

## Penang as an Andaman Littoral Social Model in the Mid-Twentieth Century

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This paper tells the story of a failed real estate venture in the provincial center of Trang, on the West Coast of southern Thailand, during the late 1960s and early 1970s. In its origins and conception, and even in the circumstances that led to its failure, this venture reflected the nature and breadth of Penang's influence on commercial centers up the Andaman Littoral in both southern Thailand and southern Burma. While rooted in commerce, this influence also extended to the realms of migration, society, culture, education, and others.

The trans-national relationships that bound the commercial centers of the Andaman Littoral to Penang never fell into a long-term steady state. Neither was the history of these dynamic and ever evolving relationships a simple, linear story of origins, rise, peak, and decline. Rather, the broad pattern of linkages that tied centers like Trang to Penang mirrored still broader developments in global history. The demand for the primary commodities of Southeast Asia on world markets between the late eighteenth and the early twentieth centuries, the consolidation of post-colonial nation-states in the decades after 1945, and even the more recent admixture of a globalization and a rising China have successively framed that pattern of linkages.

Penang's importance through the early twentieth century as the commercial and social hub for a hinterland stretching across colonial and national borders is well known. That importance derived above all from Penang's trade with such centers as Medan, Phuket, and Mergui, and from the relations between its Chinese community and the Chinese communities of those major centers and many others. In the case of Siam, scholars have come in recent decades to regard the posthumous work of Jennifer Cushman on the Khaw or Na Ranong family as the standard, even definitive, treatment of Penang's historical influence. Cushman focused much of her interest on Khaw Sim Bee or Phraya Ratsadanupradit. In its impact, her work has privileged the late nineteenth and early twentieth centuries in the historiography of Penang's relations with its northern neighbors up the Andaman coast. With other factors, that impact has led to a startling lack of historiographic curiosity about the course of those relations later in the twentieth century and even into the early twenty-first.

Before taking up his post at Phuket, Khaw Sim Bee served as governor of *mueang* Trang. It was he, in fact, who moved the site of the *mueang*—that is, of its administrative center—from the inland location of Khuan Thani to Kantang, the most important port between George Town and Phuket. A monument to Phraya Ratsada stands today in a park on the outskirts of Trang, whose *mueang* King Wachirawut moved to its present site of Thap Thiang some years after Khaw Sim Bee's murder.

Even before Thap Thiang became the site of Trang's provincial capital, its environs were home to a population of Cantonese and Hokkiens whose roots lay in migration to South Siam via Penang and whose economic activity centered on the production of black pepper. This commodity reached the world market via Penang, too.

By the Interwar era, Pará rubber had come to supplant black pepper in the economy of Trang and its hinterland. Their central role in the new rubber economy had given the Chinese of the Trang market the wherewithal to found a school to offer formal Chinese education to their children. It was the basis of fortunes of large planters like the Hokkien Thiansi Thammarak. It also enabled a growing number of Trang Chinese to send their sons to the schools of Penang for further education.

Most prominent among these schools was Chung Ling High School, to which Thiansi Thammarak sent his son Manat in the years directly before the Pacific War came to Southeast Asia. Chung Ling effectively served in this period as the peak educational institution for the Chinese communities in Penang's Malayan and transnational hinterland. After Manat's return to Trang, for the rest of his career there, and indeed long afterward, members of Trang's Chinese community there would attribute his progressive and innovative approach to business and his apparent sophistication to his status as a *nakrian pinang* (Penang student).

From the late 1940s onward, nothing exemplified Manat Thammarak's prominence in Trang and nearby provinces or his status as a pioneering business figure in the region so much as his becoming the province's first banker. Manat served as manager of the Trang branch of the Siam City Bank, the first of the commercial banks that dominated the post-1945 Thai economy to open a branch in the province. The Siam City Bank numbered among the Thai banks that rapidly expanded their provincial branch systems during this period by means of "agencies." Their branches were, that is, not true branches of the bank but rather franchises that shared their profits with headquarters every quarter. Manat owed his selection as the manager-*cum*-agent of Trang's first bank branch not only to his father's immense means and his own educational background but also to the conscious policy of Bangkok's commercial banks to draw on the "social capital" of prominent provincials as they sought credibility and access to depositors in unfamiliar provincial settings. In entering Trang and other markets along Thailand's Andaman Littoral, Bangkok's commercial banks found themselves operating in a Penang-centered social and commercial world. Recourse to locally prominent figures meant recourse to men whose stature was defined by the norms of that world. And, according to those norms, the Thammarak family's rubber holding and its son's Chung Ling High School education added up to great stature indeed.

The Trang branch of the Siam City Bank became the hub of a series of sub-branches in outlying districts of Trang Province and also in such neighboring provinces as Krabi and Phattalung. Manat Thammarak thus proved a figure of real importance in helping the bank penetrate southern Thailand. But that role was hardly the limit of his innovative business undertakings.

In 1960, Manat purchased from an old local Chinese family a plot of some eighteen *rai* (1.0 hectare=6.25 *rai*) a kilometer or so to the west of the Trang municipal market. The owner of this land had in fact six years earlier borrowed money from Manat against its value. Having repaid that loan a year later, he mortgaged it to the Siam City Bank in 1956. When, four years later, that owner repaid the mortgage, it was only to enable him to sell the land to Manat on the very same day. Such mixing of personal and bank business was typical not only of Manat but of commercial bank agents in the period.

This plot became the site of another of Manat's pioneering undertakings, an unprecedented—for Trang—real estate development called "Manat Phattana" (Manat Development). To undertake his planned project, Manat established a firm called the Manat Phatthana Company, Limited, in early 1966. Just a month after the incorporation of the new firm, Manat had drafted and presented to the shareholders for ready approval the standard contract that would govern sales of units in the development. Evidently based on the rent-to-buy (in Thai, *chao sue*) model introduced into the kingdom by the Singer Sewing Machine Company in the mid-1920s and strongly associated with that concern and the impact of its machines on Siam and then Thailand ever since, this contract specified that buyers of units in Manat Phatthana's development would pay sixty percent of their initial payment upon signing. Within six months of the signing of a purchase contract, the Manat Phatthana Company would complete construction of the unit. The balance of the initial payment was then due to the firm. Buyers were to assume title to their units and to the land on which they rested only after paying for them in full. Depending on the type and on the location of the

unit purchased, buyers had either sixty-six or seventy-two months to make payments ranging across a series of detailed schedules from three hundred and seventy-five to eight hundred and seventy-five *baht* a month. Initial payments ranged from four thousand five hundred to twenty thousand *baht*, and total prices from just less than thirty thousand to somewhat more than eighty thousand *baht*. These figures offer clear insight into Manat's vision for his project; they suggest that his target buyers for and envisioned residents in Manat Phatthana were people with, for the Trang of the late 1960s, stable and relatively high incomes. Types of units included, in order of ascending price, one-floor residences, one-floor storage structures, and one- and two-floor commercial spaces.

If adoption of the rent-to-buy approach promised to bring to property development the same advantages that it had long brought to the sale of sewing machines, those of allowing vendors to sell expensive wares and customers of modest means to acquire items otherwise beyond their reach, Manat also moved to ensure that Manat Phatthana enjoyed low-cost financing in the accomplishment of this rather grand scheme. First, of course, were the interest-free loans that the firm received from its customers in the form of the sixty percent of their initial payments, due fully six months before they could occupy their units. Second, and far more important, was the support of the Trang agency of the Siam City Bank.

In mid-1967, Manat mortgaged the future site of Manat Phatthana to the bank. While the property seems then to have remained largely undeveloped, its mortgage value doubtless proved high enough to supply Manat Phatthana with the capital needed to continue the construction begun the year before. Neither was repayment of the principal of this mortgage to present a burden for the firm. For, in 1969 and in prosecution of one of the shrewdest aspects of the scheme, Manat secured new deeds for each of the plots on which the firm would construct units for sale. He thus also essentially converted his mortgage with his bank on the site as a whole into individual mortgages on these plots. In a recapitulation of Manat's original purchase of the site and in a practice common to land markets in Thailand, the firm would pay off the mortgage immediately prior to transferring title to a purchased unit to its buyer. By that point, ideally, revenues from the sale permitted easy repayment of the balance of the mortgage on the plot in question. This approach did not represent Manat's only form of recourse to the Siam City Bank in the development of this project. As neither mortgage to the bank nor the firm's own relatively modest capitalization of one million *baht* proved adequate to cover construction costs, Manat borrowed additional funds from the bank to realize what long remained the most ambitious real estate undertaking in its history.

Adoption of Singer's rent-to-buy model gave one aspect of Manat Phatthana a certain familiarity to prospective customers and to the Trang public more generally. At the same time, however, the utter novelty of a large real estate development in a setting basically defined, in sociological terms, by farmers on the land, by Chinese in the shop-houses of Trang's commercial precincts, and by the presence of a limited number of teachers and government officials and lawyers who neither farmed nor were engaged in commerce. Trang had, that is, little resembling a salaried class of prospective home buyers. This reality might account for no one's having undertaken a project like Manat Phatthana before. At the same time, that there had never before been such a project gave Manat Phatthana immense novelty among Trang residents. The exciting new venture represented in the popular mind of the Trang market one more instance of Manat Thammarak the *nakrian pinang* introducing to southern Thailand something new and modern from the other side of the Malaysian border.

Indeed, the social structure of Penang had by this time made possible ventures very much like Manat Phatthana there. One reads in a recent popular history of the island of the development during the late 1950s of "a complete satellite town of modest by attractive terrace-type dwellings for the rapidly growing numbers of young business and professional families" on the road to Gelugor, of other even more upscale private housing projects, and of

low-cost Municipal housing, too. But Trang was not the major Southeast Asian business, educational, commercial, and social center that was Penang. It was, not to put too fine a point on the matter, in sociological terms less “advanced,” fully articulated, or diversified.

The difficulties that would mark Manat Phattana surfaced early. Manat had initially hoped or even planned to sell all the units in Manat Phatthana within a year. Yet by October 1968 he found himself forced to tell shareholders that complete subscription of the project would require a further two to three years. In the event, that prediction would prove terribly optimistic. The year to March 1970 brought a mere twelve sales. These increased total sales to one hundred and eighty-eight units. The company remained with an inventory of one hundred and ten unsold units. If the slow pace of sales at Manat Phatthana undercut the logic of Manat's plan for financing his project, which depended on a steady stream of payments from eager buyers to support the company's costs, additional troubles only made matters worse. Not all buyers proved, it seems, eager or even capable amortizers. Most residents of Manat Phatthana soon fell behind on their payments. Others stopped making payments altogether; among these latter, some just moved away and sacrificed what they had been able to pay toward ownership of their units. In a meeting of shareholders held in May 1971, Manat noted that the previous year had witnessed no new sales. Instead, new residents had moved into the partially amortized units of earlier residents and assumed responsibility for paying off the balance owed on those units. And the company's stock of unsold units remained intact, undiminished as a burden on its finances.

Slow sales and wretched records of amortization would in any case have put Manat and the Manat Phatthana Company under tremendous pressure in the effort to make interest payments on the funds borrowed to finance the project. In the event, the pressure and the difficulty that those factors imposed proved even more onerous than might have been the case in the absence of one further circumstance. For Manat had exercised his powers as bank agent to finance the project with credit extended by the Siam City Bank. Bad enough in its own right, the financial strain resulting from the commercial failure of the project also served to exacerbate the strain of another sort that the termination of his bank agency—in compliance with the Commercial Banking Act of 1962, which sought to replace agency arrangements with branches under the ownership and control of banks' headquarters—placed on Manat. For that part of the project's land still mortgaged to the Siam City Bank became an issue in the reckoning of Manat's outstanding obligations to the bank. On the one hand, the land represented an asset belonging to Manat, one in which the bank had no little interest as it sought to recover from him the sums for which it held him responsible. On the other, Manat could only transfer that asset to the bank after repayment of the mortgages that encumbered its various parcels. And so Manat Phattana became the subject of yet another suit filed by the Siam City Bank against its erstwhile agent Manat Thammarak.

The Manat Phatthana Company apparently ceased to function as an organized firm in 1971 or 1972. Citing the loss of documents that had attended the transfer of the company's offices out of the Trang office of Siam City Bank, Manat wrote to the Trang Provincial Commercial Office in 1977 to ask that the firm's failure to make required submissions of data regarding ownership and profits or losses during the previous five years be forgiven. Five years after that, the firm still legally in business, a letter from the commercial office requesting such documents from Manat Phatthana proved undeliverable.

Within a decade—by, that is, the early 1990s—far more lavish private residential developments in far less central locations would bring success to Trang investors and developers. The now modest-looking units of “*sam roi hong*”—or “300 units,” as Manat Phatthana was and remains popularly known—were by those years more or less fully occupied, if many of their residents bore somewhat dodgy reputations and were more likely tenants than owners. Far from a failure that had helped bring down a proud Chung Ling old

boy who numbered in his day among Trang's most illustrious figures, Manat Phatthana had become a familiar feature of the local landscape, one of whose origins and original name most who rode past it along the road to Sikao District remained ignorant.

We may ascribe the failure of Manat Phatthana to realize Manat Thammarak's ambitions for his project to two factors. One lay quite simply in the realm of sociological reality. Unlike the Penang in which Manat had received his education and on whose example he apparently drew for the vision that motivated Manat Phatthana, Trang in the late 1960s lacked the social—and therefore economic—base for a private housing development of this sort. The vision that Manat imported from Penang did not fit local realities. The second factor behind the failure of Manat Phatthana concerned the bind in which the termination of Manat's service as an agent of the Siam City Bank left him. This circumstance grew directly out of Thailand's Commercial Banking Act of 1962, which was in turn just one in a range of measures that saw the government of Field Marshal Sarit Thannarat and his American allies embark on a process of "*kanphatthana*", or "development." Along with the restoration of the Thai monarchy to its symbolic centrality in Thai life, this process was the Thai version of the "nation-building" or national integration common to all of non-communist Southeast Asia at the time. It was of a piece with the measures that Kuala Lumpur took to integrate Penang into the new Malaysia, measures that at the same time did so much to undercut Penang's previous commercial dynamism. In the case of Thailand, this process saw elites in places like Trang and Phuket and Takua Pa begin to turn their backs on Penang, to favor education in Bangkok—and in Thai rather than in Chinese or English—for their children. That was, after all, exactly how post-colonial nation-building was supposed to work. In the Burmese case—a case that surely merits further research—national consolidation under the banner of Burmese socialism would seem to have had a similar effect on the ties between Penang and such centers as Tavoy and Mergui. Among traders from the latter port, the early 1960s are recalled, for example, as the time when the regular trips to the port of Penang that had been a staple of their commercial lives till then came to an end.

As the introduction to this paper stressed, however, the attenuation of ties between Penang and the string of centers that lay to the north along the Andaman Littoral was in no sense the simple "end" of a story. In global-historical terms, it was a function only of the end of the long colonial era in Southeast Asia and of flows of primary commodities with little reference to national borders (relative to the era that succeeded it). It was a function, too, of the dawn of the era of national integration in Southeast Asia, of the consolidation of the institutions and sovereign powers of the nation-states of the region. More recently, of course, this latter era has in turn given way to one defined first by "globalization," with the attendant weakening of the pull of the nation-state, and second to China's rise. This is an era in which an education for their children in Bangkok and in Thai have come to have less appeal to many parents in southern Thailand than one in Chinese and English. This era has give new salience to ties between Penang and its old southern Thai hinterland, not least as regards education—which is, after all, what took Manat Thammarak to Penang in the first place.

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