

THE DANES IN SIAM: Their Involvement in Establishing The Siam Commercial Bank Ltd. At the End of the Last Century

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INTRODUCTION

the reign of King Chulalongkorn (1868–1910) (Rasmussen 1986; Lange 1986; Kaarsted 1990; Eggers-Lura 1993).

The Danish naval officer Andreas du Plessis de Richelieu (1852–1932) arrived in Bangkok in 1875, joined the Royal Siamese Navy, had a brilliant career, and ended up as a Siamese vice admiral and minister of the Navy. He was pensioned in 1902 and returned to Denmark, where he had a second career as a prominent businessman and company director. In fact he became one of the wealthiest persons in Denmark at that time.

The Danish sea-captain Hans Niels Andersen (1852–1937) came ashore in Bangkok in 1879, bought the Oriental Hotel, founded Andersen & Co. in 1884, and in the course of a few years expanded the business to comprise ship's chandling, import-export, teak concessions, etc. In 1897 Andersen founded the East Asiatic Company Ltd. (EAC) with the support of the prominent Danish banker, Isac Glückstadt, of the Farmers' Bank in Copenhagen. In a few years EAC grew into a world-wide shipping, trading and industrial concern, which by Danish standards was very big and became the pride of the whole nation (Andersen 1914; 1929).

What had not been known until a few years ago is that Andersen and Richelieu from the mid 1880s worked together closely as secret business partners. Nor had it been known that on several occasions they were involved in the events that eventually led to the creation of the Siam Commercial Bank. During recent years, however, several studies have been published in Denmark—all written in Danish—which shed new light on the activities of Andersen and Richelieu in Siam during

CAPTAIN H.N. ANDERSEN AND RICHELIEU

Captain Hans Niels Andersen was born into a poor family at Nakskov, a small provincial town on the Danish island of Lolland. He received professional training as a carpenter at a local shipbuilding yard, and for some years sailed around the world as a ship's carpenter. In 1873 he arrived in Siam for the first time, and by chance he became first a mate, and then a master on the Siamese bark *Thoon Kramom*.

In the autumn of 1883 Captain H.N. Andersen sailed a full cargo of teak to Europe on the *Thoon Kramom*. The ship was owned by King Chulalongkorn, but the Hanseatic firm of Pickenpack, Thies & Co.—who were also the agents of the Hongkong Bank in Bangkok—were the managing owners. Pickenpack, Thies & Co. financed the voyage, but Captain Andersen took a personal risk and had a share in the cargo. He succeeded in disposing of the teakwood in Liverpool at a near one hundred percent profit, and thereafter invested part of the profit in a full cargo of British coal. He then returned to Bangkok after a voyage that had lasted for almost eleven months. The coal was sold to the Siamese Navy, and it is likely

that this is the first instance when Andersen and Richelieu met in connection with a business transaction (Eggers-Lura 1993, 82, 222).

With his share of the profits from this voyage, Andersen together with a colleague, Captain Peter Andersen (1854–1894) from Flensburg (no kin), who had settled in Bangkok eight years earlier, established Andersen & Co. on 1 September 1884, and took over the Oriental Hotel. Until then the hotel had been run by two other sea captains, Jark and Salje, of unknown nationalities. The hotel building, and the land on which it was situated, belonged to Siam's former Minister of Foreign Affairs, Chao Phya Bhanuwongse, known in Bangkok as Kromatah. He was from the once powerful Bunnag family, which gradually lost its influence during the reign of King Chulalongkorn. Andersen came to be on good terms with Kromatah and was allowed to administer his properties and to develop them on a joint venture basis. The Oriental Hotel was renovated and enlarged in 1887, and in 1894, when Peter Andersen died, H.N. Andersen sold the Oriental to Louis Leonowens, son of the renowned Anna Leonowens, who had come to Siam to teach English to King Chulalongkorn during his childhood.

Being aware of the prospects of selling teak in Europe, H.N. Andersen bought two sailing ships, the *Orient* and *Ragnhild*, to transport the timber. He derived part of the money for the purchase of these vessels from the sale of the hotel. Part was borrowed from friends and from the managing director of the Borneo Company Ltd. in Bangkok, the Scot Charles Stewart Leckie (1857–1905), who was also Consul for Denmark in Siam (Eggers-Lura 1993, 235).

Until the arrival of Captain Andersen, the Borneo Company had been sitting comfortably on the teak export business. Whereas Andersen had earned a profit of around one hundred percent on his teak sales in Liverpool, Siamese teak had previously been sold in the Eastern markets, and at only a modest profit (Bristowe 1976, 69).

Consul Leckie could not have envisaged that the money he lent to Andersen, 40,000 dollars, was to be the start of the captain's extraordinary career as a merchant, and that some years later, Andersen and the East Asiatic Company would be able to wrest a considerable part of the world's teak trade from the British (Eggers-Lura 1993, 91, 225).

As mentioned earlier, Richelieu arrived in Siam in 1875, and became a lieutenant commander in the Siamese Navy. In 1878 he was appointed commander of King Chulalongkorn's yacht, and thereby became an intimate friend of the King. In 1886 he was appointed chief of the Navy arsenal and quartermaster general of the Navy, and in 1891 he was chief of the Siamese Navy, the naval dockyard, and all coast stations and forts. In 1893 he became a rear admiral and from 16 January 1901 to 20 February 1902 he was Siamese minister of the Navy and commander in chief (Karsted 1990, 158–9). During his extraordinary naval career he was awarded a number of decorations and was successively elevated to various levels of Siamese peerage, ending up with the highest title of Siamese nobility, Phya Pan Tong, which corresponds to a British mar-

quess. He chose the Siamese name of honour Cholyuhotin (Eggers-Lura 1993, 236).

In 1887 Andersen started the Oriental Provision Store, a ship's chandling business, which quickly grew to become the largest in Bangkok. Before long the Store—thanks to the friendship between Andersen and Richelieu—obtained the contract for all the supplies to the Siamese Navy. The Navy became by far the firm's largest single customer, and from then on it expanded into many other branches of trade.

Meanwhile, in Denmark it was decided in 1891 to build a free port in Copenhagen, and Isac Glückstadt, managing director of the Farmers' Bank (Landmandsbanken) was chosen to carry out this project. At that time the British and the Germans controlled the shipping and trading between the Far East and Europe. When the Kiel Canal opened in 1895, the Germans came to dominate the Baltic and Russian trade, as they could now arrange transshipments in Hamburg. Andersen realised that if he could induce Danish investors to establish a steamship line between the Far East and the new Copenhagen free port, he would be able to compete with the British and the Germans, not only on the Far Eastern trade to Denmark, but also to Scandinavia, the Baltic and Russia.

During his visit to Denmark in 1892 Andersen attempted to interest C.F. Tietgen—the powerful managing director of the Private Bank (Privatbanken) and founder of, among others, the United Steamship Co. Ltd. and the Great Northern Telegraph Co. Ltd.—in his plans, but in vain. He then turned to Tietgen's banking competitor, Isac Glückstadt, who showed interest, but hesitated, as he did not know much about conditions in the Far East. However, without Andersen knowing it, Glückstadt at the end of 1892 sent one of the bank's sub-managers, A. Boas, to Bangkok to investigate the possibilities of establishing a bank in Bangkok and also a shipping line between Southeast Asia and Copenhagen, and to check the information which the bank had received from the talks with Andersen (Schovelin 1921, 377).

Boas contacted several key personalities in Bangkok, including Commander Richelieu and Mr. C.S. Leckie. Boas was a thorough man. Besides having verbal consultations with Consul Leckie, on 10 February 1893 he addressed a letter to him with thirteen specific questions on trade conditions in Siam. Leckie elaborated with a fifteen page confidential trade report.

Concerning the political-administrative management of the country, Leckie reported that the process of modernisation was limited to the top of the hierarchy—to the princes and the elite, who had become familiar with Western conditions. The government was positively inclined towards external trade, in particular if financed through the Court in Bangkok. Leckie was, however, of the opinion that the system of financing the trading activities of the Western merchants with money from the Palace would lead to what he termed "unhealthy trade." The government utilised foreigners to start ventures and projects which the Siamese lacked knowledge and experience to carry out themselves.

Leckie furthermore reported that to date, economic progress in Siam had been limited to a continuous growth in

the production of rice and to the improvement of techniques and machinery in the ricemills, which were mostly owned by Chinese merchants. In good years, like 1887 and 1888, annual rice exports had amounted to 400,000 tons; and in bad years, like 1891 and 1892, they had only reached 200–250,000 tons. For 1893 there were prospects of rice exports of as much as 600–750,000 tons.

Teak was the second largest export commodity. In good years teak exports amounted to 30,000 tons, mainly shipped to India, China and other Far Eastern destinations. Teak production was highly dependent on the amount of rainfall during a particular year, because the logs had to be floated down the shallow rivers from the forests in the north to the sawmills in Bangkok.

Siam imported cotton goods, petroleum, opium, beer and all kinds of European tinned goods, primarily through Singapore. There was a large export surplus, which was counterbalanced by a flow of Mexican dollars from Singapore and by the importation of gold leaf from China. The bulk of this surplus normally ended up in the treasury of the King's Palace. Only to a limited extent was the surplus reinvested in commercial ventures. Siam had no foreign debt, Leckie reported.

Regarding the commercial future of Siam, Leckie was of the opinion that it would be in the production of rice and teak, and in transportation by means of steamers. The import trade was fluctuating, mainly due to "a rotten credit system" that had been created by some of the European firms in Bangkok between 1885 and 1890.

There was an abundance of gold, coal, copper, and tin in Siam, he stated, but the prospects for the profitable exploitation of these minerals was uncertain. In Leckie's opinion the establishment of railways would not greatly influence trade, as the existing waterways constituted an excellent and adequate transportation system.

On the whole, Leckie provided an interesting and fair report on conditions in Siam, but his evaluations were not exhaustive, especially when it came to the production of, and trade in, teak. His own firm was deeply engaged in these activities, being one of the few companies that had obtained teak concessions from the government. He did not report that British firms were sitting on eighty-five percent of the export trade, nor that nine out of ten steamers calling at Bangkok were British. Undoubtedly Leckie was conscious of the fact that his information might be submitted to potential competitors of the Borneo Co. Ltd. (Lange 1986, 83–84).

Boas also obtained information from other sources, and when he returned to Copenhagen in June 1893, he was able to submit a comprehensive report to the managing director of the Farmers' bank. Glückstadt wrote shortly thereafter that "the opening of the Copenhagen Freeport for traffic may be considered to be an important factor in the establishment of regular trade between Siam and the Scandinavian counties, and also the Baltic main ports" (Schovelin 1921, 377).

Andersen was back in Denmark again in 1893 and tried once more to interest Glückstadt in his plans, but the careful and experienced banker again took a "wait and see attitude."

He probably wanted to await the outcome of Boas's visit to Bangkok before making a decision.

Andersen, therefore, had to return to Siam once more without having had any success. But in 1896, after the free port had opened, he decided to return to Denmark where he established the head office of Andersen & Co. as the first Siam-based firm to be located there.

In March 1897, after lengthy negotiations, he finally succeeded in having the East Asiatic Company formed with an initial share capital of two million kroner. Andersen obtained a shareholding in the new company by contributing Andersen & Co. to the venture, and Richelieu became a board member. Richelieu purchased one hundred fifty shares at the par value of 1,000 kroner—a substantial shareholding. He remitted part of the payment for the shares, 100,000 kroner, in cash in July 1897; he transferred the balance of 50,000 kroner to Copenhagen by shipping a load of teak from Bangkok in November 1897. Richelieu deposited his shares in the Farmers' Bank in Copenhagen, with which he now became closely connected (Kaarsted 1990, 118).

The rise of the East Asiatic Company was symbolically evident by the fact that the Danish government—after having refused its application for a state subsidy or guarantee—allowed the vessels of the company to fly "the swallow-tailed flag," which had hitherto been the prerogative of royal, government or navy vessels, thereby emphasizing that EAC was a "national enterprise." The first three steamers of 6,000 tons each—some of the largest vessels in Denmark at that time—were delivered between March and July 1898, a delay of a few months due to strikes in Scotland.

SS Siam travelled to Bangkok on its maiden voyage, and King Chulalongkorn paid a visit to the vessel. But first it had to sail to St. Petersburg, then the capital of Russia, with H.N. Andersen and all the EAC board members, including Admiral Richelieu, who was on a long leave to Denmark, and the bankers Glückstadt and Heide (Kaarsted 1990, 123–24).

In the course of 1898 the position of the East Asiatic Company was consolidated. Richelieu spent part of his long leave on his sickbed, but as a director of EAC, he was keenly engaged in the company, had meetings in the evenings with Andersen and Glückstadt, attended board meetings, and laid plans for the future activities in Siam. Dagmar, his wife, wrote in her diary:

Andersen arrived faithfully every evening, and they sat for some hours and talked business, and directed the whole company from there. Andersen then started working on the new plans, and director Heide [managing director of the Private Bank] was out here one day, and about every day the East Asiatic is growing into something really big. Heide and Glückstadt are equally keen to participate, and they promise to provide as many millions as are needed. It is going to be a gigantic enterprise, and it is extremely entertaining to follow all the details and see it growing large and powerful... (Kaarsted 1990, 123)

How important the influence of Richelieu was in the planning of the EAC's affairs is impossible to determine from the diary of his wife, but Andersen's daily visits to Richelieu correspond very well with his weekly letters to him during the earlier period, when the latter was in Bangkok and Andersen was in Europe. Andersen apparently considered Richelieu to be a very useful business partner; otherwise—in accordance with his temperament—he would never have spent so much time with him.

King Chulalongkorn's first visit to Denmark took place in July 1897, in conjunction with his travelling to Great Britain to participate in Queen Victoria's Sixty Year Jubilee celebrations. This was a few months after the foundation of the East Asiatic Company. The king was accompanied by his brother, Prince Swasti, who was known to dislike Richelieu. During the visit the royal party had informal discussions on a number of subjects, and it is most likely that the possibility of establishing a Danish bank in Siam was also mentioned.

H.N. Andersen and Richelieu were both in Siam during the royal visit to Denmark, but that their influence was already quite strong in Danish royal circles is shown by the following episode. During the visit, both the Siamese king and Prince Swasti were bestowed with the highest Danish order, the Order of the Elephant. On the advice of his Chamberlain, F.V.F. Rosenstand, King Christian IX said to King Chulalongkorn that "he personally was deeply interested in the East Asiatic Company and he considered it to be a national enterprise." And to Prince Swasti the King said "You are awarded this high decoration on the same occasion as your brother the King, in order that you may not oppose the Danes or Danish interests in Siam." King Christian IX is even said to have directly recommended that the prince support the East Asiatic Company (Kaarsted 1990, 104, 119).

The Richelieus kept a large establishment in Bangkok and mixed socially with the British, among whom they had many friends. For example, A.G. Loftus, the navy cartographer, was their neighbour. Loftus's house—like Richelieu's—was located on the eastern bank of the river, just outside the palace wall and opposite the arsenal. Consul Leckie was also a good friend of the Richelieus; their second son, Helge, was nicknamed "Lec" after him.

There was a dearth of European women in Bangkok, and Dagmar de Richelieu was not only a beautiful and intelligent woman, but she was also an asset to any party because she could sing quite well. She was much admired by the unmarried European males. When her husband was away on duty, young officers and gentlemen—British as well as Danish—immediately appeared. She was intrigued by the British Envoy, M.W.E. de Bunsen, Mr. G. Greville's predecessor, and apparently her feelings were reciprocated. In her diary there often appeared entries like this: "De Bunsen fetched me for a long drive."

Dagmar de Richelieu was also an excellent conversationalist, for it appears from her diaries that de Bunsen openly told her about his official reports to London and about his evalua-

tions of conditions in Siam. But de Bunsen eventually was replaced by Greville, who—as mentioned earlier—disliked Richelieu as well as his young consort (Kaarsted 1990, 147–48).

When the Admiral was in Bangkok, the couple had dinners night after night with the members of the European upper class, and more often than not, with some Siamese princes included. Only on a couple of occasions did Dagmar de Richelieu make a note in her diary reading "Tonight Andreas and I dined alone together." It is impossible to read whether it was a cry of joy or an expression of resignation.

The palace played an enormous part in the life of the Richelieus. Time and again Dagmar writes in her diary "Andreas in the Palace." More often than not he had to go there late at night on account of the heat, which the king could not tolerate. In his official capacity he had to attend endless meetings with ministers or committees, or just to attend innumerable Royal ceremonies. Dagmar sighs in her diary in December 1886 "Everything is pushed over on the navy [i.e. on Richelieu]. They ought to have an 'entertainment department,' so that the navy may perform its proper work" (Kaarsted 1990, 148).

EARLY BANKING IN SIAM

It is now possible to get a clearer idea of the involvement of the Danes in the creation of the Siam Commercial Bank. Frank H.H. King in his comprehensive history of The Hongkong and Shanghai Banking Corporation writes about the establishment of the Siam Commercial Bank as follows (King 1987–1991, II: 129–135):

The Hongkong Bank pioneered in Siam, establishing the first foreign exchange bank in 1888 (BE 2431) under J.R.M. Smith; the Chartered Bank came in 1893 and the French Banque de l'Indo-Chine in 1897. The Siam Commercial Bank, the first Siamese modern-style bank, was not founded until 1906.

As the Siamese Authorities, acting on the advice of the British financial adviser, began to develop their own policy, they took back the right of note issue, placed Siam eventually on a gold exchange standard, and set up the Siam Commercial Bank. When their bank became involved in both financial and political difficulties during World War I, the Hongkong Bank was asked to supply a manager, and G.H. Ardron ([to the] East in 1899), the accountant, took on the task, staying until his retirement in the late 1920s.

The Hongkong Bank had been represented in Bangkok from 1865 to 1883 by the Hanseatic firm of Pickenpack, Thies and Co. They had signed the 1858 commercial treaty between Siam and the Free

Hanseatic Cities of Hamburg, Bremen and Lübeck. Subsequently, with the failure of that company in 1883, the Hongkong Bank's agents were the Swiss firm of Jucker, Sigg and Co.

The Siamese Royal family and Government had had accounts overseas, partly with the Hongkong Bank in Singapore, since 1877. With the establishment of the Hongkong Bank in Bangkok, official current accounts of the King and Palace officials of some 6 million ticals (= approximately \$3.56 million Mexican dollars) were deposited, the Thai archives confirming that the Hongkong Bank held His Majesty King Chulalongkorn's private account, opened in 1889 with Tcs. 1.6 million at 3% compounded monthly.

The Inspector's report for 1890 shows that the Hongkong Bank held the accounts of the Customs, Telegraph and Education departments, the Royal Railway Department, and the Royal Siamese Treasury ... The Hongkong Bank, however, did more than this; customers included Anglo-Siamese Trading Co., the Bangkok Tramway Co., and the Siam Electricity Co. ...

... As for exchange banking, in the decade preceding the establishment of the Hongkong Bank in Bangkok, there were clear signs of economic awakening with the growth of rice exports, which would expand dramatically before the end of the century, and, most important as a signal to foreigners, the approval of railway construction. The financing of either activity would be sufficient justification for a bank, while the state of the currency (despite the opening of a mint in 1860) and the accumulation of wealth reinforced the need.

King then describes Siam's first foreign loans "for the announced purpose of railway construction," and continues:

The Germans had expressed concern that they had not been invited to participate in the 1905 loan, and, in the meantime, they had become involved in the so-called "Book Club," which was the Commercial Bank of Siam in embryo.

King continues describing the negotiations concerning the third railway loan, where the Germans were eventually involved as co-contractors:

Traditional Siamese foreign policy gave priority to the maintenance of its independence from any one country. In banking the original almost total dependence on the Hongkong Bank had therefore to be diluted, and in 1907 the Siamese turned to the National Provincial Bank in London. In Bangkok the French and British were balanced, but the

Siamese nevertheless encouraged German and Danish involvement until the events of World War I led to Siam declaring war on the Central powers.

THE FIRST DANISH BANKING INVOLVEMENT

When Richelieu returned to Bangkok in April 1899 after his long leave in Denmark, he brought with him many plans, which were mainly conceived by H.N. Andersen. Their purpose was to increase Danish economic activities in Siam and to strengthen Danish influence. Not all of the plans were new; some of them had been vaguely discussed during King Chulalongkorn's official visit to Denmark in July 1897, but now they were more concrete.

Most daring and of the greatest consequence was the proposal for the establishment of a Bank of Siam. The admiral presented a detailed project to the King's brother, Prince Makri, who was minister of finance. The bank was to be established with an initial share capital of 750,000 pounds sterling (about 13.5 million Danish kroner). Two-thirds of the capital, or 500,000 pounds (nine million Danish kroner), would be contributed by the Danes, supported by German and Russian capital. Considering the economic situation in Russia then, their planned participation was probably a cover for French capital, which was not welcome in Siam after the Paknam encounter in 1893 between the Siamese and the French, and the subsequent border quarrels in Indochina. Whereas the original share capital of the East Asiatic Company only amounted to two million Danish kroner, the Danish share of the bank was going to be as much as nine million kroner; it was thus a venture of considerable magnitude for the two Danish banks involved. The Russian minister in Bangkok, Mr. Olarovsky, who from 8 July 1899 until 6 March 1909 took care of Danish interests in Siam, warmly supported the plan.

The last third of the capital was to come from the Siamese government. The bank would have its head office in Bangkok, with branches in Copenhagen, London, Hongkong and Singapore. The board of directors was to comprise twelve persons—six of them with residence in Europe, among them Richelieu with an annual director's fee of 2,000 pounds sterling. The considerable future investments of the Siamese government were, in the main, to be channeled through the new Siamese bank. The whole project was surrounded by much secrecy in Bangkok.

The time for launching this banking project was very favourable. The Siamese government had a considerable income, which was invested in European shares and bonds. During the first two months of 1899 they had placed at least 500,000 pounds in bonds in London through the Hongkong

Bank. But from this bank, and also from The Chartered Bank, who likewise administered part of the income of the Siamese government, a fierce resistance to the new bank was to be expected. The British minister in Bangkok, Greville, had promptly advised the Bangkok manager of the Hongkong Bank, Mr. Browne, of the Danish plans—of course "in all confidence" (Lange 1986, 83–84).

But the banking project had an even fiercer opponent—namely the source of the knowledge which Greville should never have possessed. That was Mr. C. Rivett-Carnac, the British economic adviser to the Siamese government, who had just replaced the Belgian general adviser, Gustave Rolin-Jacquemyns. Rivett-Carnac was the key person in the Siamese economic administration, very influential and with direct access to the king. He was well-informed, and furthermore he was not afraid of discreetly letting the secret knowledge he acquired in his job flow to the British minister in Bangkok.

Rivett-Carnac opposed the Danish banking project from the beginning, as well as "the enterprising Danish Admiral in the Siamese Navy with the suspiciously noble French name and doubtful ancestors," as Greville expressed it. In a strongly worded memorandum he pointed out the likely political-diplomatic complications that might arise if the banking project were carried out as planned. "A Bank of Siam ought to be formed as a purely Siamese venture, and all the members of the board ought to reside in Bangkok," he argued, perhaps with some justification. He also strongly opposed the fact that Richelieu was to have anything whatsoever to do with the Bank.

In a letter to the Foreign Office in London dated 2 March 1899 Greville wrote "These Danes want to run the whole Siamese show," and a little later he continued: "The air is full of Rubles, Dollars and Mark." Greville finished a letter of 10 March 1899 to London with the following sarcastic remark: "It is rumoured that our brave Admiral is now spending a lot of his spare time on the Siamese Navy" (Greville to FO 26/2, 27/2, 10/3–1899 (FO 69/195)).

The Danish plans of February 1899 were very daring indeed. A Bank of Siam with the Danish Farmers' Bank and the Private Bank as the leaders of a Danish-German-Russian-French syndicate—backed by Siamese capital—would offer strong support for the East Asiatic Company and for Danish interests in Siam. And it would weaken British influence generally, and that of the Hongkong Bank in particular. That was the reason why the Danish banking plans met such fierce British resistance, and why they never materialised (Greville to Gosselin, FO 2/3–1899 (FO 69/195)).

But the plans were not completely shelved in Copenhagen, and not in Hamburg, Paris and St. Petersburg either. Everybody hoped that a more favourable opportunity might arise at a later date.

On Friday, 10 November 1899, The Bangkok Times carried a sensational article:

It has been reported by telegram from Hamburg that the Danish Farmers' Bank in Copenhagen has

obtained a concession for the establishment of a National Bank of Siam. French and Russian banks are strongly interested in this very important venture, and we have learnt that German bankers also participate in the project. The capital is said to be 1 million Pounds Sterling.

The British minister, Greville, immediately raised the alarm. He reported that Rivett-Carnac again would try to stop the plan. But it would be difficult to arrest it, if it were a politically motivated attempt by the Siamese to play the European powers off against each other. The local branches of the Hongkong Bank and the Chartered Bank would be severely hit, because by this time these two banks held ten million ticals on deposit from the Siamese government. Greville anticipated that these deposits eventually would be transferred to the new bank. The information originated from the agent of the Hongkong Bank in Hamburg, and had been transmitted through their head office in Hongkong, Greville stated. He added that negotiations on the project were taking place in Bangkok. He did not doubt for a moment that it was a continuation of Richelieu's former plans from February, and that it might be difficult to clamp down on the admiral once more, for King Chulalongkorn had invested large sums in several ventures through Richelieu or on his recommendation, e.g. in the East Asiatic Company. This company would derive enormous advantages from the establishment of such a bank (Greville to FO 12/11–1899 (FO 69/197 and *Bangkok Times* 10/11–1899)).

Specifically about Richelieu, Greville wrote:

He is very useful to the King, masters the Siamese language admirably well, knows the weakness of His Majesty for earning money and after his first attempt has failed, apparently he has worked on obtaining open support from German, Russian and French banks. In this he is no doubt being supported by Mr. Olarovsky, the Russian envoy, who also looks after the Danish interests, and who does not waste any opportunity to fight British interests in collaboration with the German envoy. [In 1899 Mr. C.S. Leckie had retired as manager of the Borneo Company and as Consul General and Consular Judge for Denmark].

In spite of his centrally placed position in the Siamese Ministry of Finance, Rivett-Carnac has heard nothing about the plan. But if it is a political move, he will be kept outside, and will only be kept informed, when the matter is settled (Greville to FO 12/11–1899; Howitz 1980, 340; Rasmussen 1986, 99).

A private approach from Greville to Siam's foreign minister, Prince Dewawongse, had resulted in an unofficial answer: "The rumours are a 'duck' [i.e. a hoax]." But the British minister did not believe this (Lange 1986, 83).

There is no doubt that Andersen and Richelieu were behind the banking plans. Andersen possessed distinct strate-

gic capabilities, and Richelieu had a position in Siam that enabled the Danes to present their plans in the right circles.

THE SECOND DANISH BANKING INVOLVEMENT

H.N. Andersen had for some time wanted a Danish naval vessel under the command of Prince Valdemar, King Christian IX's youngest son, to travel to Siam to support the plans of the East Asiatic Company. The Danish Society of Wholesalers [Grosserer-societetet], which a couple of years before had been sceptical of Andersen's plans in the Far East, now supported his thoughts, and in February/March 1899 they applied for a government grant to support the voyage. The majority of the Lower House [Folketinget] voted against it, but after many difficulties, the Parliament decided to support the venture with a grant of 100,000 kroner, with the balance of the expenses to be contributed by private institutions. It was a matter of only 50,000 kroner, but Andersen bitterly called it a "parliamentarian scandal" that the Danish state would not bear the whole expense of such a trip.

Andersen wrote to Richelieu in Bangkok, "These 50,000 kroner Heide has guaranteed, and we [EAC] now have to bear the bulk of the expense. We now have to use Prince Valdemar in a different way, and that he has agreed to. Princess Marie [his consort] is now teaching him a lesson. It is not excluded that she participates in the voyage, and that would be a good thing, for she works hard for the EAC." Prince Valdemar on his part promised to ask King Chulalongkorn for whatever Andersen and Richelieu wanted, when they arrived in Siam (Kaarsted 1990, 140).

Both the EAC's *SS Annam*, captained by C.M.T. Cold—later to become Danish Minister of Foreign Affairs—and the *Valkyrien*, a cruiser-corvette under the command of Prince Valdemar, arrived in Siam at the end of 1899, but without Princess Marie. On account of the advanced age of King Christian IX, her father-in-law, who was a widower (Queen Louise had died in 1898), and of her own small children, she decided to remain in Denmark.

Among the guests on the trip was Axel Heide, the banker; V. Guldberg, Andersen's brother-in-law and managing director of the EAC in Bangkok, in charge of the company's forest activities; also the well-known journalist Henrik Cavling from the daily *Politiken*, who was scheduled to write enthusiastic articles back to his newspaper in Denmark, which he did. There was the distinguished writer, Alexander Svedstrup, who later wrote a sympathetic book about the expedition and about the EAC and Andersen, their host. The official character of the expedition was confirmed by the fact that Captain Andersen represented the Society of Wholesalers (Kaarsted 1990, 140–1).

On 30 December 1899 the *Valkyrien* reached Bangkok as planned. The arrival caused a comical incident of protocol.

Richelieu was on his way out to the vessel as the leader of the delegation which, on behalf of the king, should officially welcome Prince Valdemar and the Danish man-of-war. On board his ship was the Prussian Prince Heinrich, who had just finished an official visit to Bangkok, and was to salute Prince Valdemar before being brought on board his vessel to depart. The prince made a fuss of the situation and insisted—being of a higher rank than Prince Valdemar—that he wanted to go on board the *Valkyrien* before Richelieu's deputation. This was offensive to the Siamese king, but the Prussian prince was allowed by Richelieu to do so, and the diplomatic incident was thus settled in a peaceful manner (Kaarsted 1990, 140).

Richelieu had put every ounce of his energy into the reception, and although Prince Valdemar was only a younger son of the Danish King, he and his party were received as if he were an emperor. All the bigwigs in Bangkok were invited to parties and receptions, arranged, for example, by the Russian envoy and by Richelieu at the naval dockyard. There was even a ball at the king's palace (Kaarsted 1990, 142).

The stay in Bangkok lasted until 12 January 1900. Besides the social events, there were of course also some negotiations. On the whole, the warm reception given to the Danish warship confirmed the strong position which the Danes and the East Asiatic Company had reached during recent years among the Siamese and King Chulalongkorn, much to the envy of the British. They were continuously on the watch for anything that might be construed as an attack on what they considered to be their well-deserved rights in Siam.

At the official banquet on New Year's eve, on the threshold of the new century, Prince Valdemar was the guest of honour, and he gave a short speech and presented a toast:

Princes, Excellencies, ladies and gentlemen.

I am sure that you have wondered why so many Danish civilians have come here together with me. It is due to the fact that some of those present, who are acquainted with conditions here in Siam, have conceived a plan that our country should participate in world trade in the wealthy East together with the great nations. We want to be competitors, but only loyal and honest competitors, who work to further the trade of our country. This will benefit Siam as well as our own country. That is what we want—and nothing else.

I would ask you to drink a toast for Siam (Eggers-Lura 1993, quoting from Anderson, 200–1).

The Danish visit no doubt contributed to the East Asiatic Company being granted yet another teak concession at the end of 1899, namely part of the Mekampong forests in the Prae district in northern Siam. For Richelieu the visit of the *Valkyrien* was both of national and mercantile interest.

On 15 January 1900, three days after the conclusion of the visit of the Danish Prince and the *Valkyrien* to Bangkok, the

British minister, with Rivet-Carnac as his source, could confirm that a bank under Danish management was going to be established in Bangkok in October. The capital of one million pounds sterling was to be Danish, German, Russian and French. It was said that the decision had been made a few days earlier, after negotiations between Andersen and Heide from the Private Bank on the one side, and Rivett-Carnac as the representative of the Siamese government on the other side.

The new bank would not be allowed to bear the name "The Bank of Siam," but it would be permitted to issue notes like the two British banks, just as it would receive Siamese government money to work with. Apart from that it would not receive any special privileges. The matter had apparently been decided on the Siamese side. Andersen and Heide bought a centrally located piece of land for the site of the planned bank for \$48,000. The Bangkok branch of the East Asiatic Company advanced the money (Lange 1986, 92-3).

Thereafter we do not hear anything more about "the Siam Bank" for some time.

THE THIRD DANISH BANKING INVOLVEMENT

After twenty-seven years of service in the Thai navy, Richelieu retired in 1902 on account of ill health and returned to Denmark. At the end of his farewell audience, King Chulalongkorn asked Richelieu to take back a personal letter to the Danish king. The letter read (Howitz 1980, 55):

Your Majesty,

Admiral de Richelieu, who through Your Majesty's letter of recommendation has been in my service for twenty seven years has organized my Navy and put it in good order with perseverance and devotion, which has given me great satisfaction.

Now, on account of ill health, he is obliged, to our regret, to leave my service.

I take the opportunity to thank Your Majesty for your kindness in allowing Admiral de Richelieu to come into my service and also, now when he is going back home, to recommend him to Your Majesty's kindness and protection.

With deepest respect and wishes for Your Majesty's continued prosperity, I am, Your Majesty's good brother and well wisher.

(signed) Chulalongkorn

On 22 March 1902 Richelieu was back in Copenhagen. Besides malaria and rheumatism, he brought home a large

fortune and a generous Siamese annual pension for life. The fortune did not originate from his salary as a Siamese naval officer, but from his investments in the railway, the tramway, the electricity works, the East Asiatic Company, and also from his other activities and investments during his time in Siam. He had acted as a lobbyist for—and secret partner in—the East Asiatic Company, and he had certainly understood how to take advantage of the opportunities offered to him (Kaarsted 1990, 164).

By 1903 he had become a member of the board of directors of the Farmers' Bank in Copenhagen, and in 1908 he became its chairman. When the bank wanted him to become a board member, it may very well have been because of the influential position he had occupied in Siam, when the bank was trying to open a Siamese bank.

In October 1904 Richelieu returned to Bangkok for the first time since he had settled in Denmark. On the way to Siam he paid a visit to the French minister of Finance, Théophile Delcassé, in Paris, where he promoted the causes of Siam and of the East Asiatic Company. On 8 November 1904 he was in Bangkok, where he reported to the king about his efforts, and on 23 December 1904 he was back in Denmark.

Around New Year's Day 1907, H.N. Andersen went on EAC's *SS Birma* on an inspection trip to the East. He was accompanied by the Princes Valdemar and Georg; by the managing director of the Farmers' Bank, Isac Glückstadt; and by Knut Wallenberg, managing director of the Swedish Enskilda Banken, with whom the EAC had developed a close relationship. During their stay in Bangkok the two Scandinavian bankers, with Richelieu as a middleman, secured a loan agreement in the amount of three million pounds at a rate which the Siamese government found to be very "reasonable."

In 1907 King Chulalongkorn again visited Europe, a voyage that lasted from March to November, and which took the king as far north as to the Nordcape. On 12 May Richelieu joined the king's party at San Remo. On 1 July there was a Royal banquet at Fredensborg, where the new Danish king, Frederik VIII, appointed Richelieu a chamberlain, and awarded Captain Andersen a high decoration. The following day Richelieu held a party for King Chulalongkorn at his country estate, Smidstrup (according to a personal communication from Aporn Kongsurin (Sampanthawongs), Gothenburg, Sweden, the king's brother, the Minister of Finance, Prince Mahit, accompanied him, but that has not been confirmed elsewhere).

The attempt to start a Siamese-Danish bank continued after the retirement of Richelieu. According to the Thai writers Nartasupha and Prasartset (1981, 397-401), Prince Mahit was clearly aware of the advantages it would bring to Siam if the country could run its own banking business. Therefore, in 1905 he established the so-called "Book Club." The declared purpose of the club was to purchase foreign literature abroad, and to make it available to its members, who comprised several rich Chinese, royal princes, and even the king. The real purpose of the club, however, was to act as a secret Siamese bank under the cover of a club.

The British minister, R.S. Paget, apparently got to know about the purpose of the "Book Club" from the French minister,

and he reacted immediately by sending a strongly-worded letter to King Chulalongkorn's General Adviser, the Danish-American J.I. Westengard (1871–1918). Westengard had taken a law degree in the United States, and at an early age had been appointed professor at the faculty of law at Harvard University in Cambridge. In 1903 he arrived in Bangkok and was appointed assistant to the king's Belgian special adviser, Mr. G. Rolin-Jacquemyns, whom he succeeded on his retirement. In 1915 he returned to the United States and continued as professor of International Law at Harvard University. His Siamese title was Phya Kalyan Maitri (Rasmussen 1986, 157).

Westengard naturally advised King Chulalongkorn about the British minister's letter, and the king reprimanded Prince Mahit. The British were accusing Prince Mahit of having abused his position as finance minister to arrange for the transfer of Siamese government money from the British banks to the Siam Commercial Bank, alias the "Book Club." The prince denied the accusations, but eventually the king asked him to resign. On 9 May 1904 Prince Mahit wrote a personal letter to the king, which gives a lucid picture of the strong position of the British officials in Siam at that time. The letter starts (Nartasupha and Prasartset 1981, 398):

May it please Your Majesty,

Yesterday Mr. Carnac paid me a visit and informed me that this would be his last visit this year. In addition, he warned me not to be involved personally with the Book Club. The British bankers have conferred with Paget and charged me with forcing the tax farmers, who used to deposit their money with the British banks, to deposit them with the Book Club.

He has also talked to Prince Damrong, and asked him to inform Your Majesty about the case, and being a good friend of mine, he advised me to dispose of my shares in the Book Club and other enterprises.

There is no doubt from the above that the British intended to put pressure on Prince Mahit, to force him to give up his plans to form the Siam Commercial Bank, and to have him resign as minister of finance. The prince did resign on 24 May 1906, giving ill health as the reason.

However, he did succeed in having the Siam Commercial Bank Ltd. established. According to Thai sources 3,000 shares were issued, of which two hundred forty were subscribed by The Danish Farmer's Bank and three hundred thirty were held by the Deutsche Asiatische Bank. The balance of the shares were acquired by various wealthy or influential Siamese. The plans were approved by the king, and most likely he was himself a shareholder. The Siam Commercial Bank Ltd. was formed under a royal charter in 1906, and officially opened to the public on 30 January 1907 (Kongsurin (Sampanthawongs) 1986, 49–50).

The initial share capital was three million ticals, and the bank embarked upon ordinary banking business along Euro-

pean lines. The European department during the first few years was under the management of a German, Mr. P. Schwarze, whose services were lent by the Deutsche Asiatische Bank, with which the Siam Commercial Bank was closely connected. The Siamese business was managed by His Excellency Phra Sanpakarn, a gentleman well known in official and financial circles throughout Siam.

The bank has continued to expand its business over the years and has survived to this very day, now operating under the name Thai Commercial Bank Ltd. In 1987 the bank celebrated its eightieth anniversary and published a book in Thai on its history, *80 Years of Establishment of the Thai Commercial Bank* (Kongsurin (Sampanthawongs) 1986, 48–50; see also Wright 1908, 120).

CONCLUSIONS

Recent historical research in Denmark reveals that during the years 1898 to 1907 the Danes on three occasions were involved in occurrences that eventually led to the formation of the Siam Commercial Bank Ltd. in Bangkok.

Captain H.N. Andersen, the managing director of the East Asiatic Company, was the brains and the strategist behind the Danish moves in Siam. Admiral de Richelieu was the tactician, who used his influence and his position in Siam to further the Danish plans. Isac Glückstadt, the eminent Danish banker, who was the managing director of the Farmers' Bank in Copenhagen, Scandinavia's largest bank, used his connections in the German banking world generally, and in Hamburg specifically, to bring in the Deutsche Asiatische Bank. Axel Heide, the managing director of the Private Bank and successor to C.F. Tietgen (1829–1901), the first Danish financier of international standing, had excellent connections among French and Russian bankers through the Great Northern Telegraph Company, which had been formed by Tietgen and the Private Bank some years earlier.

Together these four gentlemen formed an excellent team with identical interests in Siam. The Danish banks wanted to expand abroad, and the East Asiatic Company wanted to extend its influence in Siam. Richelieu just wanted to make money, and seeing his career in the Siamese Navy coming to an end on account of his and his wife's bad health, he was looking for profitable and influential directorships in the Danish financial and business world. All four gentlemen achieved their aims, although—in the end—the Siamese gained control of the Siam Commercial Bank Ltd.

In the process, the Danes collided with British banking and business interests in Siam, but the British, the Siamese and the Danes ultimately found a *modus vivendi*, which proved to be to everybody's advantage.

The Siamese, and especially King Chulalongkorn's brother, Prince Mahit, who was also Siam's finance minister, sought to free themselves from British (and also from French) influence, both politically and economically, and to this end they needed

control over their own Siamese bank. They sought collaboration with the Danes in their efforts to fulfil their ambitions—and they succeeded.

Most of the primary source material about the establishment of the Thai Commercial Bank Ltd. is to be found in the Foreign Office files at the Public Records Office in London, which contain a number of reports despatched by the various British ministers in Bangkok to the Foreign Office during the

period 1898 to 1910. The reports of Greville to his superiors in London should, however, be taken with a grain of salt. There is no doubt that he, as well as some of his successors, had a tendency to dramatise events and to "lay it on thick." They despatched frequent, and sometimes alarming, reports to London about the Danish involvement—perhaps in the hope of achieving early promotions for themselves (private communication of Kongsurin (Sampanthawongs) to the author).

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