹³⁴

Not long, quite a few remittance firms in Bangkok received the telegraph from their *lianhao* or agent in Shantou after an intensified wave of police raid-on by Shantou Monetary Authority. These firms were required to pay off within 5 days. Otherwise they would be closed, and their property would be confiscated.¹³⁵ However, the Chiang government's crackdown on remittance trade only took effect in reducing the valuable remittance that was vital to balance the government deficit. The Thai remittance traders were outraged by the government's actions, some chose to shut down their remittance business while some submitted to the government force and deliver remittance through Chinese government banks, but the majority of them changed their delivery route by circumventing Shantou. Among the total of over 130 remittance firms in Thailand, less than 60 sent the remittance to Shantou as before.¹³⁶

The door-to-door police raid in Shantou put the remittance trade to a brink. Most of the remittance firms ceased operation. The rest few who were struggling to sustain their business increased commission fee from 1.7 baht to 2.0 or 2.25 baht for 1 Yuan due to the rising risks, scaring away the remitters who were most labors earning pennies.¹³⁷ The combined factors led to a significant decline in the remittance amount in Thailand. Furthermore, it brought the remittance association in Thailand a standstill, only second to the suspension during the Japanese "occupation" from 1941 to 1945. Faced with the predicament, neither could it follow the advantageous Hong Kong market rate nor embrace the unreasonable Chinese official rate, leaving the remittance firms to handle at their own disposal.¹³⁸ Thus, the remittance association had relinquished its charge

¹³⁴ *ibid*

¹³⁵ Tong Guan Pao[中原报], November 1, 1948.

¹³⁶ Tong Guan Pao[中原报], November 2, 1948.

¹³⁷ Tong Guan Pao[中原报], October 30, 1948.

¹³⁸ *ibid*.

on the remittance delivery from Thailand. The combined factors led to a significant drop in the remittance amount in Thailand.

However, their strenuous attempts in drawing remittance into the government banks turned out to be in vain due to the rampant corruption and venality. In the blacklist of smuggling remittance firms submitted by the Bangkok Branch of the Nationalist Party, it was reported that Tan Peng Choon (陈炳春), Xinda (信大), Jichengchang (集成昌) was not involved in smuggling, only Zhen Taifeng/Xie Chengxing (振泰丰/协成兴) was under suspicion as smuggler. As for Yong Shunli (永顺利), there was no such firm in Bangkok.¹³⁹ Almost all the remittance/exchange shops in Thailand had ceased transferring through government banks since the collapse of Gold Yuan in October.¹⁴⁰ If the anti-smuggling policy was seriously enforced, probably all the remittance firms in Thailand were supposed to close down. In a letter written to the Kwang Dong government, the Bangkok branch of the Nationalist Party pointed out, “the remittance traders could do nothing at first under the tight scrutiny, but now the unscrupulous businessmen tended to bribe the inspection officials to sustain their illegal business, and succeeded in doing so.”¹⁴¹

The administrative means that ran counter to the market rules proved to be a total failure. The Gold Yuan devaluation and its harm to the remittance trade in Thailand was exacerbated by the nationalists’ military rout. The recipients in China started to refuse to accept the remittance in Gold Yuan, given its continuous devaluation, which caused the remittance industry in Thailand to suspend quite a few times.¹⁴² The shortage of

¹³⁹ The Case Handling Situation of the Smuggling Remittance Letters and Sneaky Foreign Exchange, Shantou Municipal Government [汕头市政府关于暹京商号及汕头联号私运批信秘密汇兑一案办理情形], Archive of Department of Finance in Guangdong Province, 4-5-36.

¹⁴⁰ Tong Guan Pao[中原报], October 28, 1948

¹⁴¹ The Case Handling Situation of the Smuggling Remittance Letters and Sneaky Foreign Exchange, Shantou Municipal Government [汕头市政府关于暹京商号及汕头联号私运批信秘密汇兑一案办理情形], Archive of Department of Finance in Guangdong Province, 4-5-36, p43.

¹⁴² Tong Guan Pao[中原报], April 28, 1949

remittance forced the Chiang government to loosen their firm hand on remittance trade, allowing the remittance to exchange into Hong Kong dollars, Silver Yuan, U.S. dollars, or gold depending on the recipient's willing.¹⁴³ Nevertheless, the Chiang government's changes turned out to be too late to boost the confidence of the Thai remittance trade.

Starting with the dramatic decrease by 60% in May 1949, the remittance from Thailand hit a bottom in July, compounded with vicious competition within the industry for survival. The chasm between the members in the remittance association inevitably resulted in the decline of remittance trade in Thailand.¹⁴⁴ The postwar Thai remittance boom based on the economic tragedy simply lasted for a short time and faded away with the end of the nationalist regime in mainland China. Quite a few remittance firms were closed or announced layoffs in June.¹⁴⁵ The incapable and corrupted nationalist government could only watch the soaring prices and depreciation currency devour China and drained off valuable foreign exchange reserves, as well as hollow up the support of their essential funders and followers-overseas Chinese, and eventually erode their regime, only opening the door for the triumph of the communist party in China.

6. The Decline and Demise of the Remittance Trade in Thailand 1949-1981

Driving the nationalist government onto Taiwan Island, the Chinese Communist Party (CCP) led by Mao Zedong established the People's Republic of China on October 1, 1949. The new government's efforts to stabilize the economy had saved the dying remittance trade for a while. However, after the increasingly radical socialist movements in the following years, overseas Chinese and their families suffered greatly. On the other side, Thailand emerged as a staunch anti-communist ally of the USA during the cold war. Undoubtedly, the hostility between China and Thailand made the

¹⁴³ The Means to Cash the Remittance by Guangdong Province Bank 1949 [1949 年粵行来函转通代电(有关收解侨汇办法等)], China Bank Archive, 43-2-1032, May 3, 1949, p132.

¹⁴⁴ Tong Guan Pao[中原报], May 6, 1949.

¹⁴⁵ Tong Guan Pao[中原报], June 21, 1949.

remittance industry in Thailand stuck in a quandary, but it eventually managed to transform and integrate itself into the Thai national economy pressured by the Thai government's economic nationalist policy. Thus, these factors led to the rapid decline in the remittance industry.

6.1 Learning a Lesson from the Chiang Kai-Shek Government and China Communist Party's "Preferential Treatment" Towards Remittance

The CCP's endeavors to absorb remittance commenced in the eve of its victory over the nationalist. It reached the overseas remittance firms with an attempt to promote *Yumin quan* (裕民券), a currency circulated in a communist-controlled region. The request was declined for two reasons: firstly, Shantou-the biggest destination for Thai remittance was still under the control of the nationalists, and the remittance businessmen were reluctant to take a risk to use *Yumin quan* for the "supporting enemy" charges. Secondly, even in the communist-controlled region, Hong Kong dollars were still circulating. Thus, the application of *Yumin quan* will encounter some technical problems.¹⁴⁶ After CCP took control of mainland China in 1949, the USA and its allies intensified its political isolation and economic block towards communist China. Domestically, CCP faced a daunting task of restoring the economy destroyed by wars. In this context, the new communist government was in desperate need of money, not only the money to buy industrial materials but also foreign exchange that was in short supply.¹⁴⁷ Therefore, overseas remittance was seen as 'an important source of our country's foreign exchange', declared by PBOC in 1949.¹⁴⁸

However, most of the overseas remitters thus took a wait-and-see approach, and the delivery of remittance was once suspended in the wake of the communist took-over of

¹⁴⁶ Tong Guan Pao[中原报], June 7, 1949.

¹⁴⁷ Lim Jin Li, 2019, *The Price and Promise of Specialness: The Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p69.

¹⁴⁸ Lim Jin Li, 2019, *The Price and Promise of Specialness: The Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p68.

Shantou on October 20, 1949, when the direct Airline between Bangkok and Shantou via Hong Kong was cut off, coupled with the unstable rate of new currency *Renmin quan* (人民券) or *Renminbi* (RMB,人民币). Despite bold attempts made by a few remittance firms, the remittance association maintained a prudent stance regarding the resumption of the operation of remittance trade.¹⁴⁹ To restore the situation, the CCP opened a branch of the People's Bank of China (PBC) in Shantou and announced the official exchange rate of RMB.¹⁵⁰ Furthermore, the transportation problem was solved with the efforts of *Chen Peinan*(陈培南), the then chairman of the remittance association as well as the owner of *Nan Changlong* (南昌隆) Remittance firm. The British Airline would replace the preceding Central Airline to transport remittance packages from Bangkok to Hong Kong, and further sent to Shantou via *Haimen*(海门), *Shenquan* (神泉) and *Shanwei*(汕尾). Meanwhile, the direct shipping service between Hong Kong and Shantou offered by *Hele* (和乐) and *Chengxing* (成兴) would be available on 9 and 11, November, respectively. Thai remittance trade resumed business.¹⁵¹

According to the Shantou branch of PBC, the bank had received remittance worth 6,488,438 yuan from November to December since its initiation of remittance transactions. The remittance from Thailand accounted for the most, followed by Singapore and then Hong Kong.¹⁵² Although the number of remittance letters had a slight increase, the overall remittance amount reduced due to the relatively high commission fee and the favorable rate offered by the black market.¹⁵³ It also revealed that the unscrupulous deals did not cease in the remittance trade, including counterfeit currency, false claim on the remittance amount, etc. Five remittance firms were found

¹⁴⁹ Tong Guan Pao [中原报], November 28, 1949.

¹⁵⁰ Kwang Hua Daily News [光华报], November 1, 1949.

¹⁵¹ Kwang Hua Daily News [光华报], November 7, 1949.

¹⁵² Tong Guan Pao [中原报], January 30, 1950.

¹⁵³ Kwang Hua Daily News [光华报], November 17, 1949.

guilty, and the total amount of smuggling reached 49,921 Hong Kong dollars.¹⁵⁴ In January 1950, the Central Finance and Economics Commission (CFEC) declared the overall principles on remittance policy, that was 'to protect *qiaobao* (overseas Chinese, 侨胞) interests, and to take in Huaqiao remittance in large quantities.'¹⁵⁵

In this light, the Chinese government implanted a package of effective measures to 'protect *qiaobao* interests,' and more importantly, to 'attract remittance in large numbers.' Under the guideline, the leading institution handling remittance- the Bank of China- were prohibited from arbitrage on currency exchanges of remittances in that the low exchange rate could trigger a loss of overseas China, running against the principle of protecting their interests. Given that the currency fluctuation had a far-reaching impact on remittance inflows, the new government's paramount task was to stabilize its new currency RMB. The nationalist government used to make an errant decision: giving preference to solving the currency problem at the price of remittance. It was not only to solve the currency problem but also led to a significant decline of remittance. Learning the lesson from the previous government, the communist government adopted a new approach by issuing a type of deposit receipt specially designed for the small-amount remittance for overseas Chinese, called *Dingeyuanbi qiaohui cundan* (定额原币侨汇存单) in Chinese. *Yuanbi* means that the remittance could be remitted in their original currencies.

The deposit receipt was not a currency so that it was required to exchange into legal currency *Renminbi* (人民币) or *Nanfangquan* (南方券) when needed. The exchange process was carried out depending on the willing of recipients: when the exchange rate of Hong Kong market was better than the one of Chinese official bank, the recipients were allowed to exchange according to the Hong Kong rate; conversely, when the

¹⁵⁴ Tong Guan Pao [中原报], January 30, 1950.

¹⁵⁵ Lim Jin Li, 2019, *The Price and Promise of Specialness: The Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p69.

official bank's exchange rate was better than the Hong Kong market's, the recipients were also permitted to buy Chinese currency from the Chinese bank. This approach used one stone killing two birds. On the one hand, the flexible choice available for the overseas Chinese and their families considerably eased their concerns about the devaluation of the remittance in the exchanging process, and thus attracting more remittance from overseas. Meanwhile, this method could reduce the supply of RMB and help to stabilize the currency and price.¹⁵⁶ Accordingly, the smuggling decreased as a result of a lower price level. By March of 1950, the general price had decreased by 30%, and the official rate was quite close to the Hong Kong market, contributing to a significant rise of the remittance amount in March and April.¹⁵⁷

The PRC government was also well aware of the transnationality of overseas Chinese interests, namely, the overseas remittance depended on the domestic considerations. Thus, their preferential treatment includes both Chinese living abroad and their families left in China, *qiaojuan*. Thus, the government created *huaqiao* retail store (华侨商店) or *huaqiao* counters (华侨专柜) avail *qiaojuan* of daily consumer goods as well as a system of preferred supply (特殊供应) for *qiaojuan* to access to rare consumer goods, like watches, radios, etc.¹⁵⁸ Additionally, the communist government enhanced its cooperation with the remittance association in Thailand in terms of stemming smuggling. When the newly-elected president of the Thai remittance association *Ma Canfeng* (马灿峰) took office in January 1950, Ma expressed his support for the communist government's policy on remittance trade on behalf of the association, and set up a "Scrutiny Committee (检举委员会)" to coordinate with the communist government in the crackdown on smuggling. The Committee was consist of five remittance firms owners who also served as the boarding member of the association,

¹⁵⁶ Chuan Min Pao [全民报], January 26, 1950.

¹⁵⁷ Chuan Min Pao [全民报], October 1, 1950.

¹⁵⁸ Peterson, Glen., 2012, *Overseas Chinese in the People's Republic of China*, London: Routledge, p63.

Nan Changlong(南昌隆), *Yong Shunli*(永顺利), *Yi Faxing*(义发兴), *Yong Xingsheng*(永兴盛), and *Hehe* (和和).¹⁵⁹

The Chinese government did not rely solely on this self-monitoring means, and it also ordered PBC to organize an inspection team to report an offense and encouraged the masses to give tip-offs on smugglers. The exposure of *Hehe*(和和) remittance firm's smuggling scandal was the result of the mass tip-off, regardless of *Hehe* (和和) remittance firm's position as one of the five committee members in the scrutiny committee in Bangkok.¹⁶⁰ Moreover, the Chinese government aspired to strengthen its promotion of remittance policy towards overseas Chinese remittance firms, known as 'foreign currency belongs to the public, interests belong to the individual' [外汇归公, 利润归私], which was proposed by the PBOC in the first economic commission conference.¹⁶¹ "Foreign currency belongs to the public" indicated that the foreign remittance should not be transferred through any private institution other than Chinese national banks, and 'interests belong to the individual' signified that reasonable (legal) benefit of the remittance firms was protected. In October, the government implemented a remittance bonus system with 5‰ of the received amount of foreign remittance as the bounty for the remittance firms.

The reward increased to 7.5‰ by July 1953.¹⁶² Furthermore, the government exempted the postage for replied letters that had been charged since the nationalist administration in 1948.¹⁶³ After the Thai association confirmed the undecided commission fee of

¹⁵⁹ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui* [The Collection of Thai Remittance Mail Industry Documents], Shantou: Chaoshan Historical Culture Research Center, p380.

¹⁶⁰ Chuan Min Pao [全民报], February 1, 1950.

¹⁶¹ Lim Jin Li, 2019, *The Price and Promise of Specialness: The Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p71.

¹⁶² Zhang Saiquan [张赛群], 2012, "Jianguo chuqi woguo zhengfu qiaohui zhengce and shixiao fenxi (The Government Policy Towards Remittance and an Analysis of its Effect in Early People's Republic of China Era)," *Overseas Chinese Journal of Bagui* No.3, p40.

¹⁶³ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui* [The Collection of Thai Remittance Mail Industry Documents], Shantou: Chaoshan Historical Culture Research Center, p407.

remittance for long in July, the communist government urged a reduction of the charge given the overseas Chinese's poor economic condition. Beyond that, the communist government's policy on remittance at the nascent stage turned out to be flexible. It took advice from the Thai Association and decided on an immediate transaction of remittance once arriving in Shantou rather than making them wait until the end of the month. Moreover, it allowed the overseas remittance firms to buy industrial materials to import to China, which was formerly forbidden.¹⁶⁴ These measures had provided great convenience for the overseas Chinese, making them more accessible and faster to remit to China. Hence, the Thai remittance had seen a marked increase, especially when the Chinese Spring Festival was approaching.¹⁶⁵ Smuggling continued but primarily reduced.

6.2 Thai Remittance Business: Caught in the Contradictions Between CCP's Overseas Remittance Policy and China's Socialist Transformations in the 1950s

Overall, these measures not only catered to the interests of the overseas Chinese but also served the national interests in utilizing overseas remittance to help recover the collapsing economy, thus playing an essential role in boosting remittance trade in the early days of new China (1949-1950). Given the economic unity of overseas Chinese, the communist government attempted to woo overseas Chinese and integrate this group into the national economic construction. Behind the ostensible emphasis on the combination of private interests (of overseas Chinese) and the public interests (of the broader Chinese people), there was an underlying consumption: the private interests of overseas Chinese were only tolerated as it served the interests of the party-state.¹⁶⁶ However, the *huaqiao* interests not always coincided with national interests.

¹⁶⁴ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p411.

¹⁶⁵ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p410.

¹⁶⁶ Lim Jin Li, 2019, *The Price and Promise of Specialness: The Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p72.

The following years saw that the discontinuity was constantly undercutting the CCP's efforts in wooing overseas Chinese based on an economic pragmatism within the remittance policy as well as its contradiction to CCP's other agendas in socialist transformation, particularly for intervene in Korean War and land reform, all of which was in the name of the so-called *raison d' état*. In January 1951, the Chinese government refrained from offering unsecured loans for the remittance transaction. Previously, the government banks were allowed to provide the unsecured loan in RMB for the remittance firms to cash when the remittance letters arrived at Shantou ahead of the remittance (in HK dollars), and then the loan was paid off after the remittance in HK dollars arrived. This approach indeed speeded up the remittance transaction process, and the recipients could obtain their money faster, but the government banks had to bear the losses resulting from the devalued Hong Kong dollars.¹⁶⁷ For this reason, the PBOC prohibited the policy designed to woo overseas Chinese remittance.

The policy inconsistency was seen in another case of the new regulations on remittance in the form of import materials. The opening door for overseas remittance sent in the form of industrial materials confirmed at the end of 1950 was shut down in April 1951 given the difficulties and risks in foreign exchange transfer evoked by the US and its allies' intensified pressure on the Chinese trade and finances due to China's intervention in Korea war (1950-1953).¹⁶⁸ The inconsistency of the government remittance policy aroused great discontent among the overseas Chinese. Moreover, the communist government's preferential treatment of overseas Chinese was left in a growing contradiction to its socialist transformation undertook after 1949, resulting in a large number of mistreatments, economic losses, and even costs of lives

¹⁶⁷ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p413.

¹⁶⁸ Zhang Saiquan [张赛群], 2012, "Jianguo chuqi woguo zhengfu qiaohui zhengce and shixiao fenxi (The Government Policy Towards Remittance and an Analysis of its Effect in Early People's Republic of China Era)," *Overseas Chinese Journal of Bagui* No.3, p43.

of *qiaojuan* (Overseas Chinese family dependents) in some cases. According to the Agrarian Reform Law that promulgated in June 1950, the agricultural land and other rural property were redistributed based on class designations that officially defined: landlord, rich peasant, middle peasant, poor peasant, and landless agricultural labor.¹⁶⁹

'Landlords' referred to someone who "owns the land, does not engage in himself...Moreover, lives by exploiting the peasants" Thus, their lands and "excess property" were subject to expropriation and redistribution, leaving them with land and resources equal to that of a 'poor peasant' status. Unlike landlords, 'rich peasants' were exempted from expropriation due to their engagement in agriculture work. For overseas Chinese, the investment on land and houses provided income for left-at-home wives and family members but also ensured that the migrants had a place to return when getting old. More importantly, ancestral land and houses constituted the material embodiment of a successful patriline, and its accumulation was often a primary motivation for migration. Even the most destitute migrants plowed their meager savings into the building of an ancestral house. Not surprisingly, the emigrant families were found to own one-fifth of all land in Guangdong province, the eminent region for Chinese migration to Thailand.¹⁷⁰

In the fall of 1950, PRC policymakers' milder version of land reform in the migrant-sending regions, however, degenerated into a more violent movement with the arrival of northern cadres sent to the south to replace Guangdong officials and cadres who were accused of overly lenient to landlords due to their local affinities.¹⁷¹ The shift was out of Mao's desire for an acceleration of Land Reform in South China following the Korean War breakout. Mao feared that the war might lead to the rise of domestic forces that were hostile to the CCP and further stimulated the Nationalist-led attempt to retake

¹⁶⁹ Peterson, Glen., 2012, *Overseas Chinese in the People's Republic of China*, London: Routledge, p45.

¹⁷⁰ Peterson, Glen., 2012, *Overseas Chinese in the People's Republic of China*, London: Routledge, p44.

¹⁷¹ Lim Jin Li, 2019, *The Price and Promise of Specialness: The Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p106.

the mainland with US support. Thus, a transformation of the national land reform into a violent class struggle against class enemies might be the best way to eliminate the internal foes.¹⁷² The following years watched a remarkable rise in the violent persecution of overseas Chinese, including *qiaojuan* (Overseas Chinese family dependents) and *guiqiao* (returned overseas Chinese), revealed by newspapers in Hong Kong and overseas. For instance, Guan Wenyuan (管文员) worked in Thailand as a carpenter for several decades and regularly sent remittance to his family in *Meixian*. His family used the remittance to purchase three *mu* (亩) of farmland. Thus, his family was labeled 'landlords', and their land, house, and rice stocks were confiscated. Furthermore, the Guan family was demanded to make a HK\$ 50,000' donation' to support the Resist America and Aid Korea campaign.¹⁷³

This case was not unusual. By the own official admission, only 25-30% of *qiaojuan* 'hit' had been accurately targeted, whereas 20-25% were wrongly attacked, and 50% dealt with disproportionately.¹⁷⁴ At least 320,000 *qiaojuan* had been branded 'landlords' in Guang Dong because they received overseas remittance and consequently lost their ancestral lands, houses, personal possessions, and grain reserves, coupled with physical attack and even death accompanied land reform. Besides, the communist government strengthened its propaganda towards overseas Chinese, and therefore organized waves of the party education on *daishuren* (the people who wrote letters for illiterate overseas Chinese or their families, 代书人) and courier.¹⁷⁵ However, the propaganda campaign intended to create a positive image of new China ended up taking the reverse effect due to the lower-level cadres' ill-implementation. The most controversial one was the government intervention in the letters writing between the overseas Chinese and their family, a practice that no former governments had ever tried.

¹⁷² Peterson Glen., 2012, *Overseas Chinese in the People's Republic of China*, London: Routledge, pp47-48.

¹⁷³ Lim Jin Li, 2019, *The Price and Promise of Specialness: The Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p110.

¹⁷⁴ Peterson Glen., 2012, *Overseas Chinese in the People's Republic of China*, London: Routledge, p57

¹⁷⁵ Shantou Archive [汕头档案馆], D022-1-1956-13, p16.

According to the investigation of the Special Branch in the field of Communities of Thai police, Chinese merchants in Bangkok and other provinces had received letters from their families in China expressing the hardships or wrote 'ransom notes' requesting for money to save their parents, children, wives or siblings, who had been arrested by Communist China during land reform. If the ransom was not given, their relatives would be tortured. It was estimated that there were about 300 cases and more than about 1 million HK dollars or 3 million Thai baht for each year, and these ransom calls were mostly in Songwad Sampeng and other subdistricts in Phra Nakhon Province.

Those who chose to pay the ransom money sent through Anda Company, a branch office of China's Communist Party with a connection with a branch in Hong Kong.¹⁷⁶ As a result, the overseas Chinese in Thailand were thrown into torment of doubt as to the best course to follow, but whatever their decisions, all found their enthusiasm for Communism dimmed. In February 1951, Bangkok money-market circles reported a decline in remittances to China, while by October, a survey of Chinese remittance firms in Bangkok indicated a reduction in the average size of monthly remittances to less than HK dollar 40. Many Chinese feared that larger remittances could cause the Communists to take their families and relatives for "rich peasants" or subject them to heavier taxes.¹⁷⁷ The local officials' direct meddling in the use of remittance. In *Shantou*, it was reported that some *qiaosheng* (侨生, overseas Chinese students returning China from abroad) sent their remittance back when school officials attempted to control remittance on *qiaosheng's* behalf in September 1953.¹⁷⁸

Although the government realized these problems' negative impact on remittance flows and intended to restore the situation, it turned out that only the officials in charge of the

¹⁷⁶ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p93.

¹⁷⁷ Skinner George.W.,1957, *Chinese society in Thailand: An analytical history*, Ithaca, New York: Cornell University Press, pp326-330.

¹⁷⁸ Lim Jin Li, 2019, *The Price and Promise of Specialness: the Political Economy of Overseas Chinese Policy in the People's Republic of China, 1949–1959*, Leiden: Brill, p112.

overseas Chinese affairs paid particular attention to the overseas Chinese's sufferings during the land reform.¹⁷⁹ The preferential treatment of overseas Chinese families was neither firmly supported by all the cadres nor the Chinese people who were not overseas Chinese. Instead, the policy aroused resentment and envy among the non-*huaqiao* mass. In late 1954, when the central government decreed to restitute overseas Chinese-owned houses that were expropriated during land reform, especially when the impoverished villagers were required to vacate houses or pay rent to better-off *huaqiao* family, it became “the most complex and intractable issue faced with the government,” described by Fang Fang.¹⁸⁰ Some occupants simply refused to cooperate. It was reported that an overseas Chinese woman from Thailand returned Shantou, and the occupants of her house refused to pay rent even when the woman managed to secure a court order to vacate the occupants, they still refused to budge.¹⁸¹ The housing issues caused a split between overseas Chinese and the rest of the Chinese was not solved until the 1990s. Overseas Chinese found themselves the minority even in their own homeland.

6.3 Thai Remittance Trade in the Shadow of Cold War

The CCP's involvement in the war against the USA also implied the Thai government's policy towards Chinese remittance trade, given that Thailand was a reliable anti-communism bulk in the USA strategic landscape. The Thai government's anti-communism stance turned assertive when the communist government frequently targeted its policies towards the Chinese in Thailand. For the USA and Thailand, the Korean War had demonstrated the aggressive tendencies of Communism, thus providing an opportunity to bring the two opponents of Communism together.¹⁸² Phibun Songkhram, Thailand's wartime Prime Minister, who had returned to power since 1947 signed a package of agreements with the United States for the educational

¹⁷⁹ Peterson Glen., 1988, “Socialist China and the Huaqiao: The Transition to Socialism in the Overseas Chinese Areas of Rural Guangdong, 1949-1956,” *Modern China*, Vol. 14, pp. 309-335, p326.

¹⁸⁰ Peterson Glen., 2012, *Overseas Chinese in the People's Republic of China*, London: Routledge, p63.

¹⁸¹ Peterson Glen., 2012, *Overseas Chinese in the People's Republic of China*, London: Routledge, p62.

¹⁸² Kullada Kesboonchoo Mead, 2012, “Chapter 11, The Cold War and Thai Democratization,” *Southeast Asia and the Cold War*, edited by Albert Lau, p217.

exchange, technical assistance, and military aid followed by Thailand's support of United Nations intervention in Korea in the form of badly needed rice and an expeditionary force. Phibun even stated that “there is a status of undeclared war between this country and Communism.”

In order to contain Communist China's military aggression, the U.S.A. imposed an economic sanction' on communist China, that was a total trade embargo on the strategic goods. To keep in line with the U.S. action, the Thai government proposed to cut off any contact with the Red China and the remittance was on the prohibition list. The approval of the proposal by the Cabinet shocked the Thai remittance industry and 3 million Chinese in Thailand.¹⁸³ The severe pressure on the remittance trade came in 1952 when the National Bank of Thailand promulgated ministerial regulation No.9 on March 19, 1952, limiting the amount of money sent to China with a maximum of 2000 thousand baht per month at the official rate. As for people traveling outside of Thailand, they were allowed to hold foreign currency worth no more than 3, 500 baht, or one family holding the same passport not more than 7, 000 baht.¹⁸⁴ Moreover, the new regulation required all the remittance firms to apply for a new license of exchange shops aimed at 'preventing the flight of capital overseas',¹⁸⁵ which was unaffordable for the remittance firms, given that the tax on exchange shops was even higher than banks, but the profits made by remittance firms were far fewer than banks.

This regulation almost killed most of the remittance firms in Thailand.¹⁸⁶ As a result, the Thai Remittance Association had to announce a suspension of remittance trade for one month since March 25, 1952, and at the same time, Chin Ussakul (马灿峰), the head

¹⁸³ Kwang hua Daily News [光华报], May 24, 1951.

¹⁸⁴ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p94.

¹⁸⁵ Kwang Hua Daily News [光华报], March 23, 1952.

¹⁸⁶ Chuan Min Pao [全民报], March 26, 1952.

of the remittance association petitioned to the Thai Ministry of Finance for leniency.¹⁸⁷ It was not until April that the Thai Ministry of Finance finally compromised so that the remittance trade could resume operation. Another crisis arose when the Ministry of Finance imposed censorship on the remittance letters to China. The Thai police raided remittance firms and detained two consignments of remittance letters and over twenty thousand in all for screening,¹⁸⁸ coupled with the arrests of the managers of five remittance firms on charges of their connections with communists: Luo Jiefan 罗价藩 (新华利), Chen Fubi 陈府弼(振潮兴), Xu Ziheng 许子衡 and Xu Peifeng 许培丰(和和), and Chen Peina 陈培南(南昌隆), who was also the former president of Remittance Association.¹⁸⁹ Despite the communist-related charges, the interrogation was chiefly about their business operation, especially for the foreign currency exchange situation of these remittance firms. The Thai remittance trade suspended again.

6.4 Screaming for Thai Economic Nationalism and the Formation of Remittance Syndicate in Thailand 1950-1955

The remarkable development of the remittance trade during 1950-1955 was in line with the Thai government's screaming for economic Thaification, which reached a culmination in 1953 and was consciously relaxed in 1955. It heralded that the Thai authority's policy towards Chinese remittance trade was attributed to more of a domestic trajectory of economic nationalism than the anti-communism discourse, despite the persistent role of Thai anti-communism narrative in exchange for the US economic assistance. In many cases, anti-communism simply provided an opportunity for the police to extort money from Chinese merchants. As a Thai newspaper put, "It is the easiest thing in the world to bleed Chinese in our country. Merely preferring a charge of being communist or having communist tendencies is more than sufficient for the members of the police to obtain huge sums of money from them as they please."

¹⁸⁷ *ibid.*

¹⁸⁸ Tong Guan Pao [中原报], January 30, 1953.

¹⁸⁹ Tong Guan Pao [中原报], January 15, 1953.

¹⁹⁰ Regardless the political cause or economic reason, the Thai economic nationalist campaign led to the Sino-Thai business alliance at the elite level in almost every business sector, including the remittance industry and banking industry, which also led to rampant corruption in the Thai government.

To limit the number of the remittance firms in Thailand, The Thai government assigned the Minister of the Interior (mostly police officials) and the governor of the Bank of Thailand (BOT) Mr. Serm Vinicchayakul to discuss the implementation details and set the quota for the remittance firms as three.¹⁹¹ Consequently, the Thai government outlawed all the current remittance firms except for three firms, *Yong Shunli*(永順利), *Yong Huali*(永華利), and *Yong Xingli*(永興利), seen the advertisement of the three firms.¹⁹² It was required that all the remittance letters had to be delivered through the three licensed remittance firms since February 9 of 1953.¹⁹³ According to the Chinese newspaper, *Yong Shunli*(永順利), *Yong Huali*(永華利), and *Yong Xingli*(永興利) was owned by Chin Assakul (马灿峰), Ma Xiudeng (马修登), and Ma Canguang (马灿广) respectively.¹⁹⁴ It was suggested that the three remittance firms were all affiliate with Chin Assakul (马灿峰), the then president of the Thai Remittance Association. His business ties with officials in the Ministry of Finance enabled him to acquire all the three licenses.¹⁹⁵

¹⁹⁰ Skinner George.W., 1958, *Leadership and Power in the Chinese community of Thailand*, Ithaca, New York: Cornell University Press, pp303-304.

¹⁹¹ 中原报, January 20, 1953.

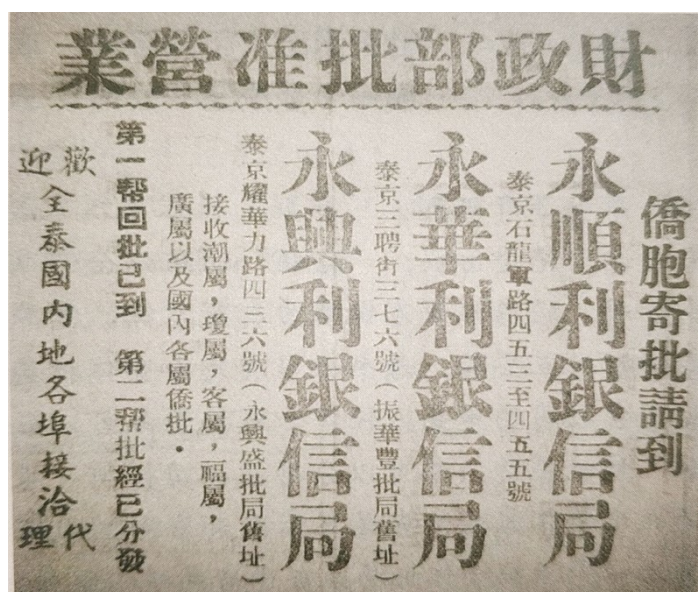
¹⁹² 中原报, March 14, 1953.

¹⁹³ 中原报, February 9, 1953.

¹⁹⁴ 中原报, February 25, 1953.

¹⁹⁵ Skinner George.W., 1958, *Leadership and Power in the Chinese community of Thailand*, Ithaca, New York: Cornell University Press, pp304-305.

Figure 3. 9 Advertisement of the Three Remittance Firms



Source: Tong Guan Pao [中原報], March 14, 1953.

When another 17 remittance firms applied for a new license, the Ministry of Finance (MOF) declined their request and asked them to cooperate with any of the three legalized firms. If the three firms did not agree on cooperation, the remittance firms could report immediately so that the MOF would come up with other solutions.¹⁹⁶ The 17 remittance firms were loath to be affiliated with the three firms monopolized by Chin Assakul. Thus, they turned to two influential merchants Chin Sophonpanich(陈弼臣) and Leun Buasuwan (王慕能). Chin was the founder of Bangkok Bank in Thailand and the owner of Asia Trust Company, an authorized company in charge of foreign currency exchange business due to the ties with the military junta General Pao Sriyanont. Leun, under General Pin Choonhavan's clique, was the chairman of the board of the Bangkok of Ayuttaya that obtained another license for the foreign exchange business.¹⁹⁷

Asia Trust Company and Bank of Ayuttaya made tremendous profits due to its alliance with one of the most influential military junta, serving as an important economic source

¹⁹⁶ Tong Guan Pao [中原報], February 25, 1953.

¹⁹⁷ Tong Guan Pao [中原報], April 22, 1953.

for the Pin-Pao clique.¹⁹⁸ In return, Chin and Leun enjoyed their protection and reaped economic privileges due to the alliance with the powerful military junta. Given their reputation and clout, Chin Soponpanich(陈弼臣) and Leun Buasuwan (王慕能) were invited by the representatives of the rest remittance firms without a license to counterbalance Chin Assakul's monopoly on the Thai remittance trade. As a result, three new companies were created in April 1953:

1. Mia Sin Company Ltd., with Mr. Chin Ussakul as chairman at 453 Chareon Krung Road, Bangkok
2. Leng Sin Company Ltd., with Mr. Leun Buasuwan as chairman at Sam Yaek Bangkok.
3. Chin Sin Company Ltd., with Mr. Chin Soponpanich as chairman at 80 Rajawangse Road, Bangkok. (Tong Guan Pao[中原报], March 14, 1953)

Thus, Chin Ussakul no longer monopolized the three remittance licenses but also shared by Leun Buasuwan and Chin Soponpanich. The dispute surrounding the cooperation and integration of the remittance trade was settled. It was realized by *lianying* (联营, cooperation), which made the remittance industry look like a single entity but was a loose alliance of different members(remittance firms), each with its operation and management. Under the new arrangement, all the 64 remittance firms managed to continue their business as shareholders by investing 1.05 million Thai baht of share capital evenly to the three companies and electing the board of directors composed by 27 remittance firms, 10 Teachiew, 2 Hainanese, 1 Hokkien, 1 Cantonese, and 1 Hakka. In other words, the remittance firms received remittance letters as before, but in the name of any three companies.¹⁹⁹

¹⁹⁸ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p183.

¹⁹⁹ Tong Guan Pao [中原报], April 27, 1953.

The three companies still were required to buy foreign currency from Sophonpanich's Asia Trust Company, and Buasuwan's the Bank of Ayutthaya. Chin and Leun tended to focus on their banking business and rarely intervened in the remittance business. In other words, the remittance firms without licenses at first succeeded in taking two licenses away from the hand of Chin Ussakul by affiliation with Leng Sin Company Ltd Chin belonged to Leun and Chin Sin Company Ltd owned by Chin. The remittance trade in Thailand hereto had transformed into a remittance syndicate dominated by these three merchants, especially Buasuwan and Sophonpanich, given the vast profits reaped from the foreign currency exchange business essential to the remittance trade. Later, the three companies merged into one: Credit Union, which was officially granted a license by the government on July 18, 1955.

The new company was affiliated by 61 remittance firms and was still led by Leun Buasuwan as the chairman, Chin Sophonpanich as the director of finance, and Chin Ussakul as manager. Nevertheless, the biggest beneficiaries in the transformation were not so much the three tycoons as the ones behind them-General Phin and Pao. The formation of the syndicate was not unique in the remittance industry, and the 1952-1953 period also witnessed the set-up of the Thai Banking Syndicate, the Thai Gold Syndicate, and the Thai Pork Syndicate.²⁰⁰ For this phenomenon, it was indispensable to put it in the context of economic and political development, marked by the expanded role of the Thai government in the economic sphere with the rising tide of economic nationalism. The economy Thaification campaign revived soon after Phibun returned to power since 1948, accelerated following the "insiders" coup d'etat of November 29, 1951, which brought General Phao Sriyanont into political prominence. He married the daughter of General Phin Choonhavan. The political power was distributed among three

²⁰⁰ Skinner George.W., 1958, *Leadership and Power in the Chinese community of Thailand*, Ithaca, New York: Cornell University Press, p359.

significant cliques headed by Phibun, Phin-Pao, and Sarit and fiercely struggled with each other.

Particularly for the Phin-Pao and Sarit groups, they both needed an economic base to bolster their political and economic power to attain higher and more enduring prestige.²⁰¹ The business alliance with Sophonpanich and Buasuwan and other business moguls indeed enriched Phin and Pao. They sat as advisers or directors in the board committee of Chinese firms and paid large numbers of honorariums, bonuses, and salaries.²⁰² Due to the Thai officials' engagement in the business, the Chinese firms turned into “Thai company,” which seemingly attained economic Thaification goals. For the Chinese merchants, the connection with the Thai elite provided their business with security and facilitation as well as special privileges to monopolize and circumvent the law.²⁰³ Therefore, it was not surprising when the Thai Minister of Finance confided that the set-up of remittance syndication was put forward by the Chinese merchant to rig the whole remittance business.²⁰⁴

6.5 Breakout of the Monopoly of Remittance Trade and the New Challenges from Modern Bank 1956-1975

The premier Phibun stated that “government officials, whether soldiers, civil servants or police, whether permanent or political, should not engage in a business affecting the national economy and the lives of the people.” In this view, the Thai government made attempts to reduce the government's role and the officials’ engagement in business. However, the attitude was softened by allowing the government officials to own stock

²⁰¹ *ibid*

²⁰² Skinner George.W., 1958, *Leadership and Power in the Chinese community of Thailand*, Ithaca, New York: Cornell University Press, p303.

²⁰³ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p96.

²⁰⁴ Tong Guan Pao [中原报], November 15, 1955.

and serve on boards but not to hold executive positions²⁰⁵ Regardless, the government policy shift played a vital role in revolving the Remittance Syndication and helped the remittance industry dismantle its monopoly. Furthermore, the characteristics of the remittance trade made it difficult and challenging to sustain a monopoly. The remittance trade has developed along the geographic line for long. The Thai remittance trade was dominated by the Teochew group given the overriding numbers. However, only Hakka usually utilized the Teochew remittance firms to deliver remittance while the rest speech groups of Hainanese, Hokkien, and Cantonese operated their remittance trade separately. The remittance firms' clients were usually from the same place as the owner of the remittance firm. Hainanese Chinese probably would not ask a Teochew remittance firm to deliver the remittance for them.

Therefore, remittance firms from different dialect groups were only in charge of the remittance delivery in their geographic scope. Hokkien was mainly from Fujian (福建) Province; Hainanese was primarily from Hainan Island; Hakka was from Meizhou (梅州) of Guangdong Province (广东) and Cantonese was mainly from surrounding areas of Guangzhou(广州) in Guangdong Province. As for Teochew, they were mainly from Chaoshan Region(潮汕地区) in the eastern part of Guangdong Province, consist of eight counties Chaoan(潮安), Jieyang(揭阳), Puning (普宁), Chenghai(澄海), Raoping(饶平), Fengshun(丰顺), Huilai(惠来) and Chaoyang(潮阳). Teochew dialect was further categorized into 8 groups. Even though the establishment of the remittance association in 1947 encompassed all the Chinese speech groups in Thailand for the first time in history, the remittance firms from different dialects operated in a separate line in terms of the collection, delivery routine and commission charges.

²⁰⁵ Skinner George W., 1958, *Leadership and Power in the Chinese community of Thailand*, Ithaca, New York: Cornell University Press, p316.

To manage the miscellaneous remittance conglomerate presented to be a challenge for those who lacked the experience in remittance trade. Besides, the public complaint from the Chinese community also facilitated the dismantlement of the remittance syndication led by the United Credit. In 1955, the United Credit Company earned 6 million baht from high service fees and exchange rates. However, the high cost caused heavy economic burden for the Chinese remitters consisted of coolie, petty dealers or low-level employees, etc., who grumbled that the United Credit Company was exploiting them in the Chinese newspapers.²⁰⁶ As Sophonpanich confessed to the Minister and Permanent Secretary of the MOF, “the exchange rate was even 30 sadang higher than the banks and service fee was charged as high as 7.5 baht for each letter.” Under the mounting pressure of the public opinion, Sophonpanich and Buasuwan decided to resign from their position in the United Credit Company in 1955.

Nevertheless, the break-up of the United Credit Company's monopoly could not be discussed by overlooking the political context at that time. Since 1955, it had witnessed that the Pin-Pao clique lost its power to another field marshal Sarit Thanarat, who staged a coup in 1957 to overthrow the Phibun government. With the fall of the Pin-Pao group, Chin Ussagul and Leun Buasuwan were forced to fell from political persecution and died in the airplane crash in 1956. Due to the abovementioned factors, the Thai government accelerated its move to end the syndication.²⁰⁷ Firstly, MOF did not approve of granting a new license to the United Credit Company when its license was expired in July 1956. In order to encourage competition, the MOF decided to increase the license number to 12 according to dialect division after consulting with Sahat Mahakun (张兰臣), the president of the Chinese Chamber of Commerce. As for the distribution of these approved licenses, the then Minister of Finance, General Pao

²⁰⁶ Kwang Hua Daily News [光华报], January 1, 1957.

²⁰⁷ Tong Guan Pao [中原报], April 27, 1953.

Boripanyuthakit, delegated Sahat Mahakun to handle it.²⁰⁸ Given its impact on the whole Chinese community, Sahat Mahakun called a meeting of all the prominent Chinese associations and five leading Chinese newspapers in Thailand to discuss the distribution issue, together with the new head of the remittance association, Chen Peinan (陈培南) who replaced Chin Ussagul to be the new chairman since 1956.

During that time, there were 64 remittances firms in which 42 shops belonged to Teochew, 17 shops to the Hainanese, 3 firms to the Hakka, 1 firm to the Cantonese, and 1 firm to the Hokkien. The Chinese community decided to assign 7 licenses to Teochew remittance firms for the Teochew was further separated into 7 groups according to accent variance while 4 licenses would be granted to the remaining four dialect groups, respectively. Each license would merely allow for registration of one company, and thus the set-up of the new company was decided by each dialect group. Meanwhile, the last license would be given to a firm called Poh Kew Sin Kek company. However, it was indicated that the company belonged to the business group led by Chin Assakul from the location and name of its manager. Once it was allowed to operate, it would function somewhat like the Credit Union Company as the liaison and coordinator for all the remittance firms, which MOF considered unnecessary and potentially hazardous for the remittance trade.²⁰⁹

Therefore, MOF was reluctant to grant one license to Poh Kew Sin Kek company, given Ussagul's previous position as one of the three monopolists, coupled with the decline of his influence with the fall of his political protector Pin-Pao clique. Eventually, MOF decided to grant only 11 licenses to the remittance firms but gave another license to

²⁰⁸ Hong Lin [洪林] and Li Daogang [黎道纲] (eds.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p482.

²⁰⁹ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p98.

Thanasub Company formed by two banks, Thai Farmers Bank (Kasikorn Bank)²¹⁰ and Kaset Bank,²¹¹ as showed in Figure 3.10. Besides, the Chamber of Commerce organized 13 Chinese associations and five Chinese newspapers altogether into a committee to monitor the remittance price at the request of the MOF. On top of that, the Thai government reinforced the control on the remittance trade through coordination among different government sectors, including the Ministry of Finance, Bank of Thailand, Post and Telegraph Department, and Customs Department in which MOF and BOT played a leading role.

Figure 3. 10 List of Representatives of the Remittance Firms Authorized by the Ministry of Finance by Accents in 1956

No.	Company's Name	Manager's Name	Office Location
Teochew Group			
1	Kong Luk Sin Kek Ltd. 康乐信局有限公司	Mr. Ek Ha Sae Heng	29 Plaeng Nam Rd., Tambon San Chao Kao, Amphur Sampanthawong
2	Song Joon Sin Kek Ltd. 崇俊信局有限公司	Mr. Kay Jeow Tang	470 Wanich 1 Rd., Tambon Chakrawat, Amphur Sampanthawong
3	Tai Ngeab Sin Kek Ltd. 大业信局公司	Mr. Song Tao Tang	429 Wanich 1 Rd., Tambon Chakrawat, Amphur Sampanthawong
4	Hoo Tong Sin Kek Ltd. 孚中信局有限公司	Mr. Jang Oo Jang	332 Wanich 1 Rd., Tambon Chakrawat, Amphur Sampanthawong
5	Seng Tong Sin Kek Ltd. 盛中信信局公司	Mr. Sik Chew Bay	301 Sampeng Rd., Tambon Ratchawong, Amphur Sampanthawong
6	Eui Tong Sin Kek Ltd. 伟中信局有限公司	Mr. Jeu Yen Eua	16 Pipaksa 1 lane, Padoon daao Rd. Amphur Sampanthawong

²¹⁰ Thai Farmers Bank was established on June 8, 1945 by Choti Lamsam, who was the third generation of lamsam family, the grandson of Ung Miao Ngian (伍淼源) and the eldest son of Ung Sunan(伍佐南). The bank changed its name to Kassikorn Bank in 2003.

²¹¹ Kaset Bank was a government-owned bank, and on March 14, 1966, Kaset Bank and Monton Bank merged into Krungthai.

7	Hong Tai Sin Kek Ltd. 宏大信局有限公司	Mr. Biew Hai Tang	528 Yaowaraj Rd., Tambon Sampanthawong, Amphur Sampanthawong
Hainan Group			
8	Hui Kiey Sin Kek Ltd. 惠侨信局有限公司	Mr. Tia Sae Yaow	115 Palitapon lane, Tambon Chakrawat, Amphur Sampanthawong
Hakka Group			
9	Kian Lim Sin Kek Ltd. 建立信局有限公司	Mr. Ngueng Chieng Jeng	119 Yaowaraj Rd., Tambon Sampanthawong, Amphur Sampanthawong
Cantonese Group			
10	Jee Thong Sin Kek Ltd. 志通信局有限公司	Mr. Hong Pun Joon	432 Yaowaraj Rd., Tambon Sampanthawong, Amphur Sampanthawong
Hokkian Group			
11	Kong Ngee Sin Kek Ltd. 公义信局有限公司	Mr. Sia Pek Pach	321 Chareonkrung Rd., Tambon Pomprab, Amphur Sampanthawong
Independent Group			
12	Thanasub Ltd. 万通有限公司	Mr. Kiek Boo Ko	260 Yaowaraj Rd., Tambon Chakrawat, Amphur Sampanthawong

Source: Hong Lin (洪林) and Li Daogang (黎道纲) eds. 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p484

Thai Farmers Bank and Kaset Bank in the remittance business turned out to be a competitive rival to the traditional remittance firms. The wide range of branches of the two banks provided remitters with another suitable alternative to remittance firms. Additionally, they were both supported by the Thai government. Kaset Bank was a government-owned bank while Thai Farmers Bank was operated by the eminent Lamsam family under the patronage of Sarit Thanarat. Furthermore, Thai Farmers Bank not only succeeded in receiving the remittance license through a merge with Kaset Bank but also acquired the license of foreign currency exchange, together with Thai Aanu

Bank (兴业银行), Bangkok Metropolitan Bank(京华银行), Tan Peng Choon Bank(陈炳春银行), and Si Hai Tong Bank(四海通银行).²¹²

Furthermore, the well-capitalized banks applied a flurry of innovations, such as the radio broadcast, to advertise their remittance business that remittance firms with a small capital could not afford. With a lower price and better service, the competition between Thanasup company and remittance firms led to a significant fall in remittance. When the 11 remittance firms obtained licenses from the government, they still maintain the same price as before, stirring up a new tide of public outrage in the Chinese community. Even under the pressure of the chairman of the Chinese Chamber of Commerce, the price had a slight drop.²¹³ However, the price had plummeted in December due to the “price war” between Thanasup company and remittance firms. Consequently, remittance firms had to withstand heavy losses due to the competition with the banks. The increasing importance of banks in the Thai remittance trade since 1956 led to the decline of the remittance firms.

In 1957, Kong Ngee Sin Kek (公义信局有限公司) was seized for smuggling. Given it was the only licensed company for Hokkien people, it survived. However, when the other three authorized companies were found guilty of smuggling, the Thai government decided to withdraw their licenses immediately. In the three companies, Seng Tong Sin Kek (盛中信信局公司) and Hoo Tong sin Kek (孚中信局有限公司) belonged to Teochew while Hui Kiey Sin Kek Ltd (惠侨信局有限公司) served as the only remittance company for Hainanese. Then the Hainanese remitters turned to deliver their remittance through Thanasub Company. After 1958, the amount of Chinese remittance suffered a dramatic decrease. In 1957, the remittance amount was 191 million baht, which

²¹² Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p99.

²¹³ Kwang Hua Daily News [光华报], January 1, 1957.

dropped to 6 million baht in 1960 and had maintained a stable level since then.²¹⁴ Thus, Bank of Thailand did not change the regulations, and the left 9 remittance firms, together with 35 affiliated remittance firms, sustained their remittance business by adhering strictly to the regulations for currency exchange.²¹⁵ At the time of the annual renewal of licenses in 1960s, 8 companies except the Thanasub Company Limited, moved their offices to the same place as the Remittance Association of Thailand, namely, at 56 Bamroongrat Road, Tambon Sampantawong, Bangkok, and new managers were appointed occasionally.

6.6 The Normalization of Sino-Thai Diplomatic Relations in 1975 and the Remittance Trade Since Then

In 1975, the Thai government normalized diplomatic relations with the People's Republic of China, and the Chinese in Thailand were able to return to their homeland and relatives freely. With better communication, they became aware of the real plight of their kinsmen. The remittance service became popular once again, especially after the boycotting of the Gang of Four led by Jiang Qing (江青), Chairman Mao's wife (1966-1976). The new Chinese leaders framed overseas Chinese to remit their money to their families in China and to invest in the industrial sectors for export purposes (The Poeykwan business in Thailand 1978: 665). When these Chinese became aware of their relatives' miserable conditions, they were prompted by a strong desire to help them once again after a long period of interrupted communication. Most assistance was carried out in the form of house repairing, and cemetery building for the ancestors. Some well-to-do Chinese helped build village public facilities to honor their family. The Chinese in Thailand spent much money for this purpose. The support was provided mainly during the first 4 or 5 years after the diplomatic relations were reestablished,

²¹⁴ Hong Lin [洪林], 2006, “ The Study of Thai Qiaopi and Yinxin Ju”, see in *The Culture of Thai Qiaopi*, edited by Hong Lin [洪林], Li Daogang [黎道纲], Bangkok: Sino-Thai Study Society[泰中学会], p26.

²¹⁵ National Archives of Thailand, Document of the Ministry of Finance, 0301.4.2/50 “Poykwan (Money Buying)”.

and diminished almost to the point of non-existence, except in cases of illness, marriage, or special occasions such as Chinese New Year or religious rites.

The new Chinese leaders framed overseas Chinese to remit their money to their families in China and to invest in the industrial sectors for export purposes (The Poeykwan business in Thailand 1978: 665), which led to a reduction of the role of the remittance business under the control of Bank of Thailand. The Ministry of Finance canceled the licenses for all Poykwan agents on May 27, 1981, as the amount of money bought through the agents was not substantial. The Ministry allowed the Chinese to send their money directly through three commercial banks: Bangkok Bank, Thai Farmers Bank, and Krung Thai Bank, with the amount not exceeding 1,000 baht a month (Interviewed by Yodchai Kaninthornkul). Remittances through the bank system were reduced significantly after the normalization of the Sino-Thai relations.

The open operation was done through commercial banks following the rules and regulations laid down by Bank of Thailand. An alien certificate was needed to buy foreign currency from Bank of Thailand under the exchange rate specified in the law of Foreign Currency Exchange Control 1942. Under the law, no more than 1,000 baht a month could be sent each time. Nevertheless, more remittance was sent through in clandestine ways. The secret operation was conducted principally by remittance firm under the guise of travel agency because of the lack of the legal basis for the remittance business after 1981. These remittance firms or travel agencies were operated mainly in Bangkok, particularly in the Yaowarat area -a well-known Chinatown of Thailand- and large Chinese concentrations in outlying provinces. The remittance was sent from the hands of the remitters to remittance firms in three means. Firstly, the senders brought the money to the remittance firms on their own. Secondly, remittance firms offered telephone or home service exclusively for regular customers, who were often well-off.

In most cases, these remitters were not necessarily paid the bill on the spot. Instead, they remitted on credit and later paid the money when receiving the replied letters that were often seen as the receipt for the remittance. Last but not least, the delivery could also be done through an intermediary, a middleman between the remitter and remittance firm. The intermediaries were usually familiar with the remitters and charged approximately 15% of the total remittance amount as a service fee. They prepared the necessary documents request for remittance procedure, including the receiver and sender's addresses and other information that was known merely among the remittance firms. Besides, the middlemen wrote letters or short messages for the remitters as before. However, the remittance amount was not specified, given that it exceeded 1000 baht per month, the upper limit set by the Thai government. Thus, the amount was implied by signals, such as the quantity of wheat, rice, cloth, beans, etc. Accordingly, the three means were also applied in returning the replied letters to the remitters.

The further delivery was under the charge of remittance firms which operated travel agencies at the same time. It turned out that Hong Kong remained to be a critical transit center for the currency exchange of the remittance. There were two common scenarios. If the remitter traveled to China, they sent the money in Thai baht to the tourist company (remittance firm), and then obtained a short note or secret code to claim the money in Hong Kong dollars from the remittance firms' associated company or individual agent in Hong Kong before entering in China. In some cases, travelers preferred to purchase consumer goods, such as a television, a sewing machine, or a bicycle, as gifts for their relatives in China rather than remitting cash.

The conduct could be realized in Hong Kong, too. Remittance firms would assist the travelers in ordering the goods in Hong Kong and picking them up by the purchase order in Shantou of China to bring them to their relatives in the rural villages. If the remitters were unwilling to travel but had friends or kinsmen in Hong Kong, they could

send them to claim the money from the associated company or agent of the travel agency in Hong Kong. As for those who neither traveled to China nor owned relatives in Hong Kong, they had to entrust the money to the tourist company. During that period, group tours were prevailing, and thus the tourist guide of the group would handle over the money transfer. They would claim the money in Hong Kong and then send them to the remitters' relatives in China. This service was paid with a small fee while there was no service charge in cases where the senders traveled to China carrying the money or their kinsmen in Hong Kong claimed the money.²¹⁶

Concerning the dispatch of letters, the Post and Telegraph Department canceled the letter packing service for the Chinese since November 8, 1971.²¹⁷ Since then, the procedure for mailing letters to China became the same as in other countries. In this circumstance, remittance firms delivered these letters as the post parcel under pseudonyms directly to mainland China, Hong Kong, Macao, or other places without the name and address in the envelope. The real names of the senders and receivers were merely specified inside the letters. The letters were listed and numbered by the remittance firms. When the foreign agents or associate companies received the parcel, they opened the letters to acquire the name of the receiver, then wrote the name and the address of the recipient on the envelope.

Once receiving the letter with money, the receivers would sign on the replied letter or receipt for the delivery staff to take back to the associate firms in Shantou, China. After being piled, the collected replied receipts were delivered to Thailand by post. After the Thai remittance firms received the parcels with returned letters or receipts inside, they would sort them out and put them into a separate envelope one by one in accordance with the number list for further delivery. As mentioned before, the remitters in Thailand

²¹⁶ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, pp32-33.

²¹⁷ National Archives of Thailand, Document of the Ministry of Finance 0301.4.2/10. File No.3: "Poykwan (Money Buying)".

managed to head for the remittance firms to pick up the replied letters on their own or obtained through intermediaries or the remittance firms' staff. Once the returned letters reached the remitters, the transaction was completed. It usually took around 15 days for the remittance to reach the receivers in China.²¹⁸

The whole process was conducted underground, and the amount of remittance was without limits. Thus, trust matters much in every step of the process, not only between remitters and intermediaries but also between intermediaries and remittance firms or travel agencies, as well as remittance firm and their agents or associated companies in foreign places. The remittance firms provided remittance on credit and home service for their regular customers based on their long-term interaction. Meanwhile, the intermediaries who worked between the remittance firms and remitters just collected remittance and delivered replied letters for acquaintances and relatives. Many intermediaries lived in the same neighborhood with the senders and had long-time association. Thus, the trust they relied on was more of a traditional-style trust based on the personalized network rather than a contract because the Thai remittance trade during the post-1981 era had lost its legal base and became the legal grey zone. Thus, the operations, codes, and tricks were kept secret and only limited to the remitters, intermediaries, remittance firms, and their counterparts in Hong Kong, Shantou, who formed into an unbreakable interest community.

Although it was no secret to Bank of Thailand, the remittance trade's integration with international tourism made it difficult for the Thai government to regulate. The remittance business was conducted under cover of the tourist companies. Given that it was only a personal agreement between the remitters and the company, no tax was paid. Furthermore, remittance firms utilized telephones, fax, illegal telegrams, and

²¹⁸ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, pp35-36.

underground radios as a means of communication to inform the agents or associated firms in Hong Kong so that the remitters managed to claim the money in Hong Kong by credit or a short note known for both the remittance firms in Thailand and their counterparts in Hong Kong. The Thai remittance trade yielded profits mainly from foreign currency manipulation and service charge. The most profit was made from the currency exchange on the black market consisted of two converting steps: from Thai baht to Hong Kong dollars and from Hong Kong dollars to Chinese Yuan.

The exchange rate of Hong Kong and Chinese currency offered by the black market was twice as high as the official rate, making it the most valuable part for the remittance business. Regarding the service fee, it ranged from 15% to 20%, depending on the situation. Moreover, remittance firms with large numbers of customers could take advantage of the remittance in investing in other businesses or using them as short-term loans to benefit from their interests. Apart from their connection with the tourist companies, remittance firms were also active in financial activities, which was not new since it was born.

In addition to remittance firms, another popular method of remitting was *Shuike*, usually a relative or an acquaintance traveling between Bangkok-Hong Kong-China. *Shuike* were familiar with the senders or used to live in their hometown, and knew the senders' relatives well and could act as a middle man to send some messages to each other. Like the remittance firms, *Shuike* did not carry the money with them. They usually gave the money of Thai baht to the remittance firms. When they arrived in Hong Kong, they would contact the firm's agent in Thailand to cash the remittance in the Hong Kong dollar. Thus, *Shuike* also made profits from foreign currency exchange and service fees of about 15% to 20%.²¹⁹ The Thai remittance trade after

²¹⁹ Tantasuralerk Suchada, 1989, Poeykwan: The Remittance Among Overseas Chinese in Thailand, p34.

1981 turned out to be free from the Thai government intervention, and its operation was similar to the period during the absence of the National Bank of Thailand. The enduring business for over one century eventually faded into history when the remittance association donated their funds to Huachiew Chalermprakiet University in the 1990s.²²⁰

7. Conclusion:

The chapter has unfolded an involving historical picture of the Thai remittance trade dominated by remittance firms from its initiation to the end by dividing them into five stages: (1) initiation period from 1885 to 1910s; (2) rapid expansion 1920s to 1932; (3) trough period 1932 to 1945 (4) the recovery and “prosperity” from 1945-1949 (5) the decline and demise from 1949 to 1981 as well as the secret conduction in the post-1981 era. The emergence of remittance firms was attributed mostly to the surging demand for remitting accompanied by the explosive growth of Chinese migrants abroad, making the previous delivery method through hamstring to deal with. Before the rise of remittance firms, it was once popular to entrust the remittance and correspondence to the crew, passenger, and the owner of the junk sailing between Siam and China. With the increasing demand, remittance delivery developed into a regular business, and a group of individuals known as *shuikē* who was primarily in charge of transmitting remittance and letters arose in the remittance trade. Both *Shuikē* and remittance firms benefited from steamship technology to ramp up their delivery and engaged in other trade or financial activities. Compared to *Shuikē*, the remittance firm's most significant advantage was that it was a better-organized business institution and adopted a standardized procedure and inter-firm cooperation so that it managed to handle remittance on a much larger scale than individual *shuikē*.

²²⁰ Koshpasharin Choon [许茂春], 2008, *Dongnanya huaren yu qiaopi [The Overseas Chinese and Money Remittance Mail in Southeast Asia]*, Bangkok: Choon Koshpasharin.

During the 1920s and early 1930s, the remittance firms sprung up in Thailand, and the number hit more than 100 in 1927. Multiple factors contributed to the prosperity of remittance firms in this era, such as the application of telegraph, an exempt from the government intervention, more specifically, remittance firms succeeded in thwarting the state efforts in regulating the transnational network established by remittance firms. Among them, one factor stood out: the rise of the Chinese in the rice trade and the business derived from it, including banking and shipping service. The leading rice traders operated remittance firms, usually large-scale transnational ones, and set up financial institutions to handle the most lucrative part of the remittance trade- the remittance transfer once dominated by well-capitalized western banks or other foreign modern banks in Thailand. Thus, these private banking institutions rest with the thriving rice trade succeeded in ousting modern banks to be new dominators in the Thai remittance trade, which was the only period that saw that the remittance transfer was seized by the transnational firms operated by rice traders.

However, the boom of remittance trade had entered into a troubled time since the overthrow of the absolute monarchy in 1932 by the People's Party, which embraced economic nationalism and attempted to dismantle the Chinese's economic dominance in Thailand. The new government frowned on the tremendous amount overseas Chinese remittance and accused remittance firms of national economic loss given the foreign exchange function that some remittance firms performed, and vice versa, Chinese exchange banks that conducted remittance business. As a result, Chinese exchange banks involved in the Chinese remittance trade were imposed far more taxes than other foreign banks, making their banking service hardly sustain. Nevertheless, the heavy-tax policy was not enforced until 1939 after revision due to these Chinese exchange banks' connection with the rice trade and some flaws of the policy. In line with the Thai government's nationalism hammer, the Chinese government also intensified their repression on remittance firms to reaffirm its state post monopoly, ranging from ending

clubbed package system, to ban on the remittance firms since the late 1920s and early 1930s. The Chinese government eventually made concessions by allowing the remittance firms to operate in 1934 under the Remittance Trade Associations' intensive lobbying efforts, Chamber of Commerce in Southeast Asia and Shantou. However, it ended up with levying heavy postages and strengthening repression on letters-smuggling.

As for the Japanese's impact, it was found that the Japanese's interference in the Thai remittance trade had initiated since the occupation of Shantou and parts of *Chaoshan* regions by the Japanese troops in 1939 given Shantou was the largest destination of the Teochew remittance from Thailand. The Thai remittance trade was suspended due to the fall of Shantou. With the chairman of the Thai Chamber of Commerce's efforts, the Thai remittance association cooperated with the Chinese government to make new arrangements. Despite an assumption of remittance business on October 1939, the landscape of the Thai remittance trade had been greatly transformed: the Chinese government banks started to handle the remittance transfer for the Thai remittance; *Meixian* substituted *Shantou* to be the new transfer center for the Thai remittance trade on Chinese part; the transportation of delivery was different in which the Thai remittance association preferred sea route to save the cost while some other remittance firms turned to the airline; the delivery arrangement also varied according to regions, either Japanese occupied places or non-Japanese occupied areas; it took around 20 days, longer than the previous delivery; it costed more than before to remit, and the only remittance on cash was acceptable. Besides, other provisional measures were taken to accommodate the remittance trade in the wartime, including the compensation, and return of the remittance and letter, etc.

Later, the Japanese invasion of Thailand since 8th December 1941 brought direct intervention of the Japanese in the Thai remittance trade. The Japanese authority in

Thailand not only revised the only survived Chinese newspaper Tong Guan Pao (中原报) as the means to disseminate information regarding the remittance policy and release advertisements of the remittance firms. Furthermore, the Japanese arranged Yokohama Specie Bank to handle the remittance transfer and offered an airplane to transport the clubbed letters-package. Although the Thai government established the National Bank of Thailand (NoT) as the central bank and promulgated Exchange Control Act in 1942 to limit the Chinese remittance amount and ban on the foreign exchange activities of Chinese remittance firms, the role of the NoT was largely contained by the Yokohama Specie Bank. The Japanese and Chinese government had launched propaganda campaigns to absorb overseas Chinese remittance. On the one hand, it was the Japanese sword; on the other hand, it was the traitor stigma. Sandwiched between them, the Thai remittance businessmen had to cooperate with the Japanese and Chinese government simultaneously, but it turned out that the remittance through the Japanese Yokohama Specie Bank only accounted for a small share while the most of remittance flooded into the Chinese governmental banks. Besides, the Thai remittance firms also smuggled remittances and letters through four secret routes.

The surging demand for the remitting in the post-war had formed an enormous market and produced hefty profits for the Thai remittance trade. Nevertheless, the Thai government's control on the foreign exchange was not lifted but was enhanced as the war ended, coupled with a heavy-tax policy. In this circumstance, a wave of financial manipulation activities was rampant, such as gold arbitrage. Despite these hurdles, the 1947- 48 period had seen the relatively relaxed time for the Thai remittance trade since the Thai government eased the control on the Chinese remittance in exchange for the Chinese government's support for winning a seat in the United Nations. However, the crumbling economy and hyperinflation led to the Chinese government to launch intensive clamp-down on the remittance firms for their involvement in speculative activities, especially the repression on remittance-smuggling through the black market.

The Chinese government even imposed door-to-door raid in Shantou to force the Thai remittance firms to transfer through the Chinese government banks; otherwise, their associated companies or branches would be shut down, which took a severe toll on the Thai remittance trade.

Due to the fall of the Nationalist government, China was brought to be under the Communist Party since 1949. However, the Thai government adopted an anti-communism stance as the U.S.A alliance, coupled with the rise of economic nationalism. As a result, the leading businessmen in the Thai remittance trade sought to cooperate with the Thai military power to form the Sino-Thai alliance in almost every business sector, including the remittance and banking industry. Thus, the Thai remittance syndication came into being in 1956, controlled by the three Chinese merchants with a close connection with the Pin-Pao clique. With the collapse of the Pin-Pao, together with the pressure from the remitters, and difficulty in controlling all the remittance firms belonging to different speech groups, the Thai Remittance Syndication was ultimately brought down. The Thai government decided to grant 11 licenses to remittance firms according to variance in the dialect group after consulting with the Chinese community.

However, giving the 12th license to a company consists of two government-supported Thai banks to avoid the remittance firms' monopoly in the Thai remittance trade. The rise of the Thai banks had engendered the decline of the remittance firms during this period. Before long, the Thai government withdrew the three remittance firms' licenses for their smuggling activities in 1957. Since then, the 9 firms endured their business for quite a long time. In 1975, the normalization of the Sino-Thai diplomacy relationship had a massive impact on the remittance trade, allowing the Chinese or descendants in Thailand to visit their relatives and families in China freely. Thus, the significance of remittance firms in transmitting remittance and messages had reduced significantly.

Shuiké and the tourist company's engagement started to prevail in the Thai remittance industry. Given the sharp decrease in the remittance through remittance firms, the Thai government announced termination of granting licenses to the remittance firms for the small numbers of remittance in 1981. For the absence of the legal base, the remittance trade was mainly operated by “remittance firms” under cover of travel agencies or individual *shuiké* clandestinely.

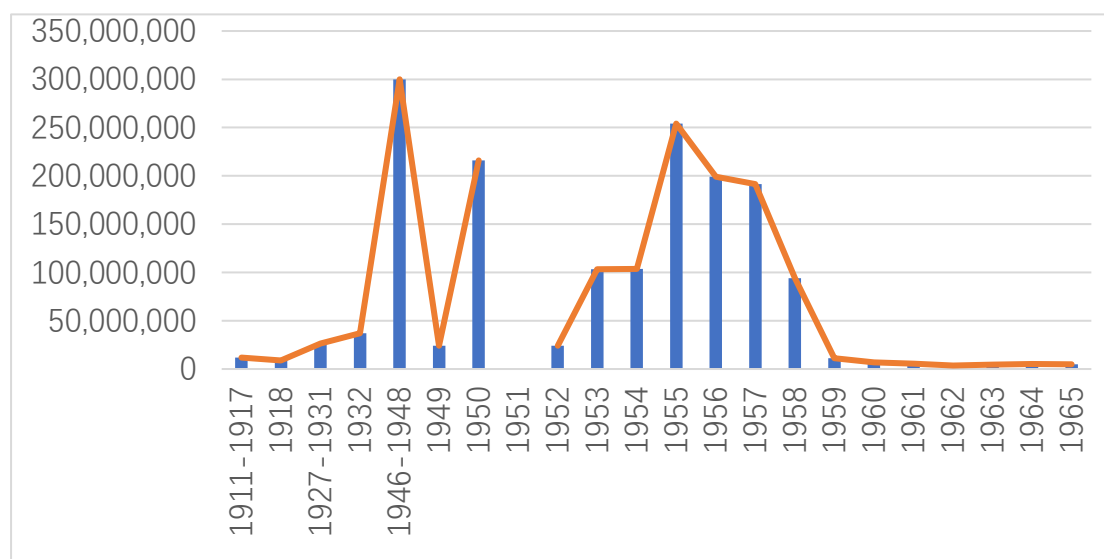
As we did not know the exact time of the first remittance firm's appearance in Thailand, it remained uncertain about which year the remittance firms came to an end due to the lack of source. However, the remittance association donated all their funds to Huachiew Chalermprakiet University and closed in the 1990s. The historical evolution of Thai remittance firms demonstrated that the remittance network constructed by the Thai remittance firms was vulnerable to various political, economic, and societal factors in Thailand, China, Hong Kong, and a global context given transnational operations in multiple places. On the Thai side, the rise of Thai economic nationalism in the 1930s and 1950s had a tremendous impact on remittance trade. The former had cut off the source of profit of the leading remittance firms with foreign exchange functions resting with the flourishing rice trade while the latter had led to the formation of Remittance Syndication under the control of a few bankers and Chinese merchants allied with the military junta.

Technology advancement in different time also played an essential role in transforming the operation pattern of the remittance trade, ranging from the advent of steamship to communication means of telegraph, telephone, and radio. Additionally, the Thai and Chinese government policy and Hong Kong colonial government policy were decisive in the development of the Thai remittance trade, the Sino-Japanese War, the Second World War, the Cold War, and the diplomatic relationship between Thailand and China. Besides, the remittance firms' rise and fall were also subject to fluctuation of the

remittance amount. As Figures 3.11 and 3.12 demonstrated, the number of Thai remittance firms was generally correlated with the remittance amount.

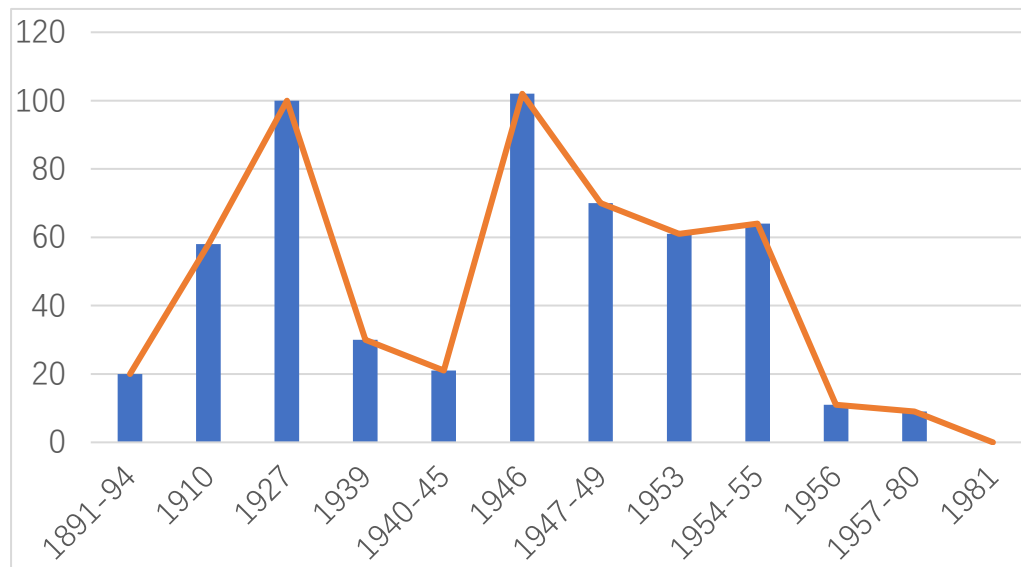
Looking into different stages of remittance firms' history, the Thai remittance trade before 1932 and last after 1981 was in a similar pattern. The remittance trade was relatively free from government intervention. Regardless of the phase, neither remittance firms nor *shuike* delivered remittance directly from Thailand to China but engaged in various trade and financial activities to transfer in Hong Kong before reaching the destination-Shantou. The application of advanced technology was not limited to remittance firms, and *shuike* did the same. Credit was essential for the remittance business. It turned out that traditional trust-based on personalized networks had always played a vital role in various remittance trade periods from initiation and the end. Despite the dominance of the remittance firm, the delivery by *shuike* and self-carry was never killed off and still played a complementary role in the Thai remittance trade.

Figure 3. 11 Remittance Amount Sent from Thailand via Remittance Firm, 1911-1965 (Baht/Year)



Source: Hong Lin [洪林], 2006, “ The Study of Thai Qiaopi and Yinxin Ju”, see in The Culture of Thai Qiaopi, Hong Lin [洪林], Li Daogang [黎道纲] (ed.), Bangkok: Sino-Thai Study Society[泰中学会].

Figure 3. 12 The Number of Remittance Firms in Thailand, 1891-1981



Source: Compiled from various documents and Chinese newspapers

Despite the dominance of the remittance firm, the delivery by *shuike* and self-carry was never killed off and still played a complementary role in the Thai remittance trade, they co-existed until the end of the trade. During wartime, *shuike* even played a more significant role. The chapter also reviewed the role of the remittance association, especially in terms of regulating the price to avoid competition from within and lobbying the government in its favor through cooperation with other commercial associations and counterparts in Thailand, China, and Hong Kong and Singapore. The association also suffered from several crises, such as suspension during wartime (1941-45), or the Thai government crackdown, and the split from within to compete for the limited quota for the license.

Chapter 4. The Interplay of Remittance Firms and the Post System in Siam (1885-1932)

1. Introduction

The Thai state's attempts to intervene in the remittance trade initiated since 1885 when the Thai government joined the Universal Postal Union and started its post-service emerging in the context of Rama V's reform and efforts to modernize Siam. Chulalongkorn (Rama V: reigned 1868-1910) was faced with continuing Western pressure, and he maintained his father's policy of making territorial concessions to the West in the hope that Siam could retain its overall independence. The King Chulalongkorn undertook a wave of reforms within the country, including reorganizing the government into ministries with functional responsibilities, creating a centralized bureaucracy instituting a uniform and centralized system of administration over the outlying provinces, systematizing government revenue collection, abolishing slavery and labor-service requirements, establishing law courts and reforming the judiciary introducing a modern school system, and constructing railways and telegraph systems. Besides, establishing a modern post system was one of the agendas.

King Chulalongkorn believed that a country without communication with other countries was isolated and unable to achieve strength as a United Nation. After more than five years of preparing work, Siam began its international postal service to foreign countries after joining the Universal Postal Union on July 1, 1885. In 1886, Siam had 79 Post Offices throughout the Kingdom. At the same time, Prince Prisdang was made Director-General of the Postal Department. Theodor Collmann, an official of the Germany Post & Telegraph Department, was hired by the Siamese Government to be an advisor to the Post and Telegraph Department of Siam in 1890. He worked in Siam for 20 years (1890-1910) and was ultimately promoted to the Deputy Director-General.

The announcements of the Post and Telegraph Department of Siam, many of which were signed by him.²²¹ Theodor was well-experienced in managing the post affairs. He was assigned to work at the Berlin Post Office by Heinrich von Stephan, the founder of the Universal Postal Union and the Director General of the German Postal Department. The establishment of the Thai post system had a massive impact on the remittance business and remittance firms. As a transnational network constructed by remittance firms, it had been bounded by the national-state framework since then. The chapter narrates the establishment of the Thai modern post system and its impact on the remittance firms, especially the opening of 8th post office to deal with Chinese remittance letters in particular. The chapter further compared the case of Thailand and Singapore since the Thai authority drew inspirations from Singapore, achieving a win-win result between the remittance firm and Thai post office. However, the letters-smuggling issue remained rampant, and thus the Thai government had initiated a wave of measures to draw the remittance letters into the national post system.

2. The Establishment of National Post System of Siam

2.1 The British Consulate's Operation Period (1858-1885)

Before Siam began post-service since 1885, the Thai post system was operated by the British Consulate in Siam. The Bowring Treaty between Great Britain and Siam became effective on April 5, 1856. Sir Robert Schomburgk had been appointed to be the new Consul General in 1858 after the set-up of the British Legation in 1857 at the Chao Phraya Riverbank. In his first year as Consul General, Sir Robert opened a post office in the consulate for overseas mails. These mails were shipped on commercial steamers that moored at the riverbank in front of the legation. Sir Robert complained to the British government in London about the mail delays and the inconvenience of the post services caused to the merchants and missionaries in Bangkok. Therefore, the central post office in London issued an order for express mail delivery on scheduled

²²¹ Ubunne Sarichit, 2013, *130 years of Thai Postage Stamps 1983-2003*, Bangkok: Thai Post, p23.

steamer routes between Bangkok, Singapore, and Hong Kong.²²² According to Suchada (1990), the time to establish this service is 1867. The post-service was under the charge of Mr. Garner, the head of the constables. When he died in 1884, Captain C. Edlefsen took over the post office job until 1885 when the Siamese Postal Department employed him after the closure of the British Consulate Post Office. The British Consulate overprinted stamps with letter “B” to represent “Bangkok”.

Whoever wanted to send letters abroad was required to buy this stamp and pay the postage to the British Consulate. The British Consulate would put all the letters into one mailbag and then send it through the steamships departing from the consulate. As for picking up replied letters from China, the senders have to go to the consulate by themselves. It turned out that the owners of remittance firms who were mostly British or French subjects utilized steamships to transmit collected remittance letters, combined with the old means that delivered by steamship crew, or passengers, or owner of the ship.²²³ The British authority appeared not to interfere in the delivery of Chinese letters, and thus this period (1858-1885) was seen as a free era for the development of remittance firms despite the operation of the post office by the British Consulate. Rather, remittance firms had taken advantage of the British's regular mailing service to ramp up the delivery of the remittance letters.

In 1880, Chao Muen Samer Chairat (Mom Rachawong ThevaNueng Siriwongse) sent a letter of appeal to King Chulalongkorn, begging for a royal decree for the establishment of a postal system in Bangkok to Siam's advantage, both for domestic use to be progressive as other modern countries and for international trade and communications. The Thai government has rejected the Straits Government's proposal to establish a branch post office in Bangkok and proceeded with its plan. In 1881, King

²²² Choovoravech Pipat, 2003, *Chronicles of Thai Postage Stamps*, Bangkok: Aroonkarnpim Ltd.

²²³ The Communication Authority of Thailand 1983, p19

Chulalongkorn appointed his youngest full brother, H.R.H. Prince Bhanurangse, to make preliminary studies and draw up plans for establishing a postal system in Siam. The first post office of Siam was established on August 4, 1833. The service was initially planned to be only for Bangkok, and to be expanded later as the need developed. In 1885, Siam joined the Universal Postal Union, promulgated Siam Post Decree, and the international post-service incepted. The Siamese government noted that the letter mailing of the Post Office No.1 was not as efficient as expected, and then the Postal Department opened the Post office No.2, which was mainly in charge of the delivery and take-over of foreign letters and provided package service, leaving Post Office No.1 to handle for the domestic service.²²⁴

The remittance letters bounding for China were required to be sent to the 2nd Post Office to pay postage worth 12 coin/sadang for each letter weighing 1 ounce. After the postage stamps were postmarked, remittance firms were allowed to take the packets to the steamers for shipment to China. If it was found that any remittance firm did not pay the postage, they would be punished.²²⁵ Under the Decree, it banned other channels, including any individuals or institutions in delivering letters to foreign countries except the post office, to send letters, providing a legal base to punish those who did not send letters through the post system. Anyone who failed to pay the postage would be fined with 50 baht or detain for 40 days, up to the royal court's decision.²²⁶ Thus, remittance firms and *shuik*e could not send letters as freely as they did during the period when the British operated post service from 1858 to 1885. Siamese government's control of the state post system constrained the remittance business. However, the state post office failed to override remittance firms in dealing with the Chinese remittance letters. Remittance firms still dominated the process of sending Chinese letters.

²²⁴ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, p49.

²²⁵ Choovoravech Pipat, 2003, *Chronicles of Thai Postage Stamps*, Bangkok: Aroonkarnpim Ltd, p181.

²²⁶ The Communication Authority of Thailand, 1983, p66.

2.2 The Clubbed-Package System

Moreover, these letters, together with replied letters, were delivered in bundles as before. King Chulalongkorn allowed the clubbed package (*zongbao*, 总包) system to continue. Under the system, remittance firms “clubbed” a large number of individual letters sent by different remitters into a single package so that they only paid partial postage on the total weight of the clubbed package to the post office, instead of paying on each remittance letter. The system violated the international standards, and the Siamese government made some compromises with remittance firms due to the practical difficulties. The Chinese letters were written on a piece of light and thin paper, approximately 4cm wide and less than 7-8 cm long, enclosed in a small envelope with addresses and names in Chinese.²²⁷ It was easy to cause losses or damages to such tiny pieced of letters if sending one by one going through multiple places between Bangkok and Shantou of China. Beyond that, the King's decision was out of the international post system's absence on China's side.

At that time, China was not a member of the Universal Postal Union. If the receiving and delivery of letters were strictly conducted according to the Post Decree, it would cause trouble to the Chinese who lived and worked in the Kingdom.²²⁸ In light of these concerns, the King ordered the Post and Telegraph Department to permit remittance firms and their agents to receive and deliver the Chinese letters by means of *zongbao* system. In light of these concerns, the King ordered the Post and Telegraph Department to permit remittance firms and their agents to deliver the Chinese letters through *the zongbao* system.

2.3 Letters-Smuggling Issue and Singaporean Model

²²⁷ National Archive of Thailand, document of the reign of King Rama VI 25/25, “Poykwan remittance to China”.

²²⁸ Davis Bonnie, 1983, *Royal Siamese Postal Service: The Early Years*, Bangkok: Siam Trading Co, p53.

Despite the regulations, the smuggling of Chinese remittance letters was rampant among remittance firms. Some did not pay enough postage to the 2nd Post Office while others smuggle letters secretly to Bangkok. 90% of the Chinese letters were smuggled to Bangkok without any postage by the passengers and employees in the steamship. When the steamship pulled into the bank, the Chinese would bring the letters directly to remittance firms. The amount reached as high as several hundred, which aroused great concern from the Thai authority. As recorded in the Bangkok Times that was published in February 1888,

At that time, almost every ship coming to Siam from China, brought Chinese immigrants. The Chinese were encouraged to come; however, they created a rather annoying problem for the Postal Authorities. They smuggled mail! Moreover, Chinese employees of ships that regularly traveled along the coast carried letters from Hong Kong and Singapore to Bangkok without any postage. Notices were posted in both the Siamese and English languages, giving details of the penalties for smuggling letters, but with little effect. Possibly because the majority of Chinese could read neither language! Finally, in early March, a Chinese having close to 200 'illegal' letters in his possession, which he had brought from Hong Kong to deliver to his countrymen, was taken in custody, to the 2nd post office. Later the same month, another Chinese arrested by an official named Mr. Frankford, on board a steamer in port. He had more than 400 letters in his possession, which he was attempting to smuggle into Siam without paying postage. Mr. Annuske, secretary of the Postal Department, handed the man over to Mr. Sheriff (his real name) and Inspector of the Police Department. He, in turn, remanded him to the Borispah (Police) Court. There he was left to ponder his wickedness.

The editor further pointed out, "Next to stealing an editor's purse or committing arson to swindle insurance companies, there is no more heinous crime than trying to do the Post Office in the optic! For the crime of smuggling letters without the postage being

paid, the penalty was a fine of forty ticals for each letter or three years imprisonment. In those days, 40 ticals were no small sum of money!”²²⁹ On March 24, 1888, an editorial called “Our post office” was printed and the following was an excerpt from this editorial:

The late squabble in Bangkok regarding the delivery of coolie letters from Hong Kong, free of postage, has given rise to a general opinion that the Siamese official was to blame in the matter, but this, as we shall endeavor to point out, is undoubtedly not the case. The authorities have not given in' but simply agree with the Chinese headmen, in consequence of which the Post Office will save much trouble in the future. It being difficult, in fact impossible, for the Postal Authorities to deliver coolie letters, the addresses of such letters being invariably incompletely, the local government arranged with the headmen of the Chinese according to which the letters in question are in future to be handed to the headmen for delivery, in return for which these men take all responsibility as regards their destination. In return for such responsibility of the headmen and their undertaking to deliver the letters, the Post Office agreed to levy a reduced postage of 2 atts only, for each such letter. In no way, therefore, has the Postal Department consented to let the Chinese coolie letters be delivered free of charge, nor will such be the case in the future. (Davis, 1983: 29)

To prevent smuggling, the Thai government enhanced its check on the passengers, especially their packages, when they cleared the customers. According to the official report, many letters were found in the pillows or inside the passengers (Suchada, 1989: 23). Although several thousands of letters were intercepted, this measure only dealt with a symptom of smuggling issue, not its cause. There are two principal reasons for the letter-smuggling by the Chinese. Firstly, the absence of the post system in China allowed the letters to be brought by the individuals in China. Thus, the postage and

²²⁹ Davis, Bonnie, 1983, *Royal Siamese Postal Service: The Early Years*, Bangkok: Siam Trading Co, p28.

regulations enforced by the Thai post department turned out to be a waste of money and time for the Chinese remitters. Another obstruct to tackle the smuggling problem was that the Chinese who smuggled the letters were mostly foreign subjects who were not subject to Siamese laws. When bringing the case to the Siamese court, it would cause large numbers of lawsuit disputes. These Chinese in Thailand intended to take advantage of the Bowring Treaty, and many of them applied for British or French citizenship, which exempted them from taxes and Thai laws.²³⁰

Moreover, the western colonizers (French and the British) allowed the Chinese to change their nationality and became citizens of their nations. It appeared to be a strategy to expand their influence in Siam, which was the only Kingdom in Southeast Asia free from western colonization. Both Great Britain and France attempted to enlist the Chinese minority in Thailand to accept their protection. The more control over minorities they had, the more they could ask from Thailand. The situation worsened when the British and French tried to bypass Thai laws and prevent courts from adjudicating cases involving the Chinese.²³¹ Drawing experience from Singapore, the Siamese government promoted to establish a Chinese post office in Siam in order to combat smuggling. Singapore was a British colony, and its post system was also under the charge of the British authority. The advanced British postal system in Singapore made it a postal hub for the Southeast Asian region, attracting many neighboring countries to follow the postal system.²³²

The Kingdom of Siam was one of them. It has been a long tradition for Siam to learn from Singaporean experience in administration. There were many visits between

²³⁰ Disaphol Chansiri, 2008, *The Chinese emigrates of Thailand in the twentieth century*, New York: Cambria Press, p50.

²³¹ Disaphol Chansiri, 2008, *The Chinese emigrates of Thailand in the twentieth century*, New York: Cambria Press, p51.

²³² Lucille Yap, 2012, *The Postal Connection: Singapore and Thailand*, Bemuse, Volume 5, Issue 4, No. 21, Singapore: Singapore Philatelic Museum, p10.

British and Siamese officials. Dating back to 1861, King Mongkut sent Chao Phraya Sri Suriyawongse Juang Bunnag and Prince Krommamun Vishnunarth Nibhadhorn to study how Singapore was administered. His son King Chulalongkorn was deeply impressed by the progress of Singapore and other British colonies and regarded them as models. In 1881, an officer was sent to Singapore to gain insight into its advanced postal system with a desire to establish direct postal communication with the rest of the world. As for the smuggling issue of Chinese remittance letters, it also prevailed in Singapore and Malay home to large numbers of overseas Chinese, and thus the Siamese government referred to their ways to manage the Chinese in the strait settlements and tailored into its situation.

It was found that the Singapore government had established a Chinese post office, especially in charge of the Chinese letters. As a government report demonstrated,

If there is no post office in China, it would be impossible to forbid the smuggling letters between China and Thailand, but there is one way, probably only way to solve the problem, that is to establish a Chinese post office in Bangkok as the Singapore government did. (Tantasuralerk, 1989:57)

Besides, the Siamese authority paid attention to the risks of opening a Chinese sub-post office (华人小邮局). It was mentioned in a report that the opening of the Chinese post office had led to tremendous discontent among the Chinese community in Singapore, resulting in the Chinese riots on the opening day in 1876. The riot was cracked down ultimately and then post office was operated on a regular base smoothly and stably. As a result, the Singapore government succeeded in bringing the remittance letters collection and delivery under the legal framework.

Thus, the Singapore case was a good reference for Thailand to follow in the following aspects. Firstly, the Thai authority found that the Singapore government hired a well-educated Chinese to manage the post office and their salary was based on the profit

made from the post office.²³³ Apart from this post office, it was reported that other branch offices opened in other regions. As many as 51 branch offices had to apply for a license at the end of every year, and were controlled by various Chinese rich merchants who were mostly the leaders of the local Chinese community. The branch offices collected letters from the Chinese and then packed them into bundles. They owned companies in China as well. The author inferred that the branch office mentioned by the report referred to the Chinese remittance firm.

It could be seen that the remittance business in Singapore acted the same way as in Thailand, the owners of remittance firms were the Chinese merchants with great fortune and prestige among the Chinese. They usually operated remittance business for relatives or friends from the same place. Secondly, a remittance firm in Singapore was obliged to apply for a license from the government and deemed as a branch of the Chinese post office. Regarding the postage payment, the Siamese government learned that the collected letters were required to directly pay the postage to the Chinese post office or the branch offices (remittance firms), and the cost for each letter was 3 cents. At that time, the Chinese letters going through the Chinese post office in 1903 reached about 323 000, bringing in huge profits for the post office. As to Thailand, there were 100,000 Chinese residing in Bangkok. If combining the Chinese in other regions, the total number amounted to approximately 1 million. The Chinese individuals brought letters to Thailand or the vice verses almost every day. Hence, the Siamese government believed that opening a similar Chinese post office in Thailand would generate tremendous revenues for the national budget.

However, the inception process was rather sluggish because Great Britain and France and Thailand had not approved with regards to the Siam Postal Decree in 1897. The Decree's promulgation was to solve the jurisdiction exemption of Chinese smugglers

²³³ *ibid*

who were British or French subjects. Although the final judgment was rested with the Royal Criminal court, the Decree granted more authority to the post office staff to fine the violators before they went to the court. Thus, the Siamese post authority created a process to bring smugglers back to the Thai judiciary system so that smuggling could be investigated and settled by the post officials before the trials. In the court, the Siamese authority could not make these Chinese smugglers guilty of smuggling due to their allegiance and citizenship to their foreign protectors-Great Britain and France.

Thus, the Siamese government sent the Decree to the representatives of foreign countries in Bangkok to obtain Britain and France's support on the enforcement of the post-decree. The efforts finally paid off, Great Britain and France had approved the Decree in 1907, and most smugglers were willing to pay the fine in the post office to avoid the trials in the court to save time. The result was generally satisfying for the Siamese government. This amended Decree promulgated in 1897 was an important step to solve the immediate problem of smuggling before the establishment of the Chinese post office in Thailand. On top of that, the judicial exemption enjoyed by the Chinese as British and French subjects were eventually terminated in 1909. Beyond that, China's postal authority sent a notice to the Siamese government that China had established postal services throughout the country, including all Canton Province villages in 1906. Consequently, the successful enforcement of the post-degree and the Chinese postal service's operation had paved the way for the opening of a Chinese post office in Siam.

3. The Opening of No.8 Post Office in Siam

To avoid the Chinese community's resistance as the case of Singapore, the Thai post authority launched several meetings with the leaders of the Chinese community in Bangkok, seeking their ideas and opinions. With the Chinese community's support, the Thai government decided to open the Chinese post office in Chinatown, known as the Post Office No.8, in Chinatown on April 1, 1907. The owners of 40 remittance firms, together with the senior officials in the Post and Telegraph Department, were invited

into the opening ceremony, and the royal family even prepared the Chinese food according to the traditional Chinese customers. The result was beyond the Thai government's expectation: the Chinese remittance firms cooperated with the post office in handling the Chinese letters, creating tremendous profits. According to an official Thai document, remittance firms had collected letters into 21 packages in total, the largest package had 8200 letters, and thus the sum of the charge amounted to 1535 baht.

According to the 8th post office, a total of 42,456 remittance letters carried by 4 steamships bounded for Shantou since April 1908 were demonstrated in Figure 4.1. Given that the mail boat was sent every other day or every three days, the number of letters was estimated to be over ten thousand letters per month. Accordingly, the overall amount of the Thai Post Department 8th office revenue and expenditure was demonstrated in Figure 4.2:

Figure 4. 1 The Number of Chinese Letter-package and Letters in 1908

Month	Package number	Total number
April	-	42,456
May	143	43,281
June	131	34,103
July	134	30,775
August	126	42,088
September	132	31,902
Total		

Source: Hong Lin [洪林], 2006, “ The Study of Thai Qiaopi and Yinxin Ju”, see in *The Culture of Thai Qiaopi* edited by Hong Lin [洪林] and Li Daogang [黎道纲], Bangkok: Sino-Thai Study Society[泰中學會], p26.

Figure 4. 2 The Annual Profit Made from the 8th Post Office from 1907 to 1921

Year	Revenue		Cost		Profit	
	baht	sadang	baht	Sadang	baht	Sadang
1907	91,259	91	12,562	19	78,697	72
1908	99,510	-	14,926	50	84,583	50
1909	106,250	-	15,937	50	90,312	50
1910	84,572	06	11,955	09	72,616	97

1911	86,252	-	11,927	91	74,324	09
1912	82,808	20	12,038	52	70,769	68
1913	111,156	97	14,151	49	97,005	48
1914	95,347	30	12,774	68	82,572	62
1915	109,997	95	13,245	86	96,732	09
1916	119,853	27	14,167	79	105,685	48
1917	119,186	23	14,716	49	104,469	74
1918	134,384	71	14,804	71	119,579	64
1919	145,855	14	17,928	14	127,927	25
1920	170,567	56	18,482	92	152,084	64
1921	265,515	35	19,723	23	245,792	12
Total	1,822,496	54	219,343	02	1,603,153	52

Source: Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p60.

Notes: from 1907 to 1912, the data only includes the post section while from 1913 to 1921, the data includes both post and telegraph.

The revenues reached approximately 160,000 baht per year while the expenditures, including salaries and facilities expenses, did not exceed 10,000 baht/ year. Thus, the net profit was around 150,000 baht per year, a large amount of financial income for the Thai government. The 8th office appointed Chinese Hao Tee as a manager, and he got 10% of the profits as a reward. As the 8th post office manager, Hao Tee was primarily responsible for coordination between remittance firms and the Thai and Chinese Post Office in Thailand. During the post office operation for 14 years, the royal property had increased by three times.²³⁴ Nevertheless, the 8th post office still could not supplant remittance firms for several reasons. Firstly, the addresses and names were written in Chinese so that the Thai officials could not understand it but had to depend on remittance firms to collect from the remitters and deliver them to the recipients. Secondly, quite a few Chinese lived in the areas out of the post office's reach.

Therefore, the Thai post office rested with remittance firms to ensure every step to be carried on smoothly and gradually. Furthermore, the remittance trade was divided along

²³⁴ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p61.

the line of dialect group. Teochew, Hakka, Hokkien, Cantonese, and Hainanese all had distinct dialects, and Teochew was further divided into eight sub-dialects. Given the geographic difference of each speech group, they developed their remittance delivery routine, transfer means, and foreign exchange methods to guarantee safety and accuracy. Only the same dialect group of members were familiar with the situation, routine, and were able to send letters even without an accurate address. Lastly, the overseas Chinese and their families were mostly illiterate. It was not convenient for them to deal with the complicated procedures of the post office (Li, 2007: 173-184). Thus, the establishment of the Chinese post office in Thailand did not kill off remittance firms in Siam. Instead, it had to rely on the remittance firms in dealing with the Chinese remittance letters.

4. Regulations on the Chinese Remittance Letters

Apart from the Chinese post office operation, the Siamese authority changed the former regulations on the Chinese remittance letters as the promulgation of the new regulation on March 31, 1906.²³⁵ First of all, the Post and Telegraph Department increased the postal rate in accordance with the rate used by member countries of the Universal Postal Union. The post Department adjusted the fee again in 1922: for the Chinese letters that are not over 20 grams, it was charged by 15 sadang; if exceeding 20 grams, it would be charged for 10 sadang for every 20 grams; but after twice of the amount, it would be charged at least 6 sadang. Secondly, remittance firms were not allowed to deliver the mails by themselves after paying the postage. Rather, the letters affixed the correct rate of a postage stamp would be handed over to the city of destination by the Post and Telegraph Department and firms. Furthermore, Chinese letters were still permitted to be collected into a bundle or bag to prevent the confusion and improper order, but the sender must notify the correct number of letters in the bundle or bag so that in the case of suspicion, the officer in charge can open to inspect. Besides, the post authority

²³⁵ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p106.

amended some errors existing in the previous regulations with regards to mailing remittance letters from outlying provinces (*Tangjawat*) to Bangkok in 1910.

If there was postage subjected to be paid in the outlying provinces and to be paid again in Bangkok, then the senders from outlying provinces had to pay the postage twice. The Thai post office, thus, consulted with the owners of remittance firms to seek a better solution to reduce the procedures and postages for the remitters, making it easier for them. As a result, the Siamese government permitted the remittance firms to collect the remittance letters bounding for China and put them into packages in the outlying provinces the same as in Bangkok, and it was not necessary to pay postage by weight. The remittance firms just needed to request permission from the staff in the post office at the provincial level. The license cost 6 sadang for each package. After finishing the payment, the staff in the provincial post offices would stamp on the license and attached the license on the package.

The letter-package was allowed to be sent either by themselves or others (agents of remittance firms) to the 8th Post Office for double-checking before returning to remittance firms for delivery to China. In the 8th Post Office, each letter's postage was paid according to the international standard so that it could be sent directly to China through the post system. Later, the double-check step was abolished, for it was found unnecessary in practice. If there was postage subjected to be paid in the outlying provinces and to be paid again in Bangkok, then the senders from outlying provinces had to pay the postage twice. The Thai post office, thus, consulted with the owners of remittance firms to seek a better solution to reduce the procedures and postages for the remitters, making it easier for them. As a result, the Siamese government permitted the remittance firms to collect the remittance letters bounding for China and put them into packages in the outlying provinces the same as in Bangkok, and it was not necessary to pay postage by weight. The remittance firms just needed to request permission from

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In the 8th Post Office, each letter's postage was paid according to the international standard so that it could be sent directly to China through the post system. Later, the double-check step was abolished, for it was found unnecessary in practice. The regulation just touched upon the stage for the letters from outlying provinces to Bangkok. However, there was no mention of the returned stage from Bangkok to the outlying provinces. In this circumstance, the remittance firms transferred the replied Chinese letters to their counterparts in Siam, and the postage was paid by weight. When the package with replied letters inside arrived in the 8th Post Office, the remittance firms would go to the post office to pick up to further deliver to the hands of the recipients. If the recipients were in Bangkok, it could be sent to them directly; if they were not in Bangkok, remittance firms would dispatch agents to deliver to the recipients. Therefore, the post office mainly depended on the remittance firms or agents in sending letters to the outlying provinces. Eventually, the post authority decided to adopt the similar process as the sending from the outlying provinces to Bangkok. The Chinese letters would be packed in bundles and with a payment of postage of 6 sadang.

The regulations above were mainly for the remittance letters bound for China. The replied letters from China to inland Thailand were convenient. The Siamese authority issued a particular order on October 13, 1922. The replied letters-package bound for inland Thailand was required to pay the postage according to its weight. This applies exclusively to the replied Chinese letters sent from China instead of other ordinary

mails. Before remittance firms sent the Chinese letters to inland Thailand, the 8th Post Office staff would stamp the postmark on each envelope, making the local post office easier to identify. If any problem was found, the local post officials could open the package to check whether the weight and quantity were right. For this time, the postage stamp was directly passed on the outside of the package instead of each envelope. However, the correct way to calculate the total amount of postage was based on all the individual letters as a whole (Koshpasharin, 2008: 69).

5. Higher-value Stamps and the 15-sadang Envelop

Despite permission on the clubbed packets of letters, each of the remittance letters was charged 12 atts the same as the rate of an overseas letter. The postage stamps were still placed on the clubbed packet, and not on each letter. Given that several hundred envelopes were consolidated and wrapped into a clubbed packet for mailing, the postage was as high as several hundred baht.²³⁶ According to Post Office No. 8, the steamer ship ran between Siam and China once every week, and remittance firms brought approximately 6,500 letters every day to the Post Office. At least 1500-baht worthy of postage was in total every day. However, the highest value postage stamp was only one baht. Thus, each clubbed packet was rife with tens or hundreds of postage stamps, which caused tremendous inconveniences for the post staff. Due to the lack of stamps, the Post and Telegraph Department reported to the King and requested an urgent need to print out higher-value stamps on April 6, 1907.

The Postal Department gained permission from the King immediately and decided to overprint the 10, 20, and 40-baht value of the “Court Fee Stamps” into postage stamps of the same value to provide higher-value stamps. These high-value postage stamps were produced by Germany and available for the sale by the 8th Post Office, making it

²³⁶ Choovoravech Pipat, 2003, *Chronicles of Thai Postage Stamps*, Bangkok: Aroonkarnpim Ltd, p181.

easier for the process.²³⁷ However, the application of the High-value Post Stamps triggered the fraud in practice. It was found that when the letter- packages with the 10, 20, and 40 baht high-value post stamps on were sent to China, the remittance firms found that the postmark without any anti-counterfeiting design on the high-value post stamps was easy to wipe out by some medical liquid so that they could reuse these stamps. As such frauds increased rapidly, the Siamese post officials had to take huge time to inspect and prevent fraud. It seemed that the only way to prevent such offense was to print the postage envelop or use of the lower-value post stamps.

Thus, the Minister of Commerce and Communication sent a royal request to suspend the use of high-value post stamps to the King in 1928. Consequently, the Siamese Post authority decided to issue a type of post envelope worth of 15-sadang designed especially for the letters sent to China and other foreign countries on 13th, November 1929.²³⁸ The 15-sadang post envelope was expected to apply on December 16, and the post office must stamp the postmark on the envelope. Moreover, despite the permission for the clubbed-package system, the packing process had to be supervised by the post officials. The post authority should paste a paper sheet on the package in which it specified that there were Chinese remittance letters inside and confirmed that the postage was paid.

The remittance letters collected in outlying provinces would be transferred to the post office in Bangkok to use the 15-sadang postage envelope first and then sent to China without charging extra fees. Concerning the people who carried the letters themselves to Bangkok, these letters were also required to be packed into a parcel and then paid 6 sadang to the local post office to be allowed to be carried to Bangkok by

²³⁷ Koshpasharin Choon [许茂春], 2008, *Dongnanya huaren yu qiaopi [The Overseas Chinese and Money Remittance Mail in Southeast Asia]*, Bangkok: Choon Koshpasharin, p71.

²³⁸ *Ibid.*

themselves. After arriving in Bangkok, they also needed to buy 15-sadang postage envelope for the Chinese letters in the Post Office No.8.

To promote the application of 15-sadang postage envelope, the post authority decided to paste each stamp on the individual postage envelope on December 15, 1929, instead of pasting them on the clubbed packets. The Chinese remittance letters which were paid the postage or used the postage envelope should stamp a postmark. It was allowed to put the remittance letters into the package, but have to under the supervision of the post department.

The post officials outside of Bangkok are required to disseminate the new regulation to make the local people fully aware of the change to avoid the delay for the letter delivery. As for the remittance letters from the outside of Bangkok, if using the postage envelope or ordinary envelope with postage paid, the local post office staff are required to stamp the postmark on both of the envelopes. If the senders brought the letters to Bangkok by themselves or put them into the clubbed-bag bound to Bangkok, no extra charge will occur. It also urges the senders who self-carried the letters to be on time; otherwise, their letters would not be sent to China. It also warned those who did not pay enough postage to the ordinary envelope or use postage envelope that these misconducts would be punished according to the previous regulations.

Owing the application of 15-sadang postage envelope, it saved tremendous time for the post staffs and remittance firms. On February 3, 1930, the Siamese Post Department promulgated another act and ordered that the remittance letters that did not use the postage envelope could not be put into the package bound for China while the individual remittance letter could be put into the ordinary envelope and sent alone. However, it is requested to paste the post stamps to each envelope. Then Siamese post authority added new clauses on February 10, 1930:

The 15-sadang postage envelope also applied to the domestic mailing service in Siam. The stamps on the envelope worth usually higher than the standard mail postage. The price difference also applied to other post services, such as registered mail. The printed stamp is only valid when it is used as the postage for the envelope, and it is forbidden to cut it off from the envelope and reused for another envelope. (Koshpasharin, 2008: 73)

Although the application of a 15-sadang postage envelope, is aimed at one envelope for one letter, it was found that some remittance firms still put many remittance letters into one postage envelope. The flurry of the promulgation of the new Act on 15-sadang postage envelope revealed that the Thai authority had paid intense attention to the overseas Chinese remittance letters. As a result, it attempted to eliminate the letters-smuggling and provided an opportunity to investigate overseas remittance and letters as a stepping stone for a more effective measure to control them.²³⁹ The 15-sadang envelope was 8cm wide and 15.7 cm long, with postage stamp price 15 baht, blue, printed on the right corner above, and a red garuda mark printed on the upper left corner. This type of stamp saved tremendous time, for there was no need to spend time counting the letters one by one.

Besides, this envelope could prevent fraud in two ways: Firstly, the pervious stamps were mostly worth as high as 10 baht, 20 baht, and 40 baht. When sending to China, the remittance firms sent back these used postage stamps if the crossed-out ink was not good enough and the official did not strike. As for the remittance firms in Thailand, they usually washed the stamp out by using some chemical water and rescued it, causing a time-consuming of the officials to thoroughly inspected and thus to prevent it. Secondly, the price of this high postage has made those who want to counterfeit

²³⁹ Koshpasharin Choon [许茂春], 2008, *Dongnanya huaren yu qiaopi [The Overseas Chinese and Money Remittance Mail in Southeast Asia]*, Bangkok: Choon Koshpasharin.

easily. The post offices staff have to be very careful using a low-price stamp could probably make counterfeit disappear because the result is not worth doing the counterfeit. As a result, the production of this type of envelope, every postage letters' backside has to be posed the stamps. From then on, the package system of sending Chinese letters was changed to be charged by weight.

6. The Cancellation of the Parcel System to Correct the Previous Loophole

Given that there was no notification specified in the previous regulation of post mentioning how the letters should be sent from Bangkok to outlying provinces, the letters sending back from China to Thai provinces thus was allowed to be sent with a bundle/package and paid a fee of 6 sadang, just like the letters sent from Thai provinces to Bangkok. However, this method did not comply with the international postal principle, which stated that the responsibility of the post office only had been fulfilled when the letters have been sent to the recipient correctly. When the recipients of the letters separated the letters from the package, the different recipients had to pay extra postage fees according to the rate. When the post office had realized the problem, they did not allow the packaging letters to be collected in one bundle and just paid 6 sadang for this as before and ask post office staffs to collect postage imposed to each letter according to international rate. Thus, the Post Department of China and of Siam announced a cancellation of the clubbed packages, and the remittance letters had to be paid each by each.

When the decision reached the Chinese community, the Chinese newspaper had made it public and discussed the handling of the letters: the Teochew and Hakka Remittance Association had posed an announcement in 1926 Chinese newspaper *Zhonghua Minbao* (中华民报), stating that the Thai government decided to abolish the clubbed-remittance bag since January 1, 1927, and all the Chinese remittance packages were required to paste stamps to each envelope. Considering that the new regulation would

probably lead to the slow process of the remittance delivery, the association, therefore, came up with new ways to adapt to the policy changes. To make it well-informed by all the Chinese remitters, including those who resided in Thai hinterlands, the association posed the Chinese newspaper's announcement:²⁴⁰

Firstly, the deadline for remittance letters collection will be one day before the departure of the ship. Secondly, the remittance letters should not be delivered on time. Otherwise, the overdue remittance letters will wait to dispatch until next time. Thirdly, there is no need to write the date on the envelopes, but instead, the date would be stamped when the letters were transferred to the agents in Shantou. Lastly, the envelope was required to weigh as much as 4 ounce. If it exceeded the limit, the incurring fees would be paid according to the post office regulations.

Moreover, the remittance association turned to the Chinese Chamber of Commerce to negotiate with the Thai government to allow for the clubbed bag as before. When the Thai government told the association that it was Beijing's decision and the Thai government just followed, the Thai remittance association asked help from the Chinese Chamber of Commerce to negotiate with the Beijing Post Bureau (Beijing Government period), requesting for a delayed execution for three months and then expected to be postponed indefinitely as Singapore.²⁴¹

Due to arduous efforts of the Chinese community, the enforcement in the abolishment of the clubbed bags was extended, but it was emphasized that the remittance letters were not allowed to be packaged freely, and had to be monitored the staffs in the post office. Given that there were more than 100 remittance firms in total, the whole process would be rather complicated and time-consuming, making it possible to cause delays for the remittance delivery. Thus, the remittance association petitioned the government

²⁴⁰ China-Siamese Daily News [华暹新报], December 15, 1926.

²⁴¹ *ibid.*

to permit a package on their own only if the post staffs found anything suspicious they could open the bag and check again.²⁴² Besides, the Siamese authority added more clauses on May 12, 1927, regarding the receiving and sending clubbed-bags to China. Firstly, remittance firms were required to bring the Chinese remittance letters to the 8th Post Office three hours ahead of the prescribed time in the notice of “very day post mailing delivery”, otherwise, these letters should wait until next time's dispatch. Secondly, when remittance firms brought all letters bag to post office, the officials would check the number of the remittance letters to ensure that the postage was paid and the postmark was stamped.

Afterward, the Post Department would pack all the remittance letters into a bag and charge each letter for 15 sadang. This period also witnessed the state invention from the Chinese government in the remittance firms. On China's side, the Nanking Nationalist government decided to ban on remittance firms' operation in 1928, but the proposal was eventually passed over due to the strong objection and resist form the overseas Chinese community. Only the remittance institution (minxinju, 民信局) in charge of domestic letters was banned while the remittance firms to serve the overseas Chinese was reserved. The Thai Post and Telegraph Department mainly played a leading role in regulating the remittance letters. When the People's Party overthrew the crown and ascended in 1932, the Thai government gave an increasing concern on the remittance firms' financial function, and the Thai Post and Telegraph Department in the Chinese remittance trade then gave way to the Ministry of Finance which grew to be the leading player in charge of the Chinese remittance trade.

7. Conclusion

The chapter had reviewed the historical evolution of the post system in Thailand and its interaction with remittance firms. From 1858 to 1885, the Thai post service was

²⁴² Min Kok Daily News [民国日报], May 24, 1927.

offered by the British Consulate, the relationship between the post office and remittance firms was cooperative. The British Consulate Post Office and the Thai government did not restrict the overseas Chinese remittance business during this period. Furthermore, the remittance firm owners took advantage of the post office's mailing service to facilitate their remittance business. However, this cooperative relationship had transformed into more strained when the Thai authority began to intervene in the remittance firms' business as its initiation of the state postal system in 1885. The relationship between remittance firms and the Thai post office turned into a pattern of confrontation combined with cooperation.

On the one hand, the Thai post authority made enormous efforts in creating a legal base, repressing the letter-smuggling by remittance firms and individuals, adjusting the postage to comply with the international standard, and establishing a Chinese post office especially in charge of the Chinese remittance letters by referring to the Singaporean case. In response, remittance firms resorted to various methods to deal with the state intervention in the remittance trade: the remittance association negotiated with the Thai government, and meanwhile continued smuggling by counterfeiting and stamp, disguising themselves as passengers and sailors to carry the letters secretly, and paid the fine voluntarily. On the other hand, the Thai post authority found that the Post Office No.8 could not replace Chinese remittance firms and depended on them to collect and deliver letters. Consequently, the Thai government made tremendous profits in dealing with Chinese letters. In the meantime, remittance firms utilized the post service to make their services more secure and trackable. It was found that the opening of the post office ended up with win-win cooperation for both the remittance firms and the post office itself.

Undeniably, the Thai post system's development and the regulations on the Thai remittance trade had increased the costs for the Chinese remitters and tax burden for

remittance firms. However, the negative impact was turned to be more on the small-scale local remittance firms, which earned money mainly from a few service charges while the transnational remittance firms that made profits mainly from international trade and financial activities were less affected by the rise of the state post office. In other words, the state post office competition was mainly targeted for the local remittance firms rather than transnational remittance firms.

The state post monopoly did not touch upon the transnational remittance firms' fundamental interests as the mainstay of the Chinese remittance trade in Thailand. For this reason, the remittance firms still played a dominating role in the remittance trade in Thailand. Thus, the smuggling problem remained, and the government's anti-smuggling campaign continued. Yet, the Post Office No.8 rested with the remittance firms' cooperation in handling the Chinese remittance letters that brought a huge number of profits for the post office. Therefore, the remittance firms' relationship with the Thai post office was antagonistic and coordinate at the same time. Overall, the remittance firms' relationship with the Thai post office was antagonistic and coordinate at the same time.

Chapter 5. Remittance Firms and the Banking System in Thailand (1888-1981)

1. Introduction

The operation of remittance firms combined both post and financial functions. To a large degree, these remittance firms had been pioneers in offering the post and banking service, albeit often meager. As the author mentioned in chapter 2, not all types of remittance firms performed the full function of the post office and bank. Local remittance firms were primarily in charge of collecting and delivering remittance letters, but rarely got involved in providing banking services such as foreign exchange manipulation- the activities that only transnational remittance firms mainly engaged in and profited from. Accordingly, the overlapping function between remittance firms of different types led to the competition between remittance firms and post office and bank, respectively. Chapter 4 has elaborated that the development of the state post office had a huge impact on the local remittance firms, while this chapter mainly concentrated on the emergence of the modern banks and argued that it had taken a ponderous toll on the transnational remittance firms.

Although the Siamese government had been long concerned about remittance firms and their activities since the King Chulalongkorn reign, the principal focus was on the post function and letter-smuggling issue. It was the People's Party that paid the most serious attention to the financial function of the Chinese remittance firms when it ended the absolute monarchy and came to power in 1932. The new Thai government accused remittance firms that simultaneously acted as exchange banks of taking the money out of Thailand. As the Thai banking system continued to refine and improve, remittance firms had been confronted an increasing intervention from the Thai government, bringing about the inescapable competition and confrontation between transnational remittance firms and modern banks. Nevertheless, remittance firms' interaction with

modern banks took place dating back to 1888 when the British-owned Hong Kong & Shanghai Banking Corporation opened a branch in Bangkok, which was seen as the first bank in Thailand. It was followed by the establishment of foreign banks, including British, French, German banks, Hong Kong, and Singapore banks that were owned by the overseas Chinese.

However, it is not the author's intention to narrate the evolution of Thai banking history and incorporate all the sorts of banks in Thailand. Instead, this chapter will merely examine the modern banks in Thailand that engaged in the remittance business in different periods and their relationship with remittance firms, respectively. The analysis will proceed chronically, covering a total of six forms of banks: 1. The early foreign banks, particularly the British, French, Hong Kong, and Singaporean banks from 1888 to early 1910s; 2. Chinese exchange banks emerging from the boom of the rice trade from the 1910s to the 1920s; 3. Chinese governmental bank, notably the China Bank and Guangdong Provincial Bank during and after the war; 4. Thai Central Bank-the the National Bank of Thailand 5. Japanese Bank-Yokohama Specie Bank during the war; 6. Thai Commercial Banks supported by the Thai government.

2. Remittance Firms and Early Banks: Western Banks and Chinese Banks (1888-1920s)

The development of the Thai banking system kept along with the economic expansion of the western powers in Thailand with the sign of the Bowring Treaty (1855), particularly Britain and France. As seen in Figure 5.1, the Thai commercial banking was dominated by foreign-based banks between 1888 to 1941. The rise of western banks was followed by the development of banking services by overseas Chinese in Hong Kong, Singapore, and Siam. The initiation of the banking in Siam dated back to 1888, when the Hong Kong & Shanghai Banking Corporation headquartered in Hong Kong, set up a branch in Bangkok. It was the first bank in the history of Thailand and followed by another two British banks, the Chartered Bank of I.A.& G (1894), and

Merchantile Bank of India (1923) as well as Banque de l'Indochine owned by French (1897). These western banks had dominated Thai banking until the eve of the Japanese “occupation” of Thailand in 1941. They provided services chiefly related to international trade and monetary exchange for the western merchants or the Thai royal family.

Figure 5. 1 Banks in Siam from 1888 to 1941

No.	Name	Country	Year
1	Hong Kong and Shanghai Banking Corp.	British	1888
2	Chartered Bank	British	1894
4	Banque de L’Indochin	French	1897
5	Siam Commercial Bank Ltd.	Thai	1906
6	Joo Seng Heng Bank 萧裕盛银行	Chinese/Singapore	1907
7	Sze Hai Tong Bank 四海通银行	Chinese/Singapore	1909
8	Overseas Chinese Bank 华侨银行	Chinese/Singapore	1909
9	Bank of Canton 广东银行	Chinese/Hong Kong	1919
10	Mercantile Bank	British	1920
11	Wang Lee Chan Bank	Chinese/Thai	1933
12	Tan Peng Choon Bank	Chinese/Thai	1934
13	Yokohama Specie Bank	Japanese	1936
14	Bank of Asia	Thai	1939
15	Siam City Bank	Thai	1941

Source: Paul Sithi-Amnuai, 1964, *Finance and Banking in Thailand: A study of the commercial system, 1888-1963*, Bangkok: Thai Watana Panich, p23

Note: Joo Seng Heng Bank and Overseas Chinese Bank was added by the author.

Besides, these banks attempted to expand their banking service by attracting local borrowers. Due to a lack of understanding of local customs, traditions, and languages, and local trade practices and asset evaluation, these western commercial banks could not effectively find out local Thai and Chinese borrowers. Thus, they tended to hire Chinese compradors providing their essential link with the local economy. The compradors were usually held deposits with these banks with good financial status and

mainly in charge of seeking local borrowers and guaranteeing the repayment of advances by the borrowers.²⁴³

The comprador system allowed the compradors to amass considerable fortunes through commission and salary paid by the banks and facilitated the compradors' own business.²⁴⁴ Most of the local borrowers were Chinese merchants, given their leading role in the Thai international trade. They were usually rice traders conducting the remittance business as a sideline other than international trade, and thus utilizing the currency exchange service of the foreign banks for the remittance transfer, especially from the Hong Kong & Shanghai Banking Corporation and Banque de l'Indochine.²⁴⁵ Nevertheless, the western banks insisted on the western style in dealing with the Chinese remittance regardless of the overseas Chinese's tradition. Although western banks hired the Chinese compradors to handle the Chinese remittance, they also looked down on the meager remittance of Chinese labor.

The language barrier and discrimination made it inconvenient even for the Chinese businessmen who were familiar with the modern banking system. Moreover, the cost of obtaining loans from these banks was high, but there were no other options until the overseas Chinese-capitalized banks emerged in Thailand later. Given the Chinese's dominance in the Thai commercial and trade and a lack of banking service operated by the Chinese in Bangkok, the overseas Chinese from Singapore and Hong Kong attempted to fill in the gap. Mr. Joo Seng Heng (萧裕盛, Charong Naiyanak), who was proficient in English, Thai, and Chinese, formed an extensive network in the Thai business circle, spent 4 years preparing the operation of Joo Seng Heng Bank. He

²⁴³ Alek A. Rozental, 1968, "Branch Banking in Thailand", *the Journal of Developing Areas*, Vol. 3, No. 1, pp37-50, Tennessee: College of Business, Tennessee State University, p41.

²⁴⁴ Hewison Kevin J., 1981, the Financial Bourgeoisie in Thailand, *Journal of Contemporary Asia*, Vol.11, No.4, pp395-412, p396.

²⁴⁵ Investigation Section of Taiwan Bank, 1914, *Overseas Chinese Remittances in the 1910s*, translated and included in George L. Hicks *Overseas Chinese Remittances from Southeast Asia 1910-1940*, Singapore: Select Books, 1993, Chapter 2, p130.

registered as a bank to the Siam government in 1907 and occupied an essential position in the Thai banking.

In addition to Joo Seng Heng, Luang Sopon Peacharaj, Prapibon Padtanakan, and Tomya were composed of board committees.²⁴⁶ The bank changed its name to Chino Siam Bank later and merged with Bangkok City Bank (1909) owned by a group of Hainanese Chinese merchants in Thailand. Moreover, other overseas Chinese banks also set up branches in Bangkok including Sze Hai Tong Bank (四海通银行) created by Singaporean Chinese Liao Chia Heng (廖正兴) in 1909, Overseas Chinese Bank (华侨银行) in 1909 and the Bank of Canton in 1919 with headquarter in Hong Kong. Compared to western banks, these Chinese banks were more interested in the remittance business rather than providing a long-term commercial loan. These banks charged a lower interest than the western banks.

Besides, the clients could request for a loan on more easing of credit conditions, and went through a less complicated procedure compared to western banks, thereby gaining tremendous popularity among Chinese merchants including owners of remittance firms. The banks' involvement in the remittance business not only earned them huge profits, but also gave them immense advantages in the competition with western banks. According to Brown (1990), the edge over western banks was more culture than economic. These banks made the most profits from the arbitrage by taking advantage of the fluctuation in between the two-dollar ratios in the 1920s given the fact that Hong Kong dollar adhered to the silver standard while the strait dollar was pegged to sterling and gold. On top of the foreign currency speculation, Chinese banks also offered loans to directors with letters of guarantee.

²⁴⁶ Koshpasharin Choon [许茂春], 2008, *Dongnanya huaren yu qiaopi [The Overseas Chinese and Money Remittance Mail in Southeast Asia]*, Bangkok: Choon Koshpasharin, p145.

However, the Chinese banks during this period were formed to financialize their own business, and therefore they were vulnerable to serious over-lending to their directors. What was worse, the banks affiliated with dialect and kinship line aggravated the injudicious lending. The run on the Chino Siam Bank in 1913 was the result of such lending, which eventually led to the collapse of the bank. In essence, the Chinese banks were an outgrowth of trading activities such as tin mining, rubber, and shipping. Thus, there was no clear boundary between the trading activities and banking. As Brown (1990) pointed out, these banks were not autonomous financial institutions, and their deposits and lending profiles were dictated by the commercial preference.²⁴⁷

Sze Hai Tong Bank was established by Teochew Chinese in Singapore who were involved in extensive trade particular in the rice trade between Thailand and China. The rice trade network was supported by their branch offices in Bangkok, Hong Kong and Swatow, which were the three vital centers for the Teochew economic presence.²⁴⁸ Generally speaking, remittance firms' relationship with early foreign banks consist of both western banks and overseas Chinese banks were cooperative due to the complementary advantages of both. Owners of remittance firms utilized the foreign exchange service of these banks for the remittance transfer. Furthermore, they obtained loans from these banks to facilitate their own business, for they were primarily involved in international trade and other commercial activities apart from the remittance business.

On the other hand, the banks gained tremendous benefits from transferring Chinese remittance. Despite the high value of Chinese remittance, the banks were reluctant to handle them directly since the remittance amount was so tiny for each person that it was hard to make profits. Besides, the modern banking procedure for foreign exchange was not friendly to the mostly illiterate Chinese remitters. Thus, these banks relied on

²⁴⁷ *ibid*

²⁴⁸ *The Straits Times*, Advertisements Column, June 3, 1957, p13.

remittance firms to collect the remittance from the individual hands until reaching a significant amount for foreign exchange. The competition was between western banks and overseas Chinese banks rather than between these banks and remittance firms. Sze Hai Tong Bank, Overseas Chinese Bank, and Cantonese Bank, the newly-emerged banks operated by ethnic Chinese in Singapore and Hong Kong, took a significant market share of the remittance trade western banks. The western banks' focus was not on the remittance business. Thus, they did not intend to monopolize the remittance trade. They bridled at the remittance's tiny amount and insisted on the western standard in dealing with Chinese remittance letters.

Compared to the superior western banks serving primarily for the Thai nobility and the blue blood, the Chinese-capitalized foreign banks were more keen on the remittance business and set up branches in both Southeast Asia and China for foreign exchange operations.²⁴⁹ Furthermore, they were willing to provide loans on a looser standard and handle them more efficiently. Given that the owners of the banks were ethnic Chinese of Teochew or Cantonese origin, there was no language barrier and discrimination. Therefore, they were popular among the Chinese commercial community in Thailand, especially for small Chinese traders lacking access to Western banks' compradors. The owners of remittance firms who were mostly traders or merchants owning other enterprises were prone to use these Chinese banks' services.

3. Remittance Firms and Chinese Exchange Banks in the 1920s and 1930s

As the expansion of their trading activities and the drive of huge profits from remittance trade, a few tycoons in Thailand emulated the previous banks operated by westerners and overseas and initiated the banking service known as private exchange banks. By

²⁴⁹ Browan Raj Brown, 1990, "Chinese business and banking in Southeast Asia since 1870," Geoffrey Jones (ed.), *Banks as Multinationals*, London: Routledge, p173.

the standard of modern banking, these exchange banks did not perform the normal functions of banks but specialized in remittances to China and elsewhere by the issuance of the promissory notes and loans for the international, particularly the rice trade.²⁵⁰ The main characteristic of the business pattern was the integration of trading activities and banking services, which was the same as the overseas Chinese banks. These banks could be seen as the earliest “Thai” banks, given the owners were Chinese Thai. As Amnuai (1964) noticed these banks pointing out that, “It has been noticed that even before the establishment of the first commercial bank in Thailand, there was some ‘banking’ business in a limited sense.” As shown in Figure 5.2, eight leading private exchange banks had been formed in Thailand in the 1930s.

Figure 5. 2 The Rise of Chinese Exchange Banks by Chinese Thai in 1930s

No.	Bank Name	Owner	Origins	Other business	Start Year
1	Thye Sua Bank 泰山銀行	Tang Jeng Young 陳崢嶸	Thai/Chinese (Hokkien)	Rice	1933
2	Kwang Soon Lee Bank 廣順利銀行	Xie Yi'an 謝毅庵	Thai/Chinese (Teochew)	Rice/ Distiller	1933
3	Leow Young Heng Bank 廖榮興銀行	Koon Setrapakdee 廖公輔	Thai/Chinese (Teochew)	Rice	1933
4	Wang Lee Chan Bank 贊利棧銀行	Tan Siew Meng 陳守明	Thai/Chinese (Teochew)	Rice/ Insurance	1933
5	Kwang Koh Long Bank 廣高隆銀行	Ung Su Nam (Lamsam) 伍佐南	Thai/Chinese (Hakka)	Rice/ Wood	1933
6	Tan Peng Choon Bank 陳炳春銀行	Tan Hong Iy/Tan Keng Koon(陳鳳毅)	Thai/Chinese (Teochew)	Bank	1934
7	Shun Fucheng Bank 順福成銀行	Zheng Shunzhi 鄭舜之	Thai/Chinese (Teochew)	Rice/Insu rance	-

²⁵⁰ Paul Sithi-Amnuai, 1964, Finance and Banking in Thailand: A study of the commercial system, 1888-1963, Bangkok: Thai Watana Panich, p23.

8	Chin Seng Exchange 振盛匯兌莊	Bulakun family 馬立群, 馬國華	Thai/Chinese (Cantonese)	Exchange	-
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Source: Suehiro Akira, 1989, *Capital accumulation in Thailand 1855-1985*, Tokyo: The Center for East Asian Cultural Studies, p110.

Under the pressure of the Thai government, five exchange banks-Wang Lee Chan (龔利棧), Tan Peng Choon (陈炳春), Shun Fucheng (顺福成), Thye Sua (泰山), and Leow Young Heng(廖荣兴) came into being through a wave of integration and recombination. The merge of these Chinese-capitalized banks had achieved further development in banking service and expand their activities, making the modern banks even more difficult to compete with them. With Teochew affiliation, the exchange banks had been vital in cashing the Chinese remittance, particularly for the Teochew group, which account for most of the total remittance from Thailand. They were active in both large ports, cities, and rural villages. These exchange banks had existed for a long time but just registered to the Thai government in the 1930s. Tan Peng Choon Exchange Bank was created as early as 1893, and Shun Fucheng Bank was in operation and mainly served the remittance firms for remittance transfer, according to the Chinese newspaper.²⁵¹ The Chinese newspaper also saw the Zheng Sheng Exchange Banks advertisement in 1929, and it was found that it existed since 1926.

With such a long history, the exchange banks had maintained a close connection with remittance firms and remitters bounded by dialect ties. Thus, these Chinese exchange banks, albeit with a traditional-style, had dwarfed the modern western banks and overseas Chinese banks and played a dominating role in the Thai remittance trade. Remittance firms maintained close cooperation with the exchange banks. The exchange banks transferred the remittance for remittance firms from Thailand to Shantou via Hong Kong utilizing telegraphic transfer or demand draft, but also provided financial

²⁵¹ Hong Lin [洪林] and Li Daogang [黎道纲] (ed.), 2011, *Taiguo qiaopiye ziliao huicui [The Collection of Thai Remittance Mail Industry Documents]*, Shantou: Chaoshan Historical Culture Research Center, p37.

support for remittance firms when they faced a shortage of cash flow. It was estimated that 90% of the Chinese remittance from Thailand was transferred through these exchange banks.²⁵²

The salience of exchange banks' role in the Thai remittance trade stood in contrast to the case in Singapore, Malay, and Dutch India, where the modern Bank's stance was prominent. The dialect and kinship ties had largely contributed to the success of the exchange banks. Moreover, the mismanagement of the modern banks crippled their capability to attract remittance. The Bank of Canton that played a significant role in dealing with the foreign exchange of remittance, was closed on September 4, 1935. The shutdown of the Bank had been a heavy blow for credits of the modern banks, making the customers that used banks to transfer money turn to exchange banks.

It is worth noting that some exchange banks directly involved in the remittance business. They established remittance firms, usually being the transnational remittance firms, and being members of the Thai remittance association. According to Brown (1994), Wang Lee established its remittance firms in Bangkok, Swatow, Singapore, Penang, Saigon, and Hong Kong in 1906.²⁵³ The owner of *Shun Fucheng* Bank (No.7), *Zheng Shunzhi* (鄭舜之), also had a remittance firm called *Shunji* Remittance Firm (舜记批局) in Bangkok. Similarly, the owner of Tan Peng Choon Bank, Kwang Koh Long Bank, and Chin Seng Exchange, and Kwang Soon Lee Bank all operated remittance firms, which was widely advertised in the Chinese newspaper. The engagement in the remittance trade brought in tremendous profits for the exchange banks.

²⁵² Lin Jiajing [林家劲], 1999, *Jin Dai guang dong qiao hui yan jiu [Guangdong Remittance Research]*, Guang Zhou: Zhong Shan da xue chu banshee, p13.

²⁵³ Rajeswary Ampalavanar Brown, 1994, *Capital and Entrepreneurship in Southeast Asia*, London: Palgrave Macmillan, p140.

Like the case of Singapore and Hong Kong, the rise of Thai exchange banks was a result of international trade, especially the rice trade. The owners of the significant exchange banks were prominent rice traders who exerted an oligopolistic control on the Thai market. The remittance collected from the local remittance firms served as a capital flow for both their exchange banks and rice trade that intertwined with each other. Wang Lee group was the most important and influential business group during that period. It owned six rice mills, a rice export company, a bank (Wang Lee Chan Bank), an insurance company (Luang Lee Insurance), and a shipping company (Wang Lee Co. Ltd).²⁵⁴

The leading member of the third generation of the Wang Lee family -Tan Siew Meng- was served as the chairman of the Chamber of Commerce as the paramount organization of the Chinese community in Thailand. Their wealth was built on international trade, especially the rice industry. The Wang Lee Chan Bank and Luang Lee Insurance were designed to provide trade credits and insurance services for the Thai rice trade. In 1938 Wang Lee group had integrated the entire banking sector and other businesses into a conglomerate- Wang Lee Ltd- with a registered capital of 2.7m baht, which was composed of five sectors: trading, shipping, rice mills, banking, and insurance companies.²⁵⁵ When the Thai government intended to impose heavy tax policy on the exchange banks in light of their role in transferring remittance out of Thailand, Tan Siew Meng succeeded in negotiating with the government centered on these banks' linkage with the rice trade.

Due to the significance of the rice export in the Thai economy, the Thai government was reluctant to curb the capital outflows in the form of remittance at the price of loss of rice trade as the backbone of the national economy. The remittance firms'

²⁵⁴ Rajeswary Ampalavanar Brown, 1994, *Capital and Entrepreneurship in Southeast Asia*, Palgrave Macmillan: London, p141.

²⁵⁵ Brown Raj, 1990, "Chinese business and banking in Southeast Asia since 1870," *Banks as Multinationals*, edited by Geoffrey Jones, London: Routledge, pp 173-90.

relationship with the Chinese exchange banks was similar to its relationship with the previous western banks and other foreign banks operated by ethnic Chinese from Singapore and Hong Kong. It was generally cooperation. The competition was between the various types of banks, between western banks and overseas Chinese banks first. With the emergence of a new competitor- Chinese exchange banks-arise from the boom of the Thai rice trade, they had successfully overtaken western banks and overseas Chinese banks to control the remittance trade of Thailand. Furthermore, the cooperation between remittance firms and Chinese exchange banks was more intimated than the previous banks given the same Teochew background and more integrated as a result of the combination of banking and trading activities.

On top of that, these exchange banks became the pioneer of the “Thai” banking service as a challenge to the supremacy of foreign banks dominating Thai banking. According to the registration name of the company account, it was seen that some of the exchange banks later evolved to be the modern banks of Thailand. For example, Tan Peng Choon Bank had transformed into a metropolitan bank. Wang Lee Chan Bank later transformed into Nakornthorn Bank. The owner of Kwang Koh Long Bank (廣高隆銀行) set up by Ung Su Nam (伍佐南) belonged to the Lamsam family who created the Thai Farmers Bank (Kasikorn Bank) in the 1940s.

4. Remittance Firms and Chinese Governmental Banks During War and After WWII

The breakout of Sino-Japanese in 1937 war had greatly thwarted the operation of remittance firms: large numbers of remittance delivery staffs were robbed or killed, remittance delivery route was interrupted, and remittance firms went bankrupt. With Shantou's fall on June 27, 1939, the remittance had suffered a slump dramatically due to the remitters' concern on the safety of the remittance delivery, and the Thai remittance association announced a suspension of the remittance delivery on June 30,

1939. Being aware of the importance of the remittance to the survival of the families and relatives of overseas Chinese, the overseas Chinese community in Thailand turned to the Chinese government for help. Hia Kwang Ian (蚁光炎), who was the chairman of the Chinese Chamber of Commerce in Thailand (CCCT), had played a vital role in promoting the involvement of the Chinese government banks in the Thai remittance trade. When the Japanese troop occupied Shantou on June 27, 1939, Hia Kwang Ian was in his hometown of *Chaoshan*, visiting his family. Then he had to end his trip soon and returned to Thailand via Hong Kong.

The solutions could be found in the two letters written by Hia Kwang Ian to Chen Shuren(陈树人), the head of the Overseas Chinese Affairs Commission in a request for further assistance on June 20 and 21, respectively. Hia advised the Chinese government to set up a specific institution or Bank in charge of the remittance to enhance the cooperation with the remittance firms in Nanyang (南洋). Thus, all the collected remittance packages could concentrate at Hong Kong, and advanced them via Huiyan(惠阳) by water route or via Guilin (桂林) and then Shaoguan (韶关) by the airline to Xingning (兴宁) or Meixian(梅县), as the center of remittance in Guangdong province, and eventually reading to the hands of recipients under the protection the Chinese troops. The remittance association chairman *Xiao Zhuoshan* (萧卓珊) attempted to contact the staff in his remittance firms to set up a branch in Hong Kong and asked them to report the problem of remittance to the Ministry of Finance of the Nationalist government office in Hong Kong. They had already gained approval from the Chinese government planning to operate Guangdong Provincial Bank in *Meixian* to transfer the overseas remittance.²⁵⁶

Regarding the currency transfer issue, Hia proposed that the Guangdong Provincial Bank should establish more branches in the counties as soon as possible to proceed with

²⁵⁶ Tong Wah Chinese Daily News [中华民报], June 29, 1939.

the exchange transactions for remittance. As suggested by Hia Kwang Iam, Chen Shuren urged the Guangdong government to order the Guangdong Provincial Bank to set up branches. On September 21, 1939, the Guangdong Provincial government instructed the Guangdong Provincial Bank to handle overseas remittance as follows:

1. The Central Bank, The China Bank, Jiaotong Bank, and Farmer Bank manage to receive overseas remittance through their branches in Southeast Asia, and deliver it to the domestic branches of Guangdong Provincial Bank.

2. The Guangdong Provincial Bank should establish new branches or offices in various places to deal with remittance delivery.

3. The delivery of remittance should specify the address on the remittance sheet.

(Li, 2011: 139)

Except for the above points, the magistrate of Raoping County (饶平县) stressed the importance of a coordination with creditworthy *shuike* and remittance firms as well as the heads of the villages and towns.

Many banks had established branched in Meixian (梅县) to replace Shantou (汕头) to be the transfer center for the Teochew remittance. Cantonese Bank had succeeded in cashing the remittance in November 1939, so did the China Bank, which developed the Bank of Canton owned by the overseas Chinese. Malifeng (马丽丰) was the agent for the Overseas Chinese Bank. The Chairman of Guangdong province decided that Guangdong provisional bank developed Meixian as the center for the Teochew remittance, and established branches in Xingning 兴宁, Dapu 大埔, and Jiaoling 蕉岭. Besides, it also opened offices in Songkou 松口, Bingcun 丙村, Fengshun 丰顺, Laolong 老隆, Jieyang 揭阳, and Raoping 饶平 in charge of the overseas remittance. The Songkou office has already operated. By far, the Teochew and Hakka remittance from abroad had been able to reach China through the Guangdong Provisional Bank without problems. Meanwhile, the China Bank offices in Southeast Asia also managed to accept remittance and transfer to Guangdong province. Recently, the Guangdong

Provisional Bank had decided to established a branch in Bangkok but was left unresolved.²⁵⁷

As a result, the Thai remittance firms re-operated business announced by the Thai remittance Trade association. On October 10, 1939, the remittance association decided to resume the remittance business operation and set October 20 as the deadline for remittance delivery for this batch. The specific details were as follows:

1. The remittance letters would be delivered three times a month, shipping from Bangkok to Hong Kong. The time to deliver would be announced by the association and usually two days earlier than before. The delivery sticks to the sea route instead of the airway in order to cut off costs.
2. The remittance delivery service covers the whole Chaoshan region, including both occupied and non-occupied areas by the Japanese. If war breaks out after receiving, the remittance will be returned. In the case of failing to find the recipient, the remittance will be returned, too. The remitters and remittance firms are to be shared together, in which the remitters pay the commission fee 24 sadang while the remittance firms will be responsible for the costs for delivery.
3. As for the returned letter, it takes much longer than before due to the war. It was around 20 days.
4. The remittance received in Bangkok is required to be cash only. The loan is not permitted.

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²⁵⁷ Tong Guan Pao[中原报], November 6, 1939.

remittance, and established branches in Xingning 兴宁, Dapu 大埔, and Jiaoling 蕉岭. Besides, it also opened offices in Songkou 松口, Bingcun 丙村, Fengshun 丰顺, Laolong 老隆, Jieyang 揭阳, and Raoping 饶平 in charge of the overseas remittance. The Songkou office has already operated. By far, the Teochew and Hakka remittance from abroad had been able to reach China through the Guangdong Provisional Bank without problems. Meanwhile, the China Bank offices in Southeast Asia also managed to accept remittance and transfer to Guangdong province. The Guangdong Provisional Bank had decided to establish a branch in Bangkok but was left unresolved.²⁵⁸

Thus, the chaos and unrest created an opportunity for the Chinese government banks, which intended to seize the control on the remittance trade, for they also attached great importance to the value of the remittance. The official banks of the Chinese nationalist government consist of China Bank, Jiaotong Bank, and the Farmers Bank Together, Guangdong Provincial Bank and Fujian Provincial Bank prospered rapidly since then. All of them were well-capitalized and supported by the Chinese government. The overseas Chinese were willing to send remittance through them out of their trust in the government banks. Moreover, the foreign exchange rate was relatively stable with the support of the British Hong Kong government. These advantages contributed to the rise of the official banks controlled by the government in the Thai remittance trade.

The Chinese commercial community abroad had embraced the opening of the Chinese official Bank in Bangkok since the early 1930s. There were mainly two official governmental banks involving in the Thai remittance trade: China Bank and Guangdong Provincial Bank. A number of remittance firms had assumed their remittance business with the engagement of these two banks. In 1940, Tan Peng Choon Bank resumed its remittance business, Taixingyu remittance firm 泰兴裕 set up exchange shop in Hong Kong and Kunming. We also saw the 湄光公司 started to run

²⁵⁸ Tong Guan Pao [中原报], December 6, 1939.

remittance in Thailand. Another advertisement of Zhenyuan Remittance firm 振远民信部 demonstrated that it could help the remitters to deposit in the China Bank and Guangdong Provincial Bank in Hong Kong, Kunming, and Meixian. The remittance fees were free. The remittance over 1000 yuan could exempt from charging the telegraphic fee as well.²⁵⁹

As a Chinese newspaper reported, the overseas Chinese suffered a lot due to the economic depression in 1932. If the China Bank could open a branch in Bangkok to provide financial support for the Chinese merchants in the capital, it would greatly benefit the local Chinese community.²⁶⁰ However, the China Bank had tried to open a branch in Thailand but did not succeed. Thus, China Bank cooperated with Cantonese Bank as an agent, who owned a branch in Bangkok to help deal with the Chinese remittance. China Bank owned great numbers of agents and branches abroad and thus had been capable of attracting remittance, but the overseas branches were mostly located in big urban cities and ports. The remittance they attracted were mostly large-amount remittance.

The small-amount remittance mainly depended on the remittance firms. Nevertheless, China Bank did not own branches in China, and thus the foreign currency exchange business was mainly handed to Directorate General of the Postal Remittance and Savings Bank (邮政储金汇业局) and Guang Dong Provincial Bank (广东省银行) which had widespread branches within China even the rural areas in Guangdong Province (see Figure 5.3 and Figure 5.4). Apart from seeking agents and set-up branches to absorb more remittance, the Chinese authority had to be prudent to engage in the transnational remittance business directly given the international legal restrictions that prohibited any state from being involved in the post activities within

²⁵⁹ Tong Guan Pao [中原报], May 2, 1940.

²⁶⁰ China Overseas Press [暹罗华侨日报], July 4, 1932.

the borders of another state.²⁶¹ To circumvent the international restrictions, a remittance firm called Hechang Remittance Firm was the China Bank's Xiamen office. The remittance firm was mainly in charge of the delivery of Hokkien remittance. Thus, China Bank's Xiamen Office handled the overseas remittance directly in the name of the Hechang Remittance.²⁶²

Figure 5. 3 The Agents of the China Bank in Southeast Asia

Agents	Location
Guangyi Bank 广益银行	(Malaya)Kuala Lumpur 吉隆坡
Wan Xingli Bank 万兴利银行	(Malaya)Penang
Chartered Bank 渣打银行	(Malaya)Kuala Lumpur, Penang, Klan, Ipo, Taiping, Sitiawan, Seremban, etc.
中华商业有限公司	(Indonesia) Kota Medan
荷兰公笃银行	(Indonesia) Palembang, Kota Medan, Sibolga, etc.
广东银行	(Thailand) Bangkok
中兴银行	(Philippines) Manila

Source: Zheng Linkuan[郑林款], *Fujian Huaqiao Huikuan[Remittances by Overseas Chinese from Fujian]*, Fuzhou: Office of Statistics, Secretariat of the Fujian Provincial Government, 1940, p74.

Figure 5. 4 The Branches of China Bank in Guangdong Province

Office	Place
Canton 粤行	Canton
Kongmoon 江门支行	Kongmoon
Qionghow 琼处	Haikou
Swatow 汕支行	Swatow
Meih sien 梅处	Meixian

Source: Zheng Linkuan[郑林款], 1940, *Fujian Huaqiao Huikuan [Remittances by Overseas Chinese from Fujian]*, Fuzhou: Office of Statistics, Secretariat of the Fujian Provincial Government, p74.

²⁶¹ Harris Lane. J. 2015, "Overseas Chinese Remittance Firms, the Limits of State Sovereignty, and Transnational Capitalism in East and Southeast Asia, 1850s-1930s", *The Journal of Asian Studies* Vol.74, No.1, February, p129-151.

²⁶² Jiao Jianhua [焦建华], 2017, *Fujian qiaopi ye yanjiu 1896-1949 [福建侨批业研究 (1896-1949)]*, Xiamen: Xiamen University Publisher.

In contrast, Guangdong Provincial Bank owned merely several overseas branches in Hong Kong, Macau, San Francisco, and Singapore as a result of the central government's intention to limit the development of the local Bank. In this circumstance, Guangdong Provincial Bank engaged in the remittance business by establishing contracts with banks with broad overseas branches such as China Bank and Overseas Chinese Bank and established cooperation with *shuike* to attract overseas remittance. However, Guangdong provincial bank had established wide branches in rural China and had great capability to cash the remittance. However, it could only reach county-level. Thus, it developed remittance firms as agents to proceed with the foreign exchange for the remittance. Due to the lack of operation in the Japanese-occupied areas of China, the Chinese official banks also cooperated with western banks, especially Hong Kong and Shanghai Bank, which still played a leading role in the foreign exchange of the remittance in Japanese-occupied regions of China, they tended to use British or Overseas Chinese banks to cash the remittance.

The Chinese remittance from Thailand was usually cashed through China's official banks in un-occupied areas Chaozhou, Puning and Jieyang (潮普揭) while for the occupied regions Hai, Chenghai, Rao (海澄饶), they were cashed by the British Bank in Shantou for further delivery. The remittance fees for the occupied areas were higher than the un-occupied areas. The difference reached 500 to 600 yuan for 10,000 Chinese yuan.²⁶³ Despite the Japanese intervention in the remittance trade and initiation of the Japanese banks, few remittance firms dealt with the Japanese banks because the Japanese banks did not have enough Chinese yuan and thus the Japanese authority had to issue a new currency called jun piao (军票) that could only circulate and used in Japanese-occupied areas. The exchange rate between jun piao and Chinese yuan was blurry, making the remittance firms and Chinese dependents reluctant to accept jun piao.

²⁶³ Tong Guan Pao [中原报], March 19, 1940.

In line with the nationalist government's patriotic propaganda, the remittance firms rarely use Japanese banks for cashing overseas remittance in China.²⁶⁴

Due to the war onslaught, the remittance firms in the Japanese occupied areas had successively moved to the areas controlled by the Chinese government. During that time, a total of 80 remittance firms were in operation in both Shantou and Xiamen. These remittance firms maintained a close connection with the banks in China and abroad, selling remittance to these banks and gaining Chinese yuan (法币) from these banks. Their cooperation with the official banks turned out to be smooth. Although a few Chinese traditional exchange banks and western banks also run the currency exchange business, most of the remittance transfer was controlled by the government bank. The banks mainly dealt with the large-amount remittance, and they developed the remittance firms as agents to collect remittance from individual remitters. The remittance firms were dependent on the official Bank for the foreign currency exchange during wartime. Coupled with low charge and excellent service, China bank also provided a special offer for the remittance firms that collected remittance for a large amount. They set up an exchange rate with the Bank in advance.

Thus, the remittance would cash the remittance to the Bank within one or two months according to the negotiated rate. Like western banks, the official banks usually tended to deal with intermediaries connecting the Bank and the remittance firms. These middlemen usually announced the foreign currency exchange rate to the remittance firms by telephone or mailing. Owing to the vibrant exchange rate, they had to report frequently to the remittance firms to allow them to consider and decide the timing to sell their remittance to the Bank. These brokers gained a commission from the banks. Also, the remittance firms were willing to deal with these middlemen since they could

²⁶⁴ Hicks George L., 1993, *Overseas Chinese Remittances from Southeast Asia, 1910-1940*, Singapore: Selected Books, p162.

get the information faster than from the Bank directly. The cooperation between remittance firms and China Bank was not only limited within the remittance delivery, but also in terms of drawing savings. As a Hakka remittance firm *Meiguang Corporation* (湄光公司) advertised in the Chinese newspaper, they could help the remitters to save the remittance in the form of demand deposit or fixed deposit in the China Bank in *Meixian*.²⁶⁵

After the signature of the Sino-Siamese Convention in 1946, China Bank had prepared to establish branch in Bangkok. Guangdong Provincial Bank had gained official approval from the Thai government and was allowed to operate in June 1947 to deal with the Thai remittance. As for other banking services such as loans and deposits, it would depend on the situation. Nevertheless, the close cooperation between remittance firms and Chinese official banks during the war from 1939 to 1945 was not sustained in the post-war period and turned hostile. The conflicts between the remittance firms and banks surged as the worsening of Chinese economics and hyper-inflation devalued Chinese yuan in China. The Guangdong government approved China bank, Central Bank, Jiaotong Bank, and Farmer Bank to set up a branch in Shantou in charge of the remittance transfer to prevent the remittance flowing from entering the black market. This official notice was sent to the remittance association in Thailand, urging them to remit through the government bank.²⁶⁶

The Chinese government insisted that the remittance firms were blamed for black-market problems. Mayor of Shantou, Li Guojin (李国俊), emphasized that the remittance had to be remittance through national banks and accused of the opportunists of the remittance trade of causing the problem. However, the Shantou authority limited the acceptance of *Jinyuanquan*, a type of Chinese currency, leading to a lack of cash for

²⁶⁵ Tong Guan Pao [中原报], May 2, 1940.

²⁶⁶ Kwang Hua Daily News [光华报], June 30, 1948.

the exchange of remittance. At such a time, it was unreasonable for the Shantou government to require more remittance sending through the Bank that did not have enough cash for the remittance delivery.²⁶⁷ They argued that the inflation was caused by the government, by the financial system, the remittance firms had never dealt with the remittance to Shantou.²⁶⁸

For the remittance through black market problem, it was further pointed out that the government, instead of the remittance firms, should be responsible for the problem. Firstly, the difference in the exchange rate between the black market and China's Central Bank (official rate) was too vast, the government could not lower the price but resort to control remittance. Thus, the black-market problem could not be addressed without setting a reasonable exchange rate. Secondly, the bureaucratism was pervasive in the government banks, sluggish, low-efficiency, and rife with fraud. The remittance during the war had not delivered to the recipients' hand even two years after the sending, and their families had already starved to death. The money was still on the Bank's account; nowadays, with the devaluing of the Chinese currency, it was difficult for the Chinese merchants to hand in the remittance to the banks.

They had to work until late at night, but the official Bank was closed at 16:00. Moreover, the number of remittance firms was over 100, it was inevitable that some had a similar name, and the official telegraph was translated from English, causing some errors in the translating process. However, some remittance firms had not gained sluggish for the remittance delivery process. Lastly, the officials of China Bank looked down on the overseas Chinese remittance, largely irritating the remittance firms in Thailand.²⁶⁹ What was worse, China Bank returned the remittance that it could not cash, the remittance industry requested for the compensation, the amount reached 300 thousand

²⁶⁷ Kwang Hua Daily News [光华报], June 1, 1946.

²⁶⁸ Tong Guan Pao [中原报], July 1, 1948.

²⁶⁹ Tong Guan Pao [中原报], September 10, 1948.

yuan, so far most of the compensation had not yet been made.²⁷⁰ The Chinese government's administrative intervention proved to be a total failure, only causing a huge split between the remittance firms and Chinese official banks.

5. Remittance Firms and Bank of Thailand Since 1942

This wartime period also witnessed that the Thai remittance firms started to encounter unprecedented aggressive interference from the Thai government by establishing a central bank. Several factors contributed to the creation of the Bank of Thailand, but Japan's pressure accelerated the Thai government's steps. When the Japanese demanded that the Thai government set up a central bank with Japanese advisers and department heads. Fearing that the Japanese influence would undermine economic sovereignty, The Thai government declined the proposal by arguing that Thailand had a central bank already, and it was unnecessary to build a new one. The Central Bank was the National Banking Bureau, formed in 1940 in charge of the government loans, foreign exchange control, and financial officials training. The Thai authority immediately asked Prince Viwat, the financial advisor, to formulate the Bureau into Bank of Thailand.²⁷¹ Following the promulgation of *the Bank of Thailand Act*,²⁷² the Bank of Thailand started its operation since December 10, 1942. According to (Sapee Ingkawat 1970: 18), there are three aims of Bank of Thailand:

1. to collect and deposit foreign currency into the central Bank
2. to prevent the smuggling of capital
3. to stabilize the value of the Baht currency

Despite Japanese “occupation”, the Thai state remained intact throughout the war and maintained considerable influence upon economic policy. Thai state managers

²⁷⁰ Kwang Hua Daily News [光华报], June 1, 1949.

²⁷¹ The Bank of Thailand Official Website, “History of the Bank of Thailand,” accessed on October 23, 2019, <https://www.bot.or.th/English/AboutBOT/RolesAndHistory/Pages/History.aspx>.

²⁷² *The Bank of Thailand Act* was promulgated on 16 April, 1942

attempted to encourage domestic capitalist development during the war, which included the establishment of the Thai National Banking Bureau in October 1939, which became the central Bank of Thailand, in December 1942.²⁷³ Besides, the Thai government also promulgated the Foreign Exchange Control Act, but the execution of the Act was under the charge of the Yokohama Specie Bank. It was required that every remitter was allowed to send no more than 50 baht at the official foreign exchange rate per month. For those who wanted to send more, they have to request permission from the Ministry of Finance, anyhow, it was not allowed to remit more than 400 baht.²⁷⁴ Under the Act, no one was allowed to conduct foreign currency exchange activities except the government-authorized companies, banks, or individuals.

Thus, the remittance firms could not conduct foreign currency exchange business any longer, but simply collected Thai baht from the remitters and ask the commercial banks to convert it into foreign currency in order to deliver to the agents of remittance firms in foreign countries and eventually to the hand of the recipients. Since then, the remittance firms became customers of the authorized agent and was officially called "money-buying agent" that collected money and bought foreign currency from authorized banks or companies to send to the family or relatives abroad.²⁷⁵ The establishment of BoT and issuance of Foreign Exchange Act was not only vital for the Thai to safeguard their sovereignty during Japanese "occupation" and stabilize the economy after Japan's defeat but also played a significant role in weakening the remittance firm's economic strength deriving largely from the foreign exchange manipulation without limits.²⁷⁶ In line with the Central Bank's role in remittance trade,

²⁷³ Kevin Hewison J., 1989, *Bankers and Bureaucrats Capital and the Role of the State in Thailand*, Monograph Series 34, New Haven: Yale University Southeast Asia Studies, p70.

²⁷⁴ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p79.

²⁷⁵ *ibid*

²⁷⁶ Richard Doner and Daniel Unger, 1996, "Chapter 4 The Politics of Finance in Thai Economic Development," *Chinese Business Enterprise, Volume 2*, edited by Rajeswary Ampalavanar Brown, London and New York: Routledge, P91-92.

the Thai government also issued new banking regulations to promote local commercial banks' development, which was authorized by the government to sell foreign currency to the remittance firms. Since then, the remittance business has been under the control of the Bank of Thailand. Remittance firms had to be authorized by the ministry of finance before it could purchase foreign exchange. since this law came into force, and with the growing importance of the commercial banks, remittance business has tended to decline.²⁷⁷

The set-up of the central bank had a great impact on the remittance firms and their remittance business, especially for the transnational remittance firm. As a central bank of Thailand, it was principally in charge of regulating the remittance trade and the remittance firms' financial activities. However, it does not handle the Chinese remittance directly. With the establishment of the central Bank, the remittance business has been under the control of the BaCentralhailand. No one was allowed to conduct foreign currency exchange activities except the government-authorized banks or individuals. Thus, the transnational remittance firms could not conduct foreign currency exchange any longer, and their business had shrunk into remittance collection similar to those small local remittance firms. For the remittance transfer, the remittance firms had to rely on the commercial banks supported by the Thai government to exchange foreign currency for the remittance. As a result, the transnational remittance firms' profit source that incurred from the foreign exchange manipulation was largely curbed. Nevertheless, it turned out that the central Bank's activities were largely contained by the Japanese-operated Yokohama Specie Bank.

6. Remittance Firms and Yokohama Specie Bank (1941-1945)

²⁷⁷ Paul Sithi-Amnuai, 1964, *Finance and Banking in Thailand: A study of the commercial system, 1888-1963*, Bangkok: Thai Watana Panich, p37.

In line with their military aggression, the Japanese also scrambled to control the overseas Chinese remittance and thus initiating a range of measures in China and abroad. In Thailand, the Japanese authority established Yokohama Specie Bank (YSB) to absorb Thai remittance after the Japanese troops' landing-on Thailand in 1941. The Japanese's interaction with the Chinese in Thailand was mainly under the charge of the Japanese embassy officials in Bangkok and directed by Colonel Tamura.²⁷⁸ Eventually, the Japanese gained control of the most leading Chinese organization in Thailand- the Chinese Chamber of Commerce and the only Chinese newspaper-Tong Guan Pao (中原报). Tong Guan Pao was revamped by the Japanese and resumed publication in January 1942. The control of the Chinese community in Thailand, coupled with the fall of Hong Kong on December 25 in 1941, and Singapore on January 5, 1942. As a result, the Thai remittance industry had suspended; the owners of remittance firms had fled Bangkok; the Thai Remittance Trade Association had ceased operation.

Apart from that, the British and French banks in Thailand that used to deal with the remittance transfer by the Chinese remittance firms were forced closed, and Chinese-operated banks did not resume the business yet, offering a new opportunity for the Japanese-owned Yokohama Specie Bank(横滨正金银行).²⁷⁹ To revive the Thai remittance trade, the Japanese airplane was used to deliver the remittance package from Bangkok to Shantou via Guangzhou. As for the remittance transfer, Yokohama Specie Bank set up an office in Shantou, making it possible for the remittance from Thailand to reach Shantou. Moreover, YSB offered foreign exchange services.²⁸⁰ All of these seemed to foster favorable conditions for the cooperation between the remittance firms and YSB. It appeared that Tan Peng Choon (陈炳春) Bank was the first to get back into its remittance business in Thailand.²⁸¹

²⁷⁸ *ibid*

²⁷⁹ 中原报, January 27, 1942

²⁸⁰ *ibid*

²⁸¹ 中原报, January 23, 1942

Since February 1942, the major remittance firms, including all the dialect groups in Thailand, had resumed business one after another. In line with them, several new firms started running the remittance business, such as Wudongbai Ltd.Co. (伍东白有限公司) owned by Lumsam family, Xinsheng store(新生商店) owned by Hakka, Overseas Chinese remittance firms (华侨银信局) belong to Hainanese, Hokkien-owned Xibisiji remittance firm (锡碧斯记民信局).²⁸² Moreover, the Japanese created a remittance firm called Xingfa Corporation (兴发公司), and its business scope covered from import and export trade, shipping, the certification issuance and remittance in South China.²⁸³ In fact, it was an institution to collect the intelligence of the local Chinese, including investigation on remittance firms.²⁸⁴ According to Xingfa corporation, the Thai remittance was still dominated by the Teochew group and increased considerably from 1940 to 1941, but suffered a dramatic decline in 1942.

Like other banks, the Yokohama Bank did not directly receive the remittance business, but only served for the remittance firms as a currency exchange institution. Despite a significant increase in the remittance trade through Yokohama Specie Bank, it turned out that the Thai remittance transferred by the Yokohama Specie Bank only accounted for a small portion. Furthermore, it was evident that the remittance firms' currency speculation was still active in the Japanese “occupation” period, as seen in Figures 5.5 and 5.6. In 1942, the remittance amount sent by the remittance firms was *fabi* 39,608 thousand yuan. However, the remittance firms bought 63,420 thousand yuan from Yokohama Specie Bank, almost twice the remittance that they were supposed to cash because Thai baht devalued on April remittance firms use their stocked Thai baht to buy Chinese yuan to make tremendous profits from the currency speculation activities.

²⁸² *ibid*

²⁸³ 中原报, March 10, 1942

²⁸⁴ 大藏省久保總務課長御依頼の資料送附件, 1942, A file Sent for the request of Okura Kubo, the Chief of General Affairs Division, No. 164, pp292-646

Figure 5. 5 The Amount of Thai Remittance Sent by Remittance Firms (Thousand yuan)

Year	Teochew	Hokkien	Hakka	Cantonese	Hainanese	Total
1940	113,484	1,000	12,500	5,000	1,170	133,154
1941	160,019	1,000	14,400	7,000	2,415	184,830
1942 ²⁸⁵	<i>fabi</i> (法币): 39, 608; chubeiquan (储 备 券) ²⁸⁶ : 10, 016	unknown	unknown	unknown	unknown	-

Source: 大藏省久保總務課長御依頼の資料送附件, 1942, A file Sent for the request of Okura Kubo, the Chief of General Affairs Division, No. 164, pp292-646

Figure 5. 6 The Amount of Fabi and Chubeiquan Bought From Yokohama Specie Bank (Thousand yuan)

Year	Teochew	Cantonese	Hainanese	Total
1940	-	-	-	-
1941	<i>fabi</i> (法币): 6,750	-	-	<i>fabi</i> (法币): 6,750
1942 ²⁸⁷	<i>fabi</i> (法币): 63,420; chubeiquan (储 备 券): 8,120	<i>fabi</i> (法币): 926 chubeiquan (储 备 券): 57	<i>fabi</i> (法币): 204	<i>fabi</i> (法币): 64,550; chubeiquan (储 备 券): 8,284

Source: 大藏省久保總務課長御依頼の資料送附件, 1942, A file Sent for the request of Okura Kubo, the Chief of General Affairs Division, No. 164, pp292-646

²⁸⁵ In 1942, the amount of remittance was calculated from January to August.

²⁸⁶ *Fabi*(法币) was issued by the Chongqing Government led by Chiang Kai-shek circulated in the non-occupied region; *chubeiquan* (储 备 券) was issued by the Japanese-supported Nanjing Government led by Wang Ching-Wei circulated in the occupied region.

²⁸⁷ In 1942, the amount of remittance was calculated from January to August.

Overall, the remittance firms' cooperation with YSB was limited. Firstly, it showed that not all remittance firms agreed to cooperate with Japanese banks. Quite a few remittance firms refused to cooperate with Japanese banks and close their firms in fear of being regarded as traitors and attacked by the Chinese terrorists or out of their resist on the Japanese invasion in China. For those who cooperated with the Japanese bank, the cooperation was restrained in many aspects. The amount of remittance transferred through YSB was not much due to the lack of Chinese yuan of the Japanese bank. Moreover, the newly-issued currency by the Japanese could be used in the Japanese-occupied region of China. For these reasons, most of the remittance firms preferred cooperating with the Chinese official banks at that time while others explored underground routes for remittance delivery.

7. Remittance Firms and the Thai Commercial Banks (1942-1981)

The advent of Japanese in 1941 brought an end to the western banks' dominance in Thailand and the western banks owned by British and French were forced to be closed for being seen as "enemy property", and the cut-off of the trading ties between Thailand and these western countries. The withdrawal of western banks from Thailand left a void not only for the local banks to fill but also for vast numbers of experienced financial talents who were poised to serve Thai banks. In contrast, the trade between Thailand and Japan and Japanese-occupied regions expanded rapidly as the Japanese's surging demand for Thai goods. To counter the foreign influence, the Thai authority introduced a protective policy to promote the growth of local Thai banks. Although Japanese-operated Yokohama Specie Bank had largely curbed the Thai central bank's activities, it did not intervene in the operation of local Thai banks but instead maintained good cooperation with them. Lastly, the demand for Thai exports made it a highly profitable business to establish banks to finance these exporters.²⁸⁸

²⁸⁸ Paul Sithi-Amnuai, 1964, *Finance and Banking in Thailand: A study of the commercial system, 1888-1963*, Bangkok: Thai Watana Panich, p64.

The absence of western dominance, export boom, government encouragement, and the available financial, the human resource created a favorable environment for the establishment of local commercial banks, giving rise to the establishment of five commercial banks during the WWII from 1942 to 1945:

Bank of Monthon Limited (泰豐銀行) 1942

Bangkok Commercial Bank Limited (曼谷商業銀行) 1944

Bangkok Bank Limited (盤古銀行) in 1944 by

Bank of Ayutthaya Limited (大城銀行) in 1945

Kasikorn Bank Limited/ Thai Farmers Bank (泰華農民銀行) in 1945

These “Thai” or “local” banks were operated by Thai bankers with Chinese ethnicity. Moreover, those high-ranking bureaucrats and aristocrats were often invited to be board members of the bank, given their social prestige and political influence.²⁸⁹ The last three of them had engaged in the remittance transfer, including Bangkok Bank Limited owned by Chin Soponpanit, Bank of Ayuttaya Limited managed by Leun Buasuwan, and Kasikorn Bank Limited/ Thai Farmers Bank belong to Lamsam family. Their relationship with the Chinese remittance firms was cooperative first and then turned competitive for these government-supported commercial banks rose to be a strong competitor over the remittance firms, some of which succeeded in replacing remittance firms.

7.1 Cooperation Phase (1942-1957)

The cooperation between remittance firms and modern Thai banks had started since 1942 with the establishment of Bank of Thailand and the promulgation of *the Bank of Thailand Act*. Under the Act, the remittance firms were not allowed to engage in foreign exchange manipulation activities and were required to buy foreign currency only from

²⁸⁹ Suchada Tantasuralerk, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p132.

the authorized banks, namely, the modern Thai banks. Thus, the Thai authorized banks depended on the remittance firms to collect money for them, while the remittance firms relied on these banks to offer the foreign currency for a remittance transfer. Under the influence of surging economic nationalism and anti-communism during 1950-1955, a large number of business sectors dominated by the Chinese were seized by the state, including rice, fishing, rubber, tobacco, and petroleum industry.²⁹⁰ As for the Thai remittance trade, the Thai government attempted to reduce the number of remittance firms to three. To survive the aggressive nationalism, the Chinese merchants had established patronage ties with the Thai bureaucratic and military elites.

Chin Assakul (马灿峰), the then president of the Thai Remittance Association, had obtained all the three licenses at first due to close ties with the officials in the Ministry of Finance.²⁹¹ However, his intention to monopolize the Thai remittance trade was largely contained with the joining of two eminent bankers Chin Soponpanit who was the founder of Bangkok Bank and allied with General Pao Sriyanont and Leun Buasuwan who was the chairman of the Ayuttaya Bank under the clique of General Pin Choonhavan. Eventually, the three remittance licenses were shared by Chin Assakul, Chin Soponpanit, and Leun Buasuwan, respectively. As a result, three new remittance firms were created in April 1953:

1. Mia Sin Company Ltd., with Mr. Chin Ussakul as chairman.
2. Leng Sin Company Ltd., with Mr. Leun Buasuwan as chairman.
3. Chin Sin Company Ltd., with Mr. Chin Soponpanich as chairman.

The rest of 64 remittance firms in Thailand were forced to affiliate with the three remittance firms to continue operating. They served as shareholders by investing 1.05

²⁹⁰ Puangchon Unchanam, 2020, *Royal Capitalism: Wealth, Class, and Monarchy in Thailand*, Mandison, Wisconsin: University of Wisconsin Press, p59.

²⁹¹ Skinner George W., 1958, *Leadership and Power in the Chinese community of Thailand*, Ithaca, New York: Cornell University Press, pp304-305.

million Thai baht of share capital evenly to the three companies in which 27 remittance firms were elected as the board of directors composed by 10 Teochew, 2 Hainanese, 1 Hokkien, 1 Cantonese, and 1 Hakka. The remittance firms managed to operate as before but in the name of any one of the three companies. Furthermore, the three companies still were required to buy foreign currency from Sothonpanich's Asia Trust Company, and Buasuwan's the Bank of Ayutthaya. The two government-supported banks were the authorized banks to deal with all the remittance and had directly engaged in the Thai remittance trade since then.

Nevertheless, the two banks mainly focused on profiting from the foreign exchange business and rarely intervened in the remittance collection, regulation on the remittance fee, delivery route, etc., which was primarily under the charge of the remittance firms. Therefore, these Thai banks could not replace the remittance firms but tended to work together with them as before. However, the Thai government had obtained more information about the remittance firms' operation and organization and thus paved the way for further regulation and restraint in the coming days. The Asia Trust Company was initiated in 1949 as a joint venture by the manager Chin holding 41.5% of shares, Lim Kok Chin as the director with 7%, Tae Keng Ung, and Walop Tharawnit-Chakun who were merchants based in Hong Kong. This firm was mainly engaged in import-export and foreign currency exchange for the overseas Chinese remittance but also involved in gold trade and insurance.

At first, when the Asian Trust Company was established, sending money back to China depend on Hong Kong Bank and Shantou Commerce Co., Ltd., which has branches in both Hong Kong and Shantou. With the back of Bangkok Bank, the Asia Trust group aggressively knitted a region-wide financial network linking the major Asian port cities

of Swatow, Hong Kong, Saigon, Singapore, and Bangkok.²⁹² In 1952 when the Phin-Pao group's power reached the climax, and it extended economic influence to connect with 17 companies that Mr. Chin Sophonpan has participated in the operation. The company that has the most role in this period is Asia Trust Company Limited (Pannee Bualek, 1985: 179). Particularly when General Pao Sriyanon, on July 28 of 1952, was invited to be chairman in the board committee of the company, this company managed to make tremendous benefits and grew rapidly. It became an authorized company to conduct foreign currency exchange and monopolize the remittance business, which was an important source for the financial and gold trading of General Pao apart from Bangkok Bank (Pannee Bualek, 1985: 180-181). Asia Trust Company made tremendous profits due to its alliance with one of the most powerful military junta. In return, this company served as an important economic source for General Pao and Bangkok Bank.²⁹³ Through a study of the company's balance sheet (Figure 5.7.), it was found that most of the company's operation was from the currency exchange activities.

Figure 5. 7 Asia Trust Company

Year	Registered capital	Asset	Profit and lost	Income	Profit from the exchange rate
1949	10,000,000	8,496,010.41	282,905.46	-	-
1950	-	8,798,832.57	399,625.60	1,103,585.54	-
1951	-	23,221,001.25	470,868.62	1,782,846.90	1,703,753.37
1952	-	31,987,966.43	725,752.14	3,239,668.09	2,692,630.42
1953	-	40,309,081.92	1,608,582.45	3,508,020.14	2,715,055.88
1954	-	30,202,807.14	2,641,249.96	4,792,130.83	4,182,948.36
1955	-	29,582,860.62	918,336.63	3,422,327.12	2,755,051.99
1956	-	52,727,969.59	349,892.12	2,539,297.74	2,099,541.71
1957	-	62,556,340.09	464,232.23	2,379,410.82	1,870,501.53

Source: Suchada Tantasuralerk, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p95

²⁹² Suehiro Akira, 1989, *Capital accumulation in Thailand 1855-1985*, Tokyo: The Center for East Asian Cultural Studies, p160.

²⁹³ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p94.

At this point, the remittance trade in Thailand had transformed into a remittance syndicate dominated by these three tycoons, especially Buasuwan and Soponpanich, due to the large amount of profit made from the foreign currency exchange business essential to the remittance trade. The three companies later merged into one company- Credit Union- since July 18, 1955, when there were 61 remittance firms affiliated with the company. Credit Union was still led by the three figures: Leun Buasuwan as the chairman, Chin Soponpanich as the director of finance, and Chin Ussakul as manager.

7.2 Competition Phase (1957-1981)

With the collapse of the Pin-Pao clique and the ascendancy of Field Marshal Sarit, the two banks lost their license of remittance and foreign exchange, and meanwhile, the Thai government set out to resolve the remittance syndication. The Ministry of Finance decided to grant 11 licenses to the remittance firms according to the dialect groups, while another 1 license to Thanasub Company was formed by two banks, Thai Farmers Bank (Kasikorn Bank)²⁹⁴ and Kaset Bank.²⁹⁵ The involvement of the Thai Farmers Bank and Kaset Bank in the remittance industry had fundamentally transformed the relationship between the remittance firms and modern banks. The two banks had become a competitive rival to the traditional remittance firms due to their distinct edges. Firstly, the banks had 42 branches in Bangkok and areas out of the capital in which the Thai Farmers Bank owned 19 while the Kaset Bank owned 23.

The wide range of branches of banks provided remitters with another suitable alternative to remittance firms. Secondly, the two banks were “Thai” banks. Kaset Bank was a government-owned bank, thus no doubt a Thai bank. Regarding Thai Farmers Bank, it was owned by the eminent Lumsam family. Despite its Chinese haka descent,

²⁹⁴ Thai Farmers Bank was established on 8 June 1945 by Choti Lamsam, who was the third generation of lamsam family, the grandson of Ung Miao Ngian (伍淼源) and the eldest son of Ung Su-nan(伍佐南). The bank changed its name to Kassikorn Bank in 2003.

²⁹⁵ Kaset Bank was a government-owned bank, and on March 14, 1966, Kaset Bank and Monton Bank merged into Krungthai.

Lamsam family had obtained Thai citizenship and blended in Thai society for a long time. Furthermore, the family was intimated with Sarit Thanarat. A new military replaced Phibun to be the prime minister after staging a coup in 1957. Under the military patronage, Thai Farmers Bank not only succeeded in receiving the remittance license through a merge with Kaset Bank but also acquired the license of foreign currency exchange, together with Thai Aanu Bank(兴业银行), Bangkok Metropolitan Bank(京华银行), Tan Peng Choon Bank(陈炳春银行), and Si Hai Tong Bank(四海通银行).²⁹⁶ Last but not least, Lamsam family was not a novice in handling remittance business.

A piece of advertisement illustrated that a trading store named Guang gaolong(广高隆), created by Ung Su-nan(伍佐南) the leading figure of the second generation of Lamsam family initiated operation of remittance business and foreign exchange as sideline dated to 1922.²⁹⁷ Guang Gao long(广高隆) Trading firm was bung in 1938.²⁹⁸ Ung Dong-bai (伍东白), the son of Ung Su-nan and the third generation of Lamsam family, established a special section especially in charge of the remittance and exchange business affiliate with Ung Dong-bai Limited Company (伍东白有限公司). It set up branches in Hong Kong, Shantou, and Meixian to deliver remittance in wartime since 1942.²⁹⁹ Regarding another authorized Thai commercial bank-Tan Peng Choon Bank, it turned out that the owner of Tan Peng Choon Bank also owned a remittance firm with the same name.

The price had largely reduced in December due to the fierce competition between Thanasup company and remittance firms. During this period, the rise of banks appeared menacing to the remittance firms' dominance in the industry. The considerable parts of

²⁹⁶ Tantasuralerk Suchada, 1989, *Poeykwan: The Remittance Among Overseas Chinese in Thailand*, Bangkok: Institute of Asian Studies, Chulalongkorn University, p99.

²⁹⁷ Chino-Siamese Daily News [华暹新报], September 9, 1922.

²⁹⁸ Bangkok Daily News [曼谷日报], March 10, 1938.

²⁹⁹ Tong Guan Pao [中原报], April 24, 1942.

the remittance firms' profits were from foreign currency manipulation in the black market like Hong Kong. When the Thai government seized their hold on foreign exchange, the remittance firms had to rely mainly on the commission fee and less profitable exchange rate offered by the banks in Thailand. Thus, a reduction on the remittance price (foreign exchange price which was usually higher than banks) and commission fees, the sole source for the remittance firms' profits, could probably lead the remittance firms to make less or even suffer a deficit. Furthermore, the well-capitalized banks applied a flurry of innovations, such as the radio broadcast, to advertise their remittance business that remittance firms with a small capital just could not afford. In this light, the remittance association sent 6 representatives to initiate "peace talks" with Thanasub Company to end the "price war" by raising three issues as the foundation for collaboration.

Firstly, they invited Thanasup Company to join the remittance association as a member, and secondly, they expected to raise the price of remittance to avoid heavy losses. Lastly, they hoped the company could refrain from advertising in the Rediffusion and other radio broadcasting.³⁰⁰ However, Thanamsap Company declined all of them because these would increase the burden of the destitute overseas Chinese in Thailand and insisted on low price strategy. Since then, Thai remittance trade had split into two groups, traditional remittance firms and modern banks. Their competition had extended from Bangkok to wide inland Thailand, which probably good news for the Chinese remitters in Thailand. The Thai government was also satisfied with the result when the government-controlled banks started to phase the remittance firms out of the industry since 1956.

Under the low-price strategies and radio broadcasting advertisement, the Thai banks initiated a fierce competition with the remittance firms in attracting remittance from the

³⁰⁰ A wired sound broadcasting service operated by Broadcast Relay Service (Hong Kong) Limited.

remitters. Their competition had extended from Bangkok to inland Thailand. The rise of the government-supported Thai Farmers Bank and Kaset Bank had launched a new era for the remittance industry in Thailand, which witnessed the decline of the remittance firms and eventually was phased out by the modern banks. With the rise of the Thai national financial system, the transnational remittance firms either reversed into local remittance firms that were simply in charge of collecting remittance for the banks, and ultimately failed to compete with the modern banks, or developed into a commercial bank that could gain a license from the Thai government like Thai Farmers Bank and Tan Peng Choon Bank. The competition between remittance firms incepted since 1957 and lasted until 1981 when the Thai government refrained from granting a license to the remittance firm given the remittance that was handled by remittance firms was too little while modern banks had gained popularity among the remitters in Thailand.

8. Conclusion:

This chapter intends to explore the remittance firm's relationship with modern banks in Thailand. Therefore, it examines different types of banks active in modern land in various periods with multiple roles in the Thai remittance trade respectively, including western banks and overseas Chinese banks since 1885, Chinese exchange banks in the 1930s, Chinese governmental banks during WWII and after WWII, Bank of Thailand, Japanese Yokohama Specie bank during WWII and Thai commercial banks from 1942 onwards. It concludes that the remittance firms' relationship with modern banks is multilayer, diverse, and evolving rather than an oversimplified modern-traditional dichotomy. Far from being competitive, they cooperated smoothly, regardless of western banks, overseas Chinese banks with headquarters in Hong Kong and Singapore, and Chinese official or Japanese banks. Ironically, the most hostile relationship was during the post-WWII period for most of the time between remittance firms and Chinese official banks, especially the China Bank.

Despite the Chiang Kai-Shek government's crackdown, remittance firms resorted to illegal channels to survive. For long, the rise of modern banks had killed off remittance firms and was incorporated successfully into the Chinese remittance trade dominated by private remittance firms. Modern banks depended on the remittance firms to accumulate the individual remittance into a significant amount and made enormous profits from the foreign exchange business for the remittance. The competition was more between different types of banks rather than between remittance firms and banks: western banks vs. overseas Chinese banks vs. exchange banks. Looking into the relationship between remittance firms and modern banks, “modern” was not necessarily connected with superiority while being “traditional” did not place the remittance firms at an inferior position. The exchange banks' emergence from the rice-trade boom of Thailand was a case in point. These banks were operated by rice traders merely aimed at financing their own family business internally.

Thanks to their traditional consanguine ties with remittance firms, these banks full of traditional tints established by Chinese Thai dwarfed all their rivals, which seemed to be more modern than them in the 1930s. The competition was then between Japanese banks and Chinese official banks and eventually between “Thai” commercial banks and remittance firms. According to Suehiro (1989: 160), the newly-emerged Thai commercial banks had formed a sort of “self-sufficient business empire” with a focus on banking and insurance in contrast to the earlier exchange banks relying on the rice export. Although the founders of these Thai commercial banks were mostly long-settled Chinese families in Thailand, they allied with the Thai military and bureaucratic elites, rising to be a powerful business group in the 1950s, and gradually gained the upper hand in the competition with remittance firms.

Chapter 6. Conclusion

1. Remittance Firms and Transnational Remittance Network: Heterogeneous and Evolving

For long, the remittance firm has been understood as a modern form of “transnational capitalism” that depended on capitalist strategies, new technology, and marketizing culture. In contrast, others regarded them as a distinctive form of “Chinese capitalism” in which ethnicity and identity matter much. Nevertheless, this study finds that these definitions are oversimplified and overlook that the remittance firms were heterogeneous and evolving. Firstly, remittance firms varied and could be divided into two types according to their functions: transnational remittance firms built in the big port city like Bangkok, Shantou and Hong Kong and local remittance firms located in the outlying provinces of Thailand and inland villages of China. The former were usually large-scale ones in charge of the transnational operation of the remittance delivery while the latter were mostly small ones responsible for the remittance letters' collection from the senders on the Thai side and the final delivery to the hands of the receivers on the Chinese side.

Indeed, the transnational remittance firms take advantage of the time lag offered by the new technologies, namely telegraphs and steamships, allowing them to use the remittance as short-term loans in making profits largely from other economic activities, such as the exchange manipulation, securities trading or arbitrage. However, these so-called capitalist profit-making strategies became the basis for the “transnational capitalism” argument tuned out to reflect only a part of the whole picture. As its name suggests, the local remittance firms were local-oriented and did not involve in the capitalist manipulation activities that operated transnationally as the transnational remittance firms. In Thailand, local remittance firms acted as agents to collect remittance for the transnational remittance firms most in Bangkok; In China, local

remittance firms received the remittance letters from the transnational remittance firms mainly in Shantou and further delivered them to the recipients in the remote villages. Therefore, the local remittance firms' primary sources for benefits were from the commissions paid by the transnational remittance firms and the service fee charged to the remitters. In this light, the non-transnational local remittance firms were closer to a traditional form of "Chinese capitalism". Therefore, in terms of the profit source, the transnational remittance firms fall into the category of "transnational capitalism," while the local remittance firms were closer to a traditional form of "Chinese capitalism". Regarding the inter-firm relations, it also witnessed the role of the traditional Chinese geo-consanguineous affiliate and modern commercial connection that were both vital in linking various types of remittance firms to construct a transnational network across Thailand and China.

Only a few of the remittance firms adopted a single-whip system to control the entire transnational process on their own, most of the transnational remittance firms operated on agents, namely local remittance firms. Spatially, the transnational delivery process was comprised of three stages: regional link connected by the transnational remittance firms in Bangkok and local remittance firms in outlying provinces; transnational link connected by the transnational remittance firms in Bangkok and transnational remittance firms in Shantou; regional link connected by the transnational remittance firms in Shantou and local remittance firms in inland villages.

For the regional link in Thailand, the transnational remittance firms developed agents based on trade ties instead of establishing their own offices and the family business model in unfamiliar places. Given that both the transnational remittance firms and local remittance firms operate remittance business as a sideline, the transnational remittance firms tended to look for agents that usually had established a commercial connection with the transnational remittance firms in Bangkok in the same business line, such as

selling groceries, spirit, or tea, etc. Working as an agent in charge of collecting remittance from Chinese remitters residing there for the transnational remittance firms, these small shops became local remittance firms. The agent system is totally out of the commercial logic: to maximize the benefits. On the one hand, it helped to save the costs and risks of running a new office for the transnational remittance firms to absorb more remittance scattered in outlying regions, just by paying a small amount of commission to the local agents.

On the other hand, it also allowed small traders to increase their profits from the commission paid by the transnational remittance firms and service fees, not always, charged to the remitters in collecting the remittance. The development of the agent-system has nothing with traditional Chinese attributes, such as family and kinship ties, but instead, it was more like a capitalist strategy to control costs and maximize their benefits. As for the regional network on China's side, we saw a combination of both the agent system and the family business model. On the one hand, some transnational remittance firm owners in Shantou tended to cooperate with other merchants in the local region as their agents rather than setting up branches by installing capital and personnel directly. On the other hand, quite a few owners establish branches in the villages where they were born since they were familiar with the place.

Compared to the regional link relying on the agent-system, the family and kinship ties played an essential role in constructing the transnational network of the remittance trade. The transnational operation was realized through the transnational remittance firms that usually had their offices abroad. For the remittance business, the key was the flow of capital, which required trust. The family business model made it easier to build trust in the same family members than non-family outsiders for the riskiest and profitable part of the remittance business- the exchange arbitrage-in Hong Kong. As Chen (2004: 97-98) indicated, the remittance office in Bangkok and Shantou enjoyed the same

ownership and shared profits and losses under the family business model. As the business evolved, we saw the growing importance of trade ties in the transnational remittance business. However, the consanguine bonds had never disappeared and had a dominating role, especially in the initial stage of the remittance business extended the geographic reach of individual companies.

If the inter-firm relations among the remittance firms presented to be a mixed business model, their relations with their customers was dominated by consanguinity and provenance. The remittance firms offered a package of customer services catered to the specific needs of overseas Chinese and their families, including writing and reading letters for illiterate remitters, accepting remittances on credit, and door-to-door delivery. These were not like what Harris regarded as “new cultural customer service,” but rather old practices inherited from *shuike*. Like what Benton and Liu put it, “These services [culturalist customer services] were no ‘tinge’ or embellishment on an enterprise otherwise modern in essence, but instead lay at its heart.” In this light, the customer services were more traditional-oriented since the born of the remittance firms.

Moreover, the remittance firms initiated a more regularized procedure in dealing with the remittance letters through serial numbers and replied letters as a receipt for acceptance of the remittance to track down and check the embezzlement and deceptions. Harris argued that the development of a standardized procedure was out of the mistrust in the firms, thus suggesting a transition from personal trust to system trust. Despite this, the research contends that the delivery procedure was a result of the upgrading of the remittance industry per se given the increasingly large amount of remittance. This better-designed transnational transfer process dominated by the remittance firms was able to deal with surging remittance letters than the previous *shuike*, and not supposed to be an indication of modernity. The customers and remittance firm owners were usually from the same place and spoke the same dialect. Out of the geographic

familiarity, only the remittance firms with the same origin could send the remittance letters to the hands of the receivers who are usually in remote areas that modern post offices failed to reach. Regardless of the technological advancement and cooperation with modern institutions, dialect and ethnicity ties had always dominated the customer-firm relations even until the end of the remittance industry in Thailand.

Furthermore, the Remittance Trade Associations of Thailand was to promote the interests of remittance trade, lobby the government, and regulate the business. Horizontally, the remittance firm association in Thailand worked together with its counterparts in Shantou and Singapore to develop into a transnational or trans-regional network. Vertically, the Thai remittance association had close connections with the Chinese Chamber of Commerce of Thailand, Teochew Association, and Rice-Milling Trade Association. The remittance industry's transnational institutionalization empowered the remittance firms to influence the government policies in their favor. However, these functions and characteristics did not run counter to the traditional ingredient of the Thai Remittance Association, as a manifestation of parochialism. Internally, the association was organized based on native-place lines and generally dominated by Teochew from the start to the end. It was a vital venue for the Teochew merchants to maintain fellowship.

Through an analysis of the inter-firm relations, customer-firm relations, and institutionalization, the research argues that the remittance firms' business model is neither Chinese capitalism nor transnational capitalism. Instead, it puts forward a combination of the two explanations. For over a century, the remittance merchants were adept in combining their ethnic and cultural features with the rational economic strategies, and with different prioritization in different eras or places in order to survive and thrive in the face with the various national intervention of the Chinese government, Thai government, and colonial authority. Besides, the research reviewed the ups and

downs of the remittance firms over one century, including their emergence, development, peak, setback, decline, and ultimate fade-away, which demonstrated that the remittance firms' resilience but also revealed their weakness. The remittance firms were vulnerable to governmental policies, wars, economic crisis, but had to withstand the price-cutting competition from within. Despite this, the remittance firms endured all of the waves of a blow for a long time. Harris ascribed the remittance firms' resilience to their edges over modern post offices.

Instead, the study finds that the remittance firms' resilience was largely due to the nature of the remittance business-speculation or opportunism. No matter transnational or local remittance firms, most of them conduct the remittance business as a sideline. The business diversification strategy helped disperse and evade market risks and enabled the remittance firms to circumvent the law or regulation. When the Thai government imposed heavy tax on the exchange banks, some of the exchange shops shut down their exchange banks, and turned to focus on their remittance business to avoid the heavy tax. Like the other side of one coin, the diversification also contributed to the remittance firms' weakness. Given the interweaving of the remittance firms' trade network and financial network, remittance business and trading were vulnerable to each other's impact. Their failure in trading tended to engender their remittance transfer problem while their failure in financial speculation also brought in the lack of capital flow for their trade.

Moreover, the speculation activities have been rampant in the remittance industry, and the remittance traders were often accused as opportunists. The post-war volatile economic circumstance had tremendously facilitated the speculative activities of the remittance industry. The engagement of foreign currency speculation, gold arbitration, usury, and futures turned the remittance trade almost into a gambling game. The high risks accompanied the lucrative business. Some indeed made a considerable fortune

from the speculation, but many others lost their money into the bargain. Those who failed in the “gambling game” succeeded in revival through malicious bankruptcy without paying any compensation, causing tremendous losses to the remitters and their business partners.

2. The Resilience and Vulnerability of Remittance Firms

The research has reviewed the ups and downs of the remittance firms over one century, including their emergence, development, peak, setback, decline, and ultimate fade-away, which demonstrated that the remittance firms' resilience but also revealed their weakness. The remittance firms were vulnerable to governmental policies, wars, economic crisis, but had to withstand the price-cutting competition from within. Despite this, the remittance firms endured all of the waves of a blow for a long time. Harris ascribed the remittance firms' resilience to their edges over modern post offices. Instead, the study finds that the remittance firms' resilience was largely due to the nature of the remittance business-speculation or opportunism. No matter transnational or local remittance firms, most of them conduct the remittance business as a sideline. The business diversification strategy helped disperse and evade market risks and enabled the remittance firms to circumvent the law or regulation.

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3. Remittance Firms’ Relationship with Modern Post Office and Bank

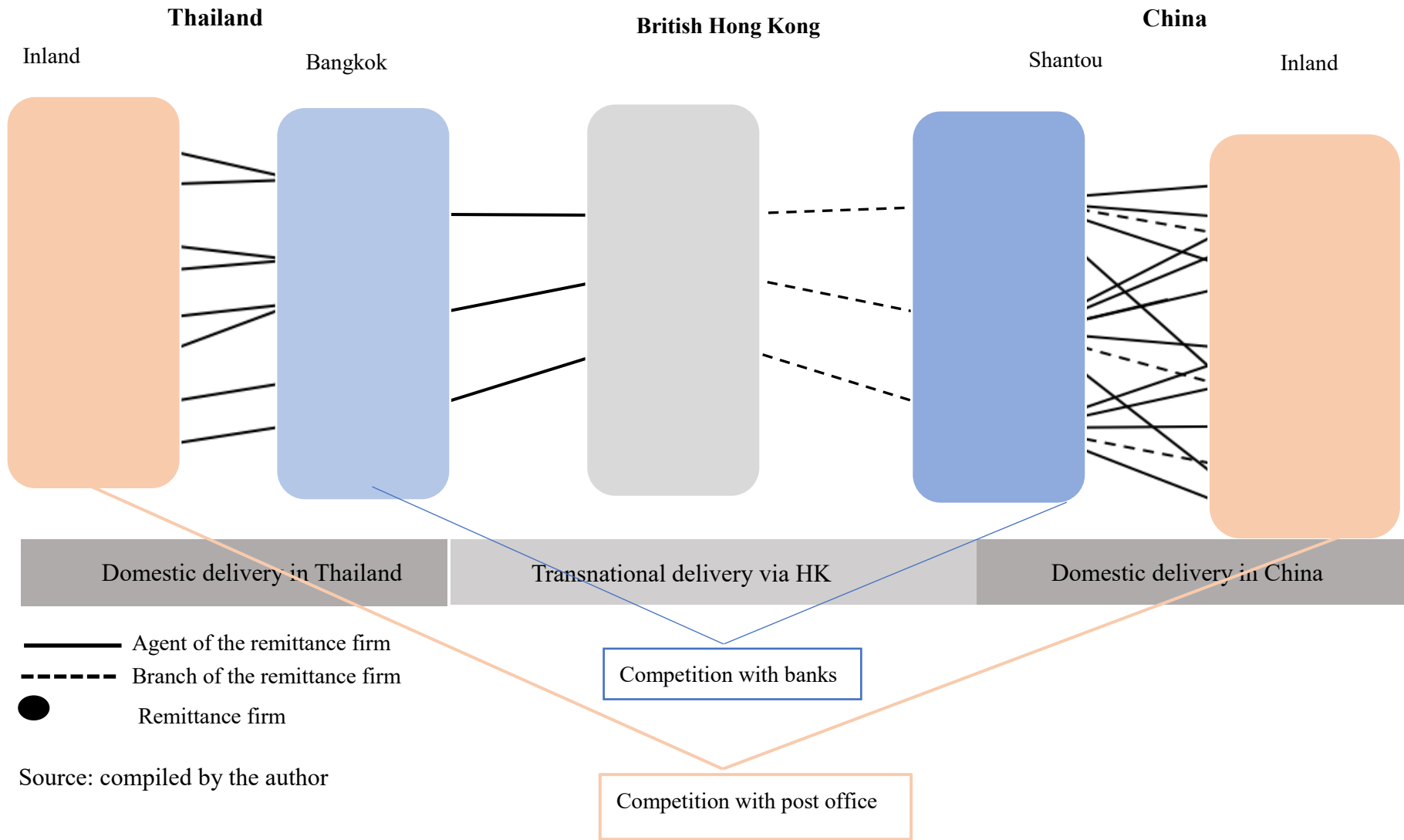
The remittance firms' transnational operation had been confronted by the rising competition and intervention from the national states or colonial authorities, raising fundamental questions about the relationship between remittance firms and modern institutions, mainly post offices and banks due to their overlapped function with remittance firms. Thus, the remittance firms' study is always unfolded through a comparative analysis with other similar modern entities, including post offices and banks as the rise of modern state and colonial, regulatory. However, the comparison leads to a paradoxical result. Harris concentrated on 1920s when the Chinese government intended to gain the upper hand over the lucrative remittance trade through state post system, but failed. Harris argued that it was because the remittance firms organized themselves into a trade association and foster the “boisterous civil society” to counter the state post monopoly, thus attributing the remittance firms’ resilience to its triumph over the modern post offices.

On the other hand, Benton and Liu focus on the post-1949 era when the banks under the support of the Chinese communist government started to compete with the remittance firms and finally defeat them. Therefore, Benton and Liu owe the remittance firms' decline to its inability to compete with modern institutions especially banks. The confusion about the divergent perspective of the remittance firms' interactions with the other modern institutions with similar functions could be put in another way: why did

the modern post office fail in phasing out remittance firms while the modern banks succeed? From a historical perspective, this research has conducted a thorough study on the Thai post offices and banks, respectively, and argues that the relationship between the remittance firms and modern institutions would be more complicated and dynamic rather than merely antagonistic and competitive.

As demonstrate in Figure 6.1, the competition from the state post office was primarily targeted for the local remittance firms (in the orange box of Figure 6.1). Admittedly, the establishment of the Thai post system and the regulations had increased the costs for the Chinese remitters and tax burden for remittance firms. However, the negative impact was turned to be more on the small-scale local remittance firms which earned money mainly from a few service charges. The state post monopoly did not touch upon the fundamental interests of the transnational remittance firms that made profits largely from international trade and financial activities were more affected by the rise of state banking system instead of the post system. With the development of the Thai banking system in 1942, transnational remittance firms (in the blue box of Figure.6.1) that conducted foreign exchange had been seized by the Thai Ministry of Finance, and faced the fierce competition from the well-capitalized “Thai” commercial banks supported by the government.

Figure 6. 1 Remittance Firms' Relationship with Banks and Post office



3.1 Remittance Firms' Relationship with Post Office in Thailand

The relationship between the remittance firms and the post office in Thailand had experienced an evolving pattern of cooperation-confrontation combined with cooperation. For the first stage of cooperation, it was between the remittance firms and the British Consulate Post Office. Before the establishment of the Thai national post system in 1885, the international post service was operated by the British consulate officials at the Chao Phraya River bank but only available for the consulate staffs, merchants, and missionaries in Thailand. Taking advantage of their status as British or French subject, quite a few managers of the remittance firms-usually the large-scale transnational ones-started to use steamships to transmit the collected remittances, coupled with old means that delivered by the crew, passengers or the owner of the steamships.

The British Consulate post office and the Thai government did not restrict the overseas Chinese remittance business during this period. The owners of the remittance firms made use of the modern post office to facilitate their business. This cooperative relationship had transformed into more strained when the Thai authority began to intervene in the remittance firms' business increasingly aggressive with its initiation of the national postal system in 1885, which brought in the second stage of the relationship pattern-confrontation combined with cooperation. To preserve the state post monopoly, the Thai authority had initiated a flurry of moves including promulgating Siam Post Regulation to lay a legal base, cracking down on the letters-smuggling by the remittance firms and individuals, regulating the postage on the Chinese letters to comply with the international standard, and establishing No. 8 Post Office in charge of the Chinese remittance letters.

In response to these measures, the remittance businessmen resorted to legal means to protect their interests, such as establishing the remittance association to negotiate with

the government, and meanwhile continue the letters-smuggling through counterfeiting the stamp, disguising themselves as passengers and sailors to carry the letters themselves, and paid the fine voluntarily or even bribe the officials. The remittance firms seemingly played a constant game of cat-and-mouse with the Thai government, and neither of them could eliminate the other. In parallel with the containment measures, the Thai authority realized the limits on state sovereignty to control the transnational practice beyond the national boundaries and thus also accommodate the remittance firms and cooperate with them in dealing with the Chinese remittance letters.

For example, the Thai post authorities allow for the continuation of the remittance letters' clubbed package system regardless of the international post principles. Furthermore, the Thai government referred to the Chinese Sub-Post Office in Singapore and opened a new post office in Chinatown, especially for handling the overseas Chinese letters in 1907. The motivation behind was to solve the smuggling problem and reap the revenues and further phase out the remittance firms. Eventually, the 8th Post Office realized that it could not replace the remittance firms.

Instead, it had to depend on the firms to collect and deliver the letters to guarantee each step of the delivery proceeding smoothly. Indeed, the development of the Thai post system and the Chinese post office's establishment had increased the costs for the Chinese remitters and tax burden for the remittance firms. As a result, it has a more negative impact on the small-scale local remittance firms, which earned money mainly from a few service charges than the transnational remittance firms that made profits mainly from international trade and financial activities. In other words, the state post monopoly did not touch upon the transnational remittance firms' fundamental interests as the mainstay of the Chinese remittance industry in Thailand. That is why the modern post office could not replace remittance firms.

For this reason, the remittance firms still dominate the remittance industry in Thailand. Thus, the smuggling problem remained, and the government's anti-smuggling campaign continued. Nevertheless, the establishment of the national post office turned out to be satisfying for the Thai government due largely to the tremendous profits in dealing with the Chinese letters. In the meantime, the remittance firms utilized the modern system to make their services more secure and trackable. The post office opening appeared to be win-win cooperation for both the remittance firms and the post office itself. Under the stick-and-carrot policy, the remittance firms' relationship with the Thai post office was antagonistic and coordinate at the same time.

The frienemy relationship commenced in 1885 when the state post system was initiated in Thailand and lasted until 1932 when the new Thai government controlled by the People's Party came to blame the money outflow on the remittance firms' financial function which was as the primary source of interests for the industry. The remittance firms started to be confronted with unprecedented challenges from the state. For the first time in Thai history, the remittance firms were defined as banks-like financial institutions rather than post offices. Accordingly, the Thai Post and Telegraph Department gave way to the ministry of Finance, which grew to be the leading player in charge of the Chinese remittance industry. Since then, the Thai government's policy towards remittance firms grew to be increasingly aggressive and oppressive. Therefore, the research regarded 1932 as a defining moment for the development of the Thai remittance industry.

3.2 Remittance Firms' Relationship with Banks in Thailand

Before 1932, the banking development was under the heavy influence of Western powers and their economic expansion in Thailand, especially Britain and France. The western banks had sprung up in Thailand since 1888, and their supremacy in Thai banking had maintained until 1941 when the Japanese troops landed on the Thai territory. The pre-1932 period also witnessed the rise of the Singapore and Hong Kong

banks owned by the overseas Chinese in Thailand. Thus, this study also incorporates the western banks, Chinese-capitalized banks from Hong Kong and Singapore in early time together with China's state-owned banks and Japanese banks as well as Thai national banks and Thai commercial banks to analyze these modern banks' relationship with remittance firms. Given that the variety of modern banks growing in Thailand, the research has examined their relationship with the remittance firms. To clarify, the remittance firms here refer to the transnational remittance firms, given that the local remittance firms that were generally not involved in any financial activities did not directly interact with modern banks.

Firstly, the remittance firms' relationship with early foreign banks, including western banks and non-western banks during the era of pre-1932, turned out to be cooperation first and then the competition. The western banks provided services mainly related to international trade and foreign exchange for the western merchants or the Thai upper-class, but some banks also offered loans for local borrowers who were usually ethnic Chinese merchants play a leading role in the international trade in Thailand. Among these merchants, the rice traders usually operated transnational remittance firms as a sideline, and thus the international rice trade and remittance industry in Thailand were intertwined with each other. Accordingly, Hong Kong was the transfer center for international rice trade and remittance trade between Southeast Asia and South China during that period. Especially in the late 1920s and early 1930s, it saw a dominance of the rice traders in the remittance business in Thailand.

Later other non-western foreign banks also opened branches in Thailand, such as Sze hai Tong Bank and Overseas Chinese Bank owned by Singaporean Chinese and the Bank of Canton with headquarter in Hong Kong. Compared to the western banks, these overseas Chinese-capitalized foreign banks were willing to provide loans on a less strict standard with more favorable interests and more efficiently. Besides, these two banks

were created by overseas Chinese of Teochew origins. Given these advantages, they gained tremendous popularity among the rice traders and other Chinese merchants, and the western banks failed to compete with them for the Chinese remittance. The competition was between different banks rather than between the banks and remittance firms. Despite the great value of the Chinese remittance, the banks were reluctant to handle them directly since the remittance amount was so tiny for each person that it was hard to make profits.

The modern procedure for foreign exchange was not friendly to the mostly illiterate Chinese remitters in Thailand. Therefore, they relied on the remittance firms working as agents to collect remittance to a significant amount for further currency exchange. Under this cooperation, these foreign banks made a great number of benefits from transferring Chinese remittance. The vast profits motivated a few tycoons who were rice traders and remittance firm owners to emulate these modern banks and started financial services known as private exchange banks. However, these exchange banks did not perform the normal functions of banks but specialized in remittances to China and elsewhere by the issuance of the promissory notes and loan for the international rice trade.³⁰¹ Through a wave of integration and recombination, it had developed into eight exchange banks in Thailand in the 1930s.

The exchange banks played an increasingly significant role in handling remittance transfers, thereby forming a great challenge to modern banks. That was the beginning of the competition between remittance firms (exchange banks) and modern banks. It is worth noting that these exchange banks were also remittance firms, specifically the transnational remittance firms. In other words, there was no impenetrable barrier between remittance firms and modern banks. Due to the absence of the Thai banking

³⁰¹ Paul Sithi-Amnuai, 1964, *Finance and Banking in Thailand: A study of the commercial system, 1888-1963*, Bangkok: Thai Watana Panich, p23.

system, the Thai government kept a blind eye to the remittance firms' engagement in the financial activities and their cooperation and competition with foreign banks in the remittance trade. The Thai government's laissez-faire policy came to an end in 1932 when the Thai nationalist revolutionary government- the People's Party rose to power. Given the concern on the capital outflow, it imposed a heavy tax on the remittance firms, especially for exchange banks.

Although the exchange banks/remittance firms survived the heavy-tax policy, they failed to meet the new standard of Commercial Bank Act promulgated in 1937 and forced to shut down under the government's intensified Thaification campaign and containment policies on Chinese especially when Phibunsongkhram came to power in 1938. By 1939, only two Chinese banks managed to operate: Wang Lee Bank and Tan Peng Choon Bank (Pannee Bualek, 1985:59). Some exchange banks that were not up to the new standard refrained from dealing with banking services but focused on their remittance business. With the acceleration of the Sino-Japanese war, especially when the Japanese troops occupied Shantou-the remittance delivery center for Chinese remittance from Thailand-in 1939, the original delivery routine was completely interrupted, and remittance delivery staffs were at risks of being robbed or killed, leading to a severe trust crisis faced with the remittance firms. In contrast, the deep-pocketed state banks attracted increasingly huge remittance through war mobilization and propaganda. Furthermore, the British and U.S. government helped the Chinese Nationalist government stabilize the Chinese currency, thus making a foreign exchange in the black market under reasonable control. These favorable conditions gave rise to the emergence of governmental banks' involvement in the overseas Chinese remittance business.

The Chinese government-run banks seized the opportunity and started cooperating with the remittance firms in dealing with the foreign exchange for overseas Chinese

remittance. In this light, the second part mainly focused on the remittance firms' relationship with Chinese governmental banks and summarized the relationship as cooperation during war and break-out after war. There were mainly two banks engaging in the Thai remittance trade: China Bank and the Guangdong Provincial Bank. China bank usually owned numerous branches abroad in urban cities and international ports and thus managing to attract large-amount of remittance. As for small-amount of individual remittance, China bank had to rely on the remittance firms to collect for them, and their cooperation was realized through a middleman-Bank of Canton's Bangkok Branch.

However, it could not handle the foreign currency exchange for a lack of enough branches in China. To solve the problem, China Bank mainly handed the collected remittance to Post Bank and Guangdong Provincial Bank with widespread branches even covering the rural areas in Guangdong Provinces of China. The widespread branches contributed to its enormous capacity to cash the remittance. Even so, it merely reached county-level, but the home villages of most overseas Chinese were still out of reach. Thus, Guangdong Provincial Bank also cooperated with remittance firms but through the agent system. On the other side, the bank rarely established branches abroad except Hong Kong, Singapore, and San Francisco due to the central government's restriction.

For this reason, Guangdong Provincial Bank cooperated with China Bank and Overseas Chinese Bank with extensive overseas branches to absorb more remittance. As for remittance firms, the war had tremendously thwarted their capabilities in profiting from the financial activities, especially for the transnational remittance firms. Thus, they had to depend on the governmental banks to deal with the foreign exchange for the collected remittance. Otherwise, the Thai remittance trade would be terminated, particularly when Hong Kong as a financial center and remittance transfer hub, was occupied by

the Japanese troops in 1941. Besides, the government banks provided exceptional services for remittance firms to enhance cooperation. For example, China Bank would inform the remittance firms of the foreign currency exchange rate that was negotiated in advance so that the remittance firms would have enough time to consider and decide when to sell the collected remittance to the bank. Also, the governmental banks charged rather low remittance fees and helped the remitters save money in the form of demand or fixed deposit.

The honeymoon relationship eventually came to an end with the heightened tension, particularly between the remittance firms and China Bank during the post-war period (1946-1949). Under the hyperinflation pressure and the volatile economic circumstance, the remittance firms were active in various speculative activities, including hoarding, or using them to invest in gold and foreign currencies, or offering loans at extortionate. Given the more favorable foreign exchange rate, the remittance firms tended to transfer remittance through the black market in Hong Kong rather than the Chinese governmental banks. However, the Chinese government required the remittance firms to cash the remittance through China's official bank. What is worse, both sides blamed each other for causing economic problems. The Chinese government accused the currency manipulation of the remittance firms of inflation, which aroused tremendous discontent among the Chinese community in Thailand. The remittance firms argued that the Chinese government's disastrous policies and financial system should be responsible for the economic problem, thus creating a huge difference in the exchange rate between the black market and China's Central Bank (official rate).

Furthermore, the bureaucratism prevailing in the governmental banks and incurring sluggish, low-efficiency, and a lack of service spirit had elicited particular scorn. Regardless of the remittance firms' loss, the Chinese government resorted to coercion means and a wave of a door-to-door police raid to force the remittance firms to transfer

through official channels, making the relationship only worse. As a result, many remittance firms yielded to the government pressure and transferred remittance through official banks. However, China bank failed to cash the remittance collected by the remittance firms due to a shortage of cash. The Thai remittance industry requested for compensation but did not have received any response. Overall, the administrative intervention that ran counter to the market rules proved to be a total failure, only causing a huge split between the remittance firms and Chinese official banks.

The third section reviews the remittance firms' relationship with the Japanese bank- Yokohama Specie Bank (YSB). In line with their military aggression, the Japanese also scrambled to control the overseas Chinese remittance and thus initiating a range of measures in China and abroad. One was to absorb remittance through Yokohama Specie Bank (YSB) in Thailand after the Japanese troops' landing-on Thailand in 1941. In the meantime, the Japanese set up a remittance firm in Bangkok called Xingfa Corporation to investigate the Chinese remittance firms for the YSB and collect Chinese intelligence for the Japanese government. Due to the cut-off of the sea routes, the Japanese authority turned over to use an airplane to deliver the remittance-letter packages from Bangkok to Shantou via Guangzhou.

As for the remittance transfer, Yokohama Specie Bank set up an office in Shantou to cash the remittance. All these attempts and preparations made it possible for the remittance delivery from Thailand to China, but like other banks, YSB had to cooperate with the remittance firms to collect remittance in Thailand and deliver them to the hands of the receivers in China. In the view of the remittance firms' side, YSB offered foreign exchange service and could be an alternative to the western banks and Chinese-capitalized banks, which were shut down during the Japanese "occupation". Furthermore, YSB's foreign exchange rate was more advantageous than the one provided by Chinese governmental banks. All of these seemed to foster favorable

conditions for the cooperation between the remittance firms and YSB. However, the research tends to define the remittance firms' relationship with YSB as restrained cooperation. First of all, the remittance firms' attitude was divided towards the Japanese "invitation" for cooperation.

Some refused to cooperate with Japanese banks and close their firms in fear of being regarded as traitors and attacked by the Chinese terrorists. Thus, not all remittance firms agree to cooperate with Japanese banks. Although some other remittance firms succumbed to Japanese pressure and threat and chose to cooperate, the cooperation was restrained in many aspects. Only very few Chinese remittances were dealt with by the YSB because the Japanese banks were deficient in Chinese yuan, and the newly-issued currency by the Japanese could simply be used in the Japanese-occupied region of China. As a result, most of the remittance firms preferred cooperating with the Chinese official banks at that time while others explored underground routes for remittance delivery.

Meanwhile, the Thai government decided to initiate its own central bank free from the Japanese influence given the concern on the erosion on the economic sovereignty. Thus, the following section focuses on the remittance firms' relationship with Thai central bank. The National Bank of Thailand (BoT) came into being in 1942, aiming to collect and deposit foreign currency, prevent the capital, and stabilize the value of the Thai currency. The set-up of the central bank had a great impact on the remittance firms and their remittance business. As a central bank of Thailand, it does not handle the Chinese remittance directly, but instead was in charge of regulating the remittance trade and the financial activities of the remittance firms. Since then, the remittance business has been under the control of the Bank of Thailand. No one was allowed to conduct foreign currency exchange activities except the government-authorized companies banks or individuals. Under this circumstance, the transnational remittance firms could not

conduct foreign currency exchange any longer, and their business had shrunk into remittance collection similar to those small local remittance firms.

For the remittance transfer, the remittance firms had to rely on the commercial banks supported by the Thai government to exchange foreign currency for the remittance. Accordingly, the remittance firms were officially defined as “money-buying agent” that collected money and bought foreign currency from authorized banks or companies and delivered them to the Chinese family or relatives abroad. Under the central bank’s regulation, the remittance firms’ economic strength that derived largely from the foreign exchange manipulation was impaired tremendously. However, it was worth noting that the central bank activities were largely contained by the Japanese-operated Yokohama Specie Bank.

Other than the creation of the Thai central bank, the Thai government was devoted to fostering the development of the Thai local banks. Five commercial banks had established from 1942 to 1945, and three of them had engaged in the remittance transfer, including Bangkok Bank Limited owned by Chin Sophonpanit, Bank of Ayuttaya Limited managed by Leun Buasuwan, and Kasikorn Bank Limited/ Thai Farmers Bank belong to Lamsam family. These “Thai” or “local” banks were operated by Thai bankers with Chinese ethnicity, who were mostly born in China and grew up in Thailand. Moreover, those high-ranking bureaucrats and aristocrats were often invited to be board members of the bank, given their social prestige and political influence. With deep pockets and powerful hand behind, these Thai commercial banks rose to be a strong competitor over the remittance firms and even succeeded in taking their place eventually.

However, remittance firms and Thai banks had maintained long-term cooperation dominated by the banks for quite a long time. Thus, the last section argues that the

remittance firms' relationship with Thai commercial banks was cooperation first, and then competition until the remittance firms were superseded by these banks. The first stage of cooperation had commenced since 1942 when the remittance firms were required to buy foreign currency from the authorized banks or companies. The authorized banks referred to these newly-emerged Thai commercial banks under the support of the Thai government. As the Thai government initiated a range of efforts to regulate the financial activities, the remittance firms involved in the financial activities that were supposed to be the function of the modern banks were not allowed to exist. The Thai national financial system's intervention brought in this cooperation pattern: the Thai banks depended on the remittance firms to collect money for them while the remittance firms relied on these banks to offer the foreign currency for a remittance transfer.

Under the influence of Thai economic nationalism and anti-communism during 1950-1955, the total of 64 remittance firms in Thailand was forced to integrate into one remittance syndication in order to obtain the only licensed under the name of the then remittance association president Chin Assakul while the other two remittance licenses were granted to other two bankers Chin Soponpanit (Bangkok Bank) and Leun Buasuwan (Ayuttaya Bank) respectively. In this way, the two government-supported banks continued to be the authorized banks to deal with all the remittance and had directly engaged in the Thai remittance trade since then. The two banks mainly focused on making profits from their foreign exchange business and rarely intervened in the remittance collection, regulation on the remittance fee, delivery route, etc., that was under the charge of the remittance firms. Therefore, the Thai banks could not replace the remittance firms but worked together with them as before. However, the Thai government had obtained more information about the remittance firms' operation and organization and thus paved the way for further regulation and restraint in the coming days.

With the decline of the political power behind, the two banks lost their license of remittance and foreign exchange. Since 1957, Thai Farmers Bank had risen to be the authorized commercial bank to deal with foreign exchange for the remittance, coupled with Thai Aanu Bank, Bangkok Metropolitan Bank, Tan Peng Choon Bank, and Si Hai Tong Bank. Under the military patronage, Thai Farmers Bank also succeeded in sharing one license to conduct remittance business with Kaset Bank in the name of Thanasup company. The other 11 licenses were granted to 11 remittance firms organized according to the dialect and accent. The involvement of the Thai Farmers Bank and Kaset Bank in the remittance industry had fundamentally transformed the relationship between the remittance firms and modern banks. The two banks had become a competitive rival to the remittance firms. Firstly, the banks had 42 branches in Bangkok and outlying provinces in which the Thai Farmers Bank owned 19 while the Kaset Bank owned 23. The wide range of branches of banks made it possible to be an alternative to remittance firms. Besides, the well-capitalized banks applied new advertising means and lowered the charge on the remittance.

The banks started to adopt radio broadcasts to advertise their remittance business in the radio broadcasting called the Rediffusion and other programs, which was unaffordable for the remittance firms with small capitals. Under the low-price strategies and radio broadcasting advertisement, the Thai banks initiated a fierce competition with the remittance firms in attracting remittance from the remitters. Their competition had extended from Bangkok to inland Thailand. The rise of the government-supported Thai Farmers Bank and Kaset Bank had launched a new era for the remittance industry in Thailand, which witnessed the decline of the remittance firms and eventually was phased out by the modern banks. It was noticeable that the Thai Farmers Bank was owned by the Lamsam family, who used to operate a remittance firm called Guang Gaolong in the 1920s and run remittance business as a sideline for their trading company in Bangkok with a branch in Hong Kong, Shantou, and Meixian during 1941-

1945 wartime. Another authorized Thai commercial bank-Tan Peng Choon Bank-was also a remittance firm.

With the rise of the Thai national financial system, the transnational remittance firms either reversed into local remittance firms that were simply in charge of collecting remittance for the banks, and ultimately failed to compete with the modern banks, or developed into a commercial bank that could gain a license from the Thai government like Thai Farmers Bank and Tan Peng Choon Bank. To figure out the remittance firms' relationship with modern banks in Thailand, the research elaborates different types of banks active in Thailand in various periods with a complicate role in the Thai remittance trade respectively, including westerns banks and non-western banks in the early period, Chinese governmental banks during and after the war, Japanese bank during the war, National Bank of Thailand, and Thai commercial banks from 1942 onwards. It concludes that the remittance firms' relationship with modern banks is multilayer, diverse, and evolving rather than an oversimplified modern-traditional dichotomy.

The remittance firms' relationship with foreign banks in the early period was analogous to the relationship with the Thai commercial banks since 1942: cooperation first and then the competition. Nevertheless, the same relationship pattern led to a different ending. In the past, it was the leading transnational remittance firms that followed the foreign banks' business model and organized banks, albeit with limited banking service for the remittance and international trade. This step suggested the remittance industry managed to keep the largest share of profit source incurring from the foreign exchange rather than let it go into the pockets of the other foreign banks. Thus, the era was regarded as the most prosperous period for developing the remittance trade in history.

However, the Chinese-capitalized banks and latter-formed eight exchange banks failed to replace the remittance firms due to the Thai government's crackdown on the Chinese

banking institutions, given their engagement in the Chinese remittance transfer. Meanwhile, the dominating western banks also went to decline with the rise of the Japanese influence in Thailand since 1941. In contrast, the later stage had seen the thrive of the Thai commercial banks with the strong support of the Thai government since 1942. Other than the political support, the widespread branches, more advanced advertising means, and lower costs contributed to the rising dominance of the modern banks in the remittance trade.

The remittance firms' relationship with the Chinese governmental banks' relationship was the most divided. After a close cooperation during war, they went to split after war. Their relationship in the post-1945 was worse than any other banks in Thai banking history. The Chinese government's crackdown on the remittance firms going against the market rules was bound to fail. Neither could Japanese bank replace the remittance firms, nor could it compete the Chinese government banks for remittance transfer during war. The remittance firms' cooperation with Yokohama Specie Bank was largely due to the Japanese threat and pressure. Another reason is the Thai government's containment on the Chinese economic power. Faced with the surging nationalism in Thailand, the Chinese merchants attempted to draw on the Japanese strength to resist the Thai government's suppression. Compared to the Chinese governmental banks, the Japanese bank lacked enough Chinese currency yuan to deal with the remittance transfer, which was the major weakness of the Japanese bank during war. All of these problems led to a weak basis in the cooperation between the remittance firms and Yokohama Specie Bank, let alone the replacement.

When it comes to the National Bank of Thailand, as a central bank, its main function was mainly to regulate and oversee the financial activities, including the remittance firms. It did not engage in the Chinese remittance transfer directly but instead following the instructions of the Thai Ministry of Finance promoted the Thai commercial banks

to supersede the remittance firms. The rise of the Thai commercial banks had been a great challenge to the dominance of the remittance firms in the remittance trade for over one century. Other factors also contributed significantly to the decline of the remittance firms. Harris attributed the remittance networks' shrink and wear-off to the Chinese political cause, particularly the chaos of the Cultural Revolution. However, the normalization of the Sino-Thai diplomatic relations in 1975 was another vital attributor but was largely neglected since it gave rise to the revival of other means in delivering remittance besides the remittance firms. The remittance firms' boom was related to the amount of the remittance.

Compare to other means, the biggest advantage of the remittance firms was its capability in dealing with large amount of remittance depending on its extended network organized by various remittance firms scattered in Southeast Asia and South China. After Thailand established diplomatic relations with China, Overseas Chinese could visit China by themselves and carried the money with them, or friends and relatives who visited China. In this circumstance, the importance of the remittance firms had decreased. As a Thai scholar pointed out, the remittance trade in 1980s had returned to the *shuik*-dominated era. Therefore, all of these factors could be considered into the analysis of the remittance firms' eventual disappearance.

4. Hybrid Capitalism

The research concludes that study argues that the remittance firms are neither distinctively Chinese nor an imitation of the Anglo-American type of capitalism, but hybrid capitalism of both. The Chinese culture and ethnicity indeed play a large part in the overseas Chinese business, but their role is not essential as culturalists argue, but nor a total absence as instrumentalists claim. Instead, the informal kinship ties and personal network, as well as the rational profit-making strategies and systematic trust as the spirit of the contract, all play a critical role in the remittance trade dominated by the remittance firms over one century. Remittance firms function as a bridge connecting

the traditional local society with the global markets and an extended muscle of the modern institutions to reach the rural and hinterland areas away from the modern urban centers in Southeast Asia and South China. When the modern banks developed to a certain level so that their branches could cover almost every corner of the country and abroad, the remittance firms' role as intermediaries turned out to be reductant, and thus the remittance firms faded away.

The integration and hybridization nature of the remittance firms is formed by their role as intermediaries dealing with various players either located in traditional agriculture societies or active in global capital markets. This nature is also rooted in their eclectic and pragmatic views formed in hostile host-place that they regarded as home later with an absence of state protection from their home country-China. Thus, the remittance firms had transformed and adapted themselves to overcome both the host and home country hostilities and other risks potential to bring them down through consanguine and trade-based cooperation and the set-up of the trade union political-economic alliance with the elites in the host country.

5. Contributions of the Research

Beyond the culturalist-instrumentalist dichotomy, this research has challenged the modern-traditional divergent perspectives on the remittance firms and argues for an integration approach in exploring the nature of the remittance firms and their relationship with predecessor *shuikē* and the later-arriving modern post offices and banks. The blend components of both modern-oriented transnational remittance firms and traditional-inclined local ones, the inter-firm and customer-firm relationship, and the operation of the Remittance Association make it difficult to define the remittance firms as either a traditional or modern institution. Given the heterogeneous features of the remittance firms, we could not draw a clear-cut boundary between them and their predecessor *shuikē* nor the modern institutions. The *shuikē-poykwan*-post office/bank evolution pattern does not follow an irreversibly forward direction. Many so-called

modern means adopted by the remittance firms were inherited from *shuike* while modern post offices and banks drew from the strategies of remittance firms. Also, the research rejects to take their competitive relationship for granted in the study of the remittance firms' relationship with modern institutions. Adopting a historical perspective, it incorporates other relationship patterns that are overlooked before and elaborates on the socio-economic emerging from different socio-economic contexts that gave rise to these dynamic relationship patterns.

Apart from the theoretical contribution, this study has contributed to closing the gap in the knowledge of remittance firms in Thailand. The existing studies are bounded by the nation-state framework. The Thai scholar Tantasuralerk (1989) has launched the pioneering study of remittance firms in Thailand. Her research contains thorough documentation from archives to other Thai materials. However, it focuses primarily on remittance firms' operation in Thailand and the transnational operation in Hong Kong and China has suffered a neglect. In parallel, the Chinese scholars' studies of remittance firms concerned chiefly about their operation in Mainland China or Hong Kong, and the Thai part is overlooked. However, due to the language barrier and scant cross-border researches, the previous studies with a unilateral focus on remittance firms' activities in a single country or area end up falling into a nation-state paradigm. With transnationality or trans-regionality at heart, remittance firms operated in multiple countries, regions and places.

Thus, a focus on remittance firms in Thailand does not necessarily confine the study into a nation-state paradigm. In terms of time, the rise of remittance firms in Thailand has covered a long and crucial period for both China and Thailand's modern history. For over a century (1885-1981), the Thai remittance firms had to accommodate to the rise of state nationalism and increasingly hostile policies from the Thai or Chinese government, and the Japanese intervention during WWII (1941-1945). In light with the

wide spatial and time span, the study has made the first attempt and strived to link up with the Chinese and Thai scholars and open up the studies to the English-speaking world by integrating documents and materials from various periods and countries and regions. Thus, it has been the first piece of work in English to depict a comprehensive picture of the Thai remittance trade.

This research has employed a wide variety of primary and secondary sources primary and secondary sources that was not used before, adding new knowledge to the remittance firm studies. Firstly, the Chinese newspapers published in Thailand from 1912 to 1958 have been the essential source of information for the study. For a long term, the Chinese newspaper had been a vital platform for the Thai remittance trade. The owners posted advertisements of their remittance firms on special offers, openings, and closures. The remittance association also used the press to announce the new regulations imposed by the Thai or Chinese governments, update the charge on the remittance, and the arrangements of the delivery routine, date, and currency fluctuation. The collection of Chinese newspaper has been one of the most reliable written records of the Thai remittance trade.

Secondly, the study has applied the archives of the Nationalist government administration (1912-1949). It is revealed that the Nationalist government entrusted the branch of the Nationalist party in Thailand to investigate the Thai remittance firms' involvement in smuggling through black market in Hong Kong. Besides, the research has referred to the archives during the Chinese Land Reform (1946-1953) and Cultural Revolution (1966-1976). It turns out that the two socialist movements have a huge impact on the Thai remittance firms. To repress remittance smuggling, the Communist government had urged the Thai Remittance Association to supervise the activities of the Thai remittance firms. Besides, the local government intervened in letters-writing of the overseas Chinese families in China. A large number of scandals, extortion,

threatening notes have emerged during the period, leading to the precipitous decline of the remittance amount.

Lastly, the adoption of the Japanese archives on the Bangkok branch of Yokohama Specie Bank made it possible to compare the materials on the Chinese side. According to the Japanese report, it demonstrates that the fierce competition for the Overseas Chinese remittance between the Japanese and the Chinese government in Thailand, but also between the Japanese and Thai government, especially during the Japanese troops' "occupation" in Thailand (1941-1945). Other than the control on the Chinese newspaper, the Japanese authority had directly involved in the Thai remittance trade by establishing a remittance firm in the name of Xingfa Corporation (兴发公司), but it was actually an intelligence organization to collect information of Chinese and remittance in Thailand. The Japanese documents have filled the historical blank due to the absence of 1941-1942 Chinese newspaper. The author has utilized new documents but also discreetly compared them to avoid one-sided opinion and misunderstanding.

The study also sheds new light on overseas Chinese study by shifting the focus from the Chinese angle to the indigenous point of view. In view of their multifunctional feature, both financial and postal, the remittance firms were bound to encounter modern financial institutions like banks and state-run post offices as the emergence of colonial powers and national states. The study of remittance firms has captured the most attention of Chinese scholars or those who are interested in China studies, especially in the area of history and cultures. These scholars often take granted for the remittance firms' natural ties with China. Remittance firms functioned to serve the overseas Chinese to send remittance back to their families left in China. As a transnational mechanism, the remittance firms' significance to Chinese families and China's economics was undeniable. However, the one-sided Chinese view led to overall neglect

of the relationship between the remittance firms and receiving states in Southeast Asia as well as entrepot Hong Kong. In light of this, the research pays intensive attention to the context of the receiving state-Thailand and the interactions between the remittance firms and commercial banks and post offices in Thailand, thus adding to the debate a hitherto neglected equally important dimension of the matter. In this way, the study of Thai remittance firms offers a fresh perspective of the Thai economic and post history.

Through a study of the remittance firms operated across multiple regions, China, Thailand, and Hong Kong, the research employs a large volume of sources in Chinese, English, Thai scattered around these regions and integrates them with the third party's observation from the British government and Japanese government, contributing to a complete picture of the remittance firms as well as a window into the history of the relevant region. Therefore, this research redounds to not only the researchers with specific attention to the remittance firms and overseas Chinese business activities but also scholars in the research area of Thai economic and postal history as well as broader Southeast Asian studies.

6. Research Limitations and Recommendations for Future Studies

Chinese merchants tended to keep their commercial activities secret and rarely made it public in any form, especially for their transfer account, making it difficult to track down their business. Even if some commercial activities had been recorded, it was not easy for them to survive the war, fire, or other accidents. For example, all the original documents of the Thai remittance association in Bangkok were ruined in the fire. Thus, the Chinese newspaper published in Thailand since the 1910s became a valuable source of information for the research into the remittance trade in Thailand. However, due to a time limit and a lack of digitalization of the newspaper, the research could not take full advantage of the sources that amounted to over hundred thousand by reading them page by page but turn to select a small portion of them that covered the most critical

periods for the development of the Thai remittance trade ranging from the 1910s to 1950s. The news related to the remittance trade had rarely been found since 1958.

Besides, the study mainly focuses on the Teochew remittance firms across Thailand and China. As for the remittance trade of Hokkien, Hainan, Hakka, and Cantonese, the author had found a few pieces of information from the Chinese newspaper but not resourceful enough to come up with some comparative studies with their Teochew counterparts in Thailand. These limitations created barriers for a more comprehensive study of the topic. Other dimensions of the remittance firms, such as the statistics of the remittance price and their connection with the Thai financial activities and global markets, as well as the internal organization of the remittance trade association, can be better understood when more substantial volumes of the Chinese newspaper were incorporated into the study. Furthermore, the future study of the remittance firms could adopt a comparative approach to study the Teochew remittance firms that dominated the Thai remittance trade and the Hokkien remittance firms that prevailed in Singapore and Malaysia.

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Glossary of Chinese Terms

This thesis uses Chinese pinyin romanization for Chinese proper names:

Romanization	English equivalent	Chinese characters
qiaopiju	Remittance firm	侨批局
shuike	Courier	水客
yinhao	Chinese traditional bank	银号
piguan	Remittance firm	批馆
yinxinju	Remittance firm	银信局
minxinju	Remittance firm	民信局
huiduizhuang	Exchange and remittance firm	汇兑局
jinshanzhuang	Gold mountain trading firms	金山庄
pixinju	Remittance firm	批信局
pixin	Remittance letter	批信
huiguan	Guild	会馆
yinxinju gonghui	Remittance Association	银信局公会
pangu	Bangkok	盘古
shanba	Outlying Province	山巴
yitiaopian	Single-whip	一条鞭
lianhao	Joint office	联号
yueshang	The Chinese merchants of Guangdong province	粤商
guoshanshui	The foreign exchange process between Hong Kong and Shantou	过油水
dianhui	Telegraphic transfer	电汇
piaohui	Demand draft	票汇
shangpan	The top of the remittance trade value chain	上盘

xiapan	The bottom of the remittance trade value chain	下盘
lvxian chaomei gonghui	Teochew and Hakka remittance association	暹罗潮梅公会
Huaqiao yinxinju gongsuo	Overseas Chinese Remittance Association	华侨银信局公所
hongtouchuan	Red-head boat	红头船
liangguang	Guangdong and Guangxi	两广
guobi	National currency	国币
yuebi	Cantone currency	粤币
qiaowu weiyuanhui	Overseas Chinese Committee	侨务委员会
junzhengbu	Military and Political Department	军政部
qiaojuan	Overseas Chinese dependent	侨眷
pijiao	The person to deliver remittance letters; the commission fee	批脚
qiaowu weiyuanhui	Overseas Chinese Bureau of Shantou	侨务委员会
yuminjuan	A currency circulated in the communist-controlled region in 1949	裕民券
qiaobao	Overseas Chinese	侨胞
ding'e yuanbi huicundan		定额原币汇存单
teshu gongying	Preferred supply	特殊供应
huaqiao shangdian	A Chinese store operated especially for the overseas Chinese dependents	华侨商店

huaqiao zhuanggui	A counter in the store operated especially for the overseas Chinese dependents	华侨专柜
guiqiao	Returned overseas Chinese	归侨
daishuren	The person who writes letters for the illiterate remitters	代书人
qiaosheng	Overseas Chinese students returning China from abroad	侨生
lianying	Cooperation	联营
fabi	Official currency issued by the Chinese Nationalist government	法币
junpiao	Currency circulated by the Japanese authority	军票

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Chino-Siamese Daily News [华暹新报]

Chinese Daily News [华侨日报]

Chuan Min Pao [全民报]
Guang Hua Daily News[光华日报]
Kuang Hua Pao[光华报]
Min Kok Daily News [民国日报]
Ming Sheng Daily News [民声日报]
Shuen Chong Daily News [晨钟日报]
The China Overseas Press [暹罗华侨日报]
The Kee-Nam Chinese Daily News [啟南新報]
The Min Kok Daily News [民国日报]
The Tong Wah Chinese Daily News [中华民报]
Tong Guan Pao [中原报]
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