

CHAPTER SIX

THE ROLE OF THE COMPRADOR IN ENTREPRENEURIAL DEVELOPMENT

According to the Oxford English Dictionary comprador is a Portuguese word, which was used by Europeans in India to characterize a servant who was charged with making purchases and keeping accounts for the home. The role of the comprador in China and in the Southeast Asian countries involved a more comprehensive set of commercial activities that were performed at the firm level. Foreign firms required the services of these "middlemen" who performed a variety of services because the managers of these foreign trading firms lacked the connections, knowledge or skills to operate in local markets.¹

Compradors were extremely important persons in the development of trade in Thailand because Western traders had very little knowledge of Thailand, especially the area beyond its major port cities. They did not speak the language, could not recognize the written letters, in many cases did not comprehend local weights or currency, and they had little idea of what local Thais wanted and what they were willing to pay. They also lacked knowledge about local channels of distribution, which would have made it impossible for them to reach markets outside of a few major cities. This left them in a very weak position to bargain since they were unsure about their market position. They were even unsure if their goods were even in demand.

Ethnic Chinese filled the majority of comprador positions in Thailand, which was probably a function of their commercial background and language capabilities. Their ability

to speak both Thai and Chinese provided them access to foreign commercial community. Their language skills permitted them to deal with both Chinese retailers and wholesalers, as well as Thai speaking farmers and government officials. If they could combine these two languages with some fluency in a European language and some business skill, they were in a unique position to successfully fill the role of comprador. In addition, because the position of comprador existed in China and in many other countries in the region, ethnic Chinese could move from one area to another as new regions began to develop commercially. Even if they were unable to become compradors in a new country, they could transfer knowledge about the compradorial function to other ethnic Chinese. These connections were essential in even being employed by the foreign trading firms, and initial employment provided the best opportunity to eventually become a comprador.

The European firms employed compradors to act as their agents, but the role of agent provided the comprador with many additional entrepreneurial opportunities. For instance, in the financial sector compradors used their personal status as to guarantee the repayment of loans by smaller businesses, so that banks would extend credit.² Prasit Thaweessin (ประสิทธิ์ ทวีสิน) served as a comprador for the Mercantile Bank and later for Mitusi, which indicates this practice continued until fairly recent times.³

¹ Hao, Yen-P'ing (1970) *The Comprador in Nineteenth Century China: Bridge between East and West*. Cambridge: Harvard University Press, p. 15.

² Royaards, Albertus (1990) *Future Business Partners for Banks and Borrowers in Southeast Asia (Adapted Version of the Comprador System)*. Unpublished Dissertation, University of Twente, Enschede, The Netherlands.

³ หนังสืองานศพ (Funeral Book) of ประสิทธิ์ ทวีสิน (Prasit Thaweessin) (2510). Bangkok: pp. 1-4.

Compradors could exploit the ignorance of both buyers and sellers for personal gain in many cases. Since local producers were not sure what European traders wanted or were willing to pay, the comprador could exploit their ignorance and buy below market. The same was true on the buying side of the equation. European traders had no way to really monitor what local sellers were actually receiving from the compradors, which meant that compradors could pocket the savings rather than passing it on to their employers.

The "middleman" function of the comprador also generated a considerable amount of negative feeling within the local communities. For instance, during the nationalistic period in China, the term comprador took on a very negative meaning among the local populace. Compradors were viewed as individuals who served the interests of foreigners to the detriment of the local population. However by the time the cry "Down with the comprador class" was being shouted their presence has greatly diminished in China.⁴ Thus, it may really be that it is what they were perceived to represent, after the fact, that resulted in the emergence of negative feelings about them. While they had disappeared in China by the 1920s, they were to enjoy a somewhat longer life in the Southeast Asian countries.

In his study of Chinese Compradors, Hao points out that many of the references to compradors by their Western employers were also quite negative. Trading firms found that they needed these compradors, and this dependence may have caused some of their negative feeling. However, in other cases, such as when they performed in a less than optimal fashion or were dishonest, the occurrence was more likely to be recorded in company records. This was even true when they did perfectly legitimate things such as opening their own business or

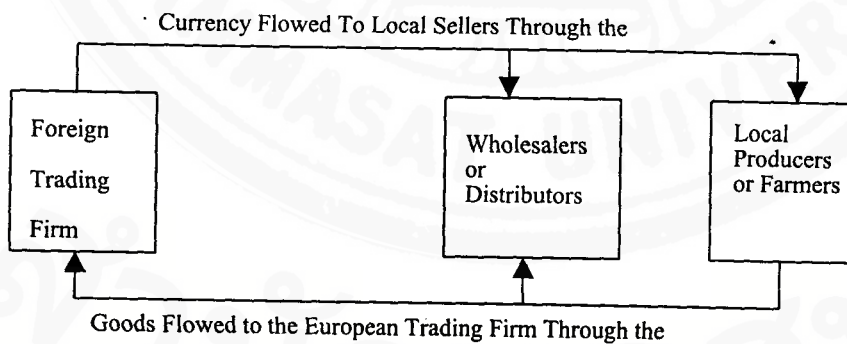
⁴ Hao, Yen-P'ing (1970) **The Comprador in Nineteenth Century China: Bridge between East and West.**

Cambridge: Harvard University Press, p. 11

switching employment to another firm.⁵ Given their importance to the region's economic development, we know relatively little about the individuals who filled these important positions. The firms that employed them provided few details and record keeping in the region was less detailed than in Western countries. However, we do have a sense of how serving as a comprador affected commercial activity and the degree to which it led compradors to engage in additional entrepreneurial activity.

When the comprador system worked in an optimal fashion, from the employer's perspective, the compensation that compradors received from trading firms was considered quite lucrative. Their positions with these trading firms also gave them access to emerging business opportunities. Figure 6-1 depicts the process as it generally was envisioned to operate with respect to the activities of trading companies. Since the comprador had access to producers, as well as wholesalers and distributors, they were also in a good position to negotiate.

Figure 6-1 The Role of the Comprador



As can be seen in Figure 6-1, the comprador was centrally positioned with respect to foreign commercial activity. It is not just that they served the role of "middleman," but that

⁵ Hao, Yen-P'ing (1970) *The Comprador in Nineteenth Century China: Bridge between East and West*.

Cambridge: Harvard University Press, p. 13-14.

they served in this capacity at the employ of one party, while their interests were often not the same as their employers. In some cases Western Trading Companies even preferred a separation, which they felt provided them some "down side" protection in their local commercial transaction. However, this really reflected their inability to conduct transactions themselves.

An interesting side benefit from being a comprador was that it provided an excellent business education, during an era when formal education in business did not exist. The Thais who filled these positions learned what foreign countries wanted, what they had to trade, what they were willing to pay, and how they operated. They got excellent "on-the-job" training. They also learned that they were essential to the trading process. Once they mastered the functions of a comprador and learned how trading operations worked, they could leave to open their own business, or demand higher levels of compensation. In this sense, as the population of well-trained compradores increased, the bargaining position and power of the European trading firms decreased.

Because the role of comprador provided many Thais with their first business training, it also provided the avenue used by many to start their own businesses. The trading companies were vulnerable to local competitors, but it required the emergence of individuals with sufficient business knowledge to exploit this vulnerability. Serving as a comprador served to encourage many Thais to enter many industries that had been dominated by Europeans. For instance, despite having a monopoly position in rice milling, local Thai entrepreneurs eventually came to completely dominate this business completely.

The Nature of the Dependence

The role of comprador existed throughout the East and Southeast Asian region, and is better documented in some other countries. However, the role was similar in each country, as

is the dominance of the overseas Chinese in filling these positions. Thus, there was a certain similarity to the position, but there were also limits to advancement, at least in the period of colonial power and advancement. With the exception of a few Thai compradors who assumed the top management positions during World War II, most trading firms kept local compradors out of senior-level management positions.

For instance, "in their primary business activity between 1870 and 1911, that of importing and exporting, the European firms depended on their Chinese employees and agents." Writing in 1900, a traveler through Singapore observed that "the business of the European firms-and this is true of the whole Far East-could not be carried on for a week without their Chinese shroffs, compradors and clerks.⁶ These Chinese employees negotiated with the Chinese firms on behalf of their European employers, and we can assume they negotiated more effectively than could the Europeans on their own. They themselves never rose to partnerships in these trading firms, although in many firms they were more numerous than the Europeans, and they may have been more powerful in the sense that they were more essential to financial success than were resident European managers.

The Chinese merchants were the middlemen in Singapore's middleman economy. They stood between and affected the exchange between European importers and the Southeast Asian producers. They obtained manufactured goods from the European importers and distributed them all over Southeast Asia, and collected in exchange the produce of the

⁶ Norman, Henry (1900) *The Peoples and Politics of the Far East, Travels and Studies in the British, French, Spanish and Portuguese Colonies, Siberia, China, Japan, Korea, Siam and Malaya*. London. p. 42.

area which they passed on to the European merchants.⁷ This middleman function enriched them personally, but it also created demand for local products, which encourage new businesses to emerge.

In Singapore compradorial activity was effected in three ways. First, Chinese merchant could barter manufactured goods for produce brought by native traders to the Singapore River.⁸ Second, merchant could seek out the consumer-cum-producer. This carried certain risks as one ventured into areas that might not welcome them. Finally, "Chinese merchants engaged in trade in South-east Asia by financing the production or collection of commodities they required and thus assuring themselves of a supply."⁹ They were performing similar functions in Thailand during this early period, and in the process providing the incentives for others to start businesses.

Thai Compradors

Obviously, all the different types of compradors cannot be explored in this chapter. However, several incidents are used to highlight the variety of functions that they performed, as well as the reasons behind their lasting impact on Thai society.

One of the most interesting uses of a comprador was by Dr. Pridi Panomyong. After the establishment of a constitutional government, Dr. Pridi proposed a new economic structural plan, which included some state owned businesses. At this time most of the private

⁷ Ding, Chiang Hai (1970). Sino-British Mercantile Relations in Singapore's Entrepôt Trade 1870-1915," in Jerome Ch'en and Nicholas Tarling (Eds.) *Studies in The Social History of China & South-East Asia* (pp. 247-166). Cambridge: Cambridge University Press. P. 255.

⁸ Ken, Wong Lin (1960). "The Trade of Singapore, 1819-69," *Journal of the Royal Asiatic Society, Malaysian Branch*. Vol. 33 (4), pp. 76-77.

⁹ Ding, Chiang Hai (1970). p. 256.

sector business managers were Chinese. When Dr. Pridi found he could not manage the enterprise he established, Niyom Thai Insurance (บริษัท นิยมไทยรับประกัน), so he hired Mr. Chot Ramsen to manage the enterprise. When Dr. Pridi hired Mr. Chot Ramsen to be a professional manager, he framed the employment as a sort of comprador arrangement, although in this case the compensation was fixed, but Mr. Chot Ramsen was in a position to act much as traditional compradors had done. The government had many disadvantages that would have resulted at them not being very adept in dealing with the local commercial community. Mr. Chot Ramsen had worked in this community and understood it, and was in a position to bargain effectively for the new government enterprises.

A more typical career is that of Sanan Viravan (สนั่น วีรวรรณ) who was born in 1908 and graduated from Bangkok Christian School in 1926. A large number of early compradors and Thai entrepreneurs attended Bangkok Christian School and Assumption School. No doubt the links between classmates resulted in an effective employment network, which accounted for their large presence among the ranks of the compradors.

After graduating from school, he then went to work for Douglas and Grant, a foreign trading firm. After working for this firm, he took a position as Second Comprador for the S.S. Hyra Shipping Line, which ran a circuit between Bangkok, Singapore and Hong Kong. He then worked as a checker for K. Thow Co. (บริษัท เค เทว จำกัด) before starting his own stevedore firm. Other business interests of his included the importing of trucks, motorcycles and automobile parts and tires. In 1953, the two firms had become sufficiently successful

that he separated them into separate firms.¹⁰ This route from comprador to entrepreneur is fairly typical as the comprador begins to explore opportunities to engage in local businesses.

Eak Visakul (เอก วิสกุล) was another comprador who served a foreign shipping company during this period. He worked for the British-India Steam Navigation Co., during the period from around 1927 to 1947.¹¹ His Thai name was Charoem Pantrakul (เฉลิม ปังตระกุล) was born in Bangkok in 1893, and like many compradors of the period, attended Assumption High School. After high school he worked at Fok Long Department Store (ห้างฟุกหลง), which sold construction material. In 1919 he was appointed the managing director of the firm, which was extremely profitable during World War I. However, the recession that followed the war forced the firm to close.

At this point he went to work at Anglo-Thai as a comprador, dealing with domestic sales for the firm. In World War II, Anglo-Thai was forced to cease business, so Charoem Pantrakul (เฉลิม ปังตระกุล) set up his own business Bamrung Thai Panich (บริษัท บำรุงไทยพานิช), which really took over the business of Anglo-Thai. After the war, he closed this business and returned to Anglo-Thai, which suggests he was acting as an active caretaker for them during the war. His activities, during the war, might be described as a sort of “super-comprador” because the firm was in no position to do anything less than give him their complete trust.¹² In fact, this was one of the few cases where a local Thai comprador actually took over the top management of a European trading firm.

¹⁰ หนังสืองานศพ (Funeral Book) of สนั่น วีรวรรณ (Sanan Viravan)(2513). Bangkok, pp. 3-5.

¹¹ หนังสืองานศพ (Funeral Book) of สนั่น วีรวรรณ (Sanan Viravan) (2513). Bangkok, p. 11.

¹² หนังสืองานศพ (Funeral Book) of เฉลิม ปังตระกุล (Charoem Pantrakul) (2505). Bangkok. pp. 12-18

Another prominent comprador Yos Rien Trirat (ยศ เจริญไตรรัตน์)¹³(Lee Hock) was born in Bangkok, in 1906, and attended Assumption School. After finishing school, he went to Hong Kong to study business administration. He then returned home to Thailand and joined his father's business, until World War II forced the business to close. He wanted to start a business on his own, but I.C. Hansford, a close friend, persuaded him to become the comprador of the Maersk Line, a Danish firm. In 1948 he was promoted to outbound comprador and served in this position for 20 years. He was noted for the large number of good contacts that he had, which made him extremely valuable as a comprador.¹⁴ This is a case that suggests that some people viewed serving as a comprador or starting a business as reasonably similar activities. This reinforces the notion that being a comprador provided lots of opportunities for independent entrepreneurial activities.

It was also possible to work up to the position of comprador by getting a low-level position in a trading company and distinguishing oneself in some fashion. For instance, Kosit Vejjajiva (โพลิต เวชชาชีวะ), whose Chinese name was 于, was born in Chantiburi in 1899. He came to Bangkok, and studied at Assumption High School, which only had five students in his class at that time. After completing high school, in 1915, he joined the East Asiatic Company as a dockworker, earning 20 baht per month. Eight years later, in 1923, he was promoted to comprador of the import section, although there were obviously some intermediate promotions between being a dockworker and serving as an import comprador. In 1934 he assumed the duties of Export Section Comprador. He spent his entire career with the firm, and when the King Frederik IX of Denmark visited Thailand in 1962, he gave him a

¹³ His Chinese name was Lee Hock.

¹⁴ หนังสืองานศพ (Funeral Book) of ยศ เจริญไตรรัตน์ (Yos Rien Trirat) (2513). Bangkok, pp.3-8.

Royal Danish Medal of Reward. This would indicate that the firm considered him quite central and important to their local operations.

Kosit Vejajiva (โกสิต เวชชาชีวะ) was also active among the local Chinese, which accounted for his many good business contacts. He was one of the Chairmen of the merged Chinese Associations of Bangkok, which was active in charity work and sports activities. He also had ten children and members of his family are still active in Thai business and political activities.¹⁵

Compradors at the Industry Level

A severe depression followed World War I in Thailand. This depression put a severe strain on the finances of many who were in the rice milling business, and many, especially foreigners left the business. For instance, in 1920 there were 84 rice millers, but the number had dropped to 71 by 1925. As foreigners left the business many of these firms were taken over by local compradors.¹⁶ This is a case where the compradors had both the financial resources and knowledge of trading practices, which allowed them to be profitable in these businesses when others could not operate these mills profitably.

Banking is another industry where the compradors made their presence felt. In 1952 The Thai Ministry of Economic Affairs asked the former comprador for a foreign bank and owner of a remittance company to take over the management of Bangkok Bank. This former comprador, Mr. Chin Sophonpanich, came back from school in China when his father lost his job, took several menial jobs before he worked his way up to managerial positions, and then

¹⁵ หนังสืองานศพ (Funeral Book) of โกสิต เวชชาชีวะ (Kosit Vejajiva) (2509). Bangkok: pp. 2-11.

¹⁶ มานะรังสรรค์, สมภพ (Manarungsan, Somphop) (2536). แนวโน้มพัฒนาการเศรษฐกิจไทยในช่วงก่อนและหลังการปฏิรูปการปกครองในรัชสมัยพระบาทสมเด็จพระจุลจอมเกล้าเจ้าอยู่หัว (Thai Economic Development Trends Before and After the Reign of Rama V) กรุงเทพฯ: จุฬาลงกรณ์มหาวิทยาลัย. p. 85

started his own construction firm. During World War II he took the steps necessary to acquire control of the Bangkok Bank.¹⁷ Ultimately he became one of Thailand's most famous bankers, but he was well trained before he took up the top position at Bangkok Bank. In this sense, he was able to get the type of training needed to operate a bank on a larger scale by serving as a comprador for a foreign bank. For instance, one of the first things he did was to establish new hiring and compensation practices. Hiring was to be done on a strictly merit basis, and compensation was to be directly linked to one's level of delegated responsibility.¹⁸ It is unlikely, that he would have adopted such a human resources management system if he had not been exposed to this practice in another organization.

Many compradors were able to use the knowledge that they gained in working for trading firms or foreign banks to enter new industries. Once they entered these industries, there was a certain amount of knowledge that they transferred to their employees, which then gradually diffused throughout the entire industry.

Compradorial Impact

One of the facts that characterize most countries with a history of compradors is their ongoing legacy. In some cases the businesses that they started continue as ongoing businesses, and serve as an indicator of their influence. In other cases, their children used their wealth and connections to build new businesses that are now associated with the family's name. For instance, Prasit Thaweessin (ประสิทธิ์ ทวีสิน), after serving as a comprador for several firms started a rice trading, rice milling, and saw milling businesses.¹⁹ However,

¹⁷ Pan, Lynn (1994). *Sons of the Yellow Emperor: A History of Chinese Diaspora*. New York: Kodansha International.

¹⁸ _____ (1973) "Bangkok Bank: Big is Big. *Business in Thailand*, October, pp. 27.

¹⁹ หนังสืองานศพ (Funeral Book) of ประสิทธิ์ ทวีสิน (Prasit Thaveessin) (2510). Bangkok: p. 4.

his name is now associated with banking because of the role he played in founding in founding the Thai Danu bank and in serving as a managing director of Thai Danu Warehouse. His children continued his association with this bank and this results in the family name being associated with banking, rather than his activities as a comprador.

The same is also true of the family of Kosit Vejjajiva (โกสิต เวชชาชีวะ), who was discussed above. Today, his grandson is one of the more prominent and "upcoming" politicians in Bangkok, and the family name is seldom associated with that of the prominent comprador at the East Asiatic Company, except by those with a specific interests in the East Asiatic Company or in compradors.

Modern Comprador

The impact of the comprador as entrepreneur has also extended into modern times, if one accepts the views of Kunio.²⁰ He takes the position that modern Thai entrepreneurs, such as Tawon Pronpraph, who is engaged in the manufacture of automobiles, "is a Japanese comprador (to be more precise, Nissan's Comprador."²¹ He takes this position because he is technologically dependent on the Japanese, and could not export his product without their approval. More importantly, he sees the permanence of the relationship as the key element. Although he does not say it directly, this would also imply that at least one Japanese firm, and perhaps most foreign firms could use some modern day compradors to have them operate successfully in Thailand.

²⁰ Kunio, Yoshihara (1995). "The Ethnic Chinese and Ersatz Capitalism in Southeast Asia," in Leo Suryandinata (Ed.) *Southeast Asian Chinese and China: The Politico-Economic Dimension* (pp. 66-86).. Singapore: Times Academic Press.

²¹ Kunio, Yoshihara (1995), P. 70.

This differs somewhat from the earlier views of compradors. In those cases, knowledge and information were still the keys to being a successful entrepreneur. However, the holder of the knowledge was the Thai comprador, rather than the foreign party.

Conclusions

While this chapter has not presented large amounts of information on the comprador in Thailand, this does not mean they were not important. They played a key role in the diffusion of modern managerial knowledge to the broader population. Many did amass personal fortunes and build large business empires. Some of these have been discussed. However, their contribution goes beyond the creation of personal businesses. Compradors, even the thousands of forgotten compradors, learned about foreign business practices. Thus, they were the first Thais to be positioned to successfully compete with foreign firms. The fact that many of them were to do this successfully helped launch the modern entrepreneurial period. In many respects, the age of the Comprador marks the beginning of independent Thai entrepreneurial activity in many of the industries that had been previously dominated by Western firm. In this respect they played a major role in Thai entrepreneurial history.