

The Thai Government and Economy



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The Thai Government and Economy

Preface

The Public Relations Department, Office of the Prime Minister, has published *The Thai Government and Economy* as part of a set of three books, in commemoration of the Celebration of His Majesty King Bhumibol Adulyadej's 72nd Birthday Anniversary on December 5, 1999. The two other books are titled, *The Thai Monarchy* and *The Thai People and Culture*.

This volume is divided into two major parts. Part One is titled, "The Thai Government," and consists of six chapters. They include 1) Introduction, 2) The Constitution, 3) The Executive Branch, 4) The Legislative Branch, 5) The Judicial Branch, and, 6) Political Parties. Part Two profiles The Thai Economy.

The book presents Thailand's experiences in meeting the many new social, political and economic challenges encountered over the past few years. In order to cope with the new trend of internal democratization at the same time it was faced with a more globalized economy, the country saw a need for a more responsive Parliament and a government that was more accountable to the people. Consequently, in 1997, the Thai Parliament passed the new Constitution, which has become the first popular constitution in the Thai history, and only the second that has involved the people's participation in its making. The 1997 Constitution, therefore, is considered fundamental to Thai modern political reform. Just as the country was taking positive steps to reform its political process and strengthen its governmental institutions, Thailand was confronted with an economic crisis of substantial magnitude. Caught up in the economic downturn that nearly paralyzed much of Asia, Thailand is only now beginning to move beyond the crisis and restore its vibrant economy. To succeed, the government has had to employ significant re-structuring measures, while adopting guidelines imposed by IMF assistance packages.

This volume is organized to summarize and review the political and economic changes that have been instituted over the past three years. It is intended to be a handy reference for use by foreign readers in learning about both Thailand's latest political reforms and its efforts to put its economic house in order.

March 2000

Introduction

By Thanet Aphornsuvan

“I am fully willing to relinquish the powers which previously belonged to me, to the people in general, but I refuse to hand these powers to any specific person or group to exercise them in an absolute way and without listening to the real voice of the people.” King Prajadhipok, P.R.

Abdication letter, March 2, B.E. 2477(1934), at 13.45 o'clock



King Rama VII cedes the first constitution to Thai People

Overview

Thailand is a kingdom in which the form of government is constitutional monarchy. The sovereign powers belong to the people, whereas the king is the supreme head of state, exercising the sovereign powers through the National Assembly, the Cabinet and the Courts. Basically, the form of Thai government is similar to that of the British and Scandinavian constitutional monarchies, which rule according to the combined principles of constitutionalism and democracy. The constitutional monarchy is distinct from republics that rule by elected presidents, who also serve as heads of state.

The traditional form of government in Thailand has been the monarchy with the king as the supreme head of the state and kingdom. Starting in the thirteenth century, in the Sukhothai kingdom, predecessor to the Thai kingdoms of Ayutthaya (c1350–1767) and Rattanakosin or Bangkok (c1782–present), the government was first based upon paternal kingship in accordance with Buddhist political philosophy, in which the king was directly in charge of the



King Rama IX opened a parliamentary session in 1992

administration of justice and the welfare of the people. The paternal monarchy was eventually strengthened by the introduction of centralized administration in the Ayutthaya kingdom when the king assumed more of the role of the divine ruler following the practice of deva-*raja* in the Khmer empire, which had itself been influenced by Hinduism. The dialectical relations between these two contradictory forms of



King Rama V

government thus have characterized Thai political and social life; one is the personalized, informal clientship and the other is a bureaucratized and formal hierarchy.

In the Bangkok era the Thai state and government were under pressure from both internal and external factors that eventually led to the reform of government and administration of the state. A series of political changes and reforms actually took place after the establishment of the Bangkok or Chakri dynasty as the sole ruling house of the Thai kingdom. As a result of interaction with Western powers and colonialism in Asia, the Thai state was able to create, for the first time, a centralized government over her newly demarcated boundaries. Thus came the absolutism of the monarchical regime under King Chulalongkorn or Rama V (r1868-1910). The continued expansion of the domestic economy and differentiation of social classes in the twentieth century demanded radical changes in government. Soon ideas and discussions about a more modern form of government and administration were to be heard, in particular among the elite.



King Rama VIII signs the second constitution

King Rama V himself undertook the reform of the old administration with satisfactory results. His able and far-sighted father—King Mongkut or Rama IV (r1851–1868), laid some of the groundwork for the future modernization of the kingdom along Western lines. But political reform aiming at some form of a democratic government was too radical and premature to implement in Siam

since, most of the ruling elite believed, the level of education was too low or non-existent in most parts of the kingdom. Another important consideration, though, was the fact that these modern ideas of government rest on very different political beliefs and philosophy. The Thai political worldview was and is firmly based upon the Buddhist cosmology with local archaic religious beliefs. According to the Thai political worldview, there is no sharp dichotomy between secular and religious beliefs, but a continual shifting from one to the other as time and circumstance dictate. The central authority must encompass and order society morally, politically and economically. Harmony and unity thus are valued highly in the Thai polity, in which the authority must also possess the moral law or dharma. Changes coming from the periphery or from the bottom were therefore regarded as disruptions of the natural order of the state. The quest for a new modern form of government thus was not steadily pursued by the existing absolutist regime.

By the first quarter of the twentieth century, Siamese elites perceived the need and opportunity to adjust and to reform the country to be able to stand independently alongside other modern nations. Rama VI or King Vajiravudh (r1910–1925), who was the first king educated in abroad, ruled with a firm belief in his ideas whether in government or in arts and culture. He was a strong-minded man with great energy. He believed in absolutism as the suitable form of government for the Thai people. Democracy and representative government was portrayed as nonsensical and impractical due to the low level of education among the majority of the population.

By the first decade of the twentieth century, tensions in the country mounted. Internal politics was sharpened not only from conflicts between the royalty and the growing number of military officers but also among the royalty themselves. The most significant event was the failed Coup d’etat in 1912 planned by a group of junior military officers. This incident, however, would inspire the next generation of modern-minded civilian and military officers to attempt the change of the ancient regime in Siam.

The successful coup came on June 24, 1932. The People’s Party, consisting mainly of junior members of the military and civil services and a few merchants,



Mr. Pridi Phanomyong

seized power from King Prajadhipok or Rama VII (r1925-1934) in a bloodless coup and established a parliamentary form of government with a constitutional monarch. The idea of a revolution was formed six years earlier among the top leaders of the group led by Pridi Phanomyong while they were students in Europe. Back home they found more like-minded officers who began to resent the growing royal monopoly of power. Finally with the impact from the world depression of the 1930s, the stage was set for historical change.

The Search for Order

The history of modern government in Thailand can be seen as a process of searching for an appropriate form of government capable of securing a stable and ordered society. The first fifteen years (1932-1947) of Thai democracy was a transitional period of searching for order by the new competing political groups, consisting mainly of military and civilian officers. They received support from the bureaucracy and from the emerging small and scattered merchant classes—many of them ethnic Chinese (local-born Chinese of Thai nationality). In the following year the provincial military units under the command of Prince Boworadet, the former Minister of Defense, staged a revolt, which was suppressed by government troops. Political conflicts and the violent overthrow of the government gradually became the normal political currency within the modern Thai political system, and remained so for years to come. Stabilization of the government quickly was a more important goal than democratization of the society. It came as no surprise that the democratic base for the new regime was limited and rather weak, due to the lack of adequate modern education among the majority of the peasantry, which formed

the backbone of the country. Lacking a strong and viable national base for the new democratic system of government, political powers were soon concentrated among bureaucratic leaders especially military leaders.

Unable to maintain his role in the new government, King Rama VII abdicated in 1934. The National Assembly then invited Prince Ananda Mahidol to succeed the throne as King Rama VIII (r1934–1946). Following the Great Depression of the 1930s, Thailand saw an opportunity to build a nation on its own terms independent from Western powers' domination. Nation-building and national independence, more than any other domestic issues, became the urgent and important agenda for the government. The rise of militarism in the late 1930s in East Asia reinforced the increasingly dominant pattern of government in Thailand, one that aimed at keeping social order and stabilizing the government at all costs.

A constitutional regime flourished for a brief period from 1945–1947, with the emergence of political parties and a fully elected Parliament. The war-torn economy and social disruptions during and after the Pacific War invited many criticisms of government policies. The turning point came when the young King Ananda (Rama VIII) was found dead in his chamber on June 9, 1946. The liberal government under Pridi Phanomyong, who was the leader of the Free Thai Movement during World War II, resigned but this still could not bring back political order, due to vehement opposition to the government. Order finally was ushered in by a military coup on November 8, 1947, which ended the dominant role of the People's Party for good.

Unlike the People's Party, the Coup Group had no balancing civilian component and, consequently, constitutionalism declined as a source of political legitimacy. However, a symbolic continuation from the People's Party to the Coup Group could be seen in the continued presence of Field Marshal P. Pibulsonggram, a leading member of the People's Party from the beginning, as prime minister. He was the longest serving prime minister from 1938-1944 and from 1948-1957 before the army finally overthrew him in a coup led by General Sarit Thanarat.



Field Marshal P. Pibulsonggram

The Politics of Despotic Paternalism

The Sarit regime, from 1958-1963, was characterized by political authoritarianism, economic development, massive corruption, and Cold War politics, especially anti-Communist policies. The era is better known and remembered as the era of development (*yuk pattana*) and authoritarian rule. In 1961 Field Marshal Sarit Thanarat launched the First National Economic Development Plan to modernize the country according to the industrialized model of the West. Crucial to the objective of capitalist development was a defense against Communist infiltration from neighboring Indochinese states and especially from

the People's Republic of China. The Sarit era brought about many modern developments from infrastructure to education to the expansion of a middle-class. But the regime also expanded and strengthened the centralized control and authority of Bangkok over the provinces and local communities. Modernization in Thailand, once again, stressed the superiority and authority of the center over the periphery.

Another significant impact of the Sarit era was the enormous expansion and growth of the bureaucracy. This was a result of the national development plan, which created many new departments and sections in the ministries to undertake new projects and programs all over the country. Officials of the Bangkok regime penetrated the countryside in large numbers. They were from the highway, health, rural development, education, land registration, irrigation, and police departments. In some sensitive areas, those under the influence of Communist guerrillas of the Communist Party of Thailand (CPT), the military garrisons and operation units were there to stay. Even the Buddhist monks were enlisted to conduct development programs in the rural areas.

The most important political development in the Sarit era, however, was the evolution of the 1957 Military Group, which



Field Marshal Sarit Thanarat

overthrew the previous regime of Phibun, into a unified and unrivalled political group. For the next 16 years from September 1957 to October 1973, this group ruled the country, except for a brief period, with no Parliament or other opposition groups. Instead, the government appointed a Constitutional Assembly to prepare a constitution and, at the same time, function as a Parliament. After Sarit died in 1963, leadership of the regime was passed on to Field Marshal Thanom Kittikachorn, then deputy prime minister and minister of defense. This was the first peaceful transfer of power among the military leaders, and Thanom was the first, and also the last, successful heir apparent of the military-led governments.

The Role of the Army in Politics

After World War II the elite groups most successful in aggregating political power had come from the military. Their most effective means of securing power and control of government was the coup d'état. The army's superior organization and command of national



resources enabled the army to establish itself as the dominant ruling group in the country. The successful execution of seizing government power by force also set an example for the transfer of power and became the solution to people's misgivings. At that time other political and social institutions necessary for the development and sustenance of democratic government did not have sufficient capabilities in terms of resources, leadership, or unity to challenge the military. However, the frequent use of the coup d'état belied a basic continuity and stability of Thai politics. These extra-constitutional governmental changes had affected only the highest echelons of the ruling elite. For them the political priorities had remained the same, that is, to keep and preserve internal peace and order, to maintain justice among the people, and to maintain independence from foreign domination.

The Illusion of Order

The radical challenge to the military-led government came from students and intellectuals in the historic October Revolution of 1973. Field Marshal Thanom Kittikachorn was not a charismatic leader like Sarit, his regime increasingly met with criticisms and demands from intellectuals and students in state universities. His problems were mainly inherited from the previous national development plans, which he carried



Field Marshal Thanom Kittikachorn

on faithfully. The uneven economic development bore its fruits in the rising numbers of poor people in cities together with unemployment and the spread of poverty in the rural areas. In addition, the Thanom regime also faced tension from the Vietnam War in which Thailand had allowed the US military to launch attacks from several bases in the country. The political crisis boiled over in a popular call for a constitutional government and an end to the military-led authoritarian government. The Constitution Movement, spear-headed by student leaders, professors, journalists and intellectuals, represented the rising demand for genuine constitutional rule from all strata of urban society. It included professionals, teachers, professors, writers, students, government employees, shopkeepers, and workers. The arrest of the 13 members of the Constitution Movement during their campaign for the promulgation of a new constitution led to a mass protest against the government. The protest gathered in the Thammasat



Mass demonstration on Ratchadamnoen Avenue on October 14, 1973

University campus for a week before launching the biggest demonstration ever in Thai history in the march of a hundred thousand people to the Government House on October 13, 1973. The confrontation between the people's movement and government forces unfortunately ended in a violent clash in which the king had to step in to end the conflict. Following the uprising on October 14, Thanom, together with Field Marshal Praphat Charusathira, the powerful deputy prime minister and Colonel Narong Kittikachorn, son and son-in-law of the two leaders, fled the country. That was the end of the Sarit era and also of the Coup Group, which had started in 1947. For a time, the political stage was set for a democratic government once again.

The period from October 1973–October 1976 was called the era of “full democracy” in which civilian government was restored and sovereign power was returned to the people. Of course, the first priority was to re-establish a democratic government so that the ‘vicious cycle’ would not come back again. This resulted in many important constitutional developments. The new liberal constitution was promulgated in 1974 after an appointed drafting committee quickly drafted it. It was the first constitution that initiated public hearings, accepting people's comments and opinions regarding the content of the constitution. (The second time that the drafting of a constitution would involve citizen participation was the making of the Constitution of 1997.) The Constitution of 1974, while retaining many of the old powers and structures of previous constitutions, advocated many rights and guaranteed the equality of the sexes for the first time. It also called for decentralization of government rule and administration.

Furthermore there were opportunities for workers and peasants, not to mention professionals and business people, to organize into pressure groups and even political parties. Students played a pivotal role in organizing and helping the struggle of workers and peasants. This was the period of the oil crisis and prices soared while real wages plummeted. Although the minimum wage was doubled, there was severe labor unrest with strikes and lockouts throughout big and small industries. Activist students went into the countryside to teach peasants about democracy. There was a sense of urgency among radical groups as well as right wing groups.

The era of “full democracy” was violently terminated by a military coup on October 6, 1976, after a series of increasingly tense confrontations between students, workers, and farmer organizations and reactionary groups which were supported mainly by security units of the army. The return to a military-led government similar to those from the 1960s, however, was impossible at this time. Instead, there were many attempted coups and counter coups among military factions during the late 1970s and early 1980s. Peace and order finally came in the second half of the General Prem Tinsulanonda government. Receiving full support from the palace, Prem was to remain Prime Minister for nine years (1980-1989). During this period the government developed what became eventually known as Thai-style “half-fruit democracy”. Parliament and political parties were gradually allowed to participate in government and there was an extension of press freedom and freedom of association. The army, however, still was influential in the appointment of the prime minister



Prime Minister Prem Thinsulanonda in Parliamentary session

and key ministers. Prem's regime gained legitimacy as the economy began to develop along with the rise of Asian Tigers in the late 1980s. Parliamentary government again seemed to be established and functional. With the rise of civilian politicians, the military reluctantly began to withdraw from the political stage.

Alas, the restoration of civilian government was stalled. The breakdown came in 1991 when the National Peace-Keeping Council (NPKC), led by military leaders, staged another coup d'état against the elected Chatichai Choonhavan government. The NPKC immediately abrogated the existing constitution and drafted a new one to legitimize their goals. Dissatisfied with the constitution-drafting process, a political movement against the constitution gathered momentum and culminated in the largest political rally since 1976; some 50,000 protesters gathered at Sanam Luang in November 1991.

One clause in the 1991 Constitution allowed for the possibility that a non-MP could become prime minister. After the general election in April 1992, General Suchinda Kraprayoon, a coup leader, exploited the provision for an unelected premier to become prime minister. This move, which was against the wishes of the people, precipitated mass demonstrations in Bangkok. The government under the NPKC domination suppressed these with lethal force, resulting in scores of injured and dead, and resulting in the political crisis known as the Bloody May of 1992. As a consequence of Bloody May, Suchinda resigned and the NPKC collapsed. Thailand, once again, returned to Parliamentary government.

The 1991 coup thus served as a catalyst to the political reform movement which took hold in the aftermath of the Bloody May 1992, a movement which resulted in the drafting of the most liberal constitution in Thai history.

Structure of the Book

This book is about government and politics in Thailand, in particular from the beginning of constitutional monarchical government in 1932 to 2000. Chapter One serves as an introduction to the history and nature of Thai government from absolutism to constitutionalism. Chapter Two is the principal chapter in this book, dealing with the history of constitutions in Thai politics and government. It argues that the significance of the constitution in Thai political history and government is that it is not simply the highest law in the tradition of Western constitutionalism. Rather Thai constitutions served as

histories of political development and conflicts among elite groups. In this sense, the Thai constitutions represented realities of power relations more than being the source of political legitimacy. The 1997 Constitution, however, intends to foster a change from representative democracy to participatory democracy. This can be seen in the establishment of independent commissions such as the Election Commission, the Administrative Court and the Ombudsman. People's power is recognized so that they can recall certain members of Parliament and ministers and propose draft bills to Parliament. Individual rights and liberties are expanded together with communal rights. The principles and practices of checks and balances and the separation of powers figure prominently in the Constitution. The 1997 Constitution therefore makes clear that sovereign power belongs to the people and only the people can legitimately use this power.

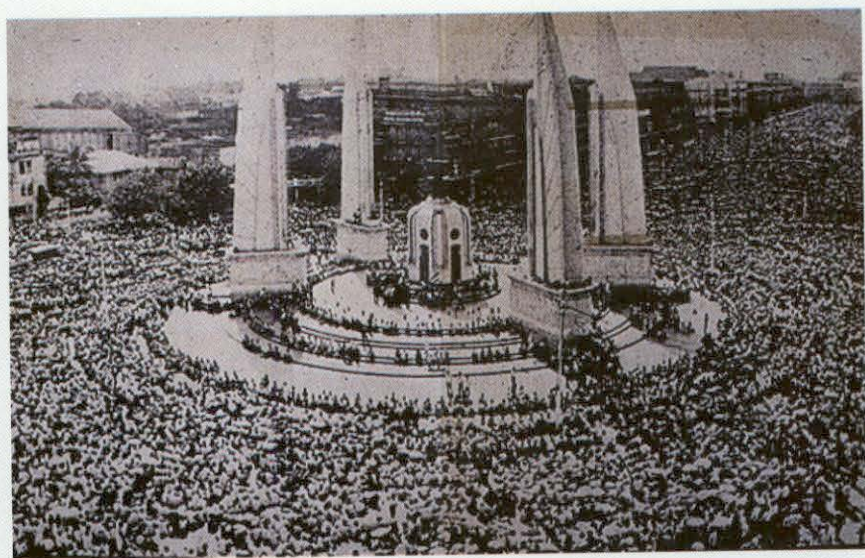
Chapter Three discusses the executive branch, which is the most powerful and important institution in the development of a democratic government in Thailand. Emphasis is upon the functions and responsibilities of the government according to the 1997 Constitution. The central figure in the government is the prime minister whose power is especially evident in the initiation of money and revenue bills in Parliament. Other important institutions within the government are the various executive departments including the public services. The structure of local government and its development is also discussed in this chapter.

Chapter Four deals with the legislative branch. The legislature is an important institution in a constitutional government in that it aspires to truly represent the people. It thus is regarded as the most visible indicator of a nation's commitment to democracy. The chapter explains the nature and functions of Parliament, which consists of the House of Representatives and the Senate. The central function of the legislature is the making of law. It also has other duties and responsibilities in controlling and monitoring the working of the government.

Chapter Five is about the role and duties of the judicial branch, mainly the structures and duties of the court system. The judiciary normally consists of courts of justice and judges who preside at various courts throughout the kingdom. The judiciary thus acts on behalf of the state in maintaining justice in the country, and performs its duties in the name of the king. Independence and professionalism are important to the courts, as well as the need to be free from political domination. The 1997 Constitution introduced important new courts such as the Administrative Court and the Constitutional Court, in order to protect and guarantee people's rights.

Finally, Chapter Six discusses the role and development of political parties in Thailand. The political party is the weakest institution in the history and structure of Thai politics and government. Up until the 1992 uprising in Bangkok, political parties had never governed for more than three years. Usually a coup disrupted the government and dissolved Parliament and political parties. Party organization and structure thus were kept to a minimum throughout the 60 years or so of Thai democratic

government. Such problems, however, are dealt with in the 1997 Constitution, which aims at the reform of the party system by various means and measures of electoral reform, strict organization and management of political parties, and the supervision of parties and elections by an independent Election Commission.



The Constitution

By Thanet Aphornsuvan



“A constitution is not merely a legal document designed to be the best law governing a country but it is also a living entity within a political process. The objective of the constitution does not necessarily aim at limiting government power as in Western countries but could also demonstrate power relations or the exercise of ‘legitimate’ power of the government.”

Saneh Chamarik, *Thai Politics and Constitutional Development* (1986).



In 1997 Parliament passed the new Constitution of the Kingdom of Thailand B.E. 2540(A.D.1997). The new Constitution reflected the crystallization of 65 years(1932-1997) of Thai democracy. In this sense, the promulgation of the latest constitution was not simply another amendment to the previous constitutions, but it was a political reform that involved the majority of the people from the very beginning of its drafting. This whole process of constitution writing was also unprecedented in the history of modern Thai politics. Unlike most of the previous constitutions that came into being because those in power needed legitimacy, the Constitution of 1997 was initiated and called for by the citizens who wanted a true and democratic regime transplanted on to Thai soil. This popular demand, fueled by the latest uprising in May 1992 against the military-controlled government, led to the election of the Constitution Drafting Assembly to rewrite the new constitution according to the wishes of the people. To make this Constitution closer to the wishes and aspirations of the people, the Constitution Drafting Assembly organized public hearings to enable concerned citizens and groups to air their opinions on a variety of

topics and subjects crucial to the working and efficiency of the Constitution. Finally the new and first popular Constitution was submitted to Parliament with strong support from people of all walks of life. Its submission was followed by long debates and objections from certain leading members of the House who feared it was overly liberal in its strong support of human rights and liberties of the people. The Constitution of 1997 has become the 16th constitution in the 68 years (1932-2000) of Thai democracy.

The history of a constitution is necessarily interwoven with the history and development of democracy, and more specifically, with the emergence of the concept of rule by law. The ability to implement a constitution and to guarantee its integrity presupposes strong social and political institutions. Although constitutions were occasionally put in practice by ancient regimes, they are, for the most part, of recent invention. Their fates remain bound to those of the political history of a given country, particularly with regard to the aspirations for democratic rule. The Thai constitution is no exception. Thailand was catapulted into a democratic, or at least a democratizing, period following the Coup of 1932. The leaders of this coup were immediately presented with the dilemma of having to adapt the ideals of Western constitutionalism to the realities of Thai society and politics: namely a highly stratified society with a large number of undereducated people and the concentration of political and economic resources in the hands of a small percentage of the population. Additionally the presence of the military in their capacity as ‘midwives’ of Thai democracy, although not initially perceived as an obstruction to the advancement of democracy, became increasingly problematic as they gained in strength throughout the Cold War period and beyond.

In order to understand the Thai constitution, it is necessary to examine how it developed by drawing upon Thai ideas and adapting the Western ‘ideal’ to Thai realities.

The Importance of the Constitution in Thai History

In the tradition and understanding of Western constitutionalism, a constitution aims at the limitation and regulation of the government’s powers and the protection of private rights and liberties. The significance of the constitution in Thai political history and government is that it was not simply the highest law. Thai constitutions served as histories of political development and conflicts, and in terms of the law, they were the sum total, not the source, of the lesser and organic laws that existed prior to the promulgation of the constitutions. Reflecting the temperament of the times, the Thai constitutions therefore represented the realities of power relations in the process of Thai social and political development.

The historic role of the constitution in Thai politics reflects its unique position in the continuity of the government. After the abolition of the absolute monarchy, the country had not been able to establish new institutions and customs to legitimize the transfer of power by force. In the old Thai government tradition, the palace coups and the use of force to overthrow or take over the king’s power was justified and legitimized by the Buddhist concept of merit and power. According to traditional beliefs, the righteous behavior of the leaders was a precondition for their possession of power. That meant that those who had power were thought to be good and deserving of it. But the legitimacy of a modern regime stems not only from the elaborate process of having constitutions, calling for new elections,

appointing respectable figures in the governments, and declaring loyalty to the monarchy, but more so from the regime's ability to maintain authority and retain power.

Following the Coup of 1932, the first constitutional monarchy regime was established with the aim of creating a democratic government in the kingdom. The coup group (known as the "People's Party") saw this period as transitional and needed



The Constitution of B.E. 2475

a special plan for the implementation of the new political system, resulting in the National Assembly, composed of a mixture of elected and appointed members. In the wake of the Coup, however, government leaders and political elites attempted to adhere to the idea of constitutionalism. This idea persisted even in the face of many violent conflicts, which erupted from rivalry among elite groups. From 1932 to 1946, there were two unconstitutional changes of government. The first was the forced closure of Parliament by Phraya Manopakonnitithada, the first Prime Minister, in 1932, as a result of disagreement in the Cabinet over the proposed economic plan by Pridi Phanomyong. This led to the coup in the same year by the military wing of the People's Party against Phraya Mano's government. Later there were also two attempted rebellions against the government. One was the Bowaradet Rebellion in 1933, the other was the Songsuradet

Rebellion in 1939. The use of force in resolving political conflicts among rival elite groups increasingly became part of the fledgling constitutional regime. The government under Phibun at that time resorted to the use of a special court and executions in order to suppress its political enemies.

After World War II, the meaning of the constitution began to change according to new developments in political factions and conflicts. Maintaining parliamentary politics and the stability of the government proved to be increasingly difficult. In order to cope with the new internal and external political and economic situation, the Constitution of 1946 was written, this time with a different idea regarding the form of Parliament. The Constitution of 1946 replaced a unicameral form of parliament with bicameral, calling the second house or the House of Elders. From that time on the upper house or later Senate would become another institution in the growth and development of parliamentary government in Thailand. The 1946 Constitution was terminated shortly by the military Coup of 1947.

From 1947–1958 there were seven attempts to overthrow the government by force; four of them succeeded in changing the governments (1947, 1951, 1957 and 1958). The other two rebellions against the regime, the Grand Palace Coup (1949), and the Manhattan Coup (1951) failed and another one attempted coup by a group of junior army officers was suppressed before it took place. These overthrows and instances of violent action against the regimes had not yet been polarized into the antagonistic relationship between civilian–military rule. In fact throughout the period from 1932–1957, governments consisted of supporters from both military and

civilian groups as did the opponents. As yet there was no strong division between military and civilians in government. Nor did the government leaders use the constitution as a political means to protect and secure their powers. Of those four government changes there were only two new governments that wrote new constitutions, the Constitutions of 1947 and 1949. Otherwise the governments simply revised or amended the previous or existing constitutions.

The important point is that in the period from 1932–1947 government leaders still firmly believed in democracy as the most modern and viable form of government. Pridi Phanomyong (r March 24–August 21, 1946), the most important leader of the People’s Party once said, “a democratic system means democracy with law and order and morality and honesty”. Such a system clearly must be based on a constitution that is the highest law of the country. The problem facing the political elite at the time was how to make the new democratic government work in the context of Thai society rather than trying to redefine the meaning of democracy to fit with the desire of the government holders; a policy which would be anxiously initiated and pursued by government leaders from the late 1950s onwards.

Gradually, but more so after World War II, it became clear that the principles and customs of liberal democracy were inapplicable in the transfer of power and resolution of political conflicts among the elites, who resorted to force and extra-constitutional means to settle their conflicts. Once in power by extra-constitutional means, government leaders sought legitimization of their regimes mainly by

the holding of elections. To achieve this they had to first promulgate new constitutions, which also gave them the semblance of popular sanction for their regimes. Another reason for writing a new constitution was that after each major change of government, institutional structures were also modified to strengthen the new regimes. The constitution thus served as a legal framework and guarantee of stable political structure for the regimes. Politically, the enactment of new constitutions allowed the government to declare its complete loyalty to the monarchy and to demonstrate the king's acceptance and support of the new rulers. The constitution thus retained its acquired symbolic meaning along the way.

In the period from 1957 to 1992 the Thai constitution underwent many redefinitions. With many ups and downs in the lives of the constitutions, the political elites during the Cold War era denounced the Western liberal democratic regime as "alien institution" incompatible with the customs of Thai society. Paradoxically this stance was adopted even though the government had close ties with the US government; but such were the mutual needs and interests of Thai government and the US in their fight against Communism during the Cold War. In order to create a more stable government, political leaders, mainly from the army, turned away from Western concept of constitutionalism and relied instead on traditional political ideas namely paternalism and patron-client relations between government and the people. The growth of indigenous Thai democracy came about as a result of the failure to implement a liberal form of democracy. First defined in Sarit Thanarat's regime (r 1959-1963)

as “Thai-style democracy”, the executive branch of government was emphasized at the expense of the legislature and judiciary. Sarit redefined the role and meaning of the constitution, appointing the Constituent Assembly to function both as the Constitutional Drafting Assembly and the legislature. The Assembly drafted a new constitution while making laws for the government. Other democratic institutions were either curtailed or abolished. Political parties, labor unions, organizations, freedom of the press and expression were greatly prohibited or suppressed in the name of national peace and order. In place of modern democratic theory, Sarit introduced Thai paternalism invoking what he claimed were the practices and ideas of the ancient Thai kings, in which the government was like a benevolent father and the people were children. Claiming the power to guide and the responsibility to care for the well-being of the people, the government had no need for Western frameworks of democracy. With full control of government power, Sarit’s rule was despotic paternalism. Such political ideas and practices continued in the Thanom Kittikachorn regime until the people’s uprising in October 1973 which fought for full democratic government. The Constitution of 1974 was subsequently promulgated to serve as the fundamental basis for democratic development. Similar to the fate of the 1946 Constitution, however, it was soon ended by the military coup of October 1976. Later in the Prem Tinsulanond government of the 1980s, a similar idea of Thai style “half-fruit democracy” was also proposed this time including some relaxation of restrictions pertaining to political parties, the labor movement, and the media.

The meaning of the constitution changed again after the Bloody May 1992, the popular demonstration against the military-led government of General Suchinda Kraprayoon. Advocates for reform and change of the “half-fruit democracy” called for the rewriting of the constitution. Finally, with the new Constitution of 1997, the idea of constitutionalism was reintroduced into the political system again. The constitution was expected to bring about political reform through the application of liberal democratic government in the country. With these political goals, the Constitution was given extensive power to regulate and control government and the public agencies as well as to provide and protect individual rights and liberties.



PRIME MINISTERS OF THAILAND, 1932–Present

1. Phraya Manopakonnitithada	August 28, 1932–June 20, 1933
2. Phraya Phahonphonphayuhasena	June 21, 1933–December 16, 1938
3. Luang Pibulsonggram	December 16, 1938–July 24, 1944
4. Mr.Khuang Aphaiwong	August 1, 1944–August 17, 1945
5. Mr.Thawi Bunyaket	August 31–September 17, 1945
6. M.R. Seni Pramoj	September 17, 1945–January 31, 1946
7. Mr.Khuang Aphaiwong	January 31–March 18, 1946
8. Mr.Pridi Phanomyong	March 24–August 21, 1946
9. Luang Thamrongnawasawat	August 23, 1946–November 8, 1947
10. Mr.Khuang Aphaiwong	November 10, 1947–April 8, 1948
11. Field Marshal P. Pibulsonggram	April 8, 1948–September 16, 1957
12. Mr.Phot Sarasin	September 21–December 26, 1957
13. General Thanom Kittikachorn	January 1–October 20, 1958
14. Field Marshal Sarit Thanarat	February 9, 1959–December 8, 1963
15. Field Marshal Thanom Kittikachorn	December 9, 1963–October 14, 1973
16. Mr.Sanya Dharmasakti	October 14, 1973–February 15, 1975
17. M.R. Seni Pramoj	February 15–March 6, 1975
18. M.R. Kukrit Pramoj	March 14, 1975–January 12, 1976
19. M.R. Seni Pramoj	April 20–October 6, 1976
20. Mr.Thanin Kraivixien	October 8, 1976–October 20, 1977
21. General Kriangsak Chamanand	November 11, 1977–February 28, 1980
22. General Prem Tinsulanonda	March 3, 1980–August 4, 1988
23. General Chatichai Choonhavan	August 4, 1988–February 23, 1991
24. Mr.Anand Panyarachun	March 2, 1991–April 7, 1992
25. General Suchinda Kraprayoon	April 7–May 24, 1992
26. Mr.Anand Panyarachun	June 10–September 23, 1992
27. Mr.Chuan Leekpai	September 23, 1992–July 13, 1995
28. Mr.Banharn Silpa-archa	July 13, 1995–November 25, 1996
29. Generral Chavalit Yongchaiyut	November 25, 1996–November 9, 1997
30. Mr.Chuan Leekpai	November 9, 1997–Present

THAI CONSTITUTIONS, 1932-Present

1. The Constitution of B.E. 2475(1932), temporary
June 27-December 10, 1932
2. The Constitution of B.E. 2475(1932)
December 10, 1932-May 9, 1946
3. The Constitution of B.E.2489(1946)
May 9, 1946-November 8, 1947
4. The Constitution of B.E. 2490(1947), temporary
November 9, 1947-March 23, 1949
5. The Constitution of B.E.2492(1949)
March 23, 1949-November 29, 1951
6. The Constitution of B.E.2475 revised B.E.2495(1952)
March 8, 1952-October 20, 1958
7. The Constitution of B.E.2502(1959)
January 28, 1959-June 20, 1968
8. The Constitution of B.E. 2511(1968)
June 20, 1968-November 17, 1971
9. The Constitution of B.E. 2515(1972)
December 15, 1972-October 7, 1974
10. The Constitution of B.E. 2517(1974)
October 7, 1974-October 6, 1976
11. The Constitution of B.E. 2519(1976)
October 22, 1976-October 20, 1977
12. The Constitution of B.E. 2520(1977)
November 9, 1977-December 22, 1978
13. The Constitution of B.E. 2521(1978)
December 22, 1978-February 23, 1991
14. The Constitution of B.E. 2534(1991) Temporary
March 1-December 9, 1991
15. The Constitution of B.E. 2534(1991)
December 9, 1991-October 11, 1997
16. The Constitution of B.E. 2540(1997)
October 11, 1997-Present

COUPS, REBELLIONS, AND REVOLUTIONS

1. Military Coup	June 20, 1933
2. Boworadet Rebellion	October 11, 1933
3. Songsuradet Rebellion	January 29, 1939
4. Military Coup	November 8, 1947
5. Military Coup	October 1, 1948
6. “Grand Palace Coup”	February 26, 1949
7. “Manhattan Coup”	June 29, 1951
8. “Silent Coup”	November 29, 1951
9. Military Coup	September 16, 1957
10. Military Coup	October 20, 1958
11. Military Coup	November 17, 1971
12. Military Coup	October 6, 1976
13. Military Coup	March 26, 1977
14. Military Coup	October 20, 1977
15. Military Rebellion	April 1, 1981
16. Military Coup	September 9, 1985
17. Military Coup	February 23, 1991

The New Constitution of 1997

A Political Reform

After the Bloody May 1992, the public was again reminded that the mere existence of Parliament and elections did not always work to the benefit of the people. The unexpected occurrence of the coup in 1991 made people more pessimistic about the progress and development of democracy in the country. Since the control and prevention of military from intervention in national politics and government was almost impossible, the last hope therefore was to rely on a sound and efficient democratic system of government. But the general election in 1995, held after the restoration of a civilian government, almost dashed this hope, because of the widespread occurrence of vote-buying all over the country together with other forms of electoral corruption. Electoral politics was becoming increasingly controlled by an alliance of so-called 'professional politicians', provincial mafia, unsavoury business interests, large companies, and third-rate ex-soldiers and bureaucrats. In order to cope with the new trend of democratization under a globalized economy, a more responsive and accountable government and Parliament was needed. This could be done through rigorous reform and improving the existing institutions, for example, the House of Representatives, the Senate, the judiciary, political parties and local governments, so that they could become more responsible and accountable to the people. In the long run this political reform would produce an immunity in the political system, so that extra-constitutional interventions could not be justified. Under such hopes and fears, people began to call for a true reform of the political system.

Drafting the New Constitution

The Speaker of the House of Representatives set up the Democratic Development Committee (DDC) on June 9, 1994. The goal was to study the possibility of political reform. The move was precipitated by the hunger strike of Lt. Chalard Vorachat, a former MP and political activist, in front of the Parliament. Chalard started his hunger protest on May 25, 1994 and ended it on July 31, 1994, after the government and opposition conceded to the popular demand of revising the existing constitution which was written in 1991 under the influence of the National Peace Keeping Council. Consequently, Parliament passed the fifth amendment to the Constitution of 1991 in February 1995. It was an attempt to revise and amend some sections of the constitution which were regarded as undemocratic. But further effort to really revise and amend the entire constitution according to the wish of the people by Parliament seemed to be deadlocked. Then during the new government led by Banharn Silpa-archa (r July 13, 1995–November 25, 1996), the Political Reform Committee was appointed to find a way to achieve the goal of political reform. The solution was finally found in the 6th Amendment of the Constitution passed on October 22, 1996. This amendment stipulated the making



Constitution Drafting Committee's representatives present the 1997 new constitution to King Rama IX for his signature

of a whole new constitution by a special committee outside the National Assembly. As a result, the National Assembly elected the Constitution Drafting Assembly (CDA), which consisted of ninety-nine members. Seventy-six of them were representatives elected from all provinces and 23 members were chosen from the ranks of academicians and other qualified persons. This Assembly's duty was to prepare a draft of a new Constitution as the foundation of political reform. In the drafting process, the Assembly paid special attention to the wishes of people all over the country. A process of public consultation took place on a nation-wide basis, co-ordinated by the public relations committee. Public hearings were held, and input solicited. The proposed ideas and principles to be discussed in the draft Constitution had to do with the essential substance of promoting and protecting rights and liberties of the people. Equally important in achieving electoral reform was public participation in governance and monitoring the exercise of State power. The Constitution Drafting Assembly completed its work within 233 days and the Constitution was promulgated on October 11, 1997.

The Principles of Government

The Constitution of 1997 is not only the embodiment of the aspirations of Thai people for a democratic system of government, but also a reflection of the struggle of the people to advance and achieve the democratic cause in Thai society. The Constitution identifies main principles of government: the form of the state, the structure of government, the separation of powers, the protection of individual rights and liberty, and the amendment of the constitution. The significant change in the Constitution regarding the political structure

of the country is seen in the change from representative democracy to participatory democracy. This can be seen in many sections of the Constitution that allow people to participate in the process of appointment of the independent commissions such as the Election Commission, the Administrative Court and the Ombudsman. Furthermore, it also allows people to recall certain members of Parliament and ministers and to propose draft bills to Parliament. The Constitution makes clear that sovereign power belongs to the people and only the people can legitimately use this power.

The main objectives of the Constitution are to uphold the principle of the democratic regime of government with the king as head of the state and to bring about happiness, prosperity, and dignity to the people. The Constitution also recognizes that sovereign power is derived from the Thai people.

The form of the state is a kingdom. Before the democratic revolution in 1932, the Thai kingdom was ruled under an absolute monarchy. Since then the kingdom has changed into a constitutional monarchical regime. Another important characteristic of the Thai state is that it is a unitary state and an undivisible kingdom. This form of the state is unchangeable as stipulated in section 313 paragraph 2: “any amendment to the Constitution that will result in the modification or change the nature of the constitutional monarchical regime or the form of the state shall not be permitted.” The sovereign power belongs to the Thai people whereas the king, as head of state, exercises such power through the National Assembly, the Council of Ministers and the Courts in accordance with the provisions of this Constitution.

The structure of government consists of the central administration and the regional administration. The central administration, which operates under the basic concept of centralization, consists of the Office of the Prime Minister, ministries and departments. The regional administration, on the other hand, operates more on the principle of decentralization which means that the central government divides and delegates some of its power and authority in decision making to its representatives from various departments and ministries who work at the provincial level. These representatives, who are government officials, perform their duties according to the laws, regulations and orders determined by the central government. At this level of administration, there are provinces, districts, subdistricts and villages.

The executive, legislative, and judicial branches are independent in their respective functions and duties. The House of Representatives exercises its check on the government by initiating motions on members of the cabinet and, in important policy matters, requesting a vote of confidence on the government. The Council of Ministers or cabinet has the duty to administer the country with the approval of the legislature. Finally, the courts perform their duties and responsibilities independently from the other two branches of government.

Another important principle introduced in the 1997 Constitution is the supervision and control of the use of power by the government and its agencies. There are rules and regulations regarding the wealth and behavior of politicians who are in office. Many new commissions and organizations independent from government and the bureaucracy have been created to monitor the running of the government and public services. The qualifications of members of the National Assembly and the cabinet have been raised to meet the popular demand for better public servants.

Rights and dignity of the people are a major section in the Constitution. In addition to the protection of individual rights and liberty, the Constitution also includes community and children rights as well as equality of the sexes. The people can monitor and recall certain members of the House and the cabinet. In order to guarantee justice for people, an Administrative Court is set up to decide cases between people and government agencies.

Provision for Amendment

An amendment of the Constitution will be done within the National Assembly. The Constitution section 313 stipulates that the cabinet or the National Assembly may initiate an amendment of the constitution. One-fifth of the total number of members of the House of Representatives or one-fifth of the total number of members of both the House and the Senate are required in order to propose an amendment. The members of the House of Representatives may individually or jointly propose such a motion only in accordance with the resolution of the political party to which they belong. Any amendment that will result in the modification of or change in the nature of the constitutional monarchical regime or the form of the state is prohibited.

To make sure that the political reforms are undertaken by the government, the transitory provisional section of the Constitution stipulates that any change or amendment of this Constitution or its organic laws can be done only after five years from the date of the promulgation of this Constitution. Furthermore, changes or amendments must come from the Election Commission, the Constitutional Court, or the National Counter Corruption Commission which have the power to submit to the National Assembly or the Council of Ministers a report presenting opinions on the amendment of this Constitution or other laws.

The Bill of Rights

The Constitution of 1997, for the first time, stipulates that human dignity, not only the rights and liberties of an individual, must be protected. There are many new rights introduced in this Constitution. This is a reflection of changes in the political and social environment in the country following the rapid expansion and growth of the economy in the 1990s. It also demonstrates the response of Thai people towards global trends and developments. Chief among these rights are individual rights, community rights, rights of children, the elderly, handicapped people's rights, and equality of the sexes. Freedoms of information, the right to public health and education and consumer rights are also recognized. In all, there are 40 rights compared to only nine rights in the Constitution of 1932.

Regarding rights and liberties of the individual, the Constitution of 1997 states that a person shall enjoy the right and liberty in his or her own person regarding one's dignity, reputation and privacy, including a person's family rights. A person has the liberty of dwelling, of travelling and the liberty of making a choice about his or her residence within the Kingdom. The right to practice any religion, to private property and inheritance, together with the right of expression, of association, and of information are also recognized.

People have the right to vote, to run in an election, to form a political party, and to have access to government information. The airwaves are also a common resource and cannot be monopolized by the government. People also have the equal right to utilize and make use of the frequencies. People are granted rights to sue the government and public agencies, and to lodge complaints with the Human Rights Commission and the Ombudsman. In criminal cases and other cases, legal procedures must not violate the accused person's rights to a fair trial and investigation.

Another area of rights spelled out in the 1997 Constitution is the protection and promotion of individuals' self-development. Section 42 states that "a person shall enjoy academic freedom. Education, training, learning, teaching, researching and disseminating such research according to academic principles shall be protected provided that it is not contrary to his or her civic duties or good morals." People shall have equal right to public education for the duration of not less than twelve years without charge.

The new sections on communal rights and liberties are those dealing with community rights, the preservation of natural resources and self-government. For example, section 46 states that, "Persons so assembling as to be a traditional community shall have the right to conserve or restore their customs, local knowledge, arts or good culture of their community and of the nation and participate in the management, maintenance, preservation and exploitation of natural resources and the environment in a balanced fashion and persistently as provided by law."

Furthermore, the Constitution provides a mechanism by which the people can monitor and recall certain members of the House and the Cabinet. In protecting people's justice, an Administrative Court has been set up to decide cases between people and government agencies and personnel.

Finally, for the first time, the Constitution grants people "the right to resist peacefully any act committed for the acquisition of power to rule the country by a means which is not in accordance with the modes provided in this Constitution." (section 65)

Checks and Balances

One of the major principles of the 1997 Constitution that captured public attention was the supervision and control of the government and its agencies by the people. The executive branch, which is composed of the ministries and departments that receive policies from the government for implementation, is considerably larger than the legislative and judicial branches. The 1997 Constitution, however, creates many new commissions and courts to supervise and control the use of government power and authority. There are six new commissions to perform such duties: the Election Commission, the Ombudsmen, the National Human Rights Commission, the Constitutional Court, the National Prevention and Counter Corruption Commission, and the National Comptroller Commission.

The Ombudsmen have the power and duty to inquire into complaints in the following cases: (a) failure to perform in compliance with the law, or performance beyond powers and duties as provided by the law of a government official, an official or employee of a state agency, state enterprise or local government organization; (b) performance of, or omission to perform duties of a government official, an official or employee of a state agency, state enterprise or local government organization, which unjustly causes injuries to the complainant.

The Separation of Powers

The principle of the separation of powers is mainly concerned with the idea of creating a stable government and maintaining the protection of individual rights and freedom from the abuse of

government powers. In practice, the separation of powers leads to the introduction of a parliamentary form of government and presidential system. Underlying this is the distribution of power among the executive, legislative and judicial branches. The separation of powers is not the division of sovereign power but the separation of the exercise of that power. In practice there is no government that absolutely separates the three branches of powers from one another mainly because they are all related and dependent upon one another. In fact, the efficiency of parliamentary government lies in the close union, the nearly complete fusion, of the executive and the legislative powers.

This fusion takes place in the cabinet. The House of Representatives choose the prime minister. Once elected, the prime minister exerts powers of administration by nominating the ministers and selecting the cabinet over which he presides. Then the cabinet exerts a special control over the House of Representatives through their policies. The cabinet members cannot at the same time be members of the House of Representatives or government officials. In conducting the government policies, the executive is accountable to the legislature, which can exercise a vote of confidence to check the government. In return the government has the power to dissolve the parliament.

The right of dissolution which the government possesses makes it into an executive which can annihilate the legislature, as well as an executive which is the nominee of the legislature. The stability and efficiency of parliamentary government thus rests on the collective responsibility of the cabinet combined with the threat of dissolution of the parliament.

Elections

The Constitution makes it a duty for the people to vote in a general election. Failure to do so is punishable by law. This requirement stems from people's wishes to construct a people's democratic government free from the vote buying and selling which has dominated elections in the past. Thus voting is a compulsory not voluntary act. For the first time, the people will directly elect the Senate, which is given more power than before in the National Assembly. The Senate has the power to recall and investigate politicians. To guarantee the neutrality of the Senate, senators are required to not affiliate with any political party, and no campaign for the election is allowed.

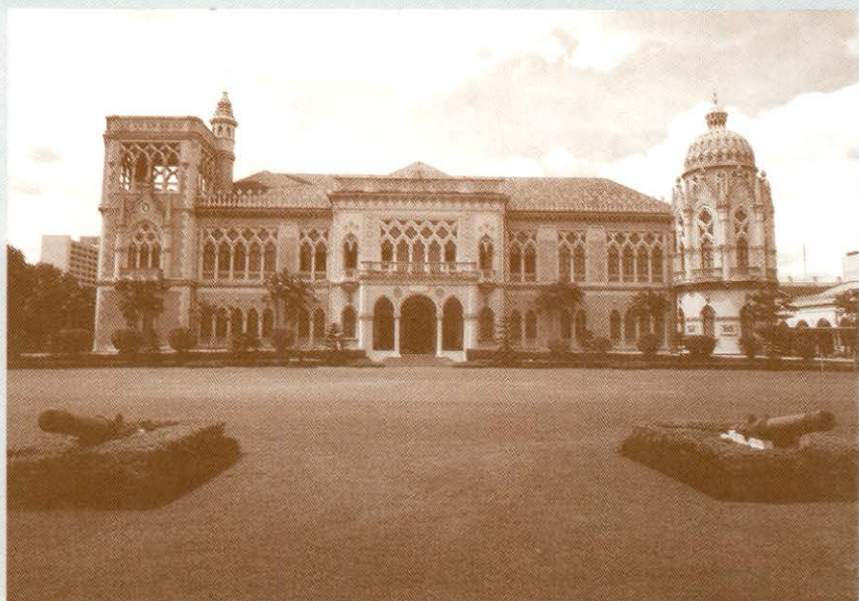
MPs come from both direct popular election and from a party-list, which accounts for one-fifth of the total number of MPs. The reason for the introduction of party-list MPs is to allow certain professionals to be able to be elected into Parliament without having to spend a huge amount of money in the campaign like the ordinary MP. This will open more avenues for some groups of people to be able to have their own representatives through the party-list scheme. Also this is a chance to see whether direct election of executives will work or not because only political parties will nominate the party-list. Another new mechanism is the establishment of the Election Commission, instead of the Interior Ministry, to oversee elections.

In conclusion, it can be seen that the significance of the constitution in Thai political history and government is its function to serve the stability of the regime. In this sense, the Thai constitutions represented realities of power relations more than being the source



A campaign billboard for senate election

of political legitimacy. The 1997 Constitution, however, intends to introduce a change from representative democracy to participatory democracy. This can be seen in the establishment of the independent commissions such as the Election Commission, the Administrative Court and the Ombudsman. People's power is recognized so that they can recall certain members of Parliament and ministers and propose draft bills to Parliament. Individual rights and liberties are expanded together with communal rights. The principles and practices of checks and balances and the separation of powers figure prominently in the Constitution. The 1997 Constitution therefore makes clear that sovereign power belongs to the people and only the people can legitimately use this power.

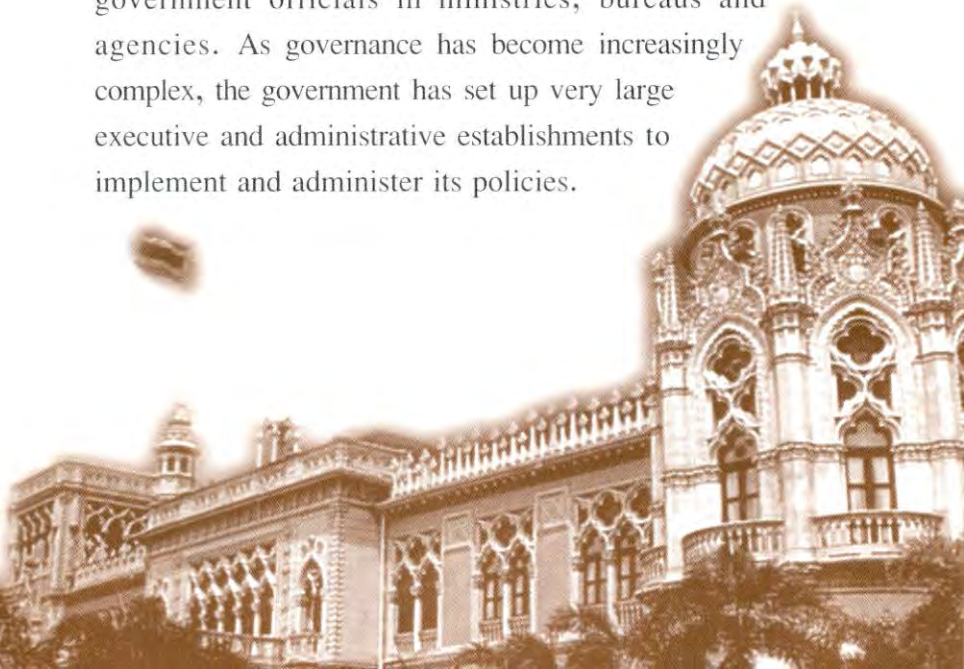


The Executive Branch

By Thanet Aphornsuvan

Government of Thailand: Rights and Responsibilities

Political executives are government officials who participate in the determination and direction of government policy. They include the head of state and government leaders. In Thailand the king is head of state, while the leader of the government is the prime minister. Other chief executives also include cabinet members and ministers, together with high-ranking government officials in ministries, bureaus and agencies. As governance has become increasingly complex, the government has set up very large executive and administrative establishments to implement and administer its policies.



In a parliamentary system, the constitution makes clear that the source of the government's right to rule comes from popular sovereignty. This sovereignty of the people is transferred to the government by means of elections. According to the 1997 Constitution, the prime minister must be a member of the House of Representatives and is elected by the majority of the House. This principle conforms to the popular demand that the government must come from popular elections, not from an appointment by special powers.

Other significant changes in this Constitution regarding the executive are related to the goals of creating stability and maintaining the efficiency of the government. The size of the cabinet, compared with the previous ones, is smaller. On the other hand, qualifications of certain members of the cabinet may be more stringent. For example, ministers must at least hold a Bachelor's degree. The Constitution encourages the direct election of the executive by stipulating that all MPs must relinquish their seats in the House upon assuming the ministerial post and that party-list members who become ministers are to be replaced by the next party candidate on the list.



His Majesty the King grants an audience to cabinet ministers, led by Prime Minister Chuan Leekpai, for an oath-taking ceremony

According to the 1997 Constitution, the creation and administration of the government is left largely in the hands of political parties, not with the military and the bureaucracy as in the past. Such a practice is very new in the history of modern Thai politics because it means the political party must play quite an important role in this process. In the past, coup groups cited the weak and corrupt nature of Thai political parties as a justification for their removal. The fractious nature of Thai political parties created confusion and disorder in Parliament and, more important, disrupted the unity and the running of the government and the bureaucracy.

The main power and duties of the government are in the formation and implementation of policies for the administration of the state. The government initiates various bills and drafts laws for consideration by the National Assembly, coordinates the various ministries, bureaus and departments, and lays down rules and regulations for the administration of the ministries and departments. In policy execution, the government is accountable to the National Assembly. In addition, each minister is also accountable and responsible to his or her ministry.

The Constitution states that the king is head of state. This is a tradition that has been practiced since the beginning of the democratic process in Thailand. Also, the Thai state must always be a kingdom. As head of state, the king has the authority to exercise sovereign power through the National Assembly, the Council of Ministers and the Courts. The prime minister, on the other hand, functions in the name of the king, and is responsible for all royal commands regarding the affairs of the state.

The Powers of Prime Minister

Since the beginning of democratic government in Thailand, the constitutional basis of the prime minister has largely been insignificant. Mainly due to the frequent seizure of power by extra-constitutional means, the civilian elected governments had but a few years in office. Most of the time, the government was left in the hands of military leaders and their appointees, most of whom were high-ranking military officials. This means that the elected civilian prime minister is also a rare figure in Thai political history. From 1932 to 1997, of all 56 governments, there were 15 civilian prime ministers leading 29 governments and staying in office altogether for 17 years. There were only seven military prime ministers leading 27 governments, but they held office for 46 years. One significant outcome of the uprising in May 1992 was the public demand that prime minister must come from elected members of the House of Representatives only.

The requirements for the prime minister are set forth in Chapter Seven of the 1997 Constitution: A prime minister must be a natural-born citizen, at least thirty-five years old, and have graduated with at least a bachelor's degree or equivalent. Importantly, the prime minister must come from the House of Representatives and is elected by the majority of the House. This stipulation means the leader of a majority party in the House will become prime minister. The number of political parties, however, makes it hard to achieve a clear-cut majority. Instead, the elections since 1992 have witnessed the emergence of coalition governments in which one big party has become the core of a multi-party coalition in the House. The power of the prime minister thus is shaped by the structure of the coalition government.

The prime minister then appoints members of the cabinet. According to the Constitution, the prime minister and the cabinet cannot at the same time be members of the House or the Senate. Neither can they be permanent government officials at the time of their appointment to the cabinet. This principle aims at the separation of powers between the executive and the legislative branches. Furthermore, upon the termination of office, the prime minister and the cabinet cannot go back to assume their positions as MPs in the House as they could according to previous constitutions. This time they have to leave the House of Representatives for good.

The prime minister and the cabinet start their official duties after receiving the royal command appointing them. The prime minister and members of the cabinet, before taking office, must make a solemn declaration before the king in the following words:

“I, (name of the declarer) do solemnly declare that I will be loyal to the king and will faithfully perform my duties in the interests of the country and of the people. I will also uphold and observe the Constitution of the Kingdom of Thailand in every respect.”

The responsibilities and duties of the prime minister are also set forth in the Constitution. The general duties are to administer the affairs of the state in the interests of the country and of the people. Other major duties and powers of the prime minister include serving as administrative head of the country, appointing various high officials, including cabinet members, calling for referendums and calling for a general debate in the National Assembly when the government deems it is necessary for the administration of the state.

The Cabinet or Council of Ministers

The cabinet consists of ministers and deputy ministers. The 1997 Constitution limits the number of cabinet members or Council of Ministers to 35 persons. This is in contrast to the previous practices of past governments, especially from the middle of the 1980s to 1990s, when political parties appointed as many members of Parliament into the cabinet as the government wanted. The maximum went up to 49 members in a cabinet, which was somewhat scandalous since there were 15 ministries at the most. One reason for this was political for a ministerial appointment was regarded as a reward given to parties in a coalition government. The other was cultural. The prestige associated with this publicly affirmed high status extends far beyond the legal authority of a minister and brings to him/her great spiritual and material benefits especially for non-bureaucratic politicians.

Furthermore, the 1997 Constitution also has raised the education requirement for ministers. They must hold a bachelor's degree or equivalent. The other requirement, which had never been stipulated before, concerns age. The 1997 Constitution requires that the minister must be at least 35 years old. Such requirements regarding education and age reflect the belief among the people that a member of the cabinet should have sound education and experience in order that he/she may perform efficiently in government. This also comes from the wishes of the people that the future cabinet members should be selected from qualified persons in the private sector and not from a small cohort within the bureaucracy. The cabinet members can be appointed from either members of Parliament or non-elected professionals. This stipulation can be read as a means to open a wider avenue for the prime minister to be able to appoint qualified personnel to the cabinet.

The Council of Ministers, which assumes the administration of state affairs must, within fifteen days from the date it takes office, state its policies to the National Assembly provided that no vote of confidence has been passed. The cabinet is accountable to Parliament before which it has declared the policies of the government. Members of the cabinet have both individual and collective responsibility for the actions of their ministers and the policies of the government. Ministers thus are responsible individually to the House of Representatives for the performance of their duties and they are also responsible collectively to the National Assembly for the general policies of the Council of Ministers. The cabinet must resign from office after Parliament passes a vote of no confidence on the government or whenever the prime minister terminates his term of office. This shows that even though prime minister is but another minister, in fact he is the most powerful and influential member of the cabinet. A no-confidence vote passed on any one individual member of the cabinet has the same effect upon the Council of Ministers.

The cabinet has the authority to determine government policies and to implement those policies that have been declared to the National Assembly. Furthermore, the cabinet has duties in coordinating the function of various public agencies, in laying down regulations for those agencies, and deciding about the proposed problems and conflicts within those agencies. The powers of the cabinet come from two sources: one from the prescribed powers in the Constitution, and another from other organic laws and government regulations.

The Executive Departments

The administration of government policies is in the hands of the various executive departments. The heads of the ministries, appointed by the prime minister, form a cabinet, from which government decisions are made. There are altogether 15 ministries including the Office of the Prime Minister. They are the Ministry of Agriculture and Cooperatives, Ministry of Commerce, Ministry of Defense, Ministry of Education, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Industry, Ministry of Interior, Ministry of Justice, Ministry of Labor and Social Welfare, Ministry of Public Health, Ministry of Science, Technology and Environment, Ministry of Transportation and Communications, and the Ministry of University Affairs. In addition, there are also 10 independent public agencies namely: the Royal Institute, the Bureau of the Royal Household, the Office of His Majesty's Principal Private Secretary, the Bureau of the Crown Property, the Office of the Auditor-General of Thailand,



the Secretariat of the House of Representatives, the Secretariat of the Senate, the Bank of Thailand, the Bangkok Metropolitan Administration and the Office of the Attorney General.

Each of these ministries is organized in a similar manner. The minister's office has authority for policy supervision. The permanent secretary's office has authority for administrative supervision. For its regular administration, there is one permanent secretary with several of his/her deputies who will be responsible for directing and controlling the implementation of works within the ministry. The permanent secretary supervises all government officials of the ministry. Each ministry has a number of departments with specialized functions and duties. An organization at this level may be called differently such as Department, Bureau, Office of the Committee, Office of the Secretary General or Institute.

In the administration of the ministry, the minister functions as the political leader and administrator of the entire ministry. Other deputy ministers assist him or her. As a political leader, the minister has under him the Secretariat Office, consisting of a secretary and assistant secretaries. All are political appointees. As a government administrator, the minister supervises through the Office of the Permanent Secretary.

• **The Office of the Prime Minister**

The Office of the Prime Minister is an important center of government administration and is headed by the prime minister himself. Deputy prime ministers and/or ministers to the Prime Minister's Office are his deputies in the running of the Office. The Office of the Prime Minister is responsible for the general works of the prime minister and the cabinet as well as the budget process and

national policy formulation. It serves as a national coordinating center and the government advisory body. It is concerned with the management of public personnel, the examination of national expenses, including taxes and other income of the state. It also supervises and determines national security policy, the national economic and social development plan, national statistics, public relations, energy, research, and other duties that do not fall under the jurisdiction of any of the existing ministries.

• **Ministry of Agriculture and Cooperatives**

Its duties are to promote and support agricultural production and cooperative works. Its responsibilities also include the improvement and development of rice and fruit production, as well as animal husbandry and fisheries. The protection of forests and other natural resources is one of its major concerns. The ministry also takes charge of certain industries relating to agriculture. There are eight state-enterprises under its control, such as the Forest Industry Organization.

• **Ministry of Commerce**

The Commerce Ministry is responsible for the promotion and regulation of commerce, both domestic and international. It also regulates the import and export of goods based on the needs of people's consumption and the balance of trade of the country. It supervises the registration of trademarks and patents, as well as the use of scales and measures nation-wide. There is one state enterprise under the Commerce Ministry, the Public Warehouse Organization.

● **Ministry of Defense**

The Ministry of Defense is responsible for national security. The Defense Minister has the power to redefine public agencies and reappoint officials if the country is in a state of war. The Ministry provides the military forces of the country. The Ministry's chief department is the Supreme Command Headquarters, which directs the Army, Navy, and Air force. There are five state enterprises under the Defense Ministry, namely, the Preserved Food Organization, the Glass, Textile, Battery and Tanning Organizations.

● **Ministry of Education**

The Education Ministry provides basic education and training up to the pre-university level. It is also responsible for the drafting of the National Education Policy. It supervises and administers the kindergarten, primary, secondary and vocational schools including teacher-training colleges. The Ministry also promotes physical education and is responsible for religious and cultural affairs together with national arts and youth. The Ministry has only two state-enterprises, the Kurusapa or Teacher's Assembly, which administers the personnel works of government teachers in all provinces, and the Kurusapa Commerce Organization.

● **Ministry of Finance**

The Finance Ministry has duties to regulate and administer the country's finances, including taxation, duties, saving, banking and state monopolies. It regulates government spending, overseeing all the wealth, land, gold, and other luxuries of the state. The Ministry manufactures coins and currency. It also lays down rules and regulations for private banks, and determines the fiscal and monetary policies of the nation. It contacts foreign financial institutions

for loans for national development. It has nine state-enterprises under its control including the Government Lottery Office, the Thailand Tobacco Monopoly, the Government Saving Bank, and the Government Housing Bank plus five others.

• **Ministry of Foreign Affairs**

The Ministry of Foreign Affairs is responsible for the formulation and execution of the foreign policies of the kingdom. Its duties are to maintain good relations between Thailand and other countries, promote trade and commercial activities in foreign countries, protect the interests of Thais residing abroad, as well as the national reputation and image. It maintains contacts and cooperation with foreign organizations worldwide. It now has important responsibilities in regional cooperation organizations, such as ASEAN and APEC.



• **Ministry of Industry**

The Industry Ministry is responsible for the promotion and development of industry in order to create more employment and income for the people and the country. It regulates and controls the performance of industries. It also promotes and assists existing local industries to improve and sustain their production. It oversees and monitors the quality of goods and raw materials according to the national standards. There are seven state-enterprises under the supervision of the Industry Ministry. Among them are the Industrial Estate of Thailand, the Petroleum Authority and the Sugar Refinery.

• **Ministry of Interior**

The Interior Ministry is the oldest and one of the most important ministries in the country. Its main duties are the maintenance of peace and order within the country, and providing for the basic needs and well-being of the people. Its responsibilities include the administration of the provinces and villages throughout the nation. There are many important departments under the Interior Ministry such as the Local Administration Department, Land Department, and the Rural Development Department. There are 21 state-enterprises under the ministry. Examples include the Metropolitan Waterworks Authority, the Metropolitan Electricity Authority and the National Housing Authority.



● Ministry of Justice

The Ministry of Justice provides services for the administration of the courts, which have the power and duty to try and adjudicate cases. The supervision of the courts is under the Justice Commission, which is elected by judges.

● Ministry of Labor and Social Welfare

The Ministry of Labor and Social Welfare promotes employment in the kingdom, helps improve working conditions and fosters good relations between workers and employers. Among its responsibilities are establishing minimum daily wages and overtime pay, training the unemployed, and overseeing the compensation for job injury.

● **Ministry of Public Health**

The Ministry of Public Health provides public health planning and supervises various public health offices. It controls and prevents contagious diseases and conducts research and education on health administration. It grants certificates of practice to those who work in the field of public health and also regulates and controls the quality of health services. It has one state-enterprise, the Pharmaceutical Organization.



● **Ministry of Science, Technology and Environment**

The Science, Technology and Environment Ministry has responsibilities in the nation's plan and programs for works in science, technology, energy and environment. It controls and regulates the implementation of scientific and environmental programs in accordance with national policy. It conducts research and studies on scientific and technological issues, and disseminates this knowledge and information to the public; it encourages technological transfer in the country and with other countries. It has two state-enterprises; namely, the Thailand Institute of Scientific and Technological Research and the National Science and Technology Development Agency.

● **Ministry of Transportation and Communications**

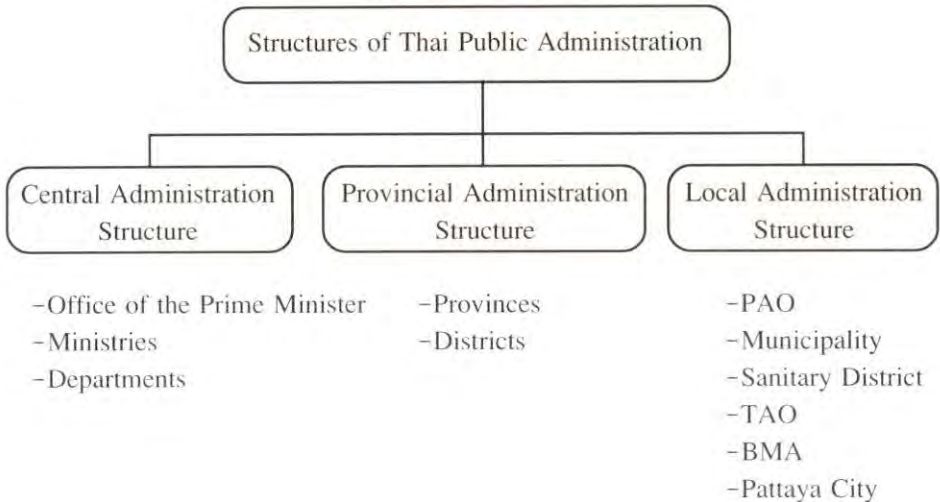
The Ministry of Transportation and Communications is responsible for the development of national infrastructure related to transportation, communications and meteorology with the objectives of trying to achieve sufficiency, modernity and proper standard. All these qualities must be conducive to the development of national economy and social order. The ministry's target is to be effective and competitive in the world market. Providing adequate transportation and communications for the convenience of the people is a priority in the national economic and social development plan. There are 13 state-enterprises under the control of the ministry; for example, the Port Authority of Thailand, the Airports Authority of Thailand, the State Railway of Thailand, the Communications Authority of Thailand, Thai Airways International Public Company Limited, the Transport Company Limited, and the New Bangkok International Airport Company Limited.

● **Ministry of University Affairs**

The Ministry of University Affairs is responsible for the administration of higher education, both of state and private institutions. It sets the policies and educational plans as well as the quality and standards of the curriculum. Evaluating and coordinating the management of higher education among institutions, the ministry also grants and terminates the department and faculty or university. It advises the government about the allocation of budgets to the state universities.

A minister heads each ministry with one or more deputy ministers, all of whom will sit in on cabinet meetings. Structurally, each ministry is divided into several offices and departments including the Office of the Minister’s Secretary and the Office of the Permanent Secretary and the Departments. In its regular administration, there is one Permanent Secretary with several deputies who will be responsible for directing and controlling the implementation of works within the ministry. The Permanent Secretary will also supervise all government officials of the ministry. The organizational structure of Thai public administration is as follows: [see chart 1]

Chart 1:
Organizational Structure of
Thai Public Administration



• **Departments**

A department is an agency that can be under a ministry's supervision or may be independent. It has its own unity in administration and its own judicial status. The department is therefore an important unit of the ministry. It is organized in such a way that the greatest coherence of activity and programs can take place. It is also the fundamental unit in budgeting. An organization at this level may be called by different names such as Department, Bureau, Office of the Committee, Office of the Secretary General or Institute. A departmental structure can be divided into an Office of the Departmental Secretary and Divisions or other offices which have a division status. This allows the Director-General, the chief of the department, to know his subordinates well.

• **Responsibilities and Powers**

A department has powers and responsibilities in either one or more areas of the ministry's. For administration, each department has a Director-General as its highest executive official. He/she will supervise all of the department's officials and will be responsible for the performance of the department according to the ministry's policies, guidelines and plans. The Director-General will also perform tasks according to the policies of the cabinet and the government.

Politically and structurally, because of the minister's supervision and the permanent secretary's close relations with their subordinates, it is not natural for various departments to cooperate with one another in order to work as a group. In fact, since the aim of a director-general is to expand his/her department, he/she has to compete with other departments for the allocation of budgets from the government.

Local Government

Local government has developed in relation to the central government. The system of government in Thailand is composed of the central government and many smaller units of administrative organizations in the provinces and villages. For unitary states such as Thailand, Japan, and France, local governments have developed a system based on the combined forms of centralization and decentralization. Thai local government has been shaped by the history of Thai kingdom in which the government system has been oriented towards a centrally organized distribution of authority. The Thai system can be contrasted with a federal system of government. In countries that have a federal system of government, for example the US, Canada, Australia and India, state governments develop analogous to the national government and enjoy more autonomous power.

A proto-local government structure was put in place in 1898, as part of the administrative reform of King Chulalongkorn. The administration of sub-districts and villages were left to local people who chose their own sub-district headman and village headman.



Pattaya City Hall

However, they had to work closely with, and were under the control of, the district officer or his deputy. At present, local government has expanded to include four kinds of administration; the Provincial Administrative Organization (PAO), the Municipality, the Tambon (sub-district) Administrative Organization (TAO), and the special local government entities, such as the Bangkok Metropolitan Administration (BMA) and the City of Pattaya that were established in 1975 and 1978, respectively.

In terms of administration, there are two types of local administration in Thailand. The first is regional administration or local state government in which officials and staff of the central institutions, including ministries and agencies administer government policies down to the provincial and district level. The other is local self-government, in which people are chosen through local election to administer and manage local affairs.

Local government in Thailand is based upon a mixture of deconcentration and decentralization as shown in the municipality, the PAO, the TAO and in special forms of local self-government (the BMA and the City of Pattaya). The idea of decentralizing the government has been a concern of the central government since the beginning of democratic government in 1932. The goal is to permit people to participate in local government according to certain laws and regulations. The Public Administration Act of B.E. 2534(1991), for example, has indicated in Article 69 that any local community where the people can participate in their local government shall organize its local government administration system. Local activities which people can take part in are those activities which will fulfill

only their needs in specific areas such as public cleanliness, a clean water supply, public electricity and local communication. These ideals often proved difficult to realize, however, because the tendency in the past was to keep administrative power under the close control of the central government. The result, therefore, was that regional administration developed while local self-government lagged behind.

In order to promote local self-government, the 1997 Constitution encourages genuine local self-government by stipulating that local government must consist of a local assembly and a local administrative committee or local administrator. The people directly elect members of the local assembly, while members of the local administrative committee can come from either direct election by the people or the approval of the local assembly. The plan in the near future is to call for direct elections of local administrators. The terms of office for both the local assembly and the local administrator are four years.

Thus, the regional administration will have a two-tier system, one is the provincial administrative level the other is local government below the provincial level. This is something new in the history of local government in Thailand. Successful local government depends upon its ability to address two related issues. One is to effectively solve its own internal or local administrative problems by coordinating with various departments and other local government organizations on issues such as pollution, deforestation, garbage disposal, water for agriculture and consumption, and education. The other issue is how to deal with the deconcentration of the administration of the central government and the regional administration upon which local government still relies for certain budget and administrative needs.

Thai Public Services

The public service (civil service) is necessary for the government to carry out its policies. The public service is the biggest enterprise in the country in terms of its resources, namely employees, budget, and projects affecting most aspects of people's lives. According to the Civil Service Commission's report, the number of public employees in 1997, excluding the police forces and teachers, was about 376,740 persons. The public service underpins the entire system by providing basic functions of government, from economic planning to allocation of resources to development of infrastructure. In fact, through the many years of military governments and the abrupt transitions of government power, it was the bureaucracy that continued long-term policies, many of which helped to sustain a certain level of social order and progress.

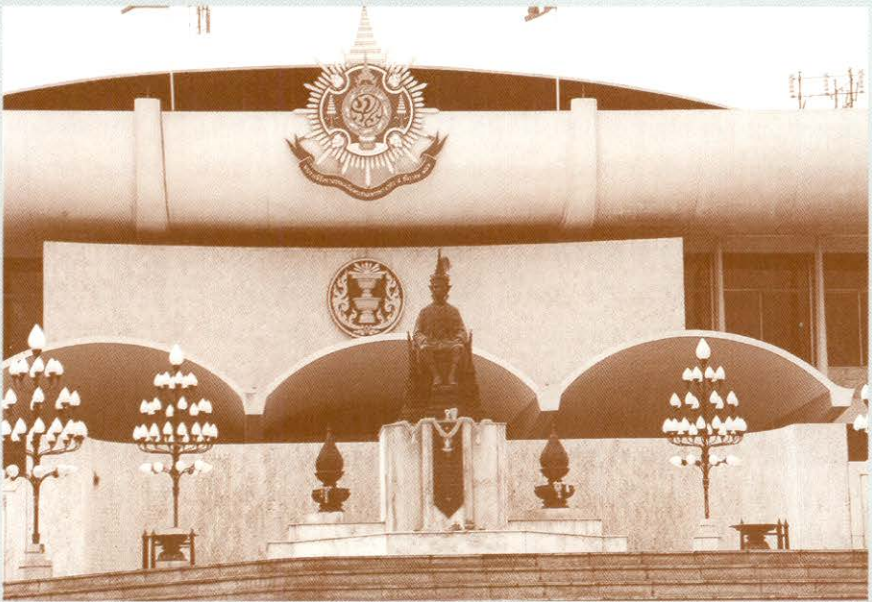
Certain public agencies are involved in policy formation and scrutiny, especially those responsible for economic policies and implementation like the National Economic and Social Development Board (NESDB), the Bank of Thailand, and the Bureau of Budget. With the absence of political democracy and a weak private sector, decisions on economic policies have been limited largely to the ruling elite and technocrats. But in the final analysis, the public service has to follow the government's policies whose political future depends on the judgement of the voters. In this sense, the public service is wise to be neutral in implementing some politically unfavorable policies.

The relationship between public service officials and elected ministers is precarious due to the nature of the political relationship between the public officials and the politicians who oversee the ministries. But many public officials have gradually realized that politicians come and go while the officials remain and will stay in office for a longer time. Therefore they choose to be as neutral as

possible on policy execution. Regular changes of the government also allow the public service to develop its own system, which relies less upon the control of politicians. In addition, many public services have created a more efficient management system to optimize their operations and existence, such as the creation of a board of directors or commission to supervise policy formation and implementation. This provides some independence in the work of public service.

The reform of the public service has been a major policy goal of the government since the rapid growth and expansion of the bureaucracy following the implementation of the national economic and social development plan in 1960. In 1999 the Civil Service Commission began to launch a public reform policy aiming at the reduction of officials and inefficient management. The plan is to create a smaller public service but with more efficiency.

In conclusion, it is clear that the executive branch is the most powerful and important institution in the development of a democratic government in Thailand. The central figure in the government is prime minister, especially concerning the initiation of money and revenue bills in Parliament. Another important administrative organization within the government authority is the executive department including the public services. These organizations and powers provide the executive with enormous power and responsibility over the administration of all aspects of the whole country. The centralized nature of the government is also reflected clearly in the structure and development of local government. The 1997 Constitution, however, intends to make the government truly representative and accountable to the people. The selection and election of prime minister, therefore, is left largely in the hands of political parties. Furthermore, in the spirit of political reform, the Constitution also stipulates a comprehensive plan for the decentralization of local self-government.



The Legislative Branch

By Thanet Aphornsuvan

The legislature is an important institution in a constitutional government. A larger public to which they are formally responsible and in whose interests they are presumed to act usually elects legislators. Generally speaking, the legislature is regarded as the most visible indicator of a nation's commitment to democracy. The characteristic function of the legislature is the making of laws. In a parliamentary system, it also creates and terminates the government. The legislature has other duties and responsibilities in controlling and monitoring the working of the government, as well as in conducting committee hearings on public issues. Importantly, the legislature has power over the national purse by means of approving and scrutinizing the government budget.



The National Assembly or Parliament

Section 90 of the 1997 Constitution stipulates that the National Assembly or Parliament consists of the House of Representatives and the Senate. Generally speaking, the Parliament in Thailand has been bicameral; excepting those installed in 1932, 1959, 1972 and 1976 when a unicameral form of parliament was installed under special circumstances. The House of Representatives consists of 500 members, 100 of whom are elected nation-wide on a party-list basis and 400 of whom are elected on a single-member constituency basis. The Senate is composed of 200 members who also are directly elected on a constituency basis.

● The House of Representatives

The Constitution requires that members of the House of Representatives must be at least 25 years of age, a Thai national by birth, have at least a bachelor's degree or the equivalent, be a member of a political party, and residents of the provinces from which



they are elected. The total number of the House of Representatives has been set by the Constitution. People vote for 100 MPs on a party-list basis, in which a voter has the right to cast a ballot from the lists of candidates prepared by political parties; provided that only one party-list may be voted for and a constituency consists of the whole country. Each political party prepares one list that contains not more than one hundred persons; this list is submitted to the Election Commission before the date stipulated. The party-list method is designed to deter vote buying and to strengthen the party system since parties receiving less than five per cent of the total number of votes throughout the country will not be eligible for any party-list seats at all. This method is supposed to encourage better known and respectable personalities to enter politics. Another 400 MPs come from the normal elections based on constituencies, in which the voter casts a ballot for one candidate in each constituency. Unlike the previous elections based on multi-member constituencies, the new method promises to be more democratic—that is each citizen's vote carries equal weight no matter if one lives in a small or big district. Furthermore, the single-member district means a smaller size constituency, which may induce more capable people, who have limited funds, to run for election. The term of the House of Representatives is four years from the election day.

● Powers of the House of Representatives

The House of Representatives has the power to introduce legislation on any subject including money bills. However, the introduction of money bills by members of the House of Representatives requires an endorsement from the prime minister. Similarly, for MPs to be able to introduce organic law bills, they also first need approval

from the political party in which they are members together with the support of 20 other MPs. This means any money bills are likely to come from the initiative of the parties, which are in control of the government.

The bills introduced by MPs do not necessarily reflect the requests or problems of his or her constituency. Rather bills can be politically motivated, especially those coming from the opposition which are intended to introduce different policies from those of the government's. If those bills receive support from the public, there may be a negative effect on the popularity of the government. On the other hand, MPs can use this method of introducing the bills to bolster support and loyalty of their constituency. This method can be very successful since Parliamentary sessions can be broadcast live through television and radio stations.

The most important bill in the House is the budget bill, which is prepared by the government. In approving the budget bill, the Committee on Budget can reduce the amount of the proposed budget, but it cannot increase or add extra funds of any kind to the proposed budget. This stipulation is aimed at curbing the previous practice of MPs to add special funds (during the debate and vetting of the bill) for their own projects in their constituencies as a condition for passing the bill.

The most effective tool of the House in checking the government is a request to open a general debate on the government's performance. In order to do so, two-fifths of the House is needed to submit the motion to the President of the House. In addition, the request must also include the name of the next qualified prime minister together with the motion. After the motion has been tabled,

the government cannot dissolve Parliament unless that motion is withdrawn or the vote of confidence is defeated. Another less powerful means to check the government is the interpellation of members of the cabinet.

In the end, members of the legislature act as representatives of the people. They articulate the interests of constituents, political parties, and interest groups, and they intercede with bureaucrats on behalf of those whom they represent.

• The Senate

The 1997 Constitution, for the first time in Thai political history, stipulates that members of the Senate must be directly elected. The Senate consists of 200 elected members based on a provincial constituency. This gives the Senate a legitimate role as representatives of the people. But in order not to replicate the roles and duties of the MPs, the Senate is unable to initiate or propose draft bills to the Parliament. The Senate, instead, is given powers to oversee and monitor the performance of the government. As an upper house, the Senate has the sole power to elect many of the newly created independent commissions such as the Ombudsman, the National Committee on Human Rights, the Constitutional Court, and the State Audit Commission.

The Senate has the right to submit a motion for a general debate in the Senate for the purpose of requesting the Council of Ministers to give statements of fact or explain important problems in connection with the administration of State. The motion for a general debate under this section may be submitted only once in each session.

But the most important power given the Senate in the new Constitution, which also characterizes its role in the parliamentary system, is the power to remove from office the most important office holders whose possession of unusual wealth is indicative of the practice of corruption and or abuse of their powers. These include prime minister, ministers, members of the House of Representatives, Senators, the President of the Supreme Court of Justice, the President of the Constitutional Court, the President of the Supreme Administrative Court or Prosecutor General. In addition, the provisions also apply to other important political positions, such as the Election Commissioner, Ombudsman, Judge of the Constitutional Court, and member of the State Audit Commission, including judge and public prosecutor or high ranking official who are in charge of the counter-corruption.

Standing or Permanent Committees of Parliament

An interesting development in the Thai parliamentary system is the increasingly dominant role committees play. Committees have assumed a more important role in Parliament through the evolution of the political system. The 1978 Constitution was the first to establish committees in Parliament. Both the House and the Senate are allowed to set up their own standing committees to direct an investigation or study any subject that falls within the jurisdiction of the National Assembly. The standing committees then report their findings to the Parliament. The standing committees have the power to request documents or question any person involved in the concerned issues under consideration. The members of the standing committees in the House of Representatives should correspond to the

proportion of all parties in the House. Members of the standing committees are elected from members of the Assembly. In addition, the House and the Senate may elect committee members or non-members to serve on ad hoc committees.

At present (1999) the House of Representatives has 23 standing committees, the Senate has 16. Each specializes in specific areas of legislation: agriculture and cooperatives, communications, foreign affairs, armed forces, public health and the environment, finance and banking, science and technology, culture and society, education, economics, social welfare and labor, industry and justice and human rights, and others.

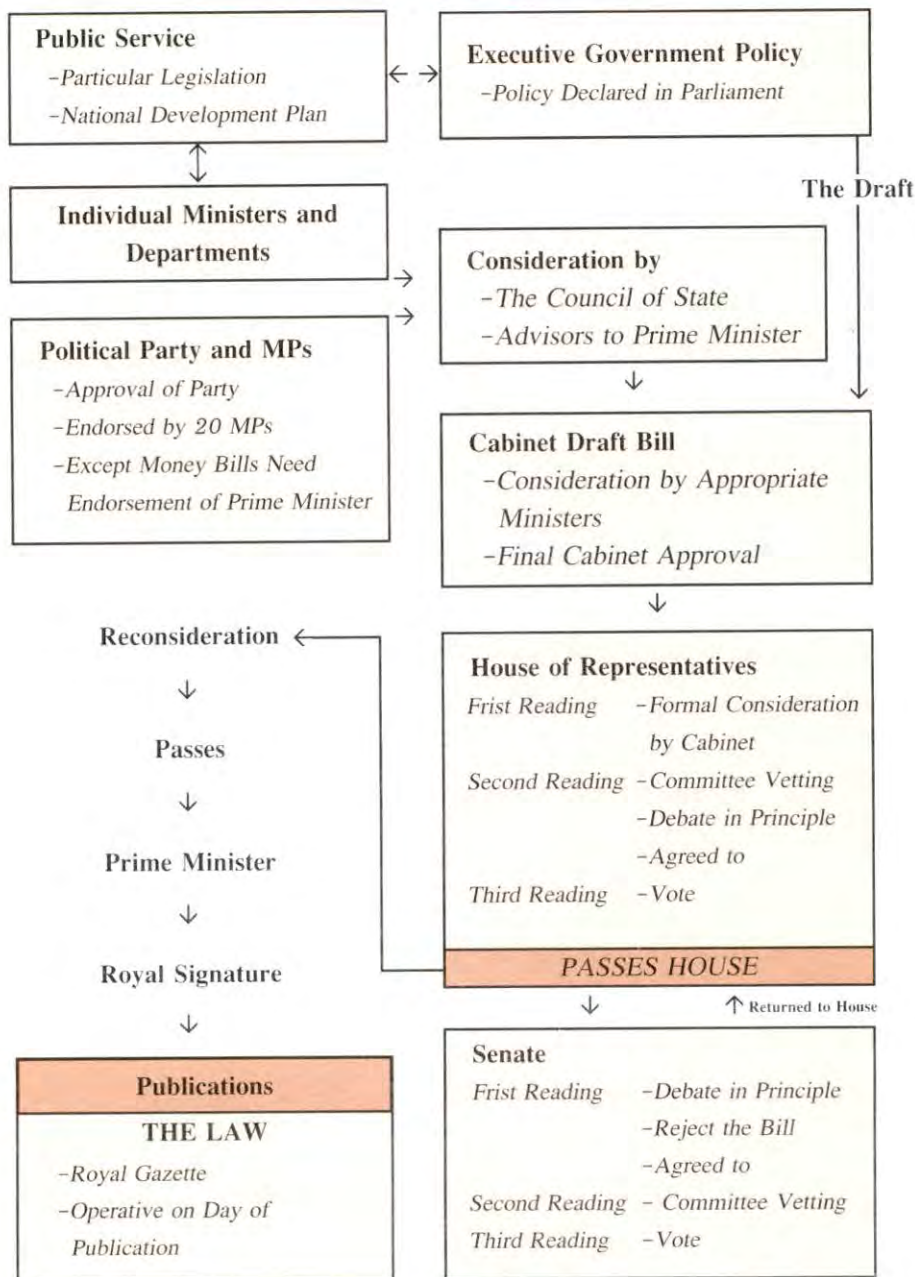
The standing committees begin to work once bills are introduced into the House. The first reading is to decide whether the House will accept the principle of the proposed bill or not. This can be done either by a full House debate or by asking the standing committee to decide. In the second reading the bill is sent to the designated standing committee for approval. In this second session the government and members of the House can request a full House meeting, instead of a vetting by the standing committee. Normally the standing committee debates during the second reading. Finally, in the third reading the bill is voted upon without further debate. If it is passed, the bill will be forwarded to the Senate.

The working of the Senate standing committees is similar to that of the House. They can reject a proposed bill in the first and third reading and can amend certain parts of the bill in the second reading. In the case of rejection, the bill is returned to the House which must

wait 180 days before members can restart the process of introducing that bill again. If the bill is a revenue bill, however, the House can reconsider it at once. If the House votes to pass that same bill again, constitutionally the prime minister is required to act on that draft bill for it to become law.

One of the most important non-legislative functions of the National Assembly is the power to investigate and monitor the executive branch of the government. This power is usually delegated to committees—either standing committees or ad hoc committees set up for a specific purpose. Investigations are conducted to gather information on the need for future legislation, to test the effectiveness of laws already passed, and to inquire into the performance of officials of the concerned offices or organizations. Committees call on outside experts to assist in conducting investigative hearings and to make detailed studies of issues.

The Legislative Process



The Lawmaking Process

In the tradition of Thai government from the early kingdoms, laws were regarded as instruments of the kings to control and admonish all subjects to lead a proper life according to ethical and moral beliefs of the kingdom. In practice, the king was the supreme judge of man, and therefore had to deal with formal litigation and interpret written laws. This means that there has been a long tradition of executive lawmaking in Thailand, which is responsible for the government and the execution of peace and justice. Theoretically, the modern legislature is supposed to function as a lawmaking institution. In practice, however, the executive still has the power of veto over legislation and it may exercise original powers of legislation.

Traditionally, there have been a variety of laws included in the penal, civil, commercial, and procedural codes. These laws historically predate the existence of a constitution and they rest upon the sovereignty of the throne. According to the constitution, the sovereignty belongs to the people and is exercised by the king. At the same time the sovereignty has a variety of legislative and quasi-legislative acts available to it. These laws are the royal act [*Phraratchabanyat*], the royal ordinance [*Phraratchakamnot*], the royal decree [*Phraratchakrisdika*], and the royal command or prescript [*Phraratchaongkan*]. Other orders of quasi-legislation in the form of ministerial regulations, notifications, military commands, orders, announcements, and the like are also widely used. Ironically, though, these lesser laws at times prove to be more effective and long lasting than many constitutions themselves.

Both the royal act and the royal ordinance must receive the consent of the Parliament. An act is presented to the Parliament in a regular session and is debated before a vote. However, a royal ordinance may be issued when there is an urgent necessity to maintain public safety or to avert public calamity at times when Parliament is not in session. It may also be used to enact crucial measures regarding taxes and currency regulations, which would be damaged if the decision were leaked to the public. In any case, after being announced, the royal ordinance must be submitted to the Parliament for approval. If the royal ordinance is rejected its power is void.

Until the 1990s, such practice was rare. The latest rejection of a royal ordinance by Parliament was the one involving the uprising in Bangkok in May 1992 in which many civilians and bystanders were injured and were killed by military forces. After the incident, which led to the collapse of the National Peace-Keeping Council (NPKC) and its government, the next government had issued a royal ordinance exempting those who were involved in the May Uprising. This meant both government officials and civilians who were involved in the upheaval were now innocent of any legal responsibility. Parliament, however, voted against this royal ordinance, because the public wanted to press charges against military officials responsible for the violent suppression of the peaceful demonstration. The Ordinance was later submitted to the Constitutional Tribunal for reiteration. The Tribunal confirmed that the Ordinance was legal. This meant that the public could not sue the army for any damages done to them.

The much-used quasi-legislative act is the royal decree. The constitution grants a vast mandate by stipulating that; “it is the prerogative of the King to issue Royal Decrees which are not in conflict with law.” This power has been much used by the government and serves as a basis for the domination of the executive power over the legislature. In fact, the government, especially under the military-led regimes, had issued many more royal decrees as compared with the royal acts.

Regarding other legislation, the bills must be presented first to the Parliament for consideration. Members of the House or the cabinet may initiate the bill. After debating and passing the bill in three readings in the House, it is forwarded to the Senate for debate and consideration. If the Senate approves the bill, it then goes to the prime minister who will submit it to the king for royal signature. The bill becomes law once it is published in the Royal Gazette. If the Senate rejects the bill, it is returned to the House, which reconsiders it after the passing of 180 days. (One exception: If it is a revenue bill, the House can reconsider the bill at once.) If the House confirms that bill and sends it back to the Senate again, this time the bill becomes law. If the Senate amends the bill approved by the House, both the House and the Senate may appoint a joint committee to reconcile the differences. The joint committee then submits its version of the bill to both the House and the Senate for consideration. If approved by both, the bill then becomes law. But if either the House or the Senate still rejects the joint committee’s version of the bill, it must be tabled. After 180 days the House may reintroduce that bill again. If the House insists on the same bill with a majority vote, it then becomes law.

There is one important distinction regarding legislation on money or revenue bills and ordinary bills. The 1997 Constitution grants the power of legislation to the House and the cabinet. However, the introduction of money bills by MPs is restricted by a rule that it must be endorsed by the prime minister. If there is doubt whether a bill is considered to be a money bill or not, the President of the House will be the sole judge authorized to make the final determination. Furthermore, to ensure the working of the government, a money bill can be reconsidered at once by the House after its rejection by the Senate. The House must deliberate the budget bill within 90 days after its introduction by the government. Similarly, the Senate after receiving the budget bill from the House must finish the deliberation within 15 days.

In conclusion, the legislature is an important institution in a constitutional government in that it aspires to truly represent the people. It thus is regarded as the most visible indicator of a nation's commitment to democracy. The central function of the legislature is the making of law. Nevertheless, it also has other duties and responsibilities in controlling and monitoring the workings of the government.



The Judicial Branch

By Thanet Aphornsuvan



Office of the Attorney-General

The judiciary is one of the three branches of government. Its duties are to decide cases among citizens according to the law so that peace and justice will be preserved and rights and liberties protected. The judiciary normally consists of courts of justice and judges who preside at various courts throughout the kingdom. The judiciary thus acts on behalf of the state in maintaining

justice in the country, and performs its duties in the name of the king. Independence and professionalism are important to the courts as well as the need to be free from political domination. The chief of the judiciary is the president of the Supreme Court.

The 1997 Constitution has introduced new changes into the judicial system, such as replacing the single court system with the dual courts system by setting up new Administrative and Constitutional Courts, in addition to the courts of justice which have functioned since the start of a modern legal system in Thailand. In addition, the administrative unit of the courts is independent of the Ministry of Justice, to insure more transparency and efficiency of the court system. Finally the Military Court may try only military cases.

Court System

The Constitution grants the courts the powers to try and adjudicate cases in the kingdom. The courts have judicial powers and duties according to the law. In order to unify various courts all over the kingdom into one judicial system, all courts are under the jurisdiction of the Ministry of Justice, except for the Military Court, which is under the Defense Ministry. The separation of the administration



Civil Court

and the control of judges from ministerial authority insure the independence of the courts. The judges have their own Judicial Commission, an elected body of judges, to administer their work and promotion. The Judicial Commission's duty is to propose the appointment, removal and transfer of judges as well as to consider their promotions. This is considered to be a good guarantee for the independence of the judges. Under this system, the duties of the Minister of Justice are confined to the granting of facilities for the trial of cases, such as the construction of courts, acting upon requests for additional salary appropriations, and the supervision of the administrative officials who are attached to every court. Although the executive branch in Thailand is still closely connected to the judicial branch, it can be said that the government has at all times respected the independence of the courts in their trial of cases and the issuing of judgements. Such powers and duties of the courts

have a great effect upon people's rights and liberties and their property, so the independent existence and function of the courts are very crucial to the keeping of peace and order in the country.

According to the law, Courts are divided into three levels: The Primary Court or Courts of the First Instance, the Appeals Court, and the Supreme Court.

• **The Primary Court**

The Primary Court has jurisdiction over civil and criminal cases, presiding in Bangkok and in every province throughout the country. It is the first court, which decides cases. The court normally bases its decisions on the Supreme Court's precedents.

The Primary Court has altogether 123 courts in Bangkok and in the provinces. In Bangkok, the courts are divided into civil courts and criminal courts. In the provinces there is only one primary court, which hears both civil and criminal cases. In Bangkok and the major provinces there is another court, the *kwaeng* court, which has jurisdiction over specified districts or areas in the province. Its duties are to rule on minor offenses. Regarding children and juvenile cases, there is the Central Juvenile Court responsible for those issues while in some major provinces there is also a Provincial Juvenile Court. Another court, which also falls under the category of Primary Court, is the Central Tax Court.

• **The Court of Appeals**

The Appeals Court is the middle-level court in the judiciary system. In terms of its function, the Court of Appeals falls under the same category as the Supreme Court, that is it does not accept cases or deal directly with litigants. After the trial and decision made by the Primary Court, the plaintiff and/or the defendant is able to

appeal the case to the Appeals Court according to the prescribed law. The Appeals Court has only one court in Bangkok, and it has jurisdiction all over the country.

● **The Supreme Court**

The Supreme Court is the highest court in the system and accepts cases only from the Court of Appeals. The Supreme Court has only one court in Bangkok. In certain cases, as prescribed by the law, the Supreme Court may decide a case which is in the Primary Court, without its first passing through the Primary or Appeals Courts. The decision of the Supreme Court is made by the quorum, which is three judges, or if requested by the President of the Supreme Court, by the whole body of the Supreme Court judges, which is consisted of all judges in duty but no less than half of the total number of judges in the Supreme Court. The Supreme Court decision is final, and is considered to be the precedent for subsequent legal judgements.

● **Special Courts**

With new developments in the Thai society and economy, especially since the 1980s, more special courts have been set up to meet new problems and disputes. These include courts like the Central Labor Court and the Central Intellectual Property and International Trade Court.



Criminal Court

Another important development in the court system has been the introduction of the dual courts system, which established the Administrative Court and Constitutional Court. The Constitutional Court has the power to review laws, regulations and decrees issued by the government to determine whether or not they are constitutional. The verdict of the Court is final and must be followed by Parliament, the cabinet, the courts, and other independent organizations set up by the Constitution.

Administrative Courts have the power to try and adjudicate cases of dispute between State agencies, State enterprises, local government organizations, or State officials under the superintendence or supervision of the Government and private individuals. There are also the venue for resolving disputes between State agencies and the State enterprises themselves. The Administrative Courts are divided into three levels: The Supreme Administrative Court, the Appellate Administrative Court and Administrative Courts of First Instance. The secretariats of the Constitutional and Administrative Courts are independent, and are not under the jurisdiction of the Ministry of Justice.

In conclusion, the third branch of the sovereign powers, the judiciary, consists of courts of justice and judges who preside at various courts throughout the kingdom. The judiciary thus acts on behalf of the state in maintaining justice in the country, and performs its duties in the name of the king. Independence and professionalism are important to the courts as well as the need to be free from political domination. With the passage of the 1997 Constitution, important new courts were introduced such as the Administrative Court and the Constitutional Court, in order to protect and guarantee people's rights.



The Political Parties

By Thanet Aphornsuvan

Overview of the Political Party System in Thai Politics

A parliamentary system requires some form of organization to help members of the House of Representatives to perform their duties. Political parties mainly provide that organization. The birth of parties in the Thai political system has not been particularly smooth. For one thing, parties always remind the incumbent that opposition to and criticism of the working of the government are never far away.

Early on in the first Thai democratic government in 1932, an attempt by the opposition to set up a party was rejected by the People's Party-led government on the grounds that it would create disunity among the people. It was not until after the Pacific War that political parties were allowed to participate in the politics of the country. The rise of the military and authoritarianism meant the strength of party politics was under threat. Political parties were allowed only between 1945-1951, 1955-1958, 1968-1971, 1974-1976, 1981-1991 and 1992-present.



Thus in sixty years of government (1932–1992), political parties have emerged only six times to participate in elections and in parliamentary government. Party politics was first allowed in 1946. At that time there was no Political Party Act to supervise the formation or conduct of political parties. In these early days, there were eleven parties. The second period of party politics was 1955 to 1958. It was during this period that the first Political Party Act (1955) was legislated. The favorable sentiment of the people towards democratic politics could be seen from the enormous increase in the number of parties to 30. The second Political Party Act was enacted in 1968. The third period of party politics was from 1968 to 1971, a time in which many conditions were not favorable to parties in government. During this period, there were only 17 parties that ran in the elections. During the fourth period from 1974 to 1976 the third Political Party Act (1974) was passed. During this new era of people’s democracy, some 57 parties were registered. The fourth Political Party Act (1981) was enacted in the fifth period from 1981 to 1991 with 21 parties competing for House seats. The sixth period was from 1992 to the present, which there has been 16 parties in the race. The fifth Political Party Act was enacted in 1998 to conform to new requirements of the 1997 Constitution.

While all four Political Party Acts were similar in many respects, there are differences in the requirements that aim at the establishment of a mass-based organization. The Political Party Acts of 1955, 1968 and 1974 did not touch on the structures and organization of the parties, unlike the Political Party Act of 1981 which required that a political party must have at least 5,000

members in order to register. Those members must come from all regions and each region must consist of at least five provinces. The fifth Political Party Act of 1998, while encouraging the forming of political parties, set many requirements on the structure and organization of the parties. The aim was to create a viable and mass-based political party in the new era of political reform.

The Party System in Parliamentary Government

Up until the 1992 uprising in Bangkok, political parties had never governed for more than three years. Usually a coup disrupted the government and dissolved Parliament and the political parties. Party organization and structure were thus kept to a minimum throughout the 60 years or so of Thai democratic government. From time to time, efforts had been made to strengthen their organizations and activities. However, on the whole, the party system remained quite weak. With each election many new parties emerged. House seats were divided among ten or more parties. Many of the members of the Parliament were the same old faces, often in a different party. Changing parties before and after elections was a common practice. Such a practice, according to government holders, contributed to chaos in the government and Parliament. Often the frequent changing of parties leads to the emergence of personal factions in a party. Essentially, internal party organization is based on the factions. The forming of a government and sustaining it requires the support of the major factions within each party in the governing coalition. Consequently, cabinet positions are based more on the number of MPs a minister can control rather than on seniority and professional capability.

Such weaknesses are seen as inherent in the structure of a representative political system where the people's role ends at the election booth. In the meantime, the political factions have grown in power, a development that is generally not beneficial to the people. Actually, these factions have developed at the expense of strong party organizations. Finances and election organizations are left in the hands of the patrons, that is, the faction leaders, and the leadership of the party in the hands of the most powerful faction leader.

The Reform of the Party System

The 1997 Constitution aims at establishing legitimacy and efficiency in the Thai political system. One of the key factors in this political reform is the reform of the party system. This will correspond with electoral reform and an increase in people's participation in politics beyond the election booth. Political parties play a major role in electing MPs, and deciding the election of the Prime Minister. Parties also provide legitimacy for MPs. Outside Parliament, the political party is encouraged to expand its branches throughout the country. The party-list election clearly sends a message to the parties that they need to be national in scope.

There are a number of measures in the 1997 Constitution intended to improve the performance of political parties. The first makes it easy to found a party. The Constitution only requires 15 persons to file with a registrar for a new political party. However, such a stipulation also takes into consideration the possible inefficiencies which could result from such loosely organized parties, and which might in turn cause instability in the Parliament and government. The other requirement, therefore, aims at making



the party a viable institution. According to the Political Party Act of B.E. 2541(1998), the newly formed party must acquire at least 5,000 members within 180 days in various regions and provinces throughout the country, and must have at least one party branch in each region. This is to make sure that the party expands into the various regions and provinces in order to strengthen its structure and to educate local members of the party. This requirement is in line with another idea in the 1997 Constitution regarding the development of local self-government.

The Constitution aims at strengthening the party system through other measures as well. The 1997 Constitution for the first time divides members of the House of Representatives into two types. The first one is to be elected on a single-member constituency basis. The second is a nation-wide election of MPs on a party-list basis. A political party chooses its own candidates to run for either of these two types of MPs. The party is also responsible for financing the campaign of its candidates. The election of MPs through a party-list system is novel in the history of Thai elections. Unlike the regular

election, the party-list system treats the whole country as a constituency. Each party prepares a list of its candidates comprised of up to 100 persons from every region of the country. People then vote for one party-list from each political party. Parties that receive less than five per cent of the total national votes will not be eligible for any party-list seats at all. This is to prevent the proliferation of too many small parties.

Furthermore, the party-list system will enhance the role of the political party in selecting people capable of becoming ministers on their party-lists. This is due to the 1997 Constitution's requirement that all MPs must relinquish their seats in the House upon assuming a ministerial post, and that party-list members who become ministers are to be replaced by the next party candidate on the list. This is in contrast to the same situation in the single-member constituency post of the House, where a new election is required to fill a seat when it becomes vacant.

In terms of the organization of the political party, the 1997 Constitution also stipulates guidelines to strengthen and develop a viable and mass-based party, which is democratically administered. The party must organize and lay down the by-laws of the party in accordance with democratic principles. The administration of the party must be under the direction of a committee. Furthermore, policies and main principles must be adopted by a general meeting not by the party leader alone. Transparency and efficiency are the key words for party executives. The party must report its financial status and have its balance sheet approved by independent auditors every year. In addition, party leaders, executive committees and branch committees must file their assets, including those of their spouses and children, with the official registrar upon assuming the office. When members of the party or MPs who are members of the party see that a decision or by-law of their party may conflict with their

duties as MPs or go against the Constitution, they have the right to petition the Constitutional Court.

The Political Party Act of B.E. 2541(1998) stipulates that the Election Commission must provide funds to support political parties and other activities regarding the development of the parties. The financial support is distributed annually based on the number of elected MPs, the amount of votes received from the party-list election, and the number of members and party branches. The law also requires that the political party must spend at least half of the funds received from the Election Commission in the administration of the party and its branches, in recruiting new members and in educating its members and the general public.

The 1997 Constitution, more than any other constitution in the past, thus takes measures to strengthen the party system in Thai politics. It hopes to discourage the practice of vote-buying and also the growth of factions in political parties. All of the reforms of the party system have had as their main objective the better functioning of the government.

In conclusion, the political party is the weakest institution in the history and structure of Thai politics and government. Up until the 1992 uprising in Bangkok, political parties had never governed for more than three years. Usually a coup disrupted the government and dissolved the Parliament and political parties. Party organization and structure thus were kept to a minimum throughout the 60 years or so of Thai democratic government. Such problems, however, are dealt with in the 1997 Constitution, which aims at the reform of the party system by various means and measures of electoral reform, strict organization and management of political parties, and the supervision of parties and elections by an independent Election Commission.

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The Thai Economy

By Niti Vatiwutipong¹

Introduction

The end of the World War II marked a turning point for most countries in many respects. Thailand was no exception. More than fifty years after the war, Thai society has witnessed a series of exciting ups and downs. The events were driven by economic forces, leading the country to its height as well as to crises. The history of the Thai economy reflects the state of Thailand, past, present, and in the new millennium.

The contents of this section relate to the Thai economy during the Rattanakosin (or Bangkok) period, with a special emphasis on the pre-World War II period. However, each phenomenon is an occurrence in the chain of events from the



past. The story will take the readers back to the beginning of Bangkok and to the time just before the Second World War, offering a history of economic forces which helped shape modern Thai society.

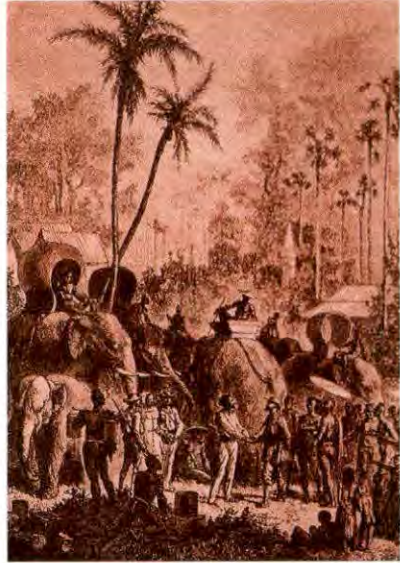
Basis of the Growth of Thai Economy

The prosperous Kingdom of Ayutthaya was just over 400 years old when it collapsed. For a while, chaos reigned over Thai society until a new administrative center, Bangkok, was established in 1782.

In the earlier Bangkok period the absolute monarchy strengthened its position by monopolizing trade, exporting such important goods as forest products, agricultural yields and handicrafts. The Chinese were encouraged to play a part in trade and tax collection; they were given a number of privileges, including government positions and titles. Bangkok was the capital and port city of the kingdom and gradually grew with the Chinese forming the largest non-Thai ethnic group in the capital. Thai people were farmers living along the river basins. Thus, Chinese traders were behind the increasingly stable economy of the kingdom.



The 1855 Bowring Treaty with the United Kingdom was the first chapter of the history of Thai trade liberalization. The Treaty forced Thailand to lift the trade monopoly by the Court and the handling of the government affairs by the Chinese. The English now enjoyed the same trading privileges as the Chinese, coupled with extra-territorial rights. The Treaty also set a fixed limit of export-import tariffs at not more than 3% for 51



products and a fixed customs rate for 4 products. This signified the end of Thai fiscal sovereignty. During the next seven years, other treaties followed suit with other trading partners, including USA, France, Denmark, Portugal, the Netherlands and Germany. This phenomenon was a result of an increase in the demand for rice that these superpowers needed to feed their colonies in the region.²

Rice growing expanded until it became the most important export of Thailand. In 1870 the rice export accounted for half of the total output of the kingdom. In 1930 it grew to three-fifths of output. The growth was not uniform throughout the country. It was essentially the consequence of an increase in the production of rice concentrated mainly in the central region.³ The growth of rice production in the central region (and subsequently in other regions) resulted from the expansion of cultivated land, not from greater efficiency in productivity. Farmers still used the traditional method of rice growing.



Rice was grown once a year, each cycle taking half a year. The government helped to clear more land for rice growing by digging more canals, thus providing basic irrigation and a communications network. Apart from that, it did almost nothing to support the farmers.⁴

Traditionally Thai peasant communities had been mostly self-sufficient. Production was meant for local consumption and for barter within the community. Production for sale was something that evolved gradually from external pressure. One of those factors was the state's preference for a levy in the form of hard currency rather than products or labor. Another was from capitalism that was based upon a cash economy. Operators purchased rice for export and distribution. The practice expanded outward from urban areas. Although this is much received fact, a number of Thai academics disagree as to the causes and the process of the transformation of peasant community to capitalism. Some believe that the state's and capital's objective for going into the villages was to take away their resources, not to organize the production that would bring prosperity to them. The villagers themselves neither trusted both institutions nor

participated in the process against their will.⁵ Others believe that the villagers were obliged to adopt self-sufficient economy owing to a lack of money and poor transportation by which they could sell their goods. This was the general condition of the rural areas until after the Second World War. According to this interpretation villagers did not reject the cash economy; peasants had no other alternative than working in their community.⁶



The Chinese were the link between the farmers on the one hand and the state and capital on the other. Some Chinese had settled in Thailand beginning in the Ayutthaya period and they played an important part in trade, concession activities, and local tax collection on behalf of the state. Other Chinese were new settlers who came in a series of migrations. Hardworking and thrifty, they saved their money and settled in areas outside of Bangkok. Some acted as dealers of goods brought from the capital or other big cities; others were middlemen collecting local products (especially paddy) for distribution. They became independent capitalists who formed a link between the regions and the capital as well as overseas markets. Later this system evolved into a business network contributing to the growth and prosperity of the Thai economy after the Second World War.⁷

Capital accumulation from the rice trade accounted for the growth of Bangkok as one of the most important ports in this region. As a result, more Chinese and Westerners competed in new business ventures, for example, import-export business, milling, navigation, etc. Nevertheless, the Western ventures tended to be clustered in the capital, while the Chinese tended to expand their trade network into areas outside Bangkok. The fact that Thailand was not colonized by Western powers during the period of colonial expansion enabled economic growth to continue unchecked. In addition, the revenue from the rice trade made it possible to reform and modernize the country along the Western model in the 1860s thereby helping to save Thailand from colonization. After those reforms, the urban economic structure gradually changed. Hitherto, the driving force of the economy had been the traders and Chinese tax collectors who operated through the support of the royal court. Their influence, however, declined as the country was changed to a modern nation-state with a centralized economic structure. That of two new groups of traders replaced the Chinese role in government affairs. The latter did not prosper under the patronage of the state but as a result of the dynamics of the market. They were paddy exporters and goods distributors and service providers.⁸



The reform of the kingdom starting in the 1860s led to the creation of a civil service. Civil servants became urban middle-class salary earners who were the impetus to the growth of consumer market. This market continued to expand within the urban economy.

As mentioned above, the Chinese operators wanted to compete with their Western counterparts. Despite doing their business mainly in the capital, the latter were able to control such major enterprises as shipping, import, and banking. Consequently, the Chinese found it more and more difficult to compete. Their growth was hindered as the size of their businesses was small compared with those of Westerners. Nor did they receive much support from the government. To confound it all, the nobility and government officials in the city the major market seemed to favor Western goods and services. In the 1920s there were very few large business enterprises belonging to the Thais (which were ethnic Chinese); these included rice businesses, manufacturing of items such as soap, ice, matches, beer and buses as well as service industries to serve the urban market.⁹

Even though the reform movement during 1867-1907 might look similar to the Japanese Meiji Restoration in terms of time, causes and processes, economic development before the Second World War was very different. Japan was able to evolve into an industrialized nation, while Thailand remained agricultural until after the war. The existing industrial sector was small and slow in its growth. Some academics point to the loss of financial sovereignty resulting from the treaties with the Western nations as the major cause. As those treaties required that Thailand impose an import tax at a rate not higher than 3%, it lost its important instruments tariff barriers and customs policies necessary to develop its industry to

compete with imported goods. Many locally produced goods were more expensive than the imported ones. In the course of fifty years after the treaties, the damage did not show. However, once the Thai-Chinese businessmen started to compete with Western operators, the provisions in the treaty were discussed publicly and criticized. The criticisms of the treaties had repercussions on the stability of the absolutist government, which was seen to favor Western businessmen and encourage the taste for foreign goods.¹⁰

During this period, the economy of Thai farmers continued to be based on production for subsistence, except in the central region where new farms were cultivated for the market as well. It should also be mentioned here that up until the change of the system of government Chinese businessmen in Thailand were not as integrated into the Thai society, whether racially or culturally, as they are today.

Thai Economy after the Change of the System of Government

On 24 June 1932 a group of civilian and military elite calling themselves the “People’s Party” staged a coup, changing the government from absolute monarchy to constitutional monarchy. Part of the goal of the coup was economic development. The urban Chinese businessmen expected that the new government would stimulate business competition against Western groups. However, the new ruling elite, especially the military who later reigned supreme under the new form of government, did not support the private business sector. Rather, they aimed to protect farmers from exploitation by the traders.¹¹

In the beginning of the constitutional government, Mr. Pridi Phanomyong, the civilian leader of the “People’s Party” proposed an economic development plan, part of which dealt with land reform,

the government's role in developing rural farming community, ways of doing away with middlemen, and curtailing the role of Chinese businessmen. His economic plan was heavily criticized as paving the way for communist rule. Conflicts ensued. Pridi had to temporarily leave the country. However, under the banner of nationalism, the military elite who formed the corps of the "People's Party" finally took over power from the civilian government. They looked upon the Chinese, who were playing a very important role in the urban economy, as aliens who prospered at the expense of the farmers, who formed the majority of the population. Consequently, the government decided to take away their economic power. From 1935 onwards, the government invested in many state enterprises concerning basic commodities, for example textiles, paper, glass, sugar refineries, and slaughterhouses. At the same time, campaigns were launched to propagate the idea of the "Thai economy for Thai people", encouraging Thais to sell rice and to buy goods from Thai-operated state enterprises, and edging the Chinese out of national economic development.

Additionally, stringent measures were taken to curtail Chinese immigration. Laws were passed to restrict Chinese-operated enterprises, including the rice trade. The government operated shipping businesses and set up banks and insurance companies to promote rice export. It set up a network for the distribution and sales of domestically produced goods to the rural people. It bought the produce directly from the farmers. All this had been done by the Chinese. When the Second World War broke out in Europe and spilled over into Thailand, the country suffered a shortage of goods and its economy declined. The government stepped up its efforts to

control the urban economy. It now owned enterprises or was a major shareholder in industries and public utilities. After the war, this policy remained until the end of 1940s when power changed hands.¹²

Growth of Domestic Capitalism

Despite the attempts on the part of the military regime to control the urban economy, it could not stop the growth of evolving Chinese business. After his return, Mr. Pridi Phanomyong became Minister of Foreign Affairs during 1936-1937 and abrogated those unfair treaties. Negotiations were made with Western countries to formulate new treaties on an equal basis. The years 1938-1941 saw him as Minister of Finance setting tariff barriers to protect local industry. As a result, Thailand enjoyed a favorable balance of trade and bigger international reserves. In 1939, he used the reserves to buy gold bullion from the London market and used part of the bullion to buy dollar currencies, which could be used as reserve cash. This led to five million baht in profit. The money was used to set up a central bank or the present Bank of Thailand. Pridi made use of his talent to build international reserves and the Bank of Thailand from ground zero.¹³ His experience as Minister of Finance provided him with insight into the power of the private business sector, and he made use of the available funds and the power of the state to create more private enterprises.

The World War that started in Europe, together with stiff measures from Thai government, led to a decline of Western business; some companies left Thailand altogether. With a more favorable climate, Chinese traders in Thailand began to take their place in such



Bank of Thailand

enterprises as banking, shipping, import and retail business, as well as other import substitution industries. They were able to accumulate wealth, thus strengthening the local capital base. The national leaders began to appreciate their potential and significance and were more willing to cooperate with them.

Before formally joining the war arena, Thailand had a gold reserve of more than 1.32 million ounces, assets deposited in England and USA, a favorable balance of trade and a surplus budget. Industrialization, commerce and local government were beginning to take shape. The baht currency was in line with the gold standard (and foreign currencies in gold) and enjoyed a stable rate of exchange.¹⁴ Nevertheless, economic stability and growth were still based on rice growing (via rice export) with little capitalist involvement. The capitalists simply bought and sold a number of commodities. Farmers were small and independent. Although they were in debt to the Chinese in the village, they were not yet landless manual laborers in the agricultural sector for three reasons. First, Thailand had land in abundance in view of the small population. Farmers had no

problem of access to land. A large family, who had lost the right to land ownership through debt were able to find a new plot of land easily. Second, the government was unable to issue certificates of land ownership to all farmers; the latter were not able to use land title deeds as collateral in their applications for loans. Such a restriction was a blessing in disguise, because it prevented the farmers from being tied to capitalism through a large sum of loan and from losing their land if they were unable to repay their debt. Finally, farmers had limited opportunities to accumulate wealth. Therefore, they were more or less equal.¹⁵ However, pressure from the rice export, expansion of the trader's network and systematic promotion on the part of the government combined to encourage the farmers to produce more for selling.

The Great East Asia War: the Turning Point of Thai Economy

Finally, the war reached Thailand. The Japanese army landed on Thai shores on 8 December 1941. The government decided to cooperate with Japan in the war against the Allied Forces. The four war years checked the social and economic growth that had been emerging. During the war, Japan asked the Thai government to print a large number of bank notes for the Japanese army to spend in Thailand with the promise that it would use the reserve funds of the Yokohama Bank to pay for this money. When Japan was defeated, the fund was worthless. After the war, the baht plunged to one-seventh of its original value and declined further by 20%. The real salary of a government official was worth only one-third of what he received before the war.¹⁶ Inflation was at an unprecedented rate.

Since Thailand had cooperated with the Japanese, the Allied Forces demanded two million tons of rice as war indemnities. Although through some clever diplomatic negotiations and maneuvering, the amount of indemnity was greatly reduced, there was a sense of uncertainty and considerable efforts were made to collect as much rice as possible. The government resorted to coercive measures forcing the farmers to sell rice below the market price. It monopolized the rice export by setting up a rice office in 1946. After the indemnity issue was solved in 1947–1948, the government continued its lucrative monopolistic practice buying rice cheaply and exporting it at high price. In this way, it was able to generate revenue to replace the international reserves depleted during the war. In 1953 the profit from the rice monopoly was 32% of the total national revenue. The practice also kept the local price at a low level, thus alleviating the suffering of the urban consumers and making it unnecessary for the government to raise the government official's salaries. However, since the farmers had to sell their rice below the real price, it was considered a form of indirect taxation. In 1955, the government revised the taxation system. The private trader was responsible for taking rice orders from overseas and paid dues to the rice office in return for the right to export. This was called the "rice premium". In this way, the farmers had to accept the compensation less than the real value of their products continually for three decades. The rice premium was abolished in 1985 when rice in the world market fetched a low price.

Another solution the government adopted to solve post-war economic problems was the introduction of a multiple rate of foreign exchange. For example, a pound sterling might be fixed

at 60 baht, but when an exporter received a pound, he would be forced to sell it to the Bank of Thailand at the rate of 45 baht, so that the government could make some profit from the difference of the real and forced exchange rates. Of course, the exporter received less than the real value of the exported goods. Again, this was another form of indirect taxation. Rice was the most important export, so the ill effects were felt throughout by all involved, from the operators down to the primary producer, i.e. the farmers.

Eventually, the Thai economy managed to recover almost to its former position through the potential exchange rate (through export of rice). Because of the effects of the war, the government resorted to development strategies which, intentionally or not, created an imbalance between urban and rural communities. Inevitably it was the farmers who paid for the costs of urban growth.

Besides rice, other exports were tin and rubber from the south of Thailand and teak from the north. Their importance declined in the age of export. Their production was confined to certain areas of the region and did not have substantial effects on the national economy when compared with rice.

Effects of the Cold War: the Rise of Thai Economy

Towards the end of the Second World War, in 1944 when it was evident that the Allies Forces would be victors, their leaders held an international meeting to organize a new world monetary order, with the US playing a major role. The meeting led to the establishment of two international monetary organizations by the Non-Communist

World (the Soviet Union and other socialist bloc countries refused to endorse the resolution of the meeting): the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) or the World Bank. After the war, Thailand joined the United Nations.

In May 1947, in the charged atmosphere of the global polarity in the Cold War, President Truman declared that he would support any country against communism.

On 8 November the same year, in Thailand, a military group overthrew the civilian government and installed a military government. Field Marshal P. Pibunsongkram who had been ousted during the war was reinstated as Prime Minister. The new government lobbied the US government for military support. Initially the US government was hesitant to lend its support to the Thai army, as it had cooperated with Japan during the war. However, the rapid expansion of communism in Asia caused the US to change its stance.

In June 1950, the Korean War broke out. As a member of the United Nations, Thailand sent 4,000 soldiers and 40,000 tons of rice to assist the US in the war. Such a gesture erased any doubt about Thailand. Shortly thereafter the US government offered assistance to the Thai army. This marked the beginning of US commitment to help Thailand, a country which it believed could also serve as a strategic stronghold against communism in the region.¹⁸

The above-mentioned international situation had a number of effects on the Thai economy. As mentioned earlier, the Chinese traders in Thailand could not really assimilate into Thai society. A large number of Chinese still felt close ties with their motherland. They sent their children to Chinese schools or sent money to their

relatives in China to buy land. When the Chinese Communist Party (CCP) was victorious, many Chinese in Thailand rejoiced with the victory. However, as soon as the CCP introduced land reform, making all the land state-owned, the Chinese in Thailand changed their stance. With government measures against communism, a ban on travel to China, tight control of money transfer to China and limited privileges to Chinese-born Thais, the Chinese in Thailand tried to assimilate into the Thai society. The limited freedom imposed on the Chinese and the government's strict nationalistic policy (once used during the pre-World War II period) allowed government officials to treat the Chinese traders unfairly. The latter had to seek "protection" from the military and police leaders. The usual practice was to invite high-level government and political officials to sit on the boards and own stocks and shares in important businesses. This marked the beginning of the alliance between Chinese businessmen and Thai political leaders.¹⁹

In 1952 the World Bank approved a loan to Thailand to set up a huge irrigation system in the basin of the Chao Phraya River, the main rice growing belt for export, as recommended by the Food and Agricultural Organization (FAO) in 1947. As a result, there were more areas for rice growing. In 1954, the government revised the land act, making it possible to transfer more land ownership to farmers, as recommended by the World Bank. The act also enabled farmers to become effective and profit-making operators. For the first time, small farmers were able to hold title deeds.²⁰ They were able to use them as collateral for loan requests. However, there were also many incidents whereby considerable amounts of land were confiscated when crops failed.

The US government tried to push the military government to support a capitalist economy. In the 1940s Field Marshal Phibun, the head of the government, did not really respond to the US advice, as a nationalist economy still prevailed. There were still several state-owned industries. However, the army commander, General (later Field Marshal) Sarit Thanarat, took a different stance. He responded to the US anti-Communist policy with enthusiasm. At the same time, he and his clique were involved in various enterprises with Chinese-born Thai businessmen.

In 1957 Field Marshal Sarit took power, abrogated the constitution and ruled the country as a military dictator. This was the era in which the US government, Thai military leaders and private business leaders worked hand in hand. Field Marshal Sarit pushed forward active anti-Communist drives and fostered strong ties with the US. There was a big economic reform with a strong emphasis on domestic capital expansion. The idea behind this economic reform derived from the report of the World Bank task force who spent one full year studying economic problems of Thailand. The task force recommended an overhaul of Thai economy including its direction, management and organization. This report was the bible for economic reform under Field Marshal Sarit's government.

The report, in essence, was a critique of inefficient state enterprises created under the nationalist economy. It recommended that the government down-size state enterprises, support privately-owned handicraft industries, revise the legal code, improve the infrastructure and credit system, and set up an institute for planning national economic development. With this report, President Kennedy wrote a memo directly to Field Marshal Sarit stating that "...I recommend

that you consider this report seriously. Although the report did not formally reflect US policy, I think that it will form a basis for our assistance..."²¹ This was a clear reflection of the US intention. However, it would be wrong to conclude that the Thai government followed the US recommendation without any thought of its own. This report also mentioned collaboration between the World Bank officials and officials of the Thai Finance Ministry.²² The rapid economic reform that took place could be credited to Thai technocrats who understood the problems faced by Thailand at the time. This marked the beginning of the role of technocrats in the administration of the country.

To implement the recommendations of the report, the government improved the work of the state enterprises and sold some to the private sector, keeping only those in public utilities. It took national development as its top priority economic, administrative and educational. Its importance could be seen through the motto issued by the government for publicity purposes: "Work is money, money is work, happiness for all." and "Running water, bright light, good roads". New tertiary educational institutions were set up throughout several regions, producing more intellectuals, professionals and technicians. The government set up several agencies responsible for economic administration in a professional and systematic manner. Of particular interests were the Budget Bureau, the Fiscal Policy Office, and the National Economic Development Board (the present Office of National Economic and Social Development Board).²³ Another important agency responsible for efficiency enhancement created by Sarit's government was the Office of the Board of



Investment (BoI). The BoI was created as a result of the revised Act on Promotion of Investment, to create an environment conducive to foreign investment. The Act stipulated that for any business activity that received government promotion privileges the government would not set up an enterprise to compete with the private sector in that business.²⁴

The main responsibility of the National Economic Development Board was to formulate a development framework as a guideline for government action. It was called “the National Economic and Social Development Plan”; each plan covered period of five years. The first three national economic and social development plans were drafted with the assistance of American consultants. The World Bank provided necessary funds for implementation of the plans.²⁵ Thus, it could be said that strategies employed by the US and the World Bank exerted enormous influence on the future of the Thai economy.

One of the measures implemented by the government was not part of the World Bank's recommendation, nor was it found in any other plan. It was the creation of customs protection to promote local production of consumer goods as substitutes for imported items. It came about as a result of the pressure of local capitalists and the policy of the Minister of Finance. At the time the tariff for consumer goods was high, while for capital goods and producers' goods the tariff was low.²⁶

Alongside the economic reform and investment promotion, the government also developed infrastructure programs, such as telecommunications and information, irrigation, and hydroelectricity. The attempts attracted enormous foreign investments. For ten years starting from 1965, according to the Bank of Thailand, the annual capital inflow was estimated at 1.25 billion baht, of which about 38% came from the US and about 30% from Japan.²⁷

The expansion of agricultural production to meet the global demand, capital inflow and foreign financial assistance helped to stimulate the demand for domestic products. New industries came into being. Some were financed by local investment, while others were joint ventures with foreign partners. Service and transport industries also flourished. Of all these, the industries that featured most prominently were textile, processed food and assembly (automobiles and electricity-electronics). Another sector that expanded strongly and that supported other industries was commercial banking owned by Thai-Chinese capitalists. Allied with politicians, they were able to persuade the government to pass a law on commercial banks in 1962 whereby no new banks were allowed to be established and foreign banks were discriminated against.



The Thai banks, therefore, grew, monopolized by only five families for 30 years.

In agriculture, the rice growing areas increased rapidly, especially in the northeast. New roads were built, paving the way for further land use. Irrigation projects enabled the farmers to grow new strains of rice capable of higher yields. In some areas, rice can be harvested twice or three times a year. Thus, more rice was exported to feed the world market. However, because of the indirect tax (i.e. rice premiums), the farmers continue to be low-income earners. Towards the end of the 1960s, an economist estimated that the rice premiums were equivalent to a tax rate of 45% of the rice export value, while another believed that the rice premiums reduced the farmers' income by 25%.²⁸ The intensive export-oriented production efforts led to an increase in the use of fertilizers, pesticides, and machinery, all of which involved more investment. As the government issued more land ownership deeds, more farmers were able to have access to funding sources. The government set up a funding source for agriculture, the Bank for Agriculture and Cooperatives, in 1966. However, those that could obtain loans

from the bank were major farmers with promising production and selling capacity. Small independent farmers resorted to informal funding sources, for example traders or wealthy persons in the community. Such conditions led them into the world of investment and debt. Some were successful entrepreneurs, wealthy farmers, or businessmen, while others unable to repay the loan lost their land and became landless farmers. The latter had to lease from others or became hired hands for wealthy farmers. The traditional farming society had been characterized by equality. Now, there were rich and poor farmers. Some of the landless farmers and their children migrated to work as manual laborers in the towns.

Thanks to the Korean War, the world market demanded more agricultural products, sending a signal to Thailand to promote agricultural productivity for export. At the same time, as an ally in the anti-Communist war, the country received US assistance in building more roads linking Bangkok with other regions, especially the northeast. These roads came into being for strategic and economic reasons, leading to more land acquisition on the plateau and in the forests. New cash crops, besides rice, were planted, such as sugar cane, maize, pineapple, green pea, jute, cotton and cassava. Some of



the new crop growers were former rice farmers who were indebted and wanted to try something different. However, the expansion of plantation areas was different from that of rice growing, for there were no independent farmers who cultivated for domestic consumption. All the crops were monocrops to be sold mainly to the world market. It was a real business from first to last, involving capitals, production inputs and marketing, heavily sponsored by big capitalists in the agribusiness industry. To have a good crop means a lot of investment for inputs such as seeds, fertilizers, chemicals, and machinery. Therefore, not long after the crop growers took the land, they came under the influence of big capitalist agribusiness.

During the development period there was a larger labor force in the industrial sector. Laborers in the public and private sectors were treated differently. There was no law on labor protection, nor did the government have any clear policy on the subject. In the private sector, the entrepreneurs tended to take advantage of labor. For example, neither welfare nor adequate working conditions were provided. Part of the labor that migrated from the agricultural sector was not permanent. There were seasonal workers who came to work during off-planting seasons. No skill training was provided. On the other hand, in big, modern, capital-intensive, sophisticated businesses, advanced skills were required and training was provided, as in the cement industry or by some transnational companies, which offered fringe benefits and welfare on par with the public sector. Workers in the state enterprises enjoyed almost the same privileges as low-level government officials. They formed themselves into groups that could bargain on wages and working conditions. Their wages were higher than those received by their counterparts in the private

sector. This discrepancy was well known. Government policy on labor did not allow workers in the private sector to organize. What was more, the anti-Communist measures were all embracing, and any movement risked being branded communist activity. The discrepancy between labor in the public and private sectors later led to serious problems.²⁹

On the whole, accelerated trade expansion under the protection of the tax system made the development efforts under Field Marshal Sarit a golden era for basic industry and major agribusiness. Foreign capitalists did not dominate the economy. Rather, they cooperated in joint ventures with local capitalists to manufacture goods for domestic consumption on a continuing basis. The productivity value ratio in the Gross Domestic Product (GDP) grew each year. During the First National Development Plan (1961-1966) it increased by 10.9% per annum, and during the Second National Development Plan (1967-1971) by 9.2%. The new educational institutions produced more graduates who, along with the new labor migrating from the agricultural sector, assisted in the expansion of business enterprises in various ways. The expansion of urban business led to an expansion of the middle-class. The domestic market continued to expand. There were more small-size businesses. However, owing to the limited size of the country, growth reached its limit in the mid-1970s.

The Age of Production Restructuring: First Crisis³⁰

As the domestic market reached its saturation point, the economy slowed down. The business circle in Bangkok proposed that the government modify its economic policy towards the promotion of

export industries in the world market. The government technocrats supported this idea. In 1967 the Office of the National Economic and Social Development Board pointed out the limitation of the import promotion policy. In 1969 the Bank of Thailand outlined the advantages of promoting export industries. The introduction of the Third National Economic and Social Development Plan (1972–1976) stressed the importance of developing export industries, while the Fourth National Development Plan (1977–1981) made the point even more explicit. However, the government took no concrete action. It was said that the Fourth National Development Plan produced little effect in practice.

In the 1970s the Thai economy was affected by some external factors. In 1973 fighting broke out in the Middle East, leading to higher oil prices in the world market. Thai oil consumption increased from 10% to 30% of the total import value. The government attempted to cushion the impact by shouldering two-thirds of the oil price. Fortunately, Thai agricultural exports still fared well and were not much affected by the oil price hike. In 1975, under a new foreign policy of non-involvement in Indochina the US recalled its forces and stopped assistance to Thailand. The Thai government had been responsible for most of the anti-Communist military actions in the region. It had to borrow US\$ 800 million for this purpose.

Besides national defense, more loans were needed for other infrastructure programs, especially for programs to develop the newly discovered natural gas in the Gulf of Thailand. It was expected to lead to the development of other heavy industries along the east coast, to the so-called period of “bright light” as the slogan went. Foreign debt jumped from US\$ 29 million a year during 1970–

1974 to US\$559 million a year during 1975–1980, a record high for Thailand. During the second oil crisis (1979–1990) the imported oil price value increased by 30% of the total import value while the price of the agricultural products in the world market continued to decline. The government tried to cushion the effect by not increasing the prices of oil and other public utilities, thus trebling the public debt. At that time, the value of the Thai baht, pegged with the US dollar, went up alongside the US currency, leading to a lower export volume. Eventually, the baht was devalued twice in 1981. To prevent the imminent problem of the balance of payment and a budget deficit, the government requested a loan of US\$542 million from the World Bank, making it the fifth biggest borrower of the Bank.³¹

During 1981–1983 Thailand obtained another loan of US\$ 325 million from the World Bank and a loan of US\$610 million from the International Monetary Fund. With the loan, the World Bank came in to assist the Thai economy once again. It had a hand in the preparation of the Fifth National Economic and Social Development Plan (1982–1986) pushing Thailand along the same direction, i.e. promoting the expansion of export industries.

While the urban economy was busy with import substitution industries, farmers moved to work in the towns on an off-and-on basis. They were seasonal workers, working after the harvesting season. One of the reasons why they were not permanent workers was that land was still available for them to do more farming. However, in the 1980s the farming sector played second fiddle. The government enforced the law against encroachment into the forests, thus putting an end to land occupation for further farming.

Industrialization attracted more labor, which increased from three million to five million workers. Most of these workers came from the rural areas. This time, they were to stay permanently in urban areas.

The balance of payment after the second oil crisis was made possible by the service sectors, which generated foreign exchange revenue. This was a new direction in the Thai economy. Workers who could no longer work in the badly performing agricultural sector were encouraged to work overseas. With regard to tourism promotion, the government had already set up an agency to look after tourism since 1960. The number of arrivals had been increasing every year (except in 1976 when political chaos reigned). At this time, tourism promotion was more aggressively launched. The year 1981 witnessed the first time the revenue from tourism was higher than that from the rice export.³² As to the export of labor, particularly to the Middle East, the revenue was considerable. In 1985 the amount of money sent home by the Thai workers overseas was as much as 24 billion baht.³³

The inequality between the state enterprise workers and private workers gave rise to movements that caused internal turmoil. Since the beginning of the 1970s, protests and strikes against unfairly low wages and exploitation by management in the private sector had been periodical. Sometimes the employers gave in, but oftentimes there were violent clashes between the protesters and the security or police. Some of the incidents got out of hand, especially during 1973–1976. This was the period of “blooming freedom” under the civilian government. During 1968–1972 the number of strikes rose from 14 to 34; in the following year it reached 501. Amidst the fear of a communist threat, the labor movements were regarded as

supported by communism or even as part of it. Towards the end of 1976 the army took power once again and put a tight control over the labor movement. Under such circumstances, the state enterprise workers kept a distance from their private counterparts. They went onto foster a good relationship with the military and thereby possessed such bargaining power that they were able to maintain all their existing rights and privileges. They became the leaders of the labor movement.³⁴

In a similar vein, movements of farmers and ethnic minorities in various regions took place during this period. This was partly because there were political conflicts spurred by socialist ideology and communist infiltration. The monarchy played an essential part in alleviating the situation and served as a unifying center for all the factions. The King's commitment to solve the rural problems in person had won over many Thais.

Looking back from the existing evidence, many economists consider that the crisis during this period was natural during a transition from an agriculture-based economy to industrialization. Those who were involved then could not possibly see it with such a clear eye, however. The political atmosphere at that time was tinged with anxiety that communist forces had claimed one victory after another in Indochina and threatened to infiltrate Thailand. Therefore, there were internal clashes about political ideologies, clashes that were backed by local militias.³⁵

Internal political division has become much less intense since 1978. The military retained its power in government. Nevertheless, the government adopted creative political solutions to communism

rather than confrontation. This eased the internal divisions. A large number of those fleeing into the jungle to assist the communist forces had decided to return home to “help develop Thailand” since 1980. Finally, the communist threat came to an end.

The economic crisis caused by the high price of oil had done serious damage to local business. Between 1983 and 1984 the government made a series of attempts to reduce the aggregate demand; it adopted tight fiscal and financial measures, reduced credit, and reduced imports. Consequently, businesses slowed down; many financial institutions suffered. Finally, towards the end of 1984 the government devalued the baht once more by 14.8%. The baht now was floated from the US dollar and pegged to a basket of currencies of major trading partners. During 1985–1987 the value of the baht was floated and further depreciated. In other words, the baht was devalued further. This sent a signal to the government to seriously adopt a policy of promoting export industries.³⁶

Export Industries: the Golden Age of Thai Economy

After the baht devaluation the government initiated other reforms, including taxation, and credit and investment promotion measures to support exports. The success of natural gas development in the Gulf of Thailand in 1981, coupled with energy management re-organization, strengthened the energy sector. Two other factors that gave Thailand a competitive edge in export industries were the reduced world oil prices and the strong yen.

In view of the devalued baht and the stronger yen, the value of the baht was reduced by 100% against the yen. Hence, Thailand became a lower-cost base for export production. Capital, as well as modern technology, flowed directly from such countries as Japan, South Korea and Taiwan into Thailand. Thai industry, which had hitherto produced basic goods, now was capable of producing sophisticated high technology products. Between 1985 and 1991 the total export value quadrupled. The industrial product/agricultural product ratio increased from 1:3 to 2:3. Thanks to such growth in export industry, the Thai economy recovered rapidly from 1985 onwards. The years 1988–1990 saw economic growth rate in two digits for two consecutive years, the highest in Asia. The following year, Thailand was named a new industrial country and expected to become the fifth tiger of Asia.³⁷

In terms of investment, foreign direct investment jumped from 6.9 billion baht in 1986 to 64.7 billion baht in 1990, a more than tenfold jump within five years. Investment from Japan and East Asian countries filled the void left by US outflow during this period.



In addition, local investment followed suit. It increased from 155 billion baht in 1986 to 747 billion baht in 1990. The large size of investment was due partly to joint ventures with foreign companies and partly to the rapid growth of capital markets, e.g. the Stock Exchange, finance and security companies, and banking expansion. Leading Thai businessmen managed their enterprises according to international standards, e.g. in finance, retail, hotel and telecommunication sectors. In addition, the relationship between businessmen and government officials assumed a different dimension. In the past, high-ranking government officials (especially the military) stood apart from businessmen in terms of their backgrounds and cultural outlook. During the period of American involvement, they became integrated more with each other whether in business or in personal relationships. Intermarriages were common. In the golden economic era, businessmen and government technocrats merged together. There was no more differentiation between them.

Besides export industries, Thailand earned big revenues from service products. Apart from the money earned by workers overseas, another source of government revenue was tourism. The year 1987 was proclaimed the “Visit Thailand Year”; over three million tourists came, an increase of 23.5%. The following year, the number increased to over four million, and in 1990 over five million.³⁸



The Temple of Dawn (Wat Arun) is one of most Bangkok's renowned landmarks

The golden economic era stimulated the expansion of the local market. Between 1986 and 1990 the income per capita at a constant cost increased by 44%. The urban income was higher with a higher purchasing power. The rate of population growth in Bangkok during 1980–1989 was more than 7% per annum. Within one decade, therefore, the population grew from five million to nine million. Urban demand expanded and became intensely consumer-oriented, as could be seen in the demand for imported goods and luxurious accommodation. Real estate development began to grow in 1987 and reached its peak and stayed there during 1991–1992. The price of land jumped sky-high as a result of manipulation and speculation. At the same time the construction sector grew by 20% per year.³⁹

The mass media business depended almost entirely on advertisements. They benefited enormously from the economic growth. The continual expansion of local markets, coupled with advances in telecommunications



technology, gave rise to new entrants into the media market. They were able to produce more information, documentaries and entertainment in response to the more sophisticated audience, including some niche markets. However, media expansion encouraged greater consumerism. The dependence on advertisements led the media companies to present information laced with advertisements with a view to stimulating excess demand for imported goods. The media were also responsible for projecting a different style of life and culture based on models from Hollywood, Paris and Tokyo.⁴⁰

Some economists pointed out that the pinnacle the Thai economy achieved during this period was due to four factors. First, labor from the agricultural sector was drawn as cheap labor into the industrial and service sectors. This was supposed to be an incentive for foreign investors as a low-cost production base as well as an incentive for local investors who were struggling to overcome the constraints of the import substitution industry. Second, a number of Thai businessmen were able to accommodate foreign modern technology and skills and develop them according to international standards. Third, the expansion of the export and service sectors recharged the domestic market in such areas as real estate development, retail business, consumer markets, and financial services. Lastly, government policy and economic measures were conducive to further expansion. The traditional private sector, based on family business management, was forced to compete and readjust its strategies to become more professional in line with international practices.⁴¹

Second Crisis: the Lesson of the Century

In 1988 Thailand had the first elected civilian government after 12 years of the military-dominated government. Two-thirds of the elected representatives were business people, pointing to a different kind of government. The government pursued the same economic policy and wanted a more prominent role in the international trade forum in a globalized context. In 1990, it agreed to be committed to the 8th obligation in the agreement with the International Monetary Fund. The essence of this agreement was the liberalization of capital inflow and outflow in the globalized world. In 1992 the Bank of Thailand initiated a move to ease the capital inflow from overseas in an attempt to make Bangkok the financial center of the region and relaxed the control of financial institutions. In 1993 it approved the Bangkok International Banking Facility (BIBF) service. It was believed that such practices, together with the exchange rate between the baht and the US dollar (with greater weight in the currency basket), would reduce the risk of the fluctuation of exchange rates and would induce more foreign investment.

During 1990–1995 the Thai economy grew at an annual rate of 8.6%. With such growth, local and foreign investors found an excellent rate of return from investment in Thailand. With more investment, more capital was needed. Savings were not commensurate with the demand for local investment. The monetary liberalization policy allowed the transfer of local funds to be invested in other countries in the region. As a result, local investors needed to bring in capital from foreign sources, mostly through short-term credit loans. In other words, they became debtors. From 1990 onwards, the national debt continued to increase. In 1996 the debt-national income ratio was as high as 50.14%

In general, there was nothing wrong with borrowing the money from overseas for investment at a high rate if such investment was economically viable and produced a rate of return sufficient to repay the debt. The capital inflow through various financial institutions was not used for such purposes, however. It was used to meet other high-flying demands based on thin air. Investment in the Thai stock exchange was of a speculative type. Real estate development exceeded the consumers' demands. Assets in the stock market and real estate market were manipulated at a price higher than their real economic value. People bought land and houses in order to sell them at a higher profit. Such practices were represented an unproductive transfer of assets. Prices rose rapidly. Many financial institutions gave easy credit loans with low interest to unproductive enterprises or to luxurious consumer businesses. The economic structure lost its balance. Fifty-four percent of the labor who were in the agricultural sector produced only 10.8% of the GDP.⁴²

Such an economic system made it possible to transfer capital and labor to enterprises that produced short-term returns (e.g. real estate and speculation in the stock market). This kind of investment was in competition with the real sector and posed a constraint to the development of competitive production capacity (from unskilled work to high-quality technology-intensive work). Other production problems were how to add value to products, how to reduce production costs, and how to increase the efficiency of the production sectors that were lagging behind and received little attention. In light of these developments, production costs were, therefore, higher. Thailand began to lose its competitive edge in the world market. At the same time, monetary liberalization practices by the financial

institutions were not effectively supervised. There were so many short-term debts to be repaid. Assets were worth more than their real value. Investment was made for short-term gains. All this made the entire financial system lose its stability.

This type of growth was called a “bubble” economy. In addition, the political and administrative structures were obstacles to sustainable national development. Development planning, budgetary allocation and decision making were centralized by the state agencies. Local bodies had little financial capacity and could not effectively make investment to develop their communities. People did not take part in the planning for their communities. At the same time, government administration was inefficient; it was too big and fragmented. There was little coordination and the use of resources was inefficient. The government could not respond to the changing situations and problems in the globalized environment. Some government officials tended to command and control people rather than serve them. There were also abuses of power and a lack of transparency.⁴³

All This Led the Country to Another Serious Crisis.

In 1996 the Thai real estate sector faced a crisis. The export sector, which had enjoyed more than 10 years of expansion suddenly, took a deep plunge. The stock market went into a nose-dive. Financial institutions, which financed stock speculation and real estate, came face to face with non-performing loans. By the end of the year, Thailand’s credibility rating for short-term debt was lowered by some credit rating agencies, shaking the confidence of foreign investors in the Thai economy and baht. Capital began to flow out of the country. Problems of liquidity in the financial sector

ensued. The exchange rate for the Thai baht began to weaken. From the beginning of 1997 to the second quarter, the baht was periodically attacked by international money speculators. The Bank of Thailand used almost all its international reserves to defend the baht. At last, the government allowed the baht to float, with the result that the value of the baht fell to almost half its former value, affecting the import prices and foreign debts. Soon afterwards, measures were issued. Fifty-six financial institutions were closed down. The financial crisis brought the production sector almost to a complete halt. Employment was cut. Exports were delayed. The entire economic system suffered a serious setback. Thailand lost its credibility in the eyes of foreign institutions.

At last, Thailand submitted letters of intent to the International Monetary Fund, requesting technical and financial assistance. Stringent financial measures were implemented. Financial institutions were reformed. Such were the attempts to create national economic stability and restore the reputation of Thailand.

Lessons for Thai Society

The economic recovery plan that Thailand would undertake under the agreement with the International Monetary Fund was intended to restore its economic stability. Accordingly, the Thai government took a number of measures. The government set the national macroeconomics framework for 1997-1998 concerning the growth rate, inflation control, reduction of current budget deficit and the maintenance of international reserves at the level of US\$23-24 billion and in the medium term at the level of US\$30 billion, equivalent to the four to five months of the value from imports.

In financial matters, the government kept the managed float system with necessary intervention to stabilize the baht. It announced stringent monetary policies whereby the interest rate for short-term inter-bank loans must correspond with the stability, exchange rate and credibility of the country. Financial restructuring was undertaken whereby 56 financial institutions were closed down permanently. The surviving financial institutions were recapitalized for greater stability. Measures to supervise financial institutions were improved, including better classification of assets and reserves for write-offs, guarantees for depositors and creditors of financial institutions. Laws were passed to help poorly managed financial institutions. In addition, the government set up the Financial Institution Restructuring Authority (FRA) responsible for solving problems for defunct financial companies. It also set up the Asset Management Company for Financial Institutions (AMC) to act as an independent body to purchase, through bidding, assets of the financial institutions, which could not be recovered. These assets will be managed and sold by AMC.

In the fiscal field, the government imposed stringent fiscal discipline. The budget balance must be above the fiscal status at the rate of 1.6% and 1% of GDP for the year 1997 and 1998 respectively. To achieve this target, it reduced the expenditure budget of the two years correspond to the estimated revenue. Additional tax measures were implemented to increase the revenue from customs and excise duties, including improving the efficiency of duty collection.

In public administration, the government set out to reform the bureaucratic system to reinforce the economic re-structuring, keeping salaries within the basic inflation level. Likewise, the state

enterprises maintained their status by balancing their investment budget with available revenue. They prepared master plans in which the private sector would be more involved in the ventures to enhance their effectiveness and improve their financial status.⁴⁴

While the financial and fiscal crises are being tackled to solve urgent problems facing Thailand, Thai society has been examining the root causes, which posed as obstacles to sustainable development efforts.

The recovery and fall of the Thai economy during 1987-1997 happened in the context of the relentless growth of capitalism in a borderless financial world. Several sectors in Thai society have reflected and asked themselves questions what chance Thais have in the face of sustainable competition in the free market. Many ideas were put forward, people searched for an appropriate method based on Thai wisdom. Visions were given, together with approaches, by which Thai people hope to make themselves members of the world community but in accordance with standards of sustainable development. Some of the suggestions were environmental management and systematic resource management, strengthening the agricultural sector, brainstorming for education reform, objective and effective mass media, the growth of civil society for legitimate government, and other alternatives which are compatible with grassroots development in the era of globalization.⁴⁵

The major points of the Seventh National Economic and Social Development Plan (1992-1996) were the distribution of income and fruits of development to the rural areas, development of quality of life and environmental preservation. They reflected what Thai people saw at that time and they reveal that Thais were prepared to solve these problems even before the downturn in the Thai economy.

The economic crisis has affected not only the economic system in general but also the standard of living and quality of life as a whole. It is a driving force for Thai society to ponder the basis upon which self-development can proceed in a sustainable manner. The key points in the Eighth National Development Plan (1997-2001) are an emphasis on human resources as the key to the development of people to their full potential, assistance for poor and disadvantaged people, measures to reduce unemployment, rural economic development through strengthening local infrastructure, decentralization and budgetary allocation to the local governments and preparations for long-term development of human resources and society, such as education reform, public health and social welfare. All of these points will guide Thai society into the future.⁴⁶

Towards the Future

Ever since the first economic crisis in the mid-1970s, with high unemployment and declining incomes, Thai people had stopped to think about the direction of national development. They had learned a lot: self-reliance through science and technology, development of human resources⁴⁷, and natural and environmental preservation.⁴⁸



These ideas took root and gave rise to growth and prosperity in the following years. The second economic crisis was no exception. The Thai people have learned from their experience.

Towards the end of 1994, His Majesty King Bhumibol Adulyadej graciously recommended his “new theory”, a summation of decades of experience of his agricultural work. It provides a guideline to restore the strength of agricultural society. The theory is divided into three stages: strengthening self-reliance at the family level, collectively strengthening at the community level, then linking the strength with the economy at the national or international level.

His Majesty the King towards the end of 1997 initiated the concept of self-sufficiency. It advocates the middle-way of national development and administration alongside the tendencies toward globalization. It is based on Thai wisdom and abilities. This concept of self-sufficiency has been widely accepted and is being implemented to direct the future of the nation.

On the one hand, the most recent economic crisis could mean the end of development as it was experienced in the previous exciting decade. On the other hand, it could be just a warning for Thai society to reflect and determine what pace is appropriate to proceed on our path in the new millennium alongside the rest of the world community.

Thai society is learning and adjusting itself to get over the crisis.

Footnotes

¹ Edited for translation into English in order to project the overall picture of Thai economy for the reader with little or no background of Thai economy. Most materials were taken from excellent research work by ผาสุก พงษ์ไพจิตร และคริสโต เบเคอร์, “เศรษฐกิจการเมืองไทยสมัยกรุงเทพฯ”, a Thai translation from “Thailand : Economy and Politics by the same authors.” However, the selection and interpretation of the materials are the editor’s responsibility.

² ฉัตรทิพย์ (2542 : 55).

³ ฉัตรทิพย์ (2542 : 55).

⁴ ผาสุก (2538 : 50-52).

⁵ ฉัตรทิพย์ (2541 : 57).

⁶ อัมมาร (2540 : 44).

⁷ ผาสุก (2538 : 184-185) และ ผาสุก, รั้งสรรพค์, สมชาย (2539 : 108-110).

⁸ ผาสุก (2538 : 186 และ 190).

⁹ ผาสุก (2538 : 190-191 และ 238).

¹⁰ ผาสุก, รั้งสรรพค์, สมชาย (2539 : 100-101) และ ผาสุก (2538 : 194-198).

¹¹ ผาสุก (2538 : 202-203).

¹² The government’s policy towards the Chinese ran parallel to nationalism and militarism. See details in ผาสุก (2538 : 203-206) และ ชาญวิทย์ (2538 : 194-202).

¹³ ผาสุก (2538 : 208).

¹⁴ วิชิตวงศ์ (2542 : 2).

¹⁵ ผาสุก (2538 : 55).

¹⁶ อัมมาร (2540 : 45).

¹⁷ See details on government measures to solve economic problems after the Second World War leading to the so-called “ยุทธศาสตร์การพัฒนาที่ไม่สมดุลย์” ระหว่างภาคชนบทกับภาคเมือง, ใน ผาสุก, รั้งสรรพค์, สมชาย (2539 : 102 และ 114-117) และ อัมมาร (2540 : 45) and see details on effects on the farming community in ผาสุก (2538 : 56-72).

¹⁸ See details on international political events after the Second World War to the Cold War and the effects related to Thailand until the US came to influence Thailand in ผาสุก (2538 : 455-469), ชาญวิทย์ (2538 : 414-421) และ ลิขิต (2541) บทที่ 7 และ บทที่ 8.

¹⁹ See details on the creation of the relationship between businessmen and political leaders in ผาสุก (2538 : 215-224 และ 469-474) and see case studies on the roles between political leaders, businessmen and technocrats in อัมมาร (2540 : 48-51).

²⁰ ผาสุก (2538 : 61-62).

²¹ Confidential telegram No. 1005 from Department of State dated 11 January 1962, cited in ผาสุก (2538 : 219).

²² อัมมาร (2540 : 52).

²³ อัมมาร (2540 : 53) และ ผาสุก (2538 : 219).

²⁴ อัมมาร (2540 : 54) และ ผาสุก (2538 : 220-221).

²⁵ ผาสุก (2538 : 220).

²⁶ ผาสุก (2538 : 221).

²⁷ ผาสุก (2538 : 222).

²⁸ The percentage of 45 was taken from the survey by Motooka, Takeshi (1978), "Rice Exports and the Expansion of Cultivation" the percentage of 25 was taken from the survey of Lam, N.W. (1977), "Incidence of the Rice Export Premium in Thailand" Both statistics were referred to in ผาสุก (2538 : 60).

²⁹ See details on development of Thai labor relations since 1972 in สังคีต (2539 : 299) while the idea that labors in the public and private sectors received unequal treatment is inferred from ผาสุก (2538 : 321-327).

³⁰ The material under this heading concerns the economic conditions at the time when Thai society was faced with economic, social and political chaos internally and externally. As the details of the period are not relevant to this part, it therefore touches on some aspects. The interested reader can study further in อัมมาร (2540 : 57-61), ผาสุก (2538 : 250-264 และ 330-341 และ 509-519) และ ลิขิต (2541), บทที่ 9 และ บทที่ 10.

³¹ ผาสุก (2538 : 257)

³² อำนวย (2539 : 77)

³³ ผาสุก (2538 : 258)

³⁴ The labor movements in the private sector at this time was closely related to the leftist movement while the labor movement in the public sector was close to the military leaders. In the end the labor movement became a political influential group. See details in ผาสุก (2538 : 330-355).

³⁵ อัมมาร (2540 : 61).

³⁶ ผาสุก (2538 : 259-263).

³⁷ ผาสุก (2538 : 265).

³⁸ อำนวย (2539 : 77-78).

³⁹ The overall economic picture under this heading is inferred from ผาสุก (2538 : 270-292), ผาสุก, รั้งสรรค์, สมชาย (2539 : 108-110) และอัมมาร (2540 : 61-62) As some statistics from various sources did not correspond, all statistics were based on references only from ผาสุก (2538 : 270-292).

⁴⁰ The observation on the relationship between media business and the expansion of the internal market was that of the editor as one whose professional work was involved with the mass media, advertisement and public relations for more than 10 years.

⁴¹ ผาสุก (2538 : 292).

⁴² The material under this heading was summarized from the study of the Committee to Study and Recommend Measures to Enhance Efficiency of the Financial Management of the Country (2541) บทที่ 1 และ 2 และ วิทยากร และคณะ (2540) บทที่ 1.

⁴³ Summarized from the วารสารเศรษฐกิจและสังคม, ปีที่ 34, ฉบับที่ 3, หน้า 13.

⁴⁴ Summarized from the วารสารเศรษฐกิจและสังคม, ปีที่ 34, ฉบับที่ 3, หน้า 17-19.

⁴⁵ See examples of ideas and recommendations as well as other efforts in, for example อมรวิเศษ (2537), ฉัตรทิพย์ (2536), อุทัย ธรรมเกียรติ วิวัฒน์ บรรณารักษ์ (2539), พิทยา (2539), วิทยากร (2537), and ฉัตรทิพย์ (2534).

⁴⁶ Summarized from the วารสารเศรษฐกิจและสังคม, ปีที่ 34, ฉบับที่ 3, หน้า 25-27.

⁴⁷ วิชิตวงศ์ (2542 : 4).

⁴⁸ The research by Suppachit shows clearly that since the fourth national development plan (1977-1981), Thailand has attached great importance to natural resources and environment. There have been laws and measures issued continually and systematically to protect them. However, Suppachit pointed out that the implementation was not efficient enough. This was along the line suggested by Vichitwong viewed the issue on natural resources and environment as something against the wish of the government to sustain the economic growth. See details in ศุภจิต (2540 : 397-417) และ วิชิตวงศ์ (2542 : 6).

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