

Policy on Agricultural Land Reform in Thailand

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Executive Summary

Agricultural Land Reform Policy in Thailand

The Agricultural Land Reform Policy is an integral part of the Social Land Policy, which is a sub-policy under the Land Policy ruled by the Cabinet Resolution of 1 September, 1987. The Agricultural Land Reform Policy aims to tackle land tenure problem, improve the standard of living of small-scale farmers and encourage an optimal land use, which will eventually result in national social and economic stability. Future land reform operations will be governed by balanced social, political and economic considerations, taken into account cost-effectiveness and long-run natural resources, especially land and forest, protection.

There are 4 main policy issues and an additional set of supporting policies and measures covered by this study.

1. Land Allocation

1.1 Source of Land for Future Land Reform Operations

1.1.1 Public Land

First priority lands are those lands outside the 40% designated forest lands which comprise of

- 1) Pre-reserved forest land suitable for agriculture, and
- 2) Encroached forest reserve reclassified as land suitable for agriculture.

These two categories of land total 17 million rai.

Second priority lands include land for public utilization in several provinces.

Land Reform Operations

Phase 1 Land reform will be operated in classified pre-reserved forest and land for public utilization.

Phase 2 Land reform will be undertaken in the encroached national forest reserves.

1.1.2 Private Land

Land reform will be executed in the area with severe land tenure problem which will have to be surveyed before the agricultural land reform area is declared. In the first stage, ALRO will undertake land reform on the 600,000 rai of surveyed land which ALRO planned to purchase.

1.2 Land Acquisition

1.2.1 Public Land

Phase 1 The delignation of potential land reform areas, that is, reclassified lands outside pre-reserve forests in 63 provinces will subject to the approval of the provincial land classification committee, the land development committee and the Cabinet, respectively. By the end of fiscal year 1988 the Cabinet has reclassified an area of 3.9 million rai within the pre-reserved forest as land suitable for cultivation. Survey of the remainder land will be completed in 1989. The land reclassified as suitable for agriculture will be transferred to ALRO responsibilities under a Cabinet Resolution.

Phase 2 After the delignation of the 128 million rai of national forest reserve has been completed, ALRO will declare the encroached forest outside the forest reserve as land reform area.

1.2.2 Private Land

1.2.2.1 In the rural area ALRO will negotiate with those holding land in excess of the legal limit to sell their land to the landless or near-landless farmers through a financial institution.

1.2.2.2 If unable to negotiate, the land will be expropriated.

1.3 Land Rights

Land ownership rights in the future land reform area will be in the form of title deed with restrictions on future land use (for agricultural purpose only), transferability (to the rightful heir), land leasing (prohibited) and mortgaging (with an autorised financial institution).

Advantages of title granting are :

1. A title deed can be used as collateral for agricultural credit.
2. The government responsibilities under the land hire-purchase system will be lessened.
3. The farmers will invest more in land improvement.

However, farmers who are not readily eligible to hold title deeds will be allowed to rent land on a temporary basis.

1.4 Target farmers

Future land reform will concentrate on land redistribution to landless or near-landless farmers. By the next decade farmers afflicted with land tenurial problem will account for 1,820,928 households, that is, 454,819 landless households, 565,799 households of those possessing land less than 5 rai, 658,060 households of those possessing land between 5-10 rai and an additional number of 142,250 households of future agricultural population.

Considering ALRO past allocation capacity of 21 rai per agricultural household in public lands and 18 rai per household in private lands ALRO will be able to allocate the 17 million rai of public land to 970,705 agricultural households. In the case of the 600,000 rai of private land, 33,000 households will benefit from ALRO operations.

2. Development Activities in the Land Reform Area

To achieve the objectives of land reform, development activities, both infrastructure development and income improvement will be performed in parallel to land redistribution. Key to successful development undertakings is cooperation with related government agencies from the project planning stage through to project implementation, transfer of responsibilities and maintenance.

In the case of road and water resources construction, if coordination with responsible agencies fails, ALRO will be authorised to carry out the work.

3. Budget and Funding Sources

There are three main funding sources for land reform operation:

3.1 Government budget for land distribution and development activities.

3.2 Revolving funds for land purchase and agricultural production derived from the Bank for Agriculture and Agricultural Cooperatives, agricultural cooperatives, commercial banks and other financial institutions.

3.3 Private investment in the land reform area supported by commercial banks.

Within the next decade, ALRO will require a budget of

7,000 million baht for its operations in the public land area of

17 million rai and approximately 6,000 million baht for expropriation of the private land area of 600,000 rai.

Most of the funding will come from government budget. Given ALRO past budget trend and a 5% increase in annual budget, ALRO will complete its functions in the public land reform area within 10 years.

If the government budget proves insufficient, ALRO will have to depend on foreign loans.

Government bonds will be issued for the purpose of land expropriation.

ALRO will develop financial institutions for agricultural land reform in two stages. First, it will establish a land reform fund as a legal financial institution, independent from ALRO and supported by appropriate legislation. At the same time, it should seek expansion of the Land Fund of BAAC. When these steps have been taken, the Agricultural Land Reform Fund and the Land Fund should be consolidated into a Land Bank or a permanent part of BAAC.

ALRO will charge the farmers a fee, to be paid on an appropriate instalment basis.

4. Additional Policies and Measures

4.1 Policies and Measures to be followed by the Government

4.1.1 The Government will undertake land reform as a major strategy to combat land tenure problem.

4.1.2 The Government will allocate budget for land reform operations on a consistent and continual basis as specified in the project proposal.

4.1.3 The government will clearly state a policy encouraging concerned agencies to cooperate on development activities within the land reform area as specified in the project proposal.

4.1.4 All land laws including the Agricultural Land Reform Act will be revised and amended. The government will impose a single legislation concerning land allocation.

4.1.5 Progressive land tax will be imposed.

4.1.6 The government will supervise and monitor the implementation of Agricultural Land Rent Act B.E. 2524.

4.1.7 The government will immediately designate the exact location of the 128 million rai of forests to be preserved under the law, making use of aerial photography and appropriate scale maps.

4.2 Policies and Measures to be pursued by ALRO

4.2.1 ALRO will implement land reform activities on a project basis, with specified activities to be carried out under a designated time frame and budget. Each project will work under a schedule that would eventually transfer responsibility for infrastructure maintenance to other agencies. These project units would be the basis for monitoring and evaluation of field performance.

4.2.2 ALRO will set up a land reform project subcommittee comprising of representatives from concerned agencies which will be responsible for the maintenance of infrastructure facilities transferred from ALRO.

4.2.3 ALRO administration will be streamlined with regard to land distribution planning, financial management and infrastructure development to successfully handle the increased work load in the future.

4.2.4 Local institutions will be further encouraged to participate in land distribution and development activities.

Chapter 1

INTRODUCTION

1.1 Background

The Agricultural Land Reform Office (ALRO) was established in March 1975 with the objective of improving agricultural land tenure and land rights to achieve a more equitable distribution of agricultural land. After more than thirteen years of operation, ALRO has decided to review policy and its implementation so as to conform to changed economic and social conditions, to be more responsive to the need of the people, and for more efficient execution of government policy. For this purpose, ALRO has commissioned TDRI to undertake this agricultural land reform policy study which lasts for 8 months, 1 November 1988 to 30 June 1989.

1.2 Objectives

The objectives of this study of agricultural land reform in Thailand are threefold:

1. To determine the scope of agricultural land reform activities both in public and private land, including criteria and conditions for termination of land reform activities.
2. To find proper implementation procedures to achieve the above objectives and to suggest measures to solve problems occurring during and after the implementation of a land reform project, and
3. To suggest feasible ways for financing agricultural land reform activities.

1.3 Method of the Study

Scope of the Study

In order to cover the main policy issues in the agricultural land reform, which covers land right and land tenure improvement and employment generation and improvement of factors of production, as specified in the terms of reference, this study is divided into four parts:

Part 1 deals with land problems, sources of land in the future, and the effects of agricultural development on land reform.

Part 2 describes the basic infrastructure necessary for supporting agricultural land reform and rural development.

Part 3 considers rules and regulations governing agricultural land reform and organization.

Part 4 examines financing of the agricultural land reform.

This division of four main parts of activities follows the relationship between the agricultural land reform and economic and social development as depicted in figure 1.

Study Sequence

1. Collect data for analysis of current status. The data are divided into four main groups from secondary sources, field observations, and interviews with experts.

2. Classify issues and problems according to main activities.

3. Analyze these issues and problems.

4. Consider alternatives for each issue or problem.

5. Draft policy recommendations.

6. Obtain reactions from experts in the field through a seminar.

7. Revise policy recommendations

Method of Study

This study involves both qualitative and quantitative analyses of data as outlined in Study Sequence (1)

Qualitatively it analyses land reform issues and problems of implementation. Data are obtained from various experts working in the area of land allocation in Thailand as well as viewpoints expressed by farmers in the land reform areas.

Quantitatively, it analyses from the beginning to the present such land reform activities as land distribution, land rent, land hire purchase and infrastructure development.

All these qualitative and quantitative data are then analyzed in the context of the objectives set in Scope of the Study. The results are then the basis of the recommended policies.

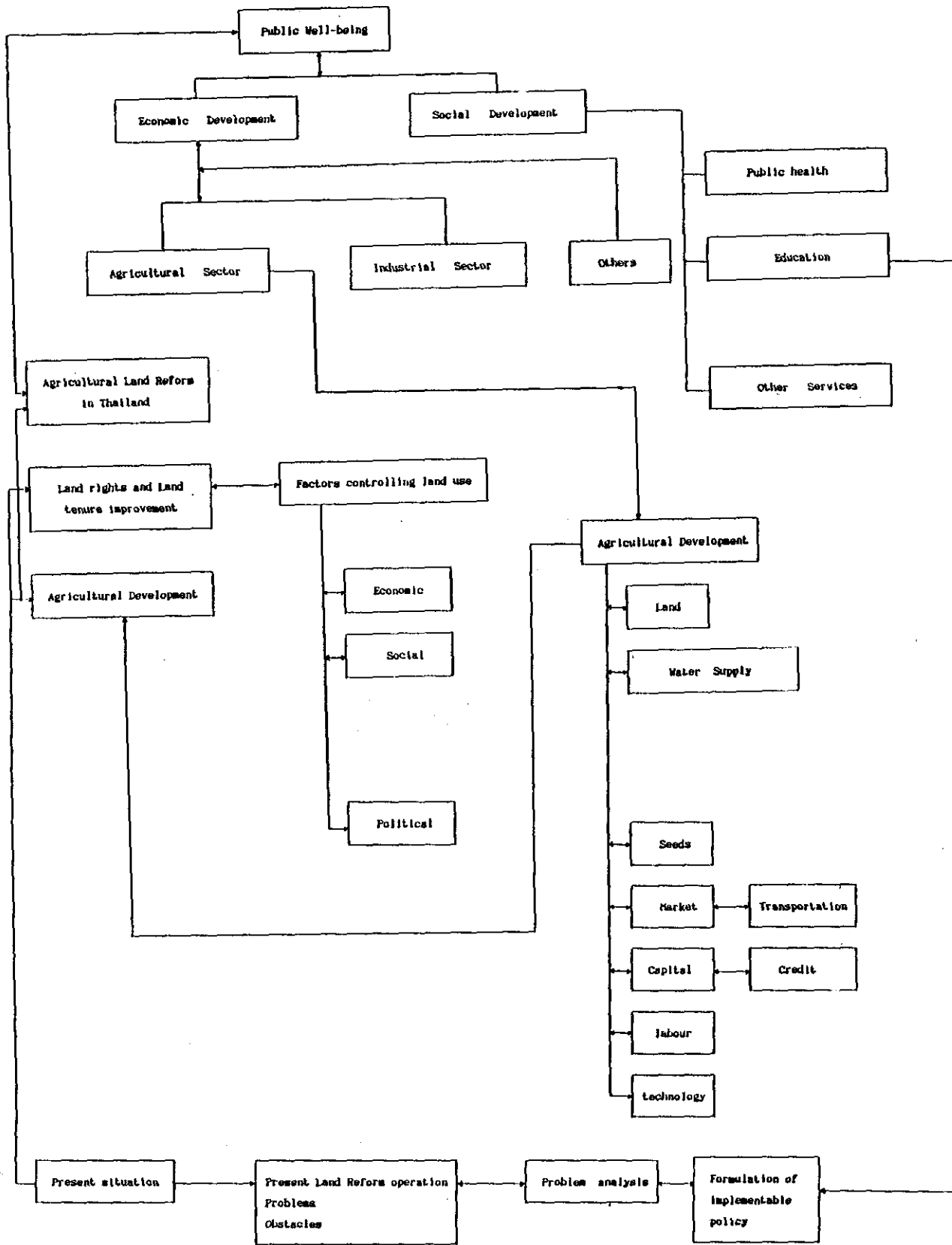


Figure 1 Concepts governing the scope of study

Chapter 2

LAND POLICY AND AGRICULTURAL POLICY

2.1 Conceptual Framework

By the end of the Fifth National Economic and Social Development Plan, the economic structure of Thailand has changed substantially. The agricultural sector, which used to grow at 4.3 per cent annually during 1971-1980 period, grew at only 2.2 per cent in 1986 (World Bank 1986). Income share from the agricultural export declined from 65 per cent in 1983 to 57 per cent in 1986 (Office of Agricultural Economics 1988) while the income share from the industrial sector has steadily increased, thus moving the country toward the status of a newly industrialized country.

However, Uathavikul (1988) pointed out that Thailand is under transition from an agricultural to industrialized country. Such a change is possible because Thailand is endowed with natural resources and innovative and entrepreneurial population. From the past, because of its fertile soil and generous supply of water resources, Thailand has been able to export its maize, tapioca, rubber and other agricultural products in large quantities annually. However, the use of natural resources has been unplanned, thus creating unnecessary destruction of resources. There is a need to plan for efficient use of resources.

The Sixth National Economic and Social Development Plan (1987-1991) for the first time incorporates a plan for natural resource and environment development. The needs for this plan are threefold: present inefficient use of some specific resources, conflict over resource uses, and lack of conservation measures (NESDB 1986).

Because of growing concern over the deterioration of natural resources, the government has set policies concerning forest and land. There were three important Cabinet decisions, namely watershed area classification on May 28, 1985, national forest policy on December 3, 1985 and land policy on September 1, 1987.

The agricultural development in the Sixth Plan has called for production for the market and supported the creation of agro-industries. Whichever way the country is developing, land will continue to be a fundamental factor.

If the objective of development is to produce and redistribute the output equitably among the population, there is a question as how to distribute the limited land to every group of population efficiently.

Land outside permanent forests, which has been classified as suitable for agricultural and other purposes, is being used for agriculture to a total of 152 million rai (TDRI, 1986a). Out of 162 million rai of permanent forests, 89.8 million rai are still forest (Royal Forest Department 1989), and 72 million rai have been encroached. The majority of the encroached land is being used for agriculture and housing. Therefore, at least 200 million rai are being used for agriculture.

In general land is used for 6 major activities, namely,

1. agriculture,
2. forest land,
3. housing and communal use,
4. communications,
5. recreation, and
6. industry.

Land use for each activity is governed by economic, social and political factors. In the past the major area is forest. At present, it is the agricultural land. In the future the direction of development will determine its uses.

Past development has created uneven income distribution among the population and the government effort in distributing development benefits also has uneven consequences. (Krongkaew, 1987). It is questionable therefore if the Pareto criterion could be used to determine land policy, in which social welfare of at least one person is increased whereas there is no one else worse off.

Population and labour increase will also determine the land policy. Before the Third Plan period (1972-1976) the population growth rate was between 3.0-3.2 per cent per year. This high rate declined to 1.7 per cent per year by the end of the Fifth Plan (1986), due to effective birth control programs. Based on moderate fertility rate, the NESDB estimates that the annual rate of population growth will be 1.3 per cent in 1991 and 1.1 per cent in 2011 when the total population will be 65.1 million.

The population growth rate in the past has also affected the age structure of the population. In the next ten years, though the rate of growth will decline the labor force entering the labor market will still be high. Therefore, in the near future Thailand will still face the labor supply problem. However, as the structure of the economy has changed from the agricultural economy into a more industry or services oriented, the pattern of the labor force entering the market will also change.

The NESDB's estimates indicate that the growth of labour supply in the industrial and service sectors will rise every year until the year 2001 when the employment in both sectors will account for 51 per cent of total employment. The growth of labor force in agriculture will increase until 1995 when the labor employment in this sector will decrease. Therefore, the share of

agricultural employment will gradually decline from 67 per cent in 1986 to 49 per cent in 2001.

However, prior to a decline in agricultural employment, labour supply in the agricultural sector will continue to rise from 18,498,000 persons in 1989 to 19,067,000 persons in 1995, an increase of 569,000 persons or 142,250 households, given an average of 4 employed persons per agricultural household (Office of the Agricultural Economics 1988). It is necessary for the government to provide land for these people.

2.2 Policy

In the past, agriculture was the most important base of the Thai economy. Land, which is a fundamental factor in agriculture, is influential in the change of national economic, social and political environment. In order to portray these changes, the following will review developments directly and indirectly related to land policy from the beginning of Rattanakosin era to the present. It will analyze important positions on land policy taken by the various governments.

Government Policy and Some Important Past Events

1. Policy and Events Before the 1932 Political Change.

The 1855 Bowring Treaty between Thailand and England led to important economic changes in Thailand. Rice became an important export of the country (Paitayavat, 1978, p.162). Subsistence production changed to production for trade, which has affected social conditions in Thailand.

When rice became an important export, development of irrigation systems was needed to provide water for production. This led to the digging of several canals in the Central Plain, including the Rangsit Canal and its tributaries. The Rangsit Canal was dug by Siam Land, Canals and Irrigation Company in 1888 (Ministry of Agriculture and Cooperatives 1982, p. 37). The company obtained help from the government for a period of 25 years in digging canals to join the Chao Phraya River with the Nakorn Nayok River. Its completion made new rice fields available. People were attracted to buy land from the company even though they settled elsewhere. In the year 1901 it was necessary for the government to establish Land Registration Office to look after the land rights issue.

Development of the Rangsit Canal and its tributaries resulted in rising land prices. Land sold at 4 baht per rai in 1900 rose to 200 baht per rai in 1907. Over 90 per cent of land in the Rangsit fields was rented. Before 1905 the rent was about 12-24 per cent of the yield, but it increased to 37-54 per cent in 1905; the number of landless persons increased to 36 per cent (Charalpat 1979, p.8).

The development of the Rangsit area had various social repercussions. One important problem concerns land holding and land rights. Investment in land created landlords and large land holders and provided a stable occupation. Prince Narathip Praphanphong once said, "After careful examination and my own experience in various businesses, I came to the conclusion that there are no other more suitable activities for the knights to invest in than in land and no other returns are better than from rent from land leased to farmers". (Nartsupha et.al. 1981 pp. 184-185).

2. Policy and Events After 1932 Political Change.

During 1928-1931, a period after World War II, the Thai economy entered a slump because it was unable to export rice as before. It had a powerful effect on the social and political environment of the country. And in 1932 the country's political system was changed from the absolute monarchy into democratic monarchy. At that time land became a political issue.

In 1932 Mr. Preedee Panomyong proposed an economic guideline consisting of two proposals. The first part concerned changing the land rights system and the second part deals with economic development. In the first part of his proposal, Mr. Preedee Panomyong suggested that all land be transferred to the government and the land owners be paid in bonds. It amounts to arranging a new system of ownership of the factor of production, abolishing of landlords, and restricting power of the capitalist class (Nartsupha et. al. 1981 p. 214; Chaiyanam 1981 pp. 198-199). This proposal was submitted to the Cabinet but was not considered. When Pyapaholpolpayuhaseena became the prime minister of the fourth government on 21 June 1933 (Siam Almanac, 1987), he appointed a committee to consider Mr. Preedee Panomyong's proposal but the proposal was not adopted. However, the concept may be regarded as an origin of land reform in Thailand (Ministry of Agriculture and Cooperatives, 1982 p.70).

When the Department of Public Welfare was established in 1 June 1940 (Department of Public Welfare, 1980 p.1), Major General Luang Pibulsongkarm, the Prime Minister, was the first director general. At that time, there were still many idle lands while there were poor farmers who rented from others or were landless. The director general then established the first self-help settlement in Saraburi in 1940 (Department of Public Welfare, 1985 p.3)

On 16 March 1942, Field Marshall Plack Pibulsongkram announced his government's land policy to the House of Representatives as follows :

"Policy on land : to ensure good use of the public land left fallow by cooperating with concerned agencies in classifying land for use in forestry, mining and agriculture, the government will

help independent workers to acquire vacant lands. Whoever legally owns or has claims on land will be given land titles or legal papers. The government will also revise the law and regulations." (Office of the Parliamentary Secretariat, p.68)

In the same year, the Allocation of Land for Livelihood Act was passed and announced on the Royal Gazette No. 59 on 24 March 1942.

Mr. Preedee Panomyong as the Prime Minister announced his policy related to land to the Parliament on 11 June 1946 as follows :

"Land Department will accelerate and improve the work of the previous government on land by helping those who wish to work in agriculture to acquire the vacant land and to speed up the issuing of legal titles to eligible people,...". (Office of the Parliamentary Secretariat p.87).

In the year 1950, in the period of the 22nd government headed by Field Marshall Plack Pibulsongkram, the Rent Control Act, B.E. 2493 was passed. The act set the maximum limit of rent not to exceed 25 per cent of production. However, the act was not effective in practice and it was applied in 22 provinces only (Ministry of Agriculture and Cooperatives, 1982 p. 124).

In the following year the Land Allocation for Social Equity Act, B.E. 2497 was passed. The act was intended to help farmers who had been cheated to redeem their land. This act was later declared unconstitutional.

The Land Code, B.E. 2497 was passed in the same year. Part 2 of this act is concerned with land allocation. This is the second act that empowers an agency to carry out land allocation.

Part 3, section 34 of the Land Code, B.E. 2497 specifies legal rights on land for agriculture not exceeding 50 rai, for industrial use not exceeding 10 rai, commercial and housing not exceeding 5 rai. Section 39 specifies that the excess land must be disposed of within seven years. However, section 34 was repealed by the Order of the Revolutionary Party, No. 49 dated 13 January 1959 before it came into effect in 1961. Later the idea of limiting the legal right to land reappeared in several proposed bills but failed to be passed. It is clear that the intention of section 34 of the Land Code is to distribute land holding, which is an important concept of land reform.

Thus on 11 December 1956 Field Marshall Plack Pibulsongkram, the Prime Minister and Minister of Interior issued an order to the provinces to establish self-help settlement projects within the provinces or districts where land is available.

The purpose was to assist farmers to have their own land for livelihood and to live close together so as to simplify later

development operations (Department of Public Welfare, 1985 pp.216-217).

It can be concluded from the analysis of the role played by the government from 1940 to 1956 that land administration became more systematic. It was the beginning of land allocation programs and it addressed land right issues, taking into account social equity in land holding and appropriate land use. The establishment of self-help settlement has eased political pressures on the government. It was evident that such development took place because of the leader, Field Marshall Plack Pibulsongkram, gave the order.

When Field Marshall Sarit Tanarat became Prime Minister on 9 February 1959 (Siam Almanac 1987) he gave an executive order for the government agency to classify land. Consequently, on 19 April 1960 the Cabinet appointed a land reclassification committee, chaired by the Under-Secretary of State for Interior.

Land classification is a basic tool for land use planning. It technically classifies areas of the country for use of each activity. One part of country is reserved as forest for natural balance. Another part is for agricultural and other uses, including land allocation to individual users.

Policy and Events after the Formulation of the National Economic Development Plan

The First National Economic Development Plan was launched in October 1960. The plan specifies that fifty per cent of the country's total land area (about 160.5 million rais) will be preserved as forest, though the country's forest area at the time amounted to fifty-eight per cent or approximately 186 million rais. The Plan allowed a reduction of forest cover to about 40 per cent or 120 million rais, assuming that needs for other types of land use would arise due to future increases in population (Office of the National Economic Development Council, 1960 pp. 54-56). The target of 50 per cent forest cover was henceforth withheld until December 3, 1985, when the National Forest Policy (1985) came into force.

After the execution of the National Economic Development Plan, Thailand saw a rapid increase in population and a major change in its agriculture-based economy from subsistence to market-oriented. Cultivated areas under rice and other cash crops, in particular, cassava, sugarcane, and maize expanded with the increased demand for food and the rising prices of cash crops. Parallel to this development, the problems of land ownership, inadequate soil and water conservation, and lack of agricultural factors of production were intensified. As a consequence, a vast encroachment of national forest took place, resulting in a rapid shrinkage of forest area.

On 8 July 1969 the Cabinet resolution on land allocation for landless farmers and encroachers of forest reserves was passed, the main statements being :

1. The Department of Public Welfare will accelerate its work on land settlement schemes.

2. Concerning encroached forests the following measures are to be pursued :

- o Forest reserve status of encroached forests will be revoked.
- o If such revocation is impossible, the encroached area will be rented to villagers.
- o If forest condition is to be preserved, settlements will be provided for encroachers.

By the end of the Second National Economic and Social Development Plan, Thailand's economic growth slowed down after a continual expansion for more than a decade due to

1. Price fluctuations in major cash crop exports, especially rice and rubber.

2. Low growth in governmental income.

3. Reduced expenditure of US military officers operating in Thailand.

4. Decrease in foreign investment.

Under the Third National Economic and Social Development Plan (1972-1976) in which a policy stressing the importance of land ownership and security of land tenure was clearly stated, a number of incidents affecting the direction of the national land policy took place.

In May 1974 about fifty farmers from Tahtakoh, NongBua and Chumsang districts of Nakhonsawan province submitted a petition to Prime Minister Sanya Thammasak at the Government House demanding justice and protection against influential entrepreneurs who attempted to confiscate the land sold out several years back from the farmers (Siam Rath, May 27, 1974).

On June 4, 1974 Prime Minister Sanya issued an order empowered by Section 17 of the Constitution to help the farmers stricken with injustice. A committee was set up to mediate between the farmers and the landowner-entrepreneurs.

On June 7, 1974 Prime Minister Sanya Thammasak declared the government policy. A statement on land policy reads as follows

"(The Government) will provide land for cultivation for afflicted farmers so that justice can in no time be achieved. (The Government) will establish the foundation and guidelines for educational and agricultural reform" (Office of the Parliamentary Secretariat, pp. 181, 184).

On June 24, 1974 farmers once again staged a demonstration demanding governmental reconsideration on the efforts to remedy the situation by exercising power authorized by Section 17, but it was of no avail. On June 29, 1974 nine university student institutions with farmer representatives presented a six-point statement asking for government involvement (Mahachon Weekly, 6 December, 1974).

On August 13, 1974 the Cabinet approved the forest conservation policy proposed by the Ministry of Agriculture and Cooperatives, which states that

1. Land allocation for agricultural purpose will be accelerated to respond to the need of the people. Special budget will be provided to achieve this end.

2. Deteriorated forest reserves will be divided into two groups, the first being areas to be rehabilitated as permanent forest. The second group accommodating the agricultural population by permitting them to occupy the land legally. However, they were not to be granted ownership rights. The year 1974 also marked the declaration of the Paddy Land Rent Control Act.

Following the farmer's pressing demands for government's actions to alleviate land tenure problems, the 1975 Agricultural Land Reform Act was passed on 5 March 1975.

On March 6, 1975 Prime Minister M.R. Seni Pramoj stated his policy on land to the Parliament:

"The government will accelerate land reform operations as well as land allocation in degraded forest reserves, excluding watershed areas. These lands will be developed and allocated to the agricultural population. Restricted rights to land will be granted." (Office of the Parliamentary Secretariat p.190)

On March 19, 1975 Prime Minister M.R. Kukrit Pramoj announced his policy on land administrations of which the Tambon (Sub-district) Council will be responsible :

".....to undertake a survey in order to issue land rights documents to farmers. The issuance of such documents will be completed within 4 years. After demarcating the land to be documented and the issuance of land right certificates, a Tambon Council will immediately adopt the national land reform policy" (Office of Parliamentary Secretariat, p.210)

On 4 April, 1975 the Prime Ministry issued an order (document no. SR.0203/4381) authorizing the Minister of Agriculture and Cooperatives to allow illegal encroacher-settlers of forest reserves to stay on. They will not be arrested.

A repercussion from that political action occurred soon. During 1976-1978, 14.5 million rai of national forest, an annual average of 7.25 million rai, was destroyed, nearly doubling the deforestation figure during 1973-1976 (TDRI, 1987).

An attempt to encounter widespread destruction of reserve forests is reflected in the Government resolution on April 20, 1975 in which a land allocation scheme is to be introduced in the form of "forest village" to be set up in encroached forest reserves. The establishment of the Division of National Forest Reserve Management is also proposed.

The introduction of "forest village" represents an additional form of land allocation after self-help land settlements, cooperative settlements, and land reform.

On April 30, 1976 a target of 40,000 to 50,000 landless agricultural households was set for the 1977 land reform operations (Office of the Parliamentary Secretariat, p.214).

On September 14, 1976 the Cabinet resolution states

"Those who already settled in national forest reserves will be allowed to occupy the land except that the reserves are designated by Cabinet approval to accommodate specific government projects. Henceforth no one will be permitted to encroach forest reserves under penalty of arrest"

In the policy statement addressed by Prime Minister Thanin Kraivichien to the National Legislative Council on October 29, 1976, a section on land policy reads:

"The government will adopt land reform and the development of cooperative systems at every level as major policies to create welfare and security to the agricultural population.... During the 4 years [in office, the government] will undertake land reform on royal, public and private lands covering the total area of approximately 8 million rai with an aim of improving land right status and agricultural land tenure including provision of housing on agricultural lands" (Office of the Parliamentary Secretariat, p.229)

On November 17, 1976 Section 5 and Section 35 of the Agricultural Land Reform Act were amended.

On August 10, 1977 a Cabinet resolution on Land Reform in Degraded Forest Reserves was passed, the major clauses being:

1. The Royal Forestry Department will revoke forest reserve status of 6 reserve forests, the total area of which covers 740,000 rai.

2. The Agricultural Land Reform Office will operate on the area without paying fees as specified by the Ministerial Decree no. 481 (1972) under the 1964 National Forest Reserve Act.

On August 10, 1977 the Cabinet revised its resolutions concerning forest resource. The Ministry of Agriculture and Co-operatives reported that forestry officers were unable to stop forest reserve encroachment, because the Cabinet resolution on September 14, 1976 was serving to support further forest invasion and as a shield against authorized arrest. In addition the Secretary to the Prime Minister presented his proposal, which was to be reviewed by the MOAC. The content of the proposal is as follows :

1. The September 14, 1976 Cabinet Resolution should be rescinded.

2. The process of enacting a law designating land reform areas in deteriorated national forest reserves as well as land reform operations should be accelerated. Land inappropriate to farming (not less than 20 per cent) in each land reform area should be set apart as forest.

3. Aerial photograph techniques will be adopted to monitor encroached forest areas. The Royal Forestry Department will cooperate with the Department of Land Development in designating forest boundaries and setting a land classification standard for the country's land use planning.

4. Protective measures against forest destruction as specified by the Counter Forest Encroachment Committee should be strictly enforced.

In a policy statement addressed to governors and high-ranked officials of the Ministry of Interior on November 29, 1977 Prime Minister General Kriengsak Chamanan introduced a land allocation programme in which each province will allocate land to one village, of which two hundred households will benefit from the programme. Each household will be given no more than 20 rai.

Land Reform has repeatedly been quoted as a means to achieve agricultural development through improving the country's land tenure structure.

On August 28, 1979 the Cabinet passed a resolution on the Issuance of Temporary Land Right Document (STK).

On August 14, 1981 the Agricultural Land Rent Act was passed.

On June 22, 1982 the Land Ownership and Use Policy was announced. The following are major statements contained in the policy :

1. Permanent forest lands will be reclassified.. Those suitable for agriculture will be set aside as agricultural land. The remainder will be classified as forest reserve by the Royal Forestry Development.

2. National forest reserves will be reclassified. Those encroached forests unsuitable for agriculture will be reforested. Land Use Programmes will be introduced in appropriate areas. Forest status of those which remain intact will be preserved.

3. There will be no further expansion of area under land allocation programmes except for the agricultural land reforms.

4. Results of land reclassification in permanent forests and forest reserves will be submitted to the National Land Allocation Committee for implementation.

The government's commitment to alleviate land tenure problem through the land reform programme was re-emphasised in the Policy Statement of Prime Minister Prem Tinsulanonda on May 20, 1983.

On June 12, 1984 the Cabinet approved in principle measures to assist illegal settlers in forest reserves under the Programme to revoke forest status of encroached forest reserves.

On August 31, 1984 The House of Representatives recognised a statement on land allocation programmes by an Ad-Hoc Committee to Consider the Draft Budget Bill for fiscal year 1985, urging that the government should consider revocation of the status of self-help land settlements and cooperative settlements since government budget has been allocated each year to manage these programmes without specifying the period when they should be self-reliant and transferred to Provincial Administration or agricultural cooperatives.

On February 26, 1985 the Cabinet approved a three-step measure under the Revocation of Forest Status of Encroached National Forest Reserve Programme, settlers under the Programme fall into three categories :

1. Communities existing before 1967 will be granted title deeds according to the 1954 Land Code.

2. Communities settling between 1967-1975 will be granted land right certificate in the form of STK.

3. Communities settled after 1975 will be allowed to occupy the land on a temporary basis according to section 16 of the National Forest Reserve Act, 1964.

On December 3, 1985 the Cabinet approved the National Forest Policy designating 40 per cent of the country's total area as forest, of which 25 per cent will be set apart as economic forest whereas conservation forest occupies the rest 15 per cent.

On March 11, 1986 the Cabinet passed a resolution on land allocation control empowering the National Land Allocation Committee to formulate the policy framework and regulations on land allocation and to monitor the work of responsible agencies so that land allocations will be coherent.

On September 1, 1987 the Land Policy was declared by the government. The policy was set to attain 4 ends and was accordingly divided into 4 sub-policies that is, Economic Land Policy, Social Land Policy, Conservation Land Policy and Land Policy for National Security. Also a special policy was designed in relation to these policies, that is, the Hill Tribe Policy.

As regards future land allocation the following measures are to be pursued ;

1. Encroached forest land, including land for public utilization and abandoned land out of the designated conservation and economic forests, will be allocated to those in need by soil suitability criteria.

2. The Sor Tor Kor 1 Programme under the Royal Forest Department will be continued in the area outside national forests. Map Preparation will be improved to adhere to the Land Department's system. Farmers working land unsuitable for cultivation will be relocated. Land use right (Sor Tor Kor) should cover a five to ten year period to allow completion of infrastructure development before a full land title deed is granted.

3. Infrastructure development will be undertaken in parallel to land allocation operations.

4. In the first stage the Government should not issue land title deeds. Land utilisation right should extend for the first 5 to 10 years. Afterwards full ownership could be granted.

5. Since land allocation activities are continual and time-consuming in nature, a single agency may not be able to serve the pressing needs of the people. It is therefore inevitable that major agencies involved in land allocation such as ALRO, Land Department, Department of Public Welfare, and Department of Cooperative Promotion should cooperate and narrow disparities in their land allocation activities. Land ownership, especially, should be viewed in the same perspective. By the end of the Sixth National Economic and Social Development Plan when land reclassification and the RFD demarcation of the 128 million rais forest (the 40 per cent target) have been completed, details on the area under responsibility and jurisdiction of each agency will be determined.

6. Taken into consideration the high expenditure involved in land allocation activities, the development fee of 200 baht per rai should be augmented. Also a suitable rate will justify the expense of taxes collected from other sectors of society to nurture agricultural development. The farmers or members of the land allocation scheme will feel the commitment to work the land that he pays. Lastly the collection of development fee will be in accordance with hire-purchase practiced in land reform area.

On October 9, 1987 an order no.1/1988 was issued by the National Land Allocation Committee to set up a sub-committee for monitoring the land cooperative allocation work of self-help land settlement programmes and settlements.

On March 8, 1988 Prime Minister General Prem Tinsulanond reiterated that the Ministry of Interior must clarify with dwellers of encroached forests on their land right that "the State will not allow the sale or mortgage of public land which they occupy. Land right will not be transferred except to the heir to the family....."

The policy statement addressed by Prime Minister Chatichai Choonhavan to the House of Representatives on August 25, 1988 also contained a clause in support of land reform and land allocation activities.

In 1988 the 1975 Agricultural Land Reform Bill was reconsidered and amended by the House of Representatives. An ad-hoc committee was set up by the government to revise the amended Bill on September 7, 1988.

The revision of the Act has stirred lively commentations in academia. Several articles on the issue appeared in the dailies since September 1988.

Considering developments taking place in Thailand land administration history it can be concluded that :-

1. The importance of proper land management has been recognised by all governments, but different administrative bodies have favoured different policies. There has been a lack of unity in implementation.

2. Land Policy has not been well attuned to forest policy, it has made the problem of forest encroachment harder to solve.

3. Despite persistent recognition of the importance of land development and land use planning, confusion on which area should accommodate which land development programme remains.

4. The most problematic land policy has been land allocation due to its numerous forms and ideologies.

2.3 Present Land Profile

Landless Problem vis-a-vis Forest Encroachment

The co-existence of land policy and forest policy have long created a problem of overlapping responsibilities of several land agencies. In the Amended Land Reform Bill the most controversial parts are those with regard to the definition of "farmer" (Section 3) and the appropriate size of land holding (Section 30), whether they truly benefit the poverty-stricken farmers. In solving forest encroachment caused by landless farmers, two approaches are envisaged. First, the Three-Step Measure which classifies encroaching communities into three categories i) those settling in the forest reserve before 1967 will be given full title deeds according to the Land Code, ii) those settling in during 1967-1975 will be granted STK certificate and iii) those settling in after 1975 will be allowed to occupy or make use of the land on a temporary basis. However, it was argued that this Measure ran counter to the 1954 Land Code (B.E. 2497) which restricts the granting of full title deeds to landholders who occupied the land before 1954. Moreover, some point out that this measure may encourage further forest destruction. The second alternative to dealing with forest encroachment problem involves implementation of land reform measures. In this case, forest dwellers will be required to pay rent for their settlement. An argument has been raised, however, that since the 1985 National Forest Reserve Act empowers the Royal Forestry Department to rent forest land, there is no need for ALRO to involve in such operation. Whatever the case may be, the second approach means that land ownership right is in the hand of the State.

During 1987-1988 there were a number of cases in which landless farmers and the state authorities were put at loggerheads on the illegal forest settlement issue. There were cases when villagers were forced out of their land by State authorities. At certain times dissatisfied villagers caused severe damage to forest plantations and Forestry Offices. Following an urgent request made by villagers of Khao Wong District of Kalasin Province to the Prime Minister at a regional Cabinet meeting at Khon Khaen (a northeastern province of Thailand), Prime Minister Chatichai Choonhavan declared that the Government would find a solution to land ownership problem within the following 30 days (Bangkok Post, April 9, 1989 pp.1-2).

Deforestation

Despite past measures against deforestation, forest destruction continued at an alarming rate. By December 1988 only 28 per cent (89.8 million rai) of the country's total land area remains under forest cover. During 1985-1988, 4.41 million rais of forest area, an annual average of 1.47 million rai were denuded (RFD, 1989 pp.3,6). On January 15, 1989 a Decree revoking nationwide forest utilization contracts was announced.

Landlessness

When flood crisis occurred in the southern provinces of Thailand in November 1988 the government was unable to find vacant land for dislocated villagers since all potential habitable land in forest reserves has been occupied. Again, if effective measures are taken to protect the remaining forest area, land acquisition problem will undoubtedly worsen.

According to the ALRO survey of 72 provinces in 1988 there exist 454,819 landless households or about 8 per cent of the total (agricultural) household figure. Those engaged in agriculture who hold a plot of land of less than 5 rai or the "near-landless" amounts to 10 per cent while those who possess a small plot of land (5-10 rais) account for about 12 per cent. If the near-landless and the landless were combined, there will be approximately 1,020,618 agricultural households facing land tenure problems.

Primary village-level data in 1987 gathered by the National Centre for Rural Development Coordination indicates that there are about 572,755 landless households (those who have to rent their land).

Land Rent Problem

The land rent problem has been a major cause compelling the Thai governments to undertake land reform. Severity of the problem has steadily increased. The land area under rental contracts has leaped from 13.59 million rai in 1975 to 19.24 million rai in 1986.

The spreading of rental land area is now a cause of concern. At present there are up to 13 provinces where total rental land area exceeds 500,000 rai. It is worth noting that in those provinces ALRO operations do not cover the whole province. In most cases, also, land rent problem seems to increase.

Size of Land Holding

A survey on agricultural changes in 1983 carried out by the National Statistics Office indicates that about 84.8 per cent of agricultural land holders own land at a size of less than 40 rai whereas all these lands combined account for only 60.8 per cent of the total agricultural land area. On the other hand the summed amount of over 40-rai land holdings covers up to 39.2 per cent.

During the past 25 years, land has been brought under cultivation at the expense of national forest reserves and pre-reserved permanent forests. Only a slight change has been observed in the national average farm size from 25.6 rai in 1983

to 26.5 rai in 1986, whereas the number of farms increased from about 2.4 million in 1953 to 4.9 million in 1986. This phenomenon (in which the average farm size remains practically the same over the years) has been made possible by forest denudation.

2.4 Land Profile in the Future

Thailand covers an area of 320.7 million rai, out of which 162 million rai has been classified as permanent forest (Kasemsan 1978 p.6; Office of the Land Classification Committee 1977). By the end of 1987, 139 million rai within the permanent forest was declared national forest reserve (RFD, 1988). The rest 23 million rai permanent forest was designated pre-reserved forest.

The 1985 National Forest Policy requires that 40 per cent of the country's total land area or 128 million rai be covered with forest. Based on these figures, it may be presumed that an area of about 10 million rai in the national forest reserve is in excess of the 40 per cent forest cover target. In actuality, however, an area of about 17.3 million rai in the forest reserve has been set aside for accommodating various government projects and dam construction. Also the Royal Forestry Department estimated that an area of approximately 11 million rai within the forest reserve will have to be revoked according to the Cabinet resolution on June 12, 1984.

In order to deal with the land versus forest problem effectively, it is necessary that the forest area of 128 million rai be promptly delineated. Such area should not encompass existing communities. The area outside such boundary will serve to accommodate landless population.

Estimates of an area for future land allocation

a) Permanent forest (Office of the Land Classification Committee, 1977)	162 million rai
b) 40 per cent forest cover target (Cabinet Resolution, 3 December, 1985)	128 million rai
c) a) - b)	34 million rai
d) Revoked forest under government projects (RFD, 1988)	17 million rai
e) Remaining forest land for future allocation {c) - d)} =	17 million rai

In addition to land outside forest boundaries there are lands for public utilisation scattered all over the country. The exact area cannot be determined.

These lands have already been occupied, however. Since vacant land is no longer available for allocation, future land allocation will involve legalisation of illegal settlers in encroached forests. If land distribution is to be achieved, the size of present individual land holding will have to be reduced.

Chapter 3

LAND ALLOCATION IN THAILAND

3.1 Background

Land allocation is an important measure taken by the Thai government to cope with land tenure problems. Land allocation first began operating in 1935 by establishing the form known as "land hire-purchase". In 1938 the Department of Cooperative Promotion initiated a cooperative settlement scheme. The Department of Public Welfare in 1940 also started a land allocation program for self-help land settlements. A rapid increase in population, an agriculture-based economy, and a lack of coherent land policies all contributed to overlapping responsibilities among land agencies. At present there are 16 agencies operating under different laws, regulations and Cabinet resolutions, causing great confusion in the overall picture.

On September 1, 1987 the current Land Policy was approved by the Cabinet. Under this policy all land agencies will be streamlined. Laws and regulations on land administration will be reviewed also, so that differences in land right, land holding sizes, development levels, and other land allocation operations will be eliminated.

3.2 Laws, Regulation and Cabinet Resolutions

At present there are two sources of power controlling land allocation: land laws and Cabinet Resolutions or orders of the Head of the Government. Four laws empower government agencies to perform land allocation:

1. The Land Code, B.E. 2497
2. The Land Allocation for Livelihood Act, B.E. 2511
3. The Land Consolidation Act, B.E. 2517
4. The Agricultural Land Reform Act, B.E. 2518

In addition, there are other Cabinet Resolutions and regulation issued by the National Land Allocation Committee authorizing land agencies to carry out specified land allocation operations.

3.3 Development of Land Legislations in Thailand

Wongwattanasan (1979) divided the development of land legislations in Thailand into 3 stages;

When land was still plentiful

During the Ayudhya period (1350-1767) no restrictive measures were exercised on forest land acquisitions except for the requirement that a person intending to occupy a plot of forest land had to inform the state authorities for one purpose of levying land taxes. In the reign of King Rama V (1868-1910), modern cadastral survey techniques were introduced along with the issuance of land title deeds. Apart from former occupants, new settlers would also be eligible to hold title deeds, as soon as payment was made. In 1927 a committee for Considering National Land Administration indicated that land in the country was still plentiful. Although forest encroachment was not legally justifiable, the practice helped transform forest land to rice fields and crop plantations. Thus legal actions were not to be taken against those who brought forest land under cultivation. (Wongwattanasan, 1983)

When land became scarce

At this second stage the granting of title deeds involved a more complex procedure. Only those who had demonstrated the ability to make productive use of land and paid land taxes regularly would be granted land ownership. The Land Allocation for Livelihood Act, B.E. 2495 also restricted transfer of title deeds for a period of 5 years after land titles were issued. This concept was reiterated in the Land Code, B.E. 2497 and the restrictive transfer period was extended from 5 to 10 years under the Revolutionary Order no.334 (1972).

When land was limited

Following large-scale demonstrations demanding an end to land tenure problem, the National Legislative Council agreed on August 17, 1974 to incorporate land reform in a Draft Constitution of the Kingdom of Thailand to take effect from October 7, 1974. On March 6, 1975 the Agricultural Land Reform Act came in force. Under this Act, public and purchased or expropriated private land was to be allocated to the landless or near-landless farmers through land rental or hire-purchase agreements. No more land was to be given free.

Procedures for granting land rights thus became increasingly restrictive as social changes demand.

3.4 Overlapping Laws and Responsibilities of Land Agencies

It has been the case in Thailand that when a new law is enforced it does not automatically nullify the existing ones governing the same issues. A brief description of the roles of some of the key agencies involved in land allocation follows.

Department of Cooperative Promotion (DCP)

DCP started its operation in 1935 through a land hire-purchase cooperative in Pathumthani province. In 1973 a cooperative settlement was set up in Chiang Mai under the Cooperative Settlement Act. Under this Act, a land fee is to be collected for government services. In 1940 the Act was amended. When the Land Allocation for Livelihood Act, B.E. 2495 was enforced, land fee collections were abandoned and the transfer of rights was restricted to 5 years after the issuance of land title deeds. At present, as soon as members of cooperative settlements have achieved the standards set by the Amended Land Allocation for Livelihood Act, B.E. 2511 and paid full fees, they are given a land Utilisation Certificate (Kor Sor Nor 5), which, with the cooperative settlement's approval, can later be converted to full land title deeds or Land Right Certificate (Nor Sor 3) according to the Land Code, B.E. 2497. The Law also prohibited transfer of land ownership rights within the first 5 years after granting a title deed.

Department of Public Welfare (DPW)

DPW first operated its land allocation programme in 1940 in Saraburi province. Self-help land settlements are among the social welfare programmes implemented by DPW. The principle governing the establishment of self-help land settlements was originally stipulated in the Land Allocation for Livelihood Act, B.E. 2511. The activities of the settlements are along the same line as DCP cooperative settlements except that self-help land settlements do not emphasise the cooperative aspects of the programme. When a self-help land settlement became sufficiently developed, its status is to be phased out and the settlement turned over to the local authorities. Settlement members would be granted a Land Utilisation Certificate (Nor Kor). Later they can apply for a Nor Sor 3 Certificate and eventually a title deed (Nor Sor 4 or Chanode).

Department of Lands (DOL)

The 1954 Land Code empowered the DOL to undertake large-scale land allocations. Those land sufficiently developed under the scheme are to be granted a Nor Sor 3 Land Use certificate, which can later be converted to a land title deed (Chanode). No government service charge is collected. However, the transfer of rights period is limited to 5 years. This limitation was extended to 10 years in 1972. Under the Revolutionary Order no.96 (1972) the qualification of applicants of land titles was slightly altered. Those who settled in forest lands after 1954 would be eligible to applying for land title deeds, provided that they occupied the land three years before the Revolutionary Order no.96 of 1972 was issued. Thus the early concept of giving land ownership to new settlers, which had been ruled out under the Land Code, B.E. 2497, was revived.

ALRO Details of the jurisdiction and functions of ALRO are provided in Chapter 4.

Royal Forest Department (RFD)

RFD started its land allocation programme in 1975 in "forest villages" under the Cabinet Resolution and the 1963 National Forest Reserve Act. The aim was to provide settlements for forest encroachers. Land certificates given under this programme represented temporary cultivation rights which could not be converted to land title deeds until the forest status of the project area has been revoked. However, usufruct documents could be transferred to the heir to the family or used as collateral. Thus, security in land tenure was guaranteed to agricultural settler families. However, since land still belonged to the State, the usufruct certificate, in effect, could not be used as collateral.

According to the Cabinet Resolution on February 26, 1985, the RFD was empowered to execute the Three-Step Measure under the Revocation of Forest Status of Encroached Forests for Community Settlement, which classifies beneficiaries into 3 groups to be granted land title deeds, Sor Tor Kor (Usufruct Certificate) and Temporary land utilization approval, respectively, according to the period of land occupation.

Other Agencies

Lands allocated under other agencies are all provided without charge. Three agencies operated before the Land Allocation for Livelihood Act, B.E. 2511 was enforced (under this Act the policy of collecting fees for government service was restated). They are 1) Royal Irrigation Department 2) Department of Land Development and 3) Forest Industry Organization. Four agencies undertook land allocation after the 1968 Act: 1) National Security Command 2) War Veterans Organization 3) Petchaburi Provincial Organization and 4) Electricity Generating Authority of Thailand. There are also agencies dealing with land allocation after the announcement of Land Reform Policy in 1985, which include 1) Office of Policy and Planning 2) Accelerated Rural Development Office and 3) Department of Corrections.

3.5 Size of Land Holdings Allocated to Farmers by Different Agencies

Department of Public Welfare (DPW)	15 - 25 rai
Electricity Generating Authority of Thailand (EGAT)	7 - 20 rai
Royal Forestry Department (RFD)	15 rai
Forest Industry Organization (FIO)	11 rai
Department of Lands (DOL)	not more than 50 rai

ALRO	not more than 50 rai
Department of Cooperative Promotion (DCP) (Land cooperatives)	not more than 50 rai

3.6 Results of Land Allocation

Up to the present time, a total land area of 19,298,906 rai has been allocated to 1,388,925 agricultural households.

3.7 Obstacles Facing Land Allocation Agencies

From the analysis of problems obstructing the work of 4 land allocation agencies namely DPW, DCP, ALRO and EGAT, 12 obstacles are pointed out.

1. Incoherent government land policies resulting in discontinuity of specific land allocation operations.

2. Unavailability of vacant land for allocation. Operation areas are in most cases occupied by former settlers.

3. Unsuitability of land in terms of soil fertility, water resources, and topography.

4. Varied occupations of beneficiaries, some of whom do not have agricultural knowledge.

5. High costs of infrastructural development for lands acquired from degraded forests or undeveloped rural areas.

6. Insufficient budget.

7. Lack of personnel.

8. Duplicative and ambiguous nature of land laws and regulation.

9. Local influence.

10. Terrorists.

11. Lack of agricultural credit. Some forms of land certificates granted to member of land allocation schemes cannot be used as collateral.

12. Market inaccessibility. Most land allocation projects are situated in remote rural areas.

3.8 Evaluation of Land Allocation Operations in Thailand

1. Despite differences in ideologies, forms, and methods of operation, land allocation has been adopted as a major land policy by the Thai Governments with an aim to promote a better livelihood of the Thai people.

2. There are 16 agencies involved in land allocation from the past up to the present time. The five major agencies are: 1) Department of Cooperative Promotion 2) Royal Forest Department 3) ALRO 4) Department of Public Welfare and 5) Department of Lands. Other agencies include 6) Royal Irrigation Department 7) Forest Industry Organisation 8) Land Development Department 9) Central Office of Land Consolidation Commission 10) National Security Command 11) War Veterans Organisation 12) Accelerated Rural Development Office 13) Office of Policy and Planning (Ministry of Interior) 14) Petchburi Provincial Organisation 15) Electricity Generating Authority of Thailand and 16) Department of Corrections.

3. Land allocation schemes can be categorized by objective into 4 groups as follows :

- 1) Land allocation for dealing with land rights problems.
 - o Agricultural land reform
 - o Large-scale land allocation
 - o Small-scale land allocation
- 2) Land allocation for social welfare.
 - o Self-help land settlements
 - o Land cooperatives or Cooperative settlements
 - o Cooperative villages
 - o War veteran agricultural settlements
- 3) Land allocation for development and conservation.
 - o Land consolidation projects
 - o Land consolidation and development projects
 - o Forest village projects
- 4) Land allocation for specific purposes.
 - o Exemplary village establishment project
 - o Land allotment project at Don Khun Huay, Petchburi province
 - o Land consolidation projects following dam construction

Land allocation schemes under (1) and (2) are mostly large-scale and subject to political direction. The third group has assigned objectives and methods of operation. The fourth group comprises short-term, self-contained, small projects (TDRI, 1986b).

4. Differences in ideologies, forms and methods of operation in land allocation efforts may have derived from the following facts and considerations.

1) The former land allocation practices failed to achieve their objectives, requiring the introduction of new forms and methods of operation.

2) The meaning of "land" is varied depending on individual perspective and the solution to land problems is therefore based on policy makers' views of the meaning and importance of "land".

3) No national agency was accepted as a central body to look after land policy formulation.

4) Initiation of land allocation projects signifies a "leadership symbol". A number of land allocation schemes were introduced during 1975-1977.

On March 5, 1975 the Agricultural Land Reform Act was enforced.

On April 29, 1975 the Cabinet approved the establishment of the RFD forest village project.

On September 9, 1975 a land cooperative was set up at SanKampaeng district of Chiang Mai under Cabinet approval.

On November 20, 1977 exemplary villages were to be operated by the Ministry of Interior.

5) Different ideologies on land allocation may stem from competition among several land agencies seeking to find optional land allocation practice.

5. In essence, land allocation schemes in Thailand follow the same procedure. It is actually a form of rural development based on agricultural promotion. The process normally begins with land allocation, selection of farmers to receive allocated plots; construction of roads, water resources, schools, and health centres; provision of market, credit, and establishment of cooperatives. The differences lie in the beginning of the process, emphasizing specific activities, the amount of funds available, and other details. The most striking difference however, rests with the type of land rights granted, which can be divided into 1) cultivation rights (Sor Tor Kor or STK, and Sor Por Kor or ALRO 4-01) and 2) full title deeds (Nor Sor 3, and Chanode).

6. Regarding the achievements of the overall land allocation operations, it can be concluded that

1) No government land allocation policy has achieved its specific goals.

2) With regard to land agencies, those operating on a small scale and having clearly defined responsibilities have been more successful. Those undertaking land allocation at a national level are less likely to succeed.

It can finally be stated that "No land agency is more important or successful than the others in their land allocation task."

Chapter 4

AGRICULTURAL LAND REFORM IN THAILAND

4.1 Background

Thailand is an agricultural country. Since land is a basic factor of agricultural production, land tenurial problems, which afflict a vast majority of the Thai farmers, may not only result in low crop productivity but can disrupt the country's economic, social and political structure as a whole. Recognising the fact, the Thai governments have, since the declaration of the Agricultural Land Reform Act on March 5, 1975, adopted land reform as a national policy with the aim of improving the farmers' living conditions through a more equitable land distribution.

Under the above cited Act, the Agricultural Land Reform Office was established and have been operating for 14 years.

4.2 Policy

The Thai governments have, since 1975, shown commitment to adopt land tenure reform as a national policy through the enforcement of the Land Reform Act and other supporting measures. However, land reform operations in Thailand are far from complete due to several obstacles including budgetary constraints. One common aspect reflected in the governments' policy statements with regard to land reform is the emphasis on landlessness. For instance, the Cabinets headed by Prime Minister M.R. Seni Pramoj clearly stated the need to accelerate land reform operations to solve the problem of landlessness. Degraded forest land in non-watershed forest reserves would be allocated to landless farmers in the form of restrictive land ownership rights.

4.3 Laws

The principal governing land reform operations in Thailand was stipulated in the Agricultural Land Reform Act B.E. 2518, which was amended in 1976. The Agricultural Land Reform Office was empowered by this Act to undertake agricultural land reform, which means

"the improvement of agricultural land tenure and land rights including the provision of dwelling on land for agricultural purpose through the allocation of public land or purchased or expropriated private land to landless or near-landless farmers by means of renting, hire-purchasing or grant procedures with government assistance in agricultural employment and improvement of the factors of production, production process, and marketing" (Section 4, Agricultural Land Reform Act, B.E. 2518).

On September 14, 1988 a Draft Amended Agricultural Land Reform B.E.... was passed by the House of Representatives. An ad-hoc committee was later set up to consider the Amended Act. The Act is now under review by the House of Representatives.

According to the Amended Act, once a land reform area has been declared, the status of national forest reserve or land for public utilisation of the designated land reform areas (LRAs) will be revoked. Two other controversial aspects of the Law are 1) the definition of "farmer" to include those who wish to take up agricultural occupation and 2) the size of land holding per family to be increased to 250 rai.*

4.4 Organisation

Land reform activities in Thailand are under the administration of the Agricultural Land Reform Office (ALRO) in the Minister of Agriculture and Cooperatives. The Land Reform Fund was set up with the Minister of Agriculture and Cooperatives as chairman.

At present, ALRO is organised into 6 administrative units, namely; 1) the Office of the Secretary, 2) the Research and Planning Division, 3) the Legal Division, 4) the Operations Division, 5) the Land Reform Fund and 6) the Engineering Division. Also the Foreign Loan Project Office was unofficially set up to prepare projects involving external financing. In addition Provincial Land Reform Offices have been established in the 42 provinces where land reform areas have been proclaimed.

Most land reform activities are performed by the central office as follows:

1. The Office of the Secretary is responsible for general administration, finance, and personnel.

2. The Research and Planning Division undertakes planning and evaluation of land allocation work in both public and private arenas, prepares work plans and budget proposals, reviews budget proposals to correspond with the work plans, compiles and analyses statistics concerning land reform operations, organises training for farmers and consider potential cooperation with other countries.

3. The Operations Division undertakes cadastral surveys, prepares maps and aerial photograph, coordinates agricultural promotion, and performs institutional development activities.

* The amended act that was passed on 22 June 1989 set the maximum size of holding at 100 rather than 250 rai as originally proposed.

4. The Engineering Division is charged with infrastructural design and construction in the land reform areas.

5. The Land Reform Fund is responsible for fund raising and reimbursement, accounting, monitoring and control of all expenses, and issuing of land bond as well as soliciting of ALRO's incomes as a part of the fund.

6. The Legal Division deals with legal procedures in land reform operations and coordinates with other government agencies.

7. Provincial Land Reform Office carry out land reform and development activities in the land reform areas.

In the fiscal year 1988 ALRO has a total of 2,279 staff in its central and provincial offices:

The Office of the Secretary	118
The Operations Division	503
The Land Reform Fund	103
The Legal Division	137
The Research and Planning Division	281
The Engineering Division	365
Provincial Land Reform Offices (42 provinces)	772

total staff 2,279

ALRO thus retains about 66 per cent of its personnel in the central office. Provincial offices employ about 34 per cent of the total staff with an average of 18 staff per province.

4.5 Obstacles

Budget Constraints

In the first year of ALRO operations (fiscal year 1976), the government allocated 135.8 million baht for land reform activities, which was increased to 539.7 million baht in the following year. During the fiscal years 1978-1983 the allocation reduced to an annual average of 200-350 million baht and rose to 400.7 million baht in the fiscal year 1984. In the fiscal year 1989, 498 million baht was allocated to ALRO. The budget trend reflects discontinuity in the government support of agricultural land reform. During the period under review, however, other agencies dealing with land allocation such as the Department of Public Welfare and the Department of Cooperative Promotion also received an equivalent amount of budget or less. From 1975 to 1989 the total budget of 5,278.9 million baht limited ALRO's capacity to perform its land reform functions.

Apart from the annual government budget, ALRO was granted loans from the World Bank for land reform operations in 7

provinces totalling 391 million baht and 2,800 million yen from OECF for the Chao Phraya Irrigated Agricultural Development Project (CIADP) in Ayudhya province. Also the Australian Government contributed a grant of 115 million baht for the Land Reform Project in Pichit. Sixty-two million baht was granted by JICA in the form of equipment and a specialist for the Chao Phraya Irrigated Agricultural Development Project and an additional sum of 10 million baht for other sub-projects.

Social Problems

Agricultural land reform aims at achieving a more equitable land distribution among the farmers and a reduction of social inequality. Cooperation on the part of the farmers, especially landowners, plays a key role in achieving these ends. Land price negotiations, which pose a major problem to ALRO, have always been difficult and time consuming because landowners are reluctant to sell their lands. Up to 1988 ALRO was able to purchase a total of only 361,391 rai private land area, or an annual average of 28,000 rai. With regard to landowners' resistance, farmers in the land reform area at Klong Luang district, for instance, refused to sell their 4,200 rai of land to ALRO. Scattering plots of land are commonplace in the land reform areas.

In addition farmers in many cases are unwilling to cooperate in development activities, be it land consolidation, road construction or plot division since part of their holdings may have to be sacrificed or reshaped in the process.

Since the majority of farmers in the land reform areas are poor and land rental account for only 3 per cent of the total land price, renting is preferable to hire-purchasing. Hence, at the end of the fiscal year 1988, recorded a small number of hire purchasers (2,968) as opposed to 16,081 rentees in the land reform areas.

Apart from these problems, land use certificates (ALRO 4-01) cannot serve the farmers' social needs due to restrictions that prevent the holders from becoming full owners of their lands. The landless benefit only marginally from ALRO operations.

Technical problems

In addition to land right distribution, land reform also has as its purpose the improvement of the farmers' living conditions. This objective can be realised through the efficient application of technical know-how, whether in irrigation, soil conservation, crop harvesting or transportation. The provision of infrastructure and public utilities may, however, involve relocation or exchange of land holdings among the farmers. Again cooperation on the part of the land reform area dwellers is essential to the project success.

From the examination of the organization of ALRO, three technical problems came into view, namely:

1. Planning ALRO still lacks highly-trained personnel on planning.

2. Research and Development ALRO has carried out a limited amount of research, even in the World Bank Loan Project, which incorporated a research component. Specialised training in such fields as Land Information System (LIS) is also lacking.

3. The fixing of land rent/hire-purchase rates is not in accordance with the technical regulation.

Rules and Regulations

There are certain discrepancies in the details and interpreting some clauses contained in the Agricultural Land Reform Act, B.E. 2518. Attempts have been made to eliminate inconsistencies in different sections. Also in performing land reform functions, there are difficulties involved in enforcing the Property Expropriation Act and the Royal Land Act.

In the construction of one irrigation system under the Irrigated Agriculture Development Project at the Lad Bua Luang district of Ayudhya province, the local farmers refused to cooperate because ALRO was not empowered by law to carry out land consolidation. ALRO has no authority to force the farmers to give up any land for land consolidation.

Also obstructing ALRO's work are bureaucratic procedures in the Land Reform Fund.

Politics

Studies of land reform in other countries reveal that political criteria are crucial to the success of land reform such as the case of Taiwan. Without strong political support, land reform is unlikely to succeed (e.g. the Philippines and Brazil) (Pflucke 1988, p.4). Land reform in Brazil resulted in a number of death and casualties. When a new government came in power, private individuals were allowed to increase the size of their land holdings, thus rendering land reform ineffective in practice.

Thailand has witnessed several governmental policy statements stressing the significance of land reform. According to the analysis of the government policies, budgets, and performances, after the 39th government led by Prime Minister Thanin Kraivichien, who seriously pursued a land reform policy, land reform substantially declined in importance until the regime of Prime Minister General Prem Tinsulanond when land reform was

reemphasised. The 48th government headed by Prime Minister General Chatichai Choonhavan again highlighted the importance of land reform through the amendment of the Agricultural Land Reform Act, B.E. 2518. Also under General Chatichai's administration ALRO was for the first time placed under the supervision of the Minister of Agriculture and Cooperatives instead of the Deputy Minister.

With regard to the granting of ALRO Land Use Certificate (Sor Por Kor 4-01 or ALRO 4-01) which can serve as a means to obtain political popularity, only at certain periods would politicians agree. There has been an inconsistent interest in land reform on the part of the political figures.

The Thai economy is becoming more capitalised. Laws with restrictive specifications on land rights are often rejected. For instance, Section 34 of the 1954 Land Code restricting certain rights on land was nullified by the Revolutionary Order no.49 on January 13, 1954 even before it came into force in 1961. Despite several attempts by some politicians to review the law, it has never been approved by the House of Representatives. This is also the case with the proposed progressive land tax.

As regard land reform per se, an objection was expressed against the National Economic Framework, which was proposed by Mr. Preedi Banomyong in 1932 and was considered an economic, social and political take-off in Modern Thai history. The following statement appeared in the minute of the Committee to Consider the National Economic Framework's meeting, at Parusakawan Palace, on March 12, 1932.

"This is such a huge project which will take about fifty or a hundred years to complete. Will it be possible if we agree not to proclaim [such project]... Acquiring public lands alone will require an enormous sum of money. Even twenty or thirty years would not suffice to buy all these lands. And the recruitment of workers.. we still couldn't afford." (Boonnak 1957 p.181)

Some people regard land reform as a socialist practice or, worse still, as a communist notion as remarked by Major-General Dharmarak Isarangkura Na Ayudhaya (Matichon Sud-Sab-da February 12, 1989). In a capitalist society such as today's there are thus both politicians who try to avoid being claimed socialist and those who are already secure in their capitalist undertakings. Rarely would a politician show a true concern to solving land reform problems.

It has been held that agricultural land reform in Thailand was fueled by political pressure after the 14 October 1973 incident in which farmers staged a series of demonstrations and rallied over land right problems. Though the Agricultural Land Reform Act was passed in 1975 the government was still unable to reverse the situation. On May 6, 1975 the Farmer Federation of Thailand presented a nine-point statement to Prime Minister M.R. Kukrit Pramoj, the eighth item of which reads "The Agricultural

Land Reform Act issued under the administration of Prime Minister Sanya will be speedily amended and after the amendment has been completed will be immediately enforced." The following day the government came up with this response. (item 2) : "With regard to the urge on the amendment of the Land Rent Control and the Land Reform Acts... The government has already issued an order to related agencies to act accordingly and expects to submit the Amended Bills to the Parliament in the next session" (Khoathep 1987 pp. 157-159).

Nevertheless, compared with the enforcement of the Land Rent Control Act of 1950, which was last amended in 1981, the Amended Land Reform Act did not attain a comparable force of law. If political support had been more intense, a better progress in land reform should have been achieved. Since normally MPs can develop a close relationship with farmers throughout the country, it can hardly be denied that Thai politics fall under capitalist influence.

While the Amended Agricultural Land Reform is under review by the House of Representatives, questions are being posed on Draft Section 3 concerning the definition of "farmers" and Draft Section 30 which allows the maximum land holding size of upto 250 rai*, whether who will benefit from such amendment, landless farmers or the owners of large plots of land in national forest reserves, which may include some politicians. Further the 10-15 rai plot of land which were to be allocated to each household are given to illegal settlers who are granted a lawful land use certificate without a reduction of their land holding size. A series of political incidents, therefore, reflects an unhealthy environment for land reform to maintain its original objective.

Another obvious example is in the annual budget allocation, which is truly a political process. In 1978 ALRO budget reduced by 45 per cent to 294 million baht and 190 million baht in the following year. Later in the year 1985 the budget rose to 519 million baht. Had strong political supports been present, ALRO annual allocation would have been more consistent and sufficient for its needs. Moreover, land reform operations in private lands would have been more emphasised.

Considering the scope of operation, land reform activities touch upon the work of nearly all agencies under the MOAC, as well as agencies other than the MOAC. Dr. Chaiyong Chuchart, proposer of agricultural land reform in Thailand stated in 1987 that

"Land reform projects with the aim of distributing wealth to poor farmers is an important national project... It is no ordinary task. It demands a strong national leader with

* See footnote to p.30

exceptional intellect, wisdom, and prudence to bring the project to success. Thus it is essential that an organisation at the Ministerial level be set up to administer the central operations, design work plans, and closely coordinate with other related agencies. The Head of such organisation, holding the position of Minister, would be responsible for smooth and highly efficient land reform operations."

If the political atmosphere had been favorable, the proposed organisation would not be at a departmental level as the present Agricultural Land Reform Office. To sustain Dr. Chaiyong's forceful will, ALRO in 1979 established an Integrated Land Reform Project comprising 13 agencies under MOAC and 4 agencies under the other ministries (Table 1).

Finally the experience of the Department of Public Welfare (DPW) should serve as a valuable lesson. Initially the DPW was established with the objective of solving social problems, in particular, poverty elimination. Later its scope of work expanded to setting up land settlements of different purposes such as flood relief, or political stability. With divergent goals, the status of each land settlement could not be easily defined. If ALRO did not safeguard its ultimate objective and jurisdiction, ALRO may repeat the experience of the Department of Public Welfare.

Table 1

Integrated Land Reform Project

1. Agencies under the Ministry of Agriculture and Cooperatives

Agency	Responsibilities
1. Agricultural Land Reform Office (ALRO)	<ul style="list-style-type: none">- Acquire land for agricultural land reform operations through purchased private land, public lands or voluntary donation from landowners.- Survey land requirement of rentees, landless and near-landless farmers.- Survey land tenure status of both landowners and rentees.- Plan the physical layout of development projects, including plot division, size of holdings and infrastructure design.- Construct temples, schools, houses and provide public utilities.- Issue rental or hire-purchase contracts.- Monitor and evaluate the work of each production unit.
2. Department of Land Development	<ul style="list-style-type: none">- Undertake soil survey and soil classification as well as soil and water conservation.
3. Department of Agriculture	<ul style="list-style-type: none">- Experiment on plant species, fertilizer, and insecticides and undertake research on new technology.

Agency	Responsibilities
4. Department of Agricultural Extension	<ul style="list-style-type: none"> - Introduce new agricultural technologies. - Provide seeds, insecticide. - Support the establishment of farmer organisations. - Provide training for farmers.
5. Department of Fisheries	<ul style="list-style-type: none"> - Demonstrate and advise on aquacultural practices. - Provide fish fries for distribution to farmers.
6. Department of Livestock Development	<ul style="list-style-type: none"> - Demonstrate and advise on livestock farming. - Provide services with regard to animal feeding, cattle grazing, and veterinary practices.
7. Royal Irrigation Department	<ul style="list-style-type: none"> - Construct and upgrade irrigation network. - Execute flood protection measures.
8. Central Land Consolidation Office	<ul style="list-style-type: none"> - Coordinate land consolidation work. - Carry out the Land Consolidation Act.
9. Royal Forest Department	<ul style="list-style-type: none"> - Deal with community forest promotion and natural forest preservation.
10. Department of Cooperative Promotion	<ul style="list-style-type: none"> - Promote the establishment of multi-purpose agricultural cooperatives, cooperative rice mills, and silos.

Agency	Responsibilities
11. Department of Cooperative Auditing	<ul style="list-style-type: none"> - Provide auditing services for agricultural institutions in the land reform areas. - Provide financial training for agricultural institutions' executives.
12. Forest Industry Organisation Thai Plywood Co.Ltd.	<ul style="list-style-type: none"> - Supply wood for cooperative village construction through instalment sales to cooperative members
13. Marketing Organisation for Farmers	<ul style="list-style-type: none"> - Assist in the marketing of agricultural products. - Provide farm implements at low prices. - Set up silos for price supporting purposes.

2. Non-MOAC Agencies

Agency	Responsibilities
1. Bank for Agriculture and Agricultural Cooperatives	<ul style="list-style-type: none"> - Provide services regarding agricultural credits and productivity promotion planning
2. Department of Lands	<ul style="list-style-type: none"> - Assist in cadastral survey, mapping and the preparation of aerial photographs. - Issue land title deeds.
3. Royal Thai Survey Department	<ul style="list-style-type: none"> - Assist in the preparation of aerial photographs.
4. Department of Local Administration	<ul style="list-style-type: none"> - Facilitate agricultural land reform operations in different localities.

4.6 Present Status of ALRO

The Agricultural Land Reform Office has since 1975 allocated a total land area of 2,423,030 rai, i.e. 361,391 rai of private lands and 2,061,639 rai of public lands to 121,187 agricultural households. According to a study on Land Policy (TDRI, 1986c, p.107), it was estimated that ALRO would take at least 16 years to complete its operations on proclaimed or surveyed public lands and 45 years on private lands.

The Cabinet Resolution pertaining to the Land Policy on September 1, 1987, ruled that agricultural land reform activities in public lands and the proclaimed land reform areas in private lands must be accelerated and terminated within 15 and 10 years respectively. In public lands, land right redistribution will receive higher priority than development activities while land reform functions in private lands will be stimulated.

The Agricultural Land Reform Act, B.E. 2518 was devised to eliminate land tenurial problems. To fulfill this objective, land reform efforts should concentrate on private lands, so that lands held in excess by private individuals can be redistributed to those in need. This is also in accordance with the public expectations. Up to the present time, however, only limited plots of private lands came under ALRO operations compared to public domains.

In addition, dispossession of farm land, which necessitated agricultural land reform in the first place, severely afflicted farmers on private lands. Land right problems on government lands only emerged in the recent past.

According to the Agricultural Land Reform Committee's resolution on September 24, 1975, private lands in 29 districts of 7 provinces totalling 730,000 rai would be purchased at a price of 1,550 baht per rai from private landowners by 25% cash and 75% bonds. After 14 years of operation, ALRO was able to purchase only 361,391 rai of private lands due to an unrealistic price offering compared to the market land value.

Following is a remark made by Dr. Chaiyong Chuchart on the allocation of public land :

"It is essential that studies be carried out to ensure an exact accounting of public lands, to what extent they have been occupied, to what extent they can be allocated to landless farmers and the cost involved in such land allocation effort. The government must be fully informed of these facts. If these lands have been entirely occupied, the government would be unable to allocate more public lands to the landless." (Chuchart, 1977)

On August 10, 1977 the Cabinet passed a Resolution authorising ALRO to operate in 6 degraded forests, the forest

status of which had been revoked, covering a total area of 740,000 rai.

Such policy may serve to divert ALRO from its original objective. Henceforth ALRO has concentrated its operations in degraded forest lands. Currently ALRO is expected to perform land allocation in encroached forest areas to deal with both land acquisition and deforestation problems.

Since 1975 ALRO operations can be divided into 3 phases as follows :

1. In 1975 ALRO concentrated its land reform functions in private lands.

2. After 1977 the emphasis was shifted to public lands, including both degraded forests and lands for public utilisation.

3. Since 1980 national forest reserves have been ALRO's major working grounds.

According to the Draft Amended Agricultural Land Reform Act, which is currently under review by the House of Representatives, there is an expectation that ALRO will take over the task of overseeing forest encroachment from the Royal Forest Department.

Although ALRO's changed course [from land redistribution to legalisation of forest settlers] was mainly caused by the need to fulfill certain governmental policies or political needs, this by no means justifies ALRO failure to contribute to the country's overall land allocation efforts. Confusion remains with regard to overlapping responsibilities and problems on land acquisition.

Chapter 5

IMPLEMENTATION OF AGRICULTURAL LAND REFORM

The implementation of agricultural land reform activities can be divided into land allocation and development activities. Both activities are carried in public as well as private lands.

5.1 Land Allocation

Public Lands

The public lands that ALRO allocates to farmers are:

1. communal land no longer utilized by the public,
2. public property,
3. fallow land or lands outside the forest reserved areas or encroached forests,
4. royal property used for agriculture.

Most of the land allocated by ALRO in its land reform programs is the forest reserves that have been encroached for agriculture or settlement.

Land Allocation in the Past

ALRO has adopted the following steps in land allocation in accordance with the Agricultural Land Reform Act, B.E. 2518 :

1. Preparation
 - o acquisition of public land (Sect. 19 (1)),
 - o consideration of a land reform area (Sect. 19 (2)).
2. Declaration of land reform areas
 - o declaration of land reform areas by a royal decree (Sect. 25),
 - o creating a provincial land reform office (Sect.11),
 - o appoint a provincial land reform committees (Sect. 13).
3. Land reform implementation
 - o identify public land for implementation (Sect. 26),
 - o prohibit legal transactions on land by the current holders (Sect. 26),
 - o registration of land holdings and detail (Sect.63),
 - o consideration by Agricultural Land Reform Committee of physical plans and plot divisions in the land reform areas,

- o approval by Agricultural Land Reform Committee land reform programs and projects and budget for ALRO for submission to Cabinet,
- o The Agricultural Land Reform Committee consider buying or expropriating land according to Section 29 (The Committee delegated this authority to Provincial Land Reform Committee), which decides whether to allow the owners to retain their their rights on the excess land,
- o in the case of expropriation, Agricultural Land Reform Committee determines the amount of compensation to be paid (Sect. 36) and appoint an Appeal Committee (Sect. 41) to consider the land owners' appeals. (Sect. 42,43),
- o Provincial Land Reform Committee determines the size of land for the farmers to rent or for hire purchase under authority delegated by (Agricultural Land Reform Committee - Resolution 13/21) approves renting or hire purchase agreements that exceed the normal limit,
- o select farmers for the land reform areas (Sect.19 (7)),
- o ALRO enters into contract with the farmers on renting or hire purchase (Sect. 19 (7)).

4. Production and marketing system

- o Agricultural Land Reform Committee considers production and marketing plans for the land reform areas,
- o Agricultural Land Reform Committee considers the plans for agricultural development, production and quality improvement as well as infrastructural services, education and health,
- o Agricultural Land Reform Committee monitors land use to ensure the implementation of production and marketing plan,
- o Agricultural Land Reform Committee sets criteria, and procedure on ALRO credits to farmers (Sect.19 (9)).

5. Land rights

- o prohibition of the transfer or division of land allocated by ALRO,
- o supervision of assets and details of the farmers or farmers organizations which were allocated land (Sect. 19 (10)).

6. Monitoring of ALRO implementation

- o Agricultural Land Reform Committee monitors the implementation of ALRO and determines measures to help solve the problems. (Sect. 19 (11)).

Before 1988, ALRO's implementation of land reform programs followed these steps :

1. Land reform area declaration.
2. Surveys works. After the land reform area had been declared, ALRO would carry out land surveys to be used in the implementation of land reform activities.
 - 2.1 Survey maps used for designing plot divisions and infrastructure construction.
 - 2.2 Survey maps used for land allocation, showing the land holdings of the farmers in the area, indicating their shapes, neighboring areas, boundaries, and total area. This set of information used in the allocation of land or subdivision of land for distribution to others in case the owners hold land in excess of the limit.
3. Land right verification and land right negotiation. This phase is to obtain information on the farmers living in the area in order to consider reducing or increasing their holding sizes. After the land right verification, ALRO would prepare a list of eligible farmers for the Provincial Land Reform Committee for allocation approval. ALRO at the same time would negotiate with the farmers who had excess land to surrender it to ALRO for distributing to other needy farmers. The farmers who received the land would have to pay the former holders some compensation.
4. Cadastral survey for plot divisions, following negotiation, to improve the survey data in step (2).
5. Farmer selection/land utilization. The Provincial Land Reform Office would use the results in (2.2) or (4) and land right verification/negotiation results to submit to the Provincial Land Reform Committee to consider allocating land to the farmers. The farmers who were allocated land by the Committee had to have certain qualifications set by the Committee. The beneficial farmers would then be notified by ALRO.
6. Issuance of land use certificate (ALRO 4-01). The farmers who were allocated land by ALRO would receive a land use certificate known as ALRO 4-01. This certificate provided such detail as the land, the holders and other relevant information. The certificate was not transferable but could be inherited.

Present Land Distribution Procedure

In 1987, the Cabinet resolved the land that the Land Development Department has classified out of the forest reserves should be allocated to farmers by ALRO with a target of 2 million rai per year. ALRO has thus streamlined its procedure to speed

up the land reform work taking into account that :

1. the annual work load has increased three times from 500,000 - 600,000 rai per year to 2 million rai per year (the target for 1988 was reduced to 1.2 million rai and in 1989 to 1.7 million rai),

2. ALRO resources in terms of manpower, equipment, vehicle and budget are limited.

The streamlined procedure has improved practice as follows:

1. "Measurement" consists of cadastral survey to determine the shape, frontier, area, and position of land, equivalent to procedure (2.2) above, skipping (2.1). This step is to be completed within 15 days rather than one year. It thus speeds up the completion of the survey and mapping so that the output could be used for negotiating land rights.

2. "Allocation" is the step for land right verification, negotiation, selection and allocation combined.

- o Land right verification; as in (3) of procedure prior to 1988. Cadastral survey in step (1) above has to be turned over to the officials working on negotiation every 15 days. About eighty per cent of the holdings survey normally are within the legal limit. When the selection list is completed, it can be submitted to the Provincial Land Reform Committee for approval. After the approval, farmers can be granted ALRO 4-01, which is about 3 months after the cadastral survey.
- o Land right negotiation : In most cases about 20 per cent of the land is verified in excess of the limit. These are sent for negotiation for reduction. The negotiation takes time and cannot be controlled as in the previous step.
- o Farmers selection : This step is the same as (5) of the procedure prior to 1988. The farmers are regarded as having the right to the land immediately after the Provincial Land Reform Committee approves the list. The ALRO 4-01 certificate is given to formalize the decision.

3. "Distribution" of land use certificate ALRO 4-01. If there are no other problems, the certificate can be issued within 3 months.

Advantages and Disadvantages

This streamlined procedure has certain advantages, namely :

1. It can speed up the work, especially the cadastral survey work takes only 60 days.
2. It does not affect the land holders very much as it does not change the holding of the farmers, especially those holding below the legal limit.
3. It is politically favorable since the allocation of land to the farmers is very fast.
4. Investment in cadastral survey, farmer selection and distribution of the certificate is lower. Specifically, it reduces the cadastral survey cost from 114 baht per rai to 40 baht per rai.

Disadvantages :

1. This procedure does not provide a truly equitable distribution of land rights, as holders of land less than 50 rai as specified by the Provincial Land Reform Committee will be eligible. Hence there will be no land from those holders for distribution to the landless.
2. Investments will be more costly as the farmers are disperse. Coupled with the fact that there is no physical layout plan, development of infrastructure will be inadequate as it is beyond the capacity of the government.
3. This procedure cannot be relied upon to stop forest encroachment, since for those holders of land less than 50 rai legal rights will be recognized, even though the landless farmers or farmers who have less land may not get adequate land. Forest encroachment could result from the search for cultivated land by the latter group.
4. This procedure only facilitates the implementation of ALRO because it can reduce the time involved in negotiation but it cannot solve the land tenure and poverty problems.

Private Land

The implementation of land reform activities in the private land is similar to that done in the public land. Its features may be summarized as follows:

1. Preparation stage : data collection, survey, area selection, supervision and public relation, land reform area declaration, land registration, land valuation, land and size setting.

2. Purchase or expropriation of land : purchase land, payment (expropriation has not yet been used).

3. Allocation of land to farmers : plot division, farmer selection, renting or hire purchase arrangement, assign farmers the land.

4. Development coordination : agricultural extension, credit, with resource development, land consolidation, land improvement, farmer organization building, education, health, community development, and farmers' infrastructure.

5.2 Present Development Pattern

Public Land

Development Pattern Under Regular Budget

Development activities carried out in the public land under regular budget consist of :

- road construction,
- water resources for agriculture,
- irrigation canals,
- water resources for consumption,
- land clearing and leveling,
- rehabilitation of natural water resources,
- electricity installation,
- rehabilitation of roads, water resources and agricultural plots,
- on-farm development,
- establishment and improvement of community,
- soil and water conservation.

The work on production development and income promotion consists of:

- small farmers development, by research and extension for small farmers,
- vocational training to farmers to raise their income, e.g., handicraft, cottage industry, agricultural machine, agricultural techniques,
- agricultural extension : land use and agricultural production planning, coordination with other agencies on extension and training on seed multiplication and tree-crop planting,
- coordinate work on farmer institution, e.g., agricultural cooperatives.

ALRO carries out most of the infrastructure development on its own using an annual budget. In construction such as tank irrigation, ALRO may coordinate with the Royal Irrigation Department by requesting the latter to put the construction in

its plan. This coordination procedure is informal and time-consuming, depending on the initiative and leadership of the provincial land reform officers.

For work on production development and income growth, ALRO depends on coordination with other agencies. ALRO will estimate the demand for the service, propose budgets, and request other agencies such as provincial agriculture offices to implement projects with ALRO in a supporting role in farmers' selection and other activities. Another method used by ALRO is to request the provincial offices to include such programs in their plans. This method of coordination, like the case of infrastructure development, also takes time and is uncertain.

Development Activities under the Foreign Loan Project

1. In 1984, ALRO obtained a World Bank loan for implementation of a land reform project under the title "Land Reform Areas (LRAs) Project". This project consists of land distribution and infrastructure development. The project life is 5 years (1985-1988), extended for two more years. The objective of the project is to reduce poverty and expand rain fed agricultural production. Total area covered is 1.2 million rai. Each land reform area is regarded as a subproject. The areas are located in Chiang Rai, Phetchabun, Nakhon Sawan, Nakhon Ratchasima, Lop Buri, Saraburi, Sri Sa Ket and Uthai Thani. It is estimated that 35,000 households will benefit from the project.

The total project cost is \$31.0 million, \$17.0 million in loan (\$7.8 million in foreign exchange and \$9.2 million in Thai baht) and \$7.2 million in counterpart funds. BAAC is to provide \$5.3 million for the farmers to pay for compensation to the former holders, investment and production.

In the implementation, each land reform area constitutes a subproject whose activities consist of land distribution and development. Development activities are similar, then differ slightly according to the characteristics of the area. The types of activities are governed by the overall project design. Each subproject plans for the activities needed in the area. These are in the form of

- construction or maintenance of roads and bridges,
- development of water resources for use and consumption,
- soil and water conservation,
- class-room construction,
- cropping patterns development.

Most of the activities such as roads, bridges and water resources are carried out by ALRO through contracting. In the case of soil and water conservation, ALRO invited the Department of Land Development to carry it out. Class-rooms and health centers were built by the Office of Primary Education and the

Ministry of Public Health, respectively, using transferred funds from ALRO.

From 1984 to 30 September 1988, 58 per cent of the work was completed, \$6.75 million or 38.64 per cent of the loan was disbursed, and 49 per cent of infrastructure development was completed.

BAAC was able to grant loans to 2,631 farmers totaling 24,715 million baht up to July 1988. On the land distribution, cadastral work of 755,384 rai or 60 per cent of the total area was completed. ALRO 4-01 were distributed to 11,018 farmers or 51 per cent of the target. The Advisory Group has estimated that the project can be completed within two years. The extension was approved by the World Bank.

The implementation of the LRAs Project in the form of subproject approach has certain potentials and limitations.

Advantages :

- o The subproject approach allows for comprehensive spatial or area planning. Each area can be planned according to its problems and potentials. Since each area is a subproject, it is more flexible for development. The master plan or the overall project plan must not be too restrictive, otherwise the subprojects plans would be too similar.
- o Termination of the activities can be planned. Since the subproject approach is in the form of a project, it has to set a termination date. Even when a project is extended, it is to be terminated at a specific point of time.
- o The subproject provides a framework for possible coordination. As project, it has to be planned in advance. ALRO can plan together with other agencies for development activities within the project and enter into agreements with them.
- o Development directions of the area can be set clearly and in accordance with the national plan. For example, the Sixth Plan calls for diversification. Each subproject area may plan for different cropping patterns in response to this policy.

Disadvantages :

- o Since it is an integrated area development, the subproject approach requires strong coordination among the various agencies both at planning and implementation phases, which is normally hard to come by.

- o The implementation of the land reform activities in the form of a subproject constitutes a spatial unit, which requires planning so that resources are available when needed.
- o It requires good data for effective planning, especially the socio-economic and physical data such as the distribution of current land holding, fertility of the area, and the farmers' debt problems.

2. Another ALRO land reform project under foreign loan is the Chao Phya Irrigated Agricultural Development Project, implemented in Amphoe Lad Bua Luang, Ayudhya for a period of five years. (1983-1987).

This project combines land consolidation for irrigated agriculture with land reform as well as the use of modern agricultural technology on the area of 78,000 rai, funded by the government budget of 396.3 million baht and a OECF loan of 2,800 million yens.

The objectives of the project are (1) to increase the yields in the project area, and (2) to improve the irrigation system, roads and agricultural development. The project composes of the following activities:

- o On-farm development : construction of soil banks, roads, and other structures for effective water flow and land consolidation.
- o Irrigation system and water drainage : canal digging, and pump station construction.
- o Flood prevention : bank construction to provide increased production and convenience.
- o Road system : construction and maintenance of roads.

Development Activities under the Foreign Assistance Project

ALRO has been assisted by the Government of Australia in the form of grants in the implementation of the Phichit Project (Thai-Australia). The duration of the project is five years (1985-1989), with the area of 250,000 rai, 42,000 farm families. The budget for the project is 119.28 million baht from the Australian government, 106.96 million baht from the budget, making up a total of 226.24 million baht.

The objectives of the projects are :

1. To improve economic and social conditions of the farmers in the land reform area,

2. To support land distribution activity,
3. To increase the capacity of ALRO personnel,
4. To reduce seasonal migration of farmers.

Like other projects, the main activities of this project are land distribution and development works, which consist of

1. Underground water development for agricultural use: artisan wells construction in areas where there is sufficient ground water justifying the investment,

2. Agricultural extension : improvement of the extension system in the land reform area by training, creating demonstration plots, and increasing the number of extensions workers and specialists,

3. Provision of clean water for use and consumption : digging wells and installing manual pumps, constructing water storage facilities with electrical pumps, and developing a system of rural water works,

4. Improvement of drainage systems : to drain water from flooded areas unsuitable for paddy production,

5. Assistance to schools : improvement of schools, provision of equipment and materials through the Office of Primary Education,

6. Assistance to health care : construction of health centers and housing for health personnel.

Private Land

Development activities in the private land are similar to those in the public land, consisting of:

- road construction,
- irrigation canal,
- water resource development,
- natural water resources improvement such as dredging of canals and ditches,
- installation of electricity,
- training in off-farm and agricultural know how,
- agricultural extension.

ALRO carries out most of infrastructure development itself through private contracting. For training and extension, ALRO relies on the cooperation of concerned agencies which will implement operations using ALRO's budget or their own funds.

5.3 The Size of Land Allocated to the Farmers

Criteria for Determining the Size

According to the Agricultural Land Reform Act, B.E. 2518, ALRO is empowered to buy or expropriate land from farm households who own land in excess of 50 rai, or in excess of 100 rai if the land is used to raise big livestock. (Section 29).

In the past, ALRO used the land bought from private individuals or land negotiated from the holders of public land to allocate to other farmers. The size of allocated land is determined by Provincial Land Reform Committees.

In practice the Provincial Land Reform Committee will allocate land not more than 50 rai to each farm household as set by the Act. Most committees set the allocation sizes at 20-30 rai per household. In case a special land reform program is designed in the Land Reform Areas, ALRO will calculate the size of land needed to produce satisfactory rates of return. For instance, in the Land Reform Areas under the World Bank Project apart from the 50-rai limit, the minimum land holding size is determined at 15 rai.

Problems of Present Allocation Size

In the allocation of land to the farmers, ALRO follows the decisions made by the Provincial Land Reform Committee and allocation regulations. This regulation permits those who own land more than 50 rai to subdivide their land for their heirs. This practice, coupled with the fact that influential large land holders do not yield to land reduction, causes several problems. First, it distributes land only among those already holding land. Thus, the size of land holdings after land distribution is very similar to what it was before the distribution (NIDA Consulting Center 1986, pp. 196-7). Second, the landless have less chance of obtaining land since the criteria favor the original holders rather than the landless or the tenants. However, the allocation in the land reform area in Phetchabun managed to distribute to new farmers up to 38 per cent of the total (NIDA p.209). Third, such allocation practices do not leave land available for increased demand.

5.4 Size of Land to be Allocated in the Future

Future Needs

Delimiting the size of land allocated to farmers is important for three reasons :

1. To distribute adequate land to the farmers and ensure equitable distribution,
2. To ensure proper land use,
3. To meet the future increased demand for land.

The size of the land allocated has to be reduced otherwise there would be no land left for distribution to the landless. Such a change will be difficult for the farmers to accept. Hence the implementation by ALRO will be even more difficult. One way to solve this problem is to provide an incentive to the farmers.

Incentive for the farmers to accept the reduction of land holding may take in the form of granting them legal rights to (titles) their lands. Title deeds can be used by farmers as collaterals for loans from the commercial banks - an improvement from ALRO 4-01. Besides, the land can be transferred in addition to inheritance. This title deed should have one condition attached - i.e. the transfer is allowed in the case that the land continues to be used for agriculture. Field interviews indicate that the reductions of holding size is possible if there is sufficient public relation and incentive provided through title deeds.

Criteria for Limiting the Land Size

The size of land to be allocated to farmers depends on the objective of the land reform, the quantity of land available for the purpose, and the increased population. As discussed above, the objective of land reform is to distribute land holding and ameliorate poverty. The criteria for determining the size of allocated land should therefore be the following :

1. Land fertility; Land capability, appropriate cropping patterns should be used to calculate the average income for the area to determine the appropriate size of land to be allocated. Less fertile land has to be allocated than unfertile land.

2. Family size : The land assigned to farmers might not be of equal size, but should be allocated in proportion to the number of dependent members in the family.

3. Average provincial land holding size; this average size should be used as the reference print form which the actual allocation should not deviate too much.

4. The number of the landless. In conclusion, the size of the land allocated to the farmers needs not be the same among and within areas. The determination of the size should depend on the characteristics of each area. Setting the allocation size should be done by a committee involving local people and other agencies' officials so as to win local acceptance.

5.5 The Size of Land Reform Areas

Present Size of the Land Reform Areas

From 1975 to the end of November 1988, ALRO carried out its land reform activities in 85 plots of land with a total land area of 6,096,186 rai, averaging 71,720 rai. It is estimated that ALRO will be able to allocate 3,948,649 rai, an average of 46,455 rai or 65 per cent of the land reform area. The sizes of the land reform areas range from 339 rai to 399,462 rai.

For the private land, there are 66 plots of land that have been declared for land reform. It is estimated that 900,415 rai can be purchased, resulting in an average of 13,642 rai per plot. Up to November 1988, ALRO has been able to purchase 318,372 rai or 35 per cent of land estimated to be purchased. The sizes of land estimated to be purchased range from 100 rai to 93,518 rai. The actual size of the purchased land range from 153 rai to 30,000 rai. It can be seen that the size of the private land is much smaller than the public land available to ALRO.

In addition to the above, there are lands which His Majesty the King has donated, which ALRO has used in its program planned in honor of His Majesty. Individuals also donated lands, amounting to 7,601 rai. Most of the land is of small size, ranging from 100-3,000 rai. The royal property land accounted for 6,772 rai with the sizes ranging from of 4-5 rai and the maximum of 2,323 rai.

It can be concluded that the size of the public land used for allocation is larger than 10,000 rai (land smaller than 10,000 rai accounts for 25 per cent or 21 plots) while the private land tends to be smaller and more disperse, land smaller a 10,000 rai accounts for 32 per cent or 21 plots.

The size of the land reform areas affects costs. If the area is small, it will tend to increase cost per rai of operation, since it has the same overhead as the large area. Furthermore if the land is scattered the cost is even higher. The development of infrastructure is difficult and costly.

The Size of Future Land Reform Areas

Because of limited budget or resources available for agricultural land reform, ALRO has to consider the size of land to be used for efficient land reform activities. A previous study by ALRO indicates that the appropriate size should be about 30,000 rai (Pinthong and Rabibhadana, 1981 p.9).

In order to minimize costs, consideration of the size alone is not sufficient since the fertility and needs of the areas and the number of people in the areas are different. The procedure

used to choose the area should follow the project approach. Under this procedure, any area that yields satisfactory rate of return should be implemented even if it is small.

In the future, 17 million rai or more of land will be available to ALRO. In addition to the rate of return of the project in the area, the following criteria should be used.

1. Size of the area; ALRO should implement larger areas to reduce unit costs.

2. The number of population in the area; populated areas should be implemented first. For similar sized areas, areas with larger population should be implemented first.

3. For small areas, ALRO may carry out only the allocation activities, leaving the development activities to other agencies.

5.6 Sources of Land Areas

From the analysis in 2.6, it was concluded that about 17 million rai are available for allocation. Part of this land is in the designated forest to be reserved and some in the forest reserves which have been encroached. This 17 million rai of land is not to be included in the 128 million rai of forest land.

The source of land for future ALRO allocation will have to come from these 17 million rai, most of which has been encroached. Therefore, ALRO's activities will still be recognizing the rights to the land of the farmers rather than distributing land directly to the landless.

5.7 Target Farmers

The rationale of land reform is generally understood to be to provide assistance to the "landless". In the case of private land, this target group consists of the renters or partial renters who do not have sufficient land to maintain their livelihood. The Agricultural Land Reform Act, B.E. 2518 has implicitly defined the target group as "farmers who do not own land or farmers who own only small land and insufficient for livelihood" (Section 4). Prosterman and Riedinger (1987, p.178) classified the landless into three groups :

1. Tenant farmers,
2. Agricultural laborers, either permanent or temporary, working under common direction on large holdings.
3. Agricultural laborers working on small or medium holdings that are directly farmed by either an owner or a tenant, usually employed as temporary, peak-season help.

The target group for agricultural land reform should be these tenant farmers or the agricultural laborers. However, when the government assigned ALRO to be responsible for land allocation on the public land, the target has started to shift. Most of the land that ALRO obtained from the government for allocation was fully occupied by squatters. These encroachers hold land for cultivation without legal rights. Some of these people may have previously been landless and encroached into the forest land. However, these people are not within the category of landless by general definition. Allocating land to them amounts to recognizing their right to the land. ALRO implementation is regarded as a response to government policy; this land reform program is quite unique.

Though the allocation of land to the squatters may be in accordance with government policy, emphasis on these holders cannot assist the landless farmers who happen to live in the areas also. Therefore, if the land reform is to distribute land, the landless farmers as defined above will have to be given priority in addition to those squatters. One way to achieve this is to reduce the maximum size of the squatters' holdings.

5.8 Conclusion

From 1975 to the present, every government has supported the agricultural land reform as a matter of policy, but in terms of implementation such support is still lacking as in the case of budget and expropriation action.

The land reform program in the private land faces the problem of ever rising land prices. The farmers cannot afford to buy land from the government. In addition, large land owners do not cooperate with the government in selling their excess land to ALRO. Future implementation of land reform program should introduce the use of expropriation.

The implementation of land reform programs on the public land usually means recognizing land rights of the squatters on forest reserves or public land. Such work of ALRO follows the instruction of the government. If it is to serve the objective of land reform as generally understood, or as originally intended, the size of land allocated to the farmers should be reduced and the excess land allocated to the landless farmers. In return for land reduction, the government may grant title deeds to the land holders as incentive.

Development activities are carried in the land reform areas through coordination with various government agencies. Many problems arise from such practice, one important problem being the delay of the activities. One way to solve this problem is to organize land reform activities as projects. Each project would also enable ALRO to set the activities for the area, monitor the project and terminate it within a certain period of time, thus increasing the efficiency of the land reform programs.

Land reform activities should consist of land distribution and development work. Land distribution should emphasize the distribution of land to the landless. The development activities should accompany land distribution. Where appropriate, there should be physical layout plans and plot divisions, to ensure economical construction of infrastructure and proper land use.

To implement the above recommendations, ALRO should improve its organization to enhance its capacity to implement the land reform programs. The detail of recommendations appears in chapter 9.

Chapter 6

DEVELOPMENT ACTIVITIES IN LAND REFORM AREAS

6.1 Introduction

Agricultural Land Reform as defined in the Agricultural Land Reform Act, B.E. 2518 (1975) covers a wide area of activities, from improving land distribution and determining land rights to providing housing and assistance in employment and income-generating activities. From its establishment to the present, ALRO has performed two primary tasks : (1) allocating land to tenants, landless farmers, small holders, and legalizing rights to lands acquired unlawfully; and (2) construction, water resource development (both for agricultural use and for consumption), the development of farmers' associations, and employment generation and income enhancement.

6.2 Infrastructural Development

ALRO has allocated more budget and manpower resources to basic infrastructure development than to employment and income activities. On average, about 70-85 per cent of its budget is spent on infrastructure improvement, mainly roads or followed by water resource development for irrigation and household use, all of which also help generate employment and improve income. Most of ALRO's land allocation involves public lands, especially forest reserves that have been encroached. In these areas, there are no roads connecting villages, and other essential services such as schools and health centers are also inadequate. ALRO's normal practice is to build additional facilities only to complement existing networks. ALRO develops water resources in appropriate areas. In the provision of schools and health centers, however, ALRO coordinates with other responsible agencies to provide such facilities.

All infrastructure development except for school and health center construction are carried out directly by ALRO, including surveying and construction through private firms. ALRO cooperates with other agencies for water resource development. Such cooperation usually takes place in the field rather than through central levels.

The most important issue to be negotiated with other agencies is deciding which of them is to assume responsibility for continued maintenance. Since ALRO is a land allocation agency, its mandate is to distribute land to the landless, which suggests that it should relegate maintenance functions to other agencies that are directly involved in infrastructure development. To prepare for the transfer of responsibility, it is advantageous for ALRO to involve these agencies as much as possible in the planning stage and in the construction of

infrastructure, so as to avert problems that otherwise would emerge during the transfer process.

6.3 The Role of ALRO in Rural Development

Rural Problems

The government's long experience with rural development has produced few successes in that complex and difficult task. One recurrent problem is finding ways to plan development activities to respond to local needs. The strategy for rural development in the Fifth Plan (1982-1986) emphasized the importance of providing services so as to conform to community needs and to local conditions. The Sixth Plan (1987-1991) pursues the concept further by linking the design of these services to basic information collected from villages. It assigns priority to infrastructure especially roads and land, to production improvement, and to water, health, and education facilities.

ALRO's rural development activities may be classified into three groups: (1) basic infrastructure for production and a stable livelihood, consisting of roads and security of land tenure; (2) production and marketing services to deal with low yields, limited employment opportunities, lack of farmers' organization, and poor off-season cropping; and (3) water resources for agriculture and household use.

The Role of ALRO

Of all the problems being faced in the rural area, ALRO can help best with road construction and water supplies, and somewhat less with problem of landlessness. It also has an indirect role in coordinating with other agencies to improve health and education.

Most of the areas in which ALRO operates are encroached forest reserves, which lack adequate facilities and services. For those areas, the government has included ALRO's activities in infrastructure development and income improvement in its annual plan for rural development.

ALRO's Contribution to Rural Improvement

ALRO's direct contribution to rural improvement is limited because the distribution procedures it follows permits only a few of the landless farmers to acquire land. The benefit of access to infrastructure is limited in some instance where farmers who have been allocated land live outside the land reform areas, and who quite often rent out lands that were assigned to them in the course of redistribution. Thus, landlessness and landlordism are both increasing, both in and outside the land reform areas.

The development of infrastructure, roads, and water resources provides benefits primarily to the farmers living in the land reform areas. Water supplies for farming also may pose problems in some areas where designing construction were not properly planned.

The development of farmers' organizations is a difficult, time-consuming task, whether performed by ALRO or other agencies. Confronted by infertility of the soil, lack of water, limited employment opportunities, and the number of farmers living outside the land reform areas, the farmers organizations face serious obstacles.

After land has been distributed and infrastructure provided, ALRO's responsibility is to improve crop production and to raise incomes by providing farm inputs, improving land use, encouraging higher investment, and providing extension services. ALRO's achievements in this area, too, are limited. Yields and incomes of farmers inside the land reform areas are not superior to those of farmers outside them. The reasons include the absence of a plan for farming improvement, inadequate budgets, lack of manpower, and shortcomings in marketing.

In order to bring about rural development in the land reform areas, especially for those who receive land, so that it matches the level of the surrounding area, ALRO will require additional personnel; it will need to implement land reform on a project basis, place more emphasis on marketing, and coordinate with other agencies under well-defined plans. Otherwise, farmers in these areas will face unemployment problems that finally could lead to the loss of land.

6.4 Termination of ALRO Activities

If ALRO's activities are conceived as a form of area development, they should meet a time limit for terminating each project before moving on elsewhere. It has been government policy to require other land allocation agencies to terminate their activities on a tight schedule, but these structures have not applied to ALRO so far.

Termination of land reform activities can take place only when they have achieved their objectives, both legal and physical. At that point the area and its infrastructural facilities could be handed over to the province or to appropriate agencies for maintenance. Other agencies engaged in land allocation programs, such as the Department of Public Welfare and the Department of Cooperative Promotion, have set criteria for terminating these activities. In adapting these criteria to the nature of ALRO activities, the proposed criteria should be as follow: (1) completion of land allocation to farmers; (2) utilization of the land; (3) development of the infrastructure facilities specified in the project plans; (4) living conditions

and incomes approximating those of the neighboring areas; (5) issuance of legal titles and (5) a maximum duration of ten years.

With these criteria in place, ALRO could arrange with the provincial authorities to transfer infrastructural facilities to other agencies for maintenance. It could also help to arrange for these agencies to secure additional budgetary support for the new responsibilities. Plans prepared at the beginning of the project and worked out closely with other agencies could simplify the transfer process.

6.5 Summary

From development point of view, the mere provision of land is not enough to guarantee adequate incomes to farmers. Indeed, allocation of land to the landless or to tenant farmers without development services to bring more income could lead them eventually to lose their land. Even in cases where ALRO allocates land to encroachers on the public forests, rural development services can improve land use and help resolve social problems.

Infrastructure in the land reform areas consists of roads and water resources. Roads have benefited the farmers, but in the future when ALRO terminates its activities they will require special arrangements for maintenance. Water resource developments are not being carried out to maximize the potential of an area, and in many areas farmers do not have access to the water they need to improve production and income.

ALRO's development activities clearly contribute to rural development. They reduce the land tenure problems, but the benefits they bring do not always relieve the problem of landlessness. Employment and income generation activities have improved the overall standard of living in the areas, but they still are not better off than the neighbouring areas.

Chapter 7

LAND RIGHTS

7.1 Introduction

Land rights given to farmers or members of land resettlement projects differ from other land rights according to the power and authority of the issuing authority. The final documentation issued by the Land Department, for example, subjects title deeds to a 10-year limitation on transfer rights, dating from the time of issuance. Land title deeds issued by the Department of Public Welfare and the Department of Cooperative Promotion, on the other hand, are subject to the transferability limitation for only 5 years. ALRO's documentary titles, SPK or ALRO 4-01 differs from title deeds in these and many other respects.

7.2 The Current ALRO Land Allocation

ALRO allocates both private and public lands in its redistribution programs.

The allocation of private lands requires the purchase of land from private individuals who own plots in excess of legal limits or who do not work the land but rent or sell it to farmer-tenants or to landless persons.

The allocation of public lands takes place through the distribution of encroached forests and other public domains to farmer-occupants or to landless persons.

ALRO's land allocation operations include renting, hire-purchasing, or grant procedures.

Renting, hire-purchasing, and grant operations face the following problems :

1. They are in contrast to other national development programs. Many agencies deal with land allocation for agricultural purposes, some of which began operations when there was an excess of land compared with the population. During that period, the law permitted individuals to possess the land in unlimited amounts. As land became scarce, the law sought to prevent land purchases for speculative purposes. Moreover, public lands are not to be transferred to private individuals except as specified by law. Current land principles are intended to permit the government to purchase or expropriate land for landless farmers who are capable of working it for agricultural purposes.

There are 3 periods of land law history. Phase 1, gave permission to reserve land in the form of plots (section 33), and title deeds were given to persons who had no previous right to land. This law has been effective since the reign of King Rama V (section 58 and section 58 bis).

The law regarding settlements came into effect during phase 2. In the first period there was a need for people to seek new lands which were granted free. But the law now set aside government funds to aid in the investment [B.E. 2480-2485 (1937-1942), succeeded by the Agricultural Land Reform Act, B.E. 2511 (1968)]. These funds include the cost in developing the land, up to 200 baht per rai (section 10).

Phase 3 is the period of land reform, the distribution and redistribution of land without charge. In practice, no landless farmer wants to pay for his land, but this law provides special funds for the distribution and redistribution of land for landless farmers only.

2. They differ from land reform practices in other countries. In the examples of land reform principles derived from 38 countries analyzed elsewhere, the majority of farmers have to pay to the State the price of the land they acquired. Some countries specify such prices as compensation costs, management fees, development fees, or construction costs. The problem is usually whether the State would collect in full or in part, not whether it should collect at all. Every country takes note of the fact that farmers who have just received land are unable to pay the full market value, and accordingly they collect some costs from farmers through the use of long term instalments plus low interest rates of the 10 countries shown, 4 of the countries apply the land reform principle employed in communist country, where the land belongs to the state or cooperative, rather than to farmers individually; 3 out of the 10 countries have called for payment periodically, depending on political circumstances; 1 out of the 10 countries operates on public land and, hence, has no need to purchase or expropriate. Only 2 of the 10 call for no payment. The land reform principle in Taiwan regarded the "sale of public land" as an important stage of land reform. In Thailand, however, land reform operates in both public land (section 26) and private land (section 29), which are to be redistributed to farmers. General tax revenues are used to finance such operation. In order not to impose this heavy burden on the state, farmers would have to pay back full costs, by installment.

3. Current practices fail to conform with Thailand's reform law.

Section 4 of the Agricultural Land Reform Act, B.E. 2518 defines the term "agricultural land reform" as follows:

"agricultural land reform" means the modification in connection with rights and holdings of land for agriculture and

includes the provision of places for dwelling on such land, whereby the State allocates public land, land purchased or expropriated from the owners who do not utilize the land themselves or have more land than they are entitled to under this Act, to farmers who have no land or have small plots of land which are insufficient for earning their living, and to farmers institutions, for hire-purchase, rent, or usufruct, with the State assisting in the development of agricultural occupations, in the improvement of resources, and in providing requisites for production, as well as in the production and distribution."

Because the provisions use the term "... for hire-purchase, rent or usufruct...", some lawyers interpret this term to include an allocation of land free of charge, so that the allocation of land would be done in 3 different ways. But all jurists recognize that the term used in a definition has no independent force of law, but must be construed together with all provisions of the same legislation. According to the Agricultural Land Reform Act, Section 30 concerns the redistribution of land to farmers and only mentions "rent and hire-purchase". It is misleading or even incorrect to argue that the law says nothing about the farmers who acquire land free of charge, and therefore they should be authorized to hold it in unlimited amounts. Section 36 specifically refers to "the payment for land," which means farmers acquiring land have to pay to ALRO for it. It provides:

"Section 36. The Board shall determine compensation with due regard to the acquisition, fertility, and location of land or immovable properties together with the value of the main agricultural produce which may be obtained from the land in such locality in order to bring about justice to the society and to all farmers who are charged with the payment to ALRO of the price of land or immovable properties.
etc. "

4. Contingent problems. The current practice by which ALRO allows farmers to have the right over the land without a rental or hire-purchase contract has caused various problems:

- o Inequality among farmers acquiring land from ALRO, some being required to pay for rent or instalment and others not.
- o Often ALRO annual budget for other operations is reduced because it allocates land free, in contrast to other governmental agencies.
- o Farmers tend to undervalue lands acquired free of charge, and may sell it and move elsewhere, thus contributing to further encroachment of forests.
- o The revolving fund of the Agricultural Land Reform Fund is insufficient.
- o Infrastructure within the land reform area would be

provided on a larger scale, if rent or instalments were collected more efficiently.

S.P.K. or ALRO 4-01 : A Land Reform Documentary Title

In practice, issuing S.P.K.4-01, which is treated as land documentary title, seems to be the main objective of reform operations, and hence there is an annual budget allocatemenent for land surveys. The number of documents issued is then used to measure the project achievements. S.P.K. 4-01, in fact, is only a permit allowing farmers to enjoy certain rights over their land. The legal relationship between the State and each farmer is in accordance with the terms and conditions of the rent or hire-purchase contract. Farmers acquiring S.P.K.4-01 without entering into a rent or hire-purchase contract have no legal rights. Consequently, they cannot claim the right to occupy such lands for an unlimited time period or that they cannot bequeath the land to their statutory heirs. Since S.P.K.4-01 has no substantial legal effect, some unnecessary processes such as survey and mapping should be discontinued.

Redistribution

It is a generally accepted principle of land reform that no one can hold title to more than a legal size limit. However, the total quantity of land available for redistribution must also be taken into consideration. To date, ALRO has proceeded to redistribute land as follows:

1. Implementation in private land. According to Section 29 of the Agricultural Land Reform Act, B.E. 2518, a farmer may retain any amount of land below the maximum entitled by law, i.e. not exceeding 100 rais (for raising of big animals), or 50 rais (for other farmers), or 20 rais (for non-agricultural owners). Any of land in excess of those limits shall be purchased or expropriated by ALRO for redistribution to the landless. Since it began operations in 1975 (B.E. 2518), however, ALRO has not expropriated any private land for redistribution under Section 29. Instead, ALRO obtained land through negotiation with landlords who were willing to sell. The provision of Section 29 has caused instead a redistribution of land, to family members rather than landless farmers. Land reformation of private holdings has therefore not yet served the main objective of the law.

2. Implementation in Public Land. In principle, any person who encroaches public land is liable to punishment by imprisonment. In practice, however, those who encroach public land are regarded as landless persons to whom the State, under certain conditions, has to distribute the land. In addition, according to a study by AIT (1981) the State usually faces resistance from the persons encroaching public land when it demand the redistribution of the land they hold in excess of the

legal limit. To solve these conflicts, the study recommends that "compensation" be paid to such persons to cover the costs of developing such land.

Current practices of other state agencies concerning land allocation also support the claim of persons encroaching public land, but they provide a better alternative than free distribution.

Paying "compensation" poses serious questions.

3. The impact of S.P.K. 4-01. Since S.P.K. 4-01 is not a full land title, the farmer's land rights will not be hampered by transfer. In practice, in order to avoid land redistribution by ALRO, most farmers usually employ someone else to serve as an officially designated owner. Therefore, if S.P.K. 4-01 is suspended and farmers given full rights instead, the desired redistribution will have occurred. If possible, the immediate transfer of ownership should be to those people who are in possession of the land in question.

4. The Bill Amending the Agricultural Land Reform Act. Section 30 paragraph three of the Agricultural Land Reform Bill, which is pending in the National Assembly, entitles persons encroaching public land to rent or hire-purchase up to 250 rais* of land. Such provisions seem contrary to existing practices. First, they would give persons encroaching public land priority claim to occupancy rights. Second, those persons would be entitled to hold the land beyond the legal limits (50 rais or 100 rais where large animals are raised) without showing their qualifications as provided in Section 29 paragraph two. Third, the maximum quantity of land entitlement would be raised to 250 rais. Fourth, such persons would have full ownership, even over land acquired in excess of the legal limit. And finally, according to the draft Section 30 paragraph four, any person encroaching public land before 1967 would be able to obtain the land by paying only fees for transfer, surveying and mapping, and land development. The meaning of this paragraph is also ambiguous since it may be interpreted to mean that these fees apply only to lands below the 50 rais limit.

7.3 Rights Under the Law on Land Reform

According to both the Land Code and the Land Allocation for Livelihood Act, B.E. 2511 (1968), persons who acquire such land are deprived of the right to transfer it before the lapse of certain period, i.e. 5 years and 10 years respectively. Section 39 of the Agricultural Land Reform Act, B.E. 2518 (1975), on the other hand, provides more details concerning such restriction. The land cannot be divided; inheritance rights can accrue only by

* See footnote on p.30

devolution to the statutory heir, and cannot be specified otherwise by will; a transfer of ownership can be made only to a farmers' institution or to ALRO for the purpose of agricultural land reform, and not to other persons. People who are unaccustomed to this legal concept reject these restrictions. Since the language used in the said Act is vague, lawyers usually interpret such provisions as conferring land rights freely.

Land Held in Excess of Legal Limits

Section 29 paragraphs two and three provide that any person engaged in agriculture and who owns land within the land reform area in excess of 50 rai (or 100 rai in cases where it is used for raising large animals) shall submit to a competent official for a permission to continue holding the excess land. But these excess lands are subject to conditions stipulated by the Agricultural Land Reform Committee, e.g. it must serve agriculture uses specified by the committee. Recipients of the rights in the said land who fail to comply with the conditions are subject to ALRO's power to purchase or expropriate land for allocation to other farmers. Land holdings permitted in excess of the limit might not be regarded as ..?... under the process of land reform under Section 39. The Legislative Council of the Juridical Council in full committee decided that since excess land was not acquired through the process of purchasing or expropriation, but through other means, it could not be regarded as having been acquired through the land reform process and therefore could not be subject to the restriction of indivisibility or non-transferability under Section 39.

Determining whether land held in excess of the limits should be subject to Section 39 or not depends on conformity with ALRO's objective, which is to allocate such land to the landless farmers. And in granting a permission to any person to hold land in excess under Section 29, the qualifications of each owner has to be taken into account. Any right so granted is only personal right and cannot be transferred to others. Consequently, if the owner of such land dies or violates conditions stipulated, the transferee also cannot claim rights of further transfer. ALRO has the power to purchase or proceed with the expropriation of such land under Section 29 paragraphs two and three.

Rent

Land rights within land reform areas under hire-purchase contracts cannot be regarded as having been acquired through the process under Section 39. Section 39 applies only to persons who have acquired ownership from the state through the process of land reform. However, the term "Land which a person has acquired the right" which is used in Section 39 may be interpreted otherwise. The construction of this term should be considered in the spirit, not just the letter of the Act.

Hire-purchase

All problems, issues, and effects concerning the contract of rent can apply to the case of hire-purchase mutatis mutandis even though it is applied under a different principle of law.

However, Section 39, last paragraph, of the Bill amending the Agricultural Land Reform Act, which is pending in the National Assembly, says :

"Section 30 ... In cases where land is acquired through rent or hire-purchase contract, it shall not be subject to the law controlling the rent or hire-purchase. Rights acquired through such process can be transferable or inheritable only in accordance with the rules, procedures, and conditions as the Committee shall stipulate".

This draft legislation confirms that the land in the land reform area which is acquired through the rental or hire-purchase contract is not subject to Section 39. Instead it has its own process under Section 30.

Ownership

When a farmer has paid all instalments under a hire-purchase contract, he acquires the ownership of the land. Such ownership, however, is subject to restrictions under Section 39, i.e., 1) indivisibility and 2) restriction on transferability. Since, in practice, the land acquired through the process of land reform by each farmer is already of small size (around 15-30 rais), it is not suitable for further subdivision.

According to Section 39 lands can be transferred only to the farmer's statutory heir or farmers' institution or to ALRO for the purpose of agricultural land reform. The objective of Section 39 is aimed to protect farmers from the loss of their agricultural land.

7.4 Advantages/Disadvantages

A comparative study between giving right over the land under rental contracts and conferring ownership.

Advantages of Rental Contracts:

1. They are suitable for poor farmers because the rent is usually less than instalments under hire-purchase contracts.

2. The state may resume possession over such land at any time, since ownership over rented lands is not transferred.

Disadvantages of Rental Contracts :

1. The state must continue its role in land management, including rent collection, land inspection, and eviction. These tasks impose heavy responsibilities in land reform areas throughout Thailand.
2. The state has to provide credit aid, since the right under rent contract are only personal, the farmer cannot acquire ordinary loans from financial institution on mortgages. The state has to provide aid by way of crop loans, as BAAC does.
3. The quality of soil deteriorates because farmers renting land will not devote as much care as owners do.
4. Persisting financial obligations of the land reform.

Advantages of Conferring Ownership

1. It provides an incentive for farmers to cherish their land and to devote much care and attention to it.
2. It ends problems of rent collection, since hire-purchase requires only certain payment of instalments.
3. It promotes a feeling of pride and equality with others.
4. It can provide loan collateral.
5. It can increase the revolving fund for land reform - because sales or hire-purchase instalments produce more income than rents.

Disadvantages of Granting Ownership

1. High interest rate - When farmers have land ownership which is not subject to the restriction of non-transferability and which can be used as collateral, private financial institution or even private individual usually charge high interest rates so that they may not be able to repay the loan and eventually lose their land to this financial institution or private individual.
2. Possible loss of ownership over the land by farmers who cannot pay the debt under the loan made according to (1) above when it is due.

Both disadvantages are manageable, however. Farmers can be required to use land as collateral only with government approval, or ownership can be granted subject to restrictions on transferability, as is the case in many countries.

7.5 Analysis : Pattern of Right Granted

1. Category of beneficiaries - There are many categories of farmers who are regarded as beneficiaries of the program. Some are employees, some are looking for new jobs; some lack sufficient funds to invest in agriculture or for the hire-purchase of land. In the initial stage, it might be feasible for them to join an agricultural cooperative like a kibbutz, where all the facilities are provided, e.g., housing, fertilizer, etc. Within the Kibbutz, farmer-members have to work and share benefits mutually but they do not have the ownership over the land. Such categories of beneficiaries may require different considerations in the application of a land reform program.

2. Financing land reform - At present, private financial institutions are stable enough to provide credit to the agricultural sector. Thus, ALRO can now sell the land directly to farmers through normal banking credit system, and thus generate a larger revolving fund for land reform, and reduce its present burden.

3. Agricultural credit - Credit is not available when property cannot be transferable, since it cannot be used as collateral. Creating transferable rights permits farmers to get more agricultural credit.

4. Farmer protection - In order to protect farmers from the loss of their farm land in earlier times, the concept of non-transferability prevailed. But that concept is an obstacle now because it denies farmers access to credit and injures their economic prospects. To solve this question, the concept of restriction on transferability has been introduced, i.e. permitting land to be transferred only to farmers, and within other limitations.

5. Agricultural land preservation - To be productive, agricultural land must be fertilized and have access to costly infrastructure such as an irrigation systems, roads, and buildings. But the amount of land suitable for agriculture is limited. The land reform area is intended to preserve fertile land for agricultural purposes, but the existing land reform law does not so require. The law needs amending in that regard.

7.6 Conclusion

1. ALRO should not regard the issuance of S.P.K. 4-01 as a measure of its success.

2. ALRO should review the question whether land surveys and mapping are necessary for the issuance of S.P.K. 4-01, since it is time consuming and costly but produces little benefit.

3. Paying compensation to those who encroach upon public land should be discontinued, or at a minimum, the amount paid to them should be reduced.

4. According to the Bill pending in the National Assembly, it is unfair to grant 250 rais* to the squatters on public land.

5. There is no need to amend the existing law to provide restrictions on indivisibility and transferability, since these conditions can be specified by contract.

6. Before the family pattern of agricultural production has changed, the allocation of land should emphasize the granting of ownership except for the use of rental contracts and grants to certain cooperatives.

7. In order to mitigate the burden to the state as well to expand the scope of execution of land reform so that to complete the work earlier, ownership grants should be arranged where possible with private financial institutions through mortgage loans to farmer rather than by hire-purchase.

8. Grants of ownership should be subject to the conditions that agricultural land should remain in the hands of farmers and be used only for agricultural purposes.

9. Land reform area should always be maintained as such, since the reservation of such area for agricultural purpose still serves the need of the society, even after ALRO's field operations have ceased.

10. The allocation of agricultural land under other laws should also be amended to conform with the system used in the agricultural land reform law. This change will reduce some unfairness and will eliminate obstacles to the implementation of land reform.

* See footnote on p.30

Chapter 8

BUDGET AND FUNDING SOURCES

8.1 General Sources

Budgetary and other funding sources for ALRO's operations differ according to the three main functions that ALRO performs:

1. government service to the private sector,
2. development functions,
3. programs dealing with land tenure and problems of landlessness.

Most ALRO activities require government budget support or foreign loans. Private resources are limited due to the nature of activities mentioned above.

1. Since there are several land allocation agencies, appropriations for land reform must serve other priorities as well as land reform. ALRO's budget may not be adequate for its assigned purposes.

2. Since there are also many other agencies involving in development, the budget allocated to ALRO for those purposes, too, may then be lower than its needs. ALRO can resort to foreign loans only for feasible projects that have a cost recovery potential.

3. ALRO's activities on land tenure and landlessness have to be carried out in conformity with political and social purposes. If farmer beneficiaries cannot retain their land, ALRO cannot obtain sufficient operating funds. Such activities must compete with those of other agencies dealing with social problems, like drugs, slums and neglected youths.

Foreign loans can be obtained from foreign governments and financial institutions, international organizations, and the international financial market. Loans from foreign governments normally offer better terms than those from other sources. Loans from international financial institutions and international organizations such as the World Bank and ADB carry higher interest rates than those from the foreign governments, and also shift the burden of the exchange risk to the borrowers. At present, Thailand does not have access to the international financial market. Therefore, the interest charges on loans that Thailand obtain are not the lowest, though the improving general and financial condition of the country may make it possible to obtain funds at better terms in the future.

As a general rule, foreign loans are available for activities that produce economic and social value and do not put unnecessary strain on foreign exchange. At the moment, the

foreign loan plan does not contemplate borrowing for agricultural land reform.

In addition to the government budget and foreign loans, foreign grant assistance is sometimes available. Assistance can be sought from countries with experience in the land reform. The Department of Technical and Economic Cooperation can negotiate for such assistance from foreign governmental and international organizations.

8.2 Special Sources for Land Reform

In addition to the government budget, foreign loans, and foreign assistance, the following are other important sources of fund:

Land Bank

The Bank for Agriculture and Agricultural Cooperatives (BAAC), which has operated for 23 years, has still not raised enough funds from urban or rural areas to satisfy the demand for credit. The Bank of Thailand has not instructed commercial banks to extend credit to BAAC for farm loans. Indeed, redirection of credit from other private sources would not increase the total supply of credit. Since private credit is already functioning well, including credits for land transactions, government sources will be needed.

In any case, the establishment of a land bank will inevitably require a government guarantee. The operation of a bank extending only land transaction credits will not solve all existing land problems: a bank operating only in land credits might suffer a large deficit because of bad debts and be unable to continue operating. Government could guarantee these debts on the basis of its taxpowers.

Land banks in other countries, such as Taiwan or the United States, are not like ALRO. The Land Bank in Taiwan purchases land for agriculture, urban development, and security trading, and extends credits for immovable assets and housing; the Land Bank in the United States operates like BAAC.

Agricultural Land Reform Fund

Since October 1988, the Fund has accumulated 1,906.1 million baht, of which 1,518.25 million baht came from the budget. The operation of the fund does not show the true position of the fund in its assets. Short-term improvements in the fund will make it operate as a revolving financial institution. It will not use its funds for development purposes, which would simply duplicate its annual budget. It should revise its interest charges and rental rates and improve its ability to monitor debts.

The main resources of income for the fund would be rent, interest on loans, and mortgage payments, which at present are very low. ALRO is responsible for renting substantial amounts of land, but it has not yet generated a significant amount of income.

If the fund is to operate as a source of finance for land reform, therefore, it must improve its procedures so that its expenditures can be covered through its own revenues, such as interest and mortgage payments. In the long run, the Fund should be improved by (a) revising its status from that of a government agency to that of a financial institution independent from ALRO, (b) concentrating its expenditures not on general development activities but on income-producing activities for farmers who they can repay the Fund, (c) improving its reporting to reflect its true positions so that its performance can be evaluated.

Bank for Agriculture and Agricultural Cooperatives(BAAC)

BAAC has been in operation since 1966. At the end of September 1988 it had total assets of 36,000.1 million baht. Its main contribution to land reform is its policy of lending to farmers who have no legal land rights; it uses group guarantees for repayment in such cases. BAAC has granted two-thirds of its total credits under this arrangement, amounting to 11,800 million baht and benefiting about one-third of all the farmers (in the country). The loans for land transactions and water resource development constitute only 12 per cent its total agricultural credit. The development of agriculture also requires loans for production (for which BAAC expends 65%), investment in farm equipment and structure, draught animals and breeds (13%) and marketing (10%). If the Fund is functional only for land credit, it will not be enough to maximize production.

Success in agricultural loans depends on the availability of other production inputs and marketing, which requires cooperation among several agencies. If those conditions are not present, most of lands purchased by the farmer may be lost.

To enable BAAC to act as a financial institution that can provide adequate support to agriculture, the government should allow it to expand its operations, for example, by granting loans to rural industries, home industries, and agro-industries. Only persons who directly or indirectly engage in agricultural production should obtain credits from ALRO.

Commercial Banks

Commercial banks are the largest source of funds. They mobilized a total of 797,305 million baht of savings at the end of September 1988. The consideration of the source of finance for agricultural production and development and land reform will

not be complete if this major source is not taken into account, since the government has the policy of forcing these commercial banks to extend agricultural credits to commercial banks up to 14% of the total deposits of the previous year.

The main issue is how much credit has been extended to assist the operation of the land reform programs. The data in this area are very scarce. But it may be assumed that the amount is low, because (a) agricultural outputs in the land reform areas are subject to various kinds of risks: natural disaster, quality, ability for processing up to foreign market standard, (b) the lack of systematic management reduces production prospects, (c) the farmers especially successful ones, are not familiar with the banks. Therefore, the commercial banks have no way to grant loans to those who could use them most effectively.

Government Bonds

The use of government bonds in land reform is specified in Section 35 of the Agricultural Land Reform Act as follows: " the cash payment of compensation to the land owner or for the immovable assets to be expropriated will not exceed 25% of total compensation and the rest is to be paid in government bonds....."

According to current practices :

1. There is no limit on the amount of government bonds to be issued for compensation except those imposed by the management. For instance, management must consider expanding the issuance of bonds under differing money market conditions, the ability of the Agricultural Land Reform Fund to repay principal and interests when the bonds come due, (which in turn depends on the management's ability to get sufficient returns on its loans), and the ability of the new owners to repay debts resulting from the purchase of land.

2. The government bonds have been issued only 4 times, for a total value of 400 million baht.

3. If the Fund is to develop as a capable financial institution, it must manage its bonds well. For example, it will have to be able to issue new bonds to replace old ones, or to use government bonds where the returns are higher than the interest on its own bonds, etc. Government could use its bonds as an additional source of finance for land reform.

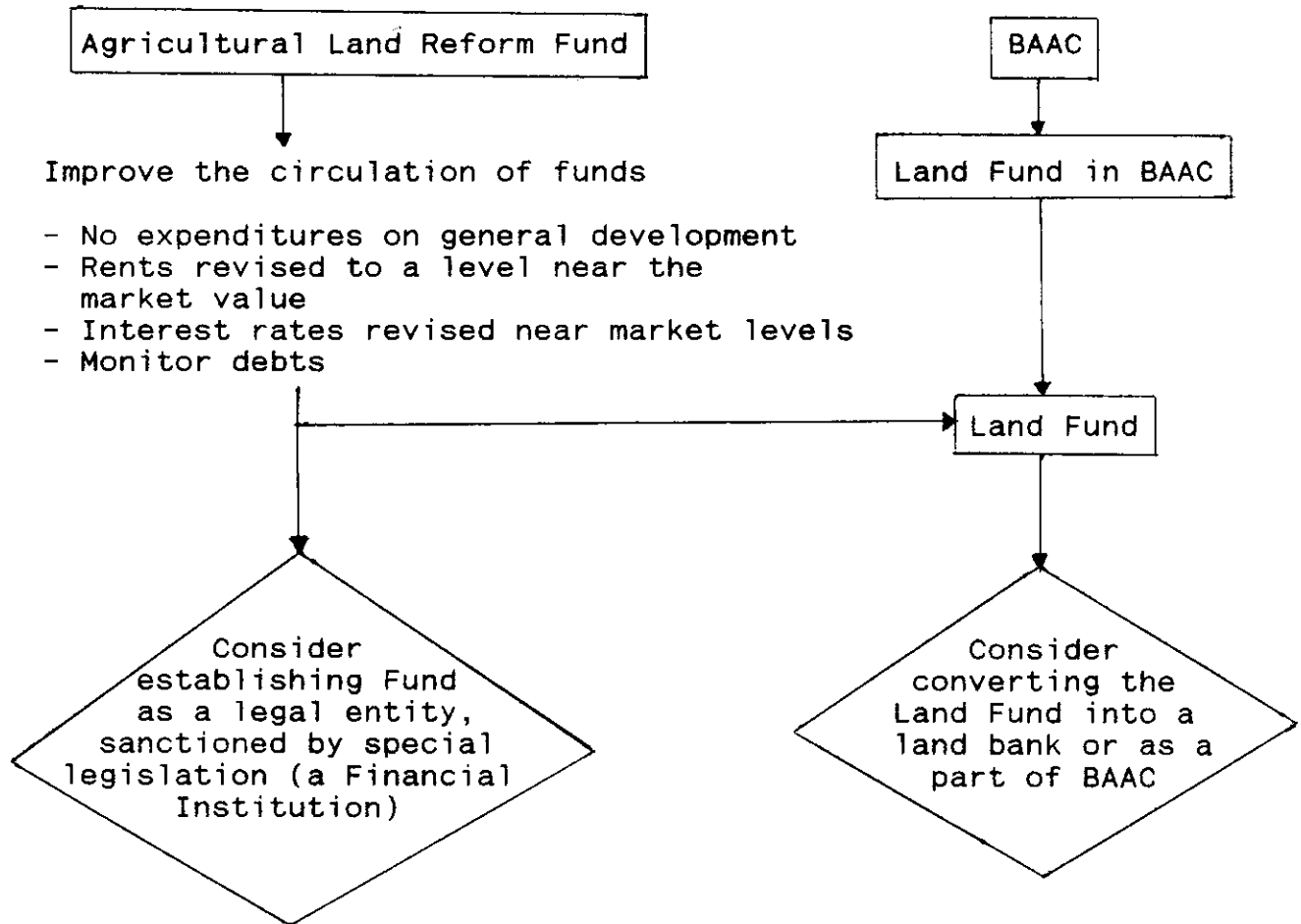
Private Sector

The private sector can provide capital and other inputs to the agricultural land reform areas. But the latter must be able to adapt themselves to the export business, the expansion of markets for certain crops, and private investment trends. The

government must also coordinate with the private sector in this regard. The amount of resources that can be drawn from this sector is greater than that allocated by the government. However, the inducement of this source of fund should be systematic; the activities must interest the private sector and be competitive with other investments.

From the above discussion on the financial institutions for the land reform it is recommended that the best alternative is to streamline the Fund. It should be put in BAAC, operating on a revolving basis. At the same time BAAC can provide production credits to farmers to enable them to earn income to repay their debts. The Agricultural Land Reform Fund currently is limited by government regulations, which do not allow it to operate fully as a financial institution. It should be reorganized as part of the Land Fund in BAAC, independent from ALRO. Finally, the eventual establishment of a land bank can take place after this improved fund has operated successfully for a period of time.

Proposed Financial Institution for Land Reform



8.3 Fund for Land Reform

The various types of funds necessary for land reform are as follows:

- fund for government operations in land reform (officials, equipment, etc.),
- fund for basic infrastructure development,
- fund for training farmers,
- fund for agricultural production,
- fund for local development.

1. Fund for maintenance government mechanism in land reform (a government service on government budget)

- o Budget
- o Agricultural Land Reform Fund

2. Fund for basic infrastructure development (government services similar to public enterprises, government budget or public enterprise fund should be used)

- o Budget
- o Foreign loans
- o Public enterprises' fund, e.g. Provincial Waterworks Authority, Provincial Electricity Authority.

3. Fund for training of skills (basic level - a government service; medium level - individuals should pay fee; high level-individuals should bear all costs)

- o Budget
- o Private sector
- o Public enterprises
- o Agricultural Land Reform Fund

4. Fund for agricultural production (It is the government policy to distribute the fund equally; there are government agencies taking care of the agricultural fund; fund should improve efficiency; fund should encourage private sector participation).

- o Part of the agricultural credit from the commercial banks that the government directs to this sector
- o Assistance through agricultural cooperatives
- o Agricultural Land Reform Fund

5. Subsidy for agricultural production (partly for social purpose, partly to stimulate agricultural production).

- o Bank of Thailand discount facilities
- o Interest subsidies by BAAC (2% lower than the market rate)
- o Subsidy through agricultural cooperative lending (not yet implemented; but could be financed by the budget of Bank of Thailand facilities)

6. Other development funds (general development should use government budget; for development for individual benefits, a fee should be charged or the function left to the public enterprises or private sector).

- o Budget
- o Foreign loans
- o Foreign assistance
- o Public enterprises' fund

One important issue in the use of fund is the subsidy. The argument is as follows:

In principle, the government should not subsidize the sale or purchase of land even if it is an agricultural land. If the government decides to subsidize, it should do it through the

budgetary process. This is because subsidy means the government transfers its assets (taxes or other assets) to certain individuals. If it is done through the budget, which is a political process, decisions can be made regarding to subsidies and sources where the resources thereof are going (from central taxation, or specific taxes, or from public enterprise, user fees).

For the hire purchase of land, a direct government subsidy is not recommended. The government can provide assistance by assisting financial institutions in supporting hire purchase activities through loans, interest rates and other conditions.

At present, lending by BAAC for investment in land or water resources is already subsidized, since the interest charge is 2% below the market. If the government wishes to subsidize the operation of agricultural cooperatives on land hire purchase activities, it can do so by using the cooperatives' profits or budget of the Department of Cooperative Promotion.

8.4 Conclusion

The sources of funds for ALRO activities are twofold : For the original sources, the use of fund should be (1) suitable to the activities; (2) Within the absorptive capacity of ALRO. New sources for ALRO consist of :

1. foreign loans: currently ALRO can absorb about 100-200 million baht per year,
2. Agricultural Land Reform Fund: The fund can expend about 90 million baht per year, working within revenue limits and employing cost recovery or recycling features.

Table 2 : Government Budget for Future Land Reform⁽¹⁾

Year Allocated	Budget (million baht)	Area (million rai)
1	633.14	1.27
2	664.79	1.41
3	698.04	1.58
4	732.94	1.76
5	769.58	1.97
6	808.06	2.19
7	848.46	2.45
8	890.89	2.72
9	535.43	3.04
Total	6,981.33	18.39

(1) Annual budget includes all expenditures in public lands but adequate to implement private land also.

Note: - Budget allocated increases 5 per cent per year.

- Payments for purchase of private land are recommended to be made through the financial institutions.

Chapter 9

Agricultural Land Reform Policies

9.1 Objective

The objective of the Thailand's agricultural land reform policies is to improve the standard of living of small-scale farmers through the equitable distribution and improved use of land. These measures will also contribute to overall economic and social stability. A collateral long-run objective is to protect the natural resources, especially the forests.

ALRO's past performance and the current trends of economic and social development demonstrate that agricultural land reforms produce social and political consequences and are also economically valuable.

9.2 General Statement

To support land reform in the context of the nation's overall natural resource problems, the government should adopt the following policies:

1. Impose a progressive land tax.
2. Supervise and monitor the implementation of Agricultural Land Rent Act B.E. 2524.
3. Officially designate the exact location of the 128 million rai of forests to be preserved under the law, making use of aerial photography and appropriate scale maps.

Background

1. Although the Agricultural Land Reform Act has been in effect for 14 years, ALRO has created land reform areas in about a fifth (124) of Thailand's 655 amphoes, located in 43 of its 73 provinces. Even in these declared areas, many holdings already exceed the legal 50 rai limit set for ALRO reforms in both public and private lands. The maximum size provision of Land Code BE 2497, which applies to all lands, was repealed in 1959, and it has not been revived by Parliament because of concern that it might infringe existing rights. But ALRO has retained the 50-rai limit in principle for its land reform areas.

2. Rising land prices in the past years, together with a prosperous economy and low interest rates, have encouraged widespread land speculation. This problem has generated unfavorable attention in the public press and raised questions in the Cabinet. Land speculators are taking advantage of investments the government is making while waiting for profit from price rises, rather than working the land, some of which is suitable for agriculture.

3. At present, 600,000 farmers are renting 19.2 million rai of lands held by landlords, including speculators. As prices continue to rise, it will become increasingly difficult for these farmers to acquire lands in their own names.

4. Disputes over land rent are rising, although there have been legal controls since 1950 and the Agricultural Land Rent Law of 2524 is now in effect. The need for vigorous enforcement of the law is clear.

5. Acting under the authority of the National Reserved Forests Act of BE 2507, the Cabinet ordered on December 8, 1985 that 128 million rai be reserved as national forest. Conflicts among implementing agencies and with public groups have interfered with the implementation of this ruling.

6. The adoption of the three policies recommended above would permit the government to:

- control the holding of lands in excess of the legal maximum;
- prevent land speculation
- reduce the extent of idle land
- simplify the identification of land for redistribution.

9.3 Recommended Policies for Public Lands

Policy Recommendation 1. ALRO should acquire 17 million rai of land for redistribution from the forest reserves, plus some additional public lands held by the provinces. The government should retain the present classification of 128 million rai as forest reserves.

Background

Under this proposal, ALRO would confine its distribution of public lands to the 17 million rai previously designated as forest reserves but now encroached for agricultural purposes. This figure is derived from the following history:

(1) On 3 December 1985 the Cabinet set aside 40% of the nation's land (128 million rai) to be designated as national forests. Of this total, 17.3 million has been allocated to land redistribution and dam construction. Another 11 million rai were to be designated community areas under the earlier Cabinet resolution of 22 June 1983.

(2) Encroachment of officially designated forest lands has certainly reached more than the 30 million rai that was estimated in 1982. It probably totals 73 million rai today. The Royal Forest Department has continued to gazette additional land beyond the 128 million rai originally designated for forestry, but encroachment is also rising. As of 1988, only 89 million rai are still forested.

(3) The Cabinet decision mentioned above was the first time forestry policy took note of encroachment problems. The proposed land reform policies for ALRO will permit an integration of the two issues in an operational sense.

(4) Introducing land reform in the areas where encroachment has occurred will permit the government to discourage the practice while at the same time serving the needs of landless farmers. The difficulty of coordinating development in those areas has hampered implementation of the proposed policy, however. The land reform bill now under consideration by the House does not address these problems of coordination.

(5) The first step in implementing the proposed policy must be to identify the precise location of the 128 million rai of forests to be preserved, excluding community areas. All land outside the 128 million rai that have been designated as forest reserve, but is being otherwise used, should be assigned to ALRO.

(6) The encroached forest land outside the 128 million rai mentioned above, up to a total of 17 million rai, should be reassigned to the land reform program.

Policy Recommendation 2. Landless farmers should receive priority access to redistributed land.

Background

(1) This priority is implied by the terms of the Agricultural Land Reform Act B.E. 2518, which aims at creating equity among farmers by reducing the existing social and economic disparities caused by maldistribution of land. At the same time ALRO will encourage more efficient production and marketing of agricultural products by these disadvantaged groups.

(2) In the past, ALRO's distributional activities have tended to favor landholders, some of whom have continued to hold more than the 50 rai limit by designating family members as owners. One study of the Huay Kayoong land reform area showed that only 1% of the land was available for redistribution.

(3) Another study of seven of ALRO's land reform areas showed that 20% of the households were listed as holding more than 50 rai of land, leaving 80% excluded from the redistribution program. Even in the remaining 20% of the cases, moreover, the custom has been to distribute the land in question first to other family members rather than to the landless.

(4) Data from the Office of Agricultural Economics indicate that the amount of rented land has increased for 13.6 million rai in 1975 to 19.2 million rai in 1986. The rate of increase of rental lands is also rising (from 2.6 million rai in 1984-85 to 2.7 million rai in 1985-86).

(5) Similar findings emerge from data supplied by the Rural Development Coordination Center, which reviewed 5.4 million farm households and found that in 1986 there were 4.059 million who owned their land, leaving 800,000 smaller landholders to face the necessity of renting additional fields and another 600,000 farmer-renters who owned no land at all.

(6) Another indication of the severity of the problem of landlessness is revealed by the extreme attractiveness of ALRO's Progressive Farmers Project, which has many more qualified, educated applicants than it can accept. These applications continue in spite of the fact that the applicants will be expected to compensate the previous owners for their land, much of which is undeveloped and requires investments. For example, supplying water resources costs in the range of 12,000-15,000 baht per well. Such investments often range beyond the total amount of credit the BAAC makes available.

(7) Another example of the severity of the problem is provided by the case of the recent Katoon disaster in Nakorn Srithammarat Province. In a television interview on 13 March 1989 the Prime Minister revealed that the encroached forest lands that had been selected for the relief of these people were

already occupied, and to carry out its program the government had to seek land from the Office of Rubber Replanting Aid fund.

(8) The term "landless" is defined by the Agricultural Land Reform Act, B.E. 2518 as "those farmers who do not own land or own only a little, insufficient for subsistence." Prosterman and Reidinger (1987, p. 178) classify the landless to include:

- tenant farmers
- agricultural laborers, whether permanent or temporary, working under common direction on large holdings, and
- farm workers on small or medium holdings employed by farmer-owners as tenants or as peak-season helpers.

ALRO has not been using the latter definitions in setting forth its redistributive priorities.

(9) The proposed policy is that ALRO should give priority to tenant farmers or agricultural laborers rather than encroachers on public forest lands, even though these people may have been living in the area and farming illegally.

(10) The encroachers may have held no land prior to moving into the forest areas, but they should not be considered priority "landless" for purposes of redistribution under the proposed policy. Allocating land to them would legalize their encroachments rather than distribute "land to the landless" as intended by the land reform program.

(11) The present policy of issuing land to encroachers is no doubt legal under the current interpretations, but it does not "redistribute" land to the landless as conventionally defined. If ALRO reduces the maximum holdings of the encroachers to correspond to the optimal size, it will release additional lands for its redistribution program.

Policy Recommendation 3. ALRO should implement land reform activities on a project basis, with specified activities to be carried out under a designated time frame and budget. Each project should work under a schedule that would eventually transfer responsibility for infrastructure maintenance to other agencies. These project units would be the basis for monitoring and evaluation of field performance.

Background

(1) ALRO has not terminated any of its land reform programs since it began operations in 1975. Activities like basic infrastructure building and income generation are especially long-lived. There are not even any plans for such termination or transfer to other agencies except for the Land Reform Areas Project funded by the World Bank. ALRO's routine continuation of its activities has made it difficult to evaluate its achievements.

(2) Redefining ALRO's local operations in project form will make it possible to

- set clear overall targets for national land allocation
- establish targets for each phase of land reform
- determine appropriate, cost-effective components of development activities in each area
- identify other agencies with which land reform activities have to be coordinated and establish budget allocations for those purposes
- schedule termination dates for each project
- monitor progress, evaluate project efficiency, and measure the effectiveness of its services to landless farmers.

Policy Recommendation 4. ALRO should plan the physical layout of all development projects, including plot divisions, size of holdings, and infrastructure design, so as to conform with existing physical and social characteristics.

Background

The proposal would suggest preparation of plans for all land reform areas as separate projects. These plans would designate plot sizes and design the basic infrastructure systems in accordance with local conditions and community needs. Imposing rigid physical design standards tends to increase costs and discourages innovative adaptations.

(1) The ultimate objective of improving the living standards of farmers by providing them with land, increasing their productivity, and improving their infrastructure facilities, would require ALRO to schedule construction and service activities to coincide with rates of settlement, whether incremental or simultaneous.

(2) Integrated planning of this type once characterized ALRO's operations, but these complex procedures were abandoned because they were deemed too slow. Legal difficulties, the opportunity for local influence, the absence of data on landholdings, unstable budgetary support, the absence of decentralized project organizations, and the reluctance of other agencies to collaborate with local operations all hampered the implementation of land reform policies.

(3) Disappointed with progress under the integrated planning approach, ALRO began to focus on activities where progress was easily visible, such as road and water resource construction. The result was an apparent concentration on development activities rather than on land reform. On 10 February 1987, however, the Cabinet instructed ALRO to give priority to land redistribution, by implication leaving it to coordinate with other agencies to carry out its infrastructure development work. In 1988, the Budget Scrutinizing Committee of Parliament cut the budget for the Agricultural Development and Extension Section and the Agricultural Institution and Occupation Development Sections of ALRO.

(4) ALRO modified its procedures again in 1985, when it began negotiating with individual landlords to purchase holdings in excess of 50 rai, for redistribution to landless farmers. As part of the negotiations, the seller would receive land use certificates for the authorized 50 rai. By thus reducing conflict between landholders and encroachers, ALRO was able to distribute 1.3 million rai in its first year of operations under this procedure. It now plans to carry out development activities in these areas.

(5) The new procedure has enabled ALRO to produce outputs faster and to respond to political needs as well.

(6) The costs of purchasing land for redistribution under this procedure, however, are so great they will soon absorb the resources available for ALRO's land redistribution activities.

(7) The present policies are producing inequities of their own, moreover. Land is becoming scarcer; nearly every forest in the country has suffered encroachment. Meanwhile the encroachers are receiving land certificates (ALRO 4-01) free of charge, while participants in the Progressive Farmers Project have to pay for their land and invest in the kinds of infrastructure that ALRO provides to encroachers. Both groups are supposed to be beneficiaries of ALRO's land reform activities, but encroachers are better served than landless farmers.

(8) Although the rate of population growth is declining, it is far from certain that the labor force of 38 million projected by NESDB for the year 2001, can be absorbed into industry and service sectors. Unabsorbed labor will tend to flow toward the agricultural sector, and finding free lands available by simply invading the forest, they may continue to encroach on public lands.

(9) TDRI interviewed experts on land administration in central and provincial, many of whom stated that they do not regard ALRO's current activities as either land allocation or land redistribution. They see them rather as a mere recognition of encroachers' right to lands. If the proposed policies were adopted, this perception would change. ALRO could concentrate on redistribution, and it could work with other agencies to develop land reform areas. These agencies include the Lands Department, Department of Public Welfare, Department of Highways, the Royal Irrigation Department, Department of Cooperative Promotion, Department of Land Development, the Royal Forest Department, and Royal Thai Survey Department. Some of these agencies are engaged in land allocation, but they usually allot only 15-25 rai to each farm household.

(10) Present practices will eventually put an end to ALRO's influence on the size of land holdings, since farmers who have received titles or certificates from ALRO will usually resist any such restrictions.

(11) Failure to plan for future changes in land use will make infrastructure construction difficult. Once land has been developed without the benefit of a physical plan, further infrastructure costs will rise to unacceptable levels. A notable example of the difficulty of improving suburban areas in the land surrounding Bangkok.

Policy Recommendation 5. ALRO should render rural development services appropriate to the area during the process of land distribution. The two functions should be carried out simultaneously.

Background

This proposal contemplates an integrated approach to physical planning and land redistribution.

(1) Raising living standards requires more than allotting land: human settlements simultaneously need other inputs such as education, roads, and water resources. Nor is equity achieved automatically by just providing land.

(2) Most land reform areas, especially in distant rural locations, lack essential government services. Data prepared for NESDB by BCEOM show that rural Thailand still lacks 400,000 km of roads according to UN standards.

(3) The most important inputs for creating viable land reform settlements are water, seeds, management, marketing, and roads. Roads are essential for the provision of other farm inputs and for marketing. But in spite of ALRO's efforts, even after a considerable period of development, some areas, notably in the Northeast and North Central regions, still lack water resources.

(4) As of 1987, rural areas are below the national averages in the following respects, according to NESDB reports:

<u>Category</u>	<u>% of villages below natl. average</u>
Communications	14
Employment	40
Land rights	35
Rice farming	58
Upland crop farming	67
Farmers associations	62
Water resources	61
Irrigation	39

(5) The Sixth Plan calls for emphasis on basic infrastructure, employment generation, health services, water, and rural education.

(6) ALRO's development activities are consistent with the needs described in (4) and (5). They are divided into two categories: (a) infrastructure development (roads, water resources, education, and health), and (b) employment generation to increase farmer incomes (production technology, credit, marketing, and the development of farmers associations). These functions should be carried out in close conjunction with land redistribution activities.

(7) Studies show that roads and water resources represent the most urgent needs of the rural population. When ALRO provides them in its land reform areas, it can negotiate with landholders to obtain an agreement to adhere to land size limitations and to grant legal land rights to the landless.

(8) Physical conditions in the land reform areas differ substantially. There are lowlands, uplands, flatlands, and undulating lands; some are irrigated, some rainfed; and their fertility levels vary as well. These conditions, along with an equally wide variety of social characteristics, should dictate the design standards for ALRO's development activities.

(9) Standards of road construction should be established at the outset of project preparations in order to facilitate their eventual transfer to other responsible agencies as ALRO withdraws.

Policy Recommendation 6. ALRO should undertake to coordinate its development activities with those of other responsible agencies from the outset. In cases where collaborating agencies are unable to provide roads and water resources in time to accommodate project needs, ALRO should proceed with construction itself in conjunction with the responsible agencies.

Background

(1) ALRO's primary responsibility is to acquire land from holders of large units and to redistribute it to the large number of landless farmers and the increasing body of renters. In principle, therefore, ALRO should concentrate its own activities on land redistribution and should coordinate with other agencies for the required rural development services.

(2) The process of coordination involves two sets of organizations: those performing road and water resource construction and maintenance (Department of Public Works and Accelerated Rural Development, for example) and those associated with service functions in the land reform areas (Ministry of Education and Ministry of Public Health, for example).

(3) Since roads and water resource infrastructure are the priority needs in the land reform areas, and since ALRO has the capability to fulfill them, it should continue to do so if other agencies are unable to meet scheduled requirements. Analysis of ALRO's capability and work records showed that actual construction is usually carried out by private contractors, with ALRO taking responsibility for design, contracting, and supervision. In the Land Reform Area Project under the World Bank, for example, ALRO oversaw construction of 223 km of laterite roads, 221 km of village-level dirt roads, 292 km of village tracks, and 70 km of rehabilitated laterite roads.

(4) Employment-generating activities, on the other hand, should be undertaken in cooperation with other agencies that can provide appropriate personnel. Soil, seeds, livestock, and management specialists are all available in the Department of Land Development, the Department of Agriculture, the Department of Livestock Development, and the Department of Agricultural Extension, for example. BAAC can provide experts in credit and financial institutions, and the Department of Cooperative Promotion has specialists in farmers associations. Coordination with these agencies should be planned at the outset of project operations.

(5) Marketing functions are best performed in the private sector, and ALRO should find ways of increasing collaboration with it.

Policy Recommendation 7. ALRO should issue full standard land titles to beneficiary farmers, with conditions attached as appropriate to local circumstances, rather than rely on the special documents and certificates of land use that ALRO currently distributes.

Background

(1) For more than 40 years, the Department of Lands, the Department of Public Welfare, and the Department of Cooperative Promotion have all issued full title deeds to farmers receiving public land under their legal authority. ALRO, which began distributing public lands in 1975, began by issuing different documents of its own design that created certain disadvantages for its beneficiaries. But convergence among these documents is now desirable, especially since on 1 September 1987 the Cabinet issued instructions that the Department of Public Welfare complete its land allocation program by 1995, and the Department of Cooperative Promotion by 1997.

(2) Arguments regarding the advantages and disadvantages of ALRO's issuing full titles are inconclusive. On the whole, however, the confusion created by the use of these different documents for similar purposes outweighs other considerations. Uniformity is now required. ALRO should issue the title deed N.S. 4, but attach special conditions as necessary to accommodate the special needs of land reform area development.

(3) Feder and Onchan's study of landholding in Thailand (1986) found that farmers possessing full legal titles invest more in land improvement than those holding less secure documentation such as ALRO provides.

(4) Full title deeds give individual farmers collateral for credit, and thus improve the prospects for additional income, which is one of the major objectives of land reform. Credit is not normally available to holders of ALRO's present title documents, however, unless they can form farmers associations, which in turn can request loans from BAAC.

(5) Full titles can also reduce the incentive to rent out lands, since security of ownership encourages long-term occupancy. And since titles can provide the basis for private credit, issuing them in conjunction with land reform can reduce the need for government subsidies. Indeed, general use of titles would make it possible to set up a revolving fund for investments, thus permitting some cost recovery for the government.

(6) The possibility of issuing full titles would improve ALRO's bargaining position with landholders, permitting it to offer legal protection in exchange for reducing the size of holdings to the stipulated maximum.

Policy Recommendation 8. Public and private finances for land reform should come from the following sources:

(1) the government's annual budget for land redistribution, public services, and infrastructure development.

(2) a revolving fund for land transactions and production credit, derived from BAAC, cooperatives, commercial banks, and other financial institutions.

(3) individual private investments within land reform areas, derived from commercial banks and financial institutions.

Background

This proposal suggests merging different sources of financing for agricultural land reform in order to reduce ALRO's dependence on annual budgetary support.

(1) Merging land distribution and development activities into coherent project operations will require cooperation among various agencies, which will offer a potential basis for merging budgetary sources as well as for seeking supplemental foreign assistance.

(2) Whether land reform areas are developed through public or private sources, individual farmers are likely to go into debt. They must either participate in a cost recovery scheme if occupying public land, or pay off previous holders if not. Credit for those purposes will encourage both public and private investors to improve the financial viability of individual projects.

(3) Individual farm investments will also improve project viability. ALRO should therefore encourage commercial banks, BAAC, agricultural cooperatives, and other financial institutions to provide individual credit.

Policy Recommendation 9. ALRO should develop financial institutions for agricultural land reform in two stages. First, it should establish a land reform fund as a legal financial institution, independent from ALRO and supported by appropriate legislation. At the same time, it should seek expansion of the Land Fund of BAAC. When these steps have been taken, ALRO should consolidate the Agricultural Land Reform Fund and the Land Fund into a Land Bank or a permanent part of BAAC.

Background

(1) Since the present Agricultural Land Reform Fund is part of ALRO, it must operate according to rigorous government regulations that reduce its operating flexibility. Current regulations make it difficult to collect rents or hire-purchase payments.

(2) A revolving fund will make it possible to undertake infrastructural development on a cost-reimbursable basis, to revise rents in accordance with market conditions, and to collect unpaid debts. The ALRO cannot perform these functions under current regulations. A revolving fund that can do so will have to be set up by law, independent of ALRO.

(3) BAAC already has the authority to work from a revolving land fund, and its operations can concentrate on loans that generate increased income and permit repayment. BAAC can manage its land fund efficiently.

(4) The proposal recommends improving conditions of both the Agricultural Land Reform Fund and BAAC's Land Fund, after which they can be merged and placed under BAAC or a land bank.

Policy Recommendation 10. ALRO should seek to recover the costs of land allocation and title issuance by charging the farmers a fee, to be paid on an appropriate instalment basis. It should subsidize the interest charged for this purpose.

Background

This proposal envisages a cost recovery program by which the government would collect a fee for land rights and development services, to be assessed against beneficiary farmers. Subsidized interest charges would be available to assist farmers in making payments.

(1) The Land Allocation for Livelihood Act, B.E. 2511, provides in Section 10 that "members of the [self-help] land settlements are [to be] required to pay for capital that the government has invested at a rate to be determined by the Director General [of the Department of Public Welfare], not to exceed 200 baht per rai. Payments of at least 10% [on capital] are to be made annually, the first instalment being due by the 5th year of membership. The Director General is authorized to defer payments to the succeeding year if a member has appropriate reason for such postponement."

(2) The House Special Commission to study problems of land certificates in the forest reserves and public lands has recommended (a) removal of forest reserves from gazetted status for redistributed land, and (b) the issuance of land use certificates requiring rentals or "hire-purchase" (i.e., mortgage) payments from encroachers (Letter No. 2357/2531, 17 October 2531).

(3) Over the 45 years since the government began land allocations, ALRO, the Department of Public Welfare, and the Department of Cooperative Promotion together have spent at least 1,000 million baht for the purpose. Expenditures at that rate cannot continue indefinitely.

(4) Since the government has taken no disciplinary measures against encroachers, and required no payment from them they have continued this destructive practice as land prices rise, they are able to sell the land they have illegally acquired and move on. By imposing a charge for development costs, ALRO will be able to deter sales because it will raise the cost of the land (much of which is not suitable for intensive agricultural uses). This practice will also tend to discourage forest encroachment.

(5) Assessing charges against encroachers will reduce inequities in the treatment of farmers in the land reform areas.

(6) In order to reduce the burdens that repayment will impose on farmers, the government should be prepared to subsidize interest rates.

Policy Recommendation 11. ALRO should schedule completion of each agricultural land reform project to take place within ten years of its initiation, after which it should transfer responsibility for maintenance of infrastructural facilities to the appropriate government agencies.

Background

This proposal would set maximum time limits for ALRO's operations in land reform areas. It provides that after 10 years, the responsibility for maintaining the completed infrastructural facilities should be transferred to other government agencies operating in the region.

(1) The recommendation that land reform operations be conducted on a project basis implies a schedule for ALRO to withdraw from each area. Such withdrawal can take place in stages if procedures are set in place for permanent maintenance and support by other agencies once the land distribution responsibilities have been discharged.

(2) As ALRO continues its operations, the areas under its responsibility will continue to increase in numbers unless such termination and transfer procedures are introduced. ALRO is already conducting operations in 1,000,000 rai, and maintaining these facilities will require an increase in budgetary and personnel resources. Maintenance and continued operation of services to human settlements could easily overwhelm ALRO's land distribution functions.

(3) Previous efforts to transfer responsibilities to other agencies have failed partly because of the different engineering standards other departments require, usually designed for settled areas. Agreement on standards of construction reached during the period of project preparation will simplify the process of transfer.

(4) If the termination and transfer dates are set at the beginning of project preparations, coordination with provincial authorities and other agencies such as the Ministry of Interior for rural roads and the National Rural Development Committee for income improvement programs.

(5) The criteria for project termination would include such consideration as the following:

- Farmers must be settled in the area and have begun agricultural activities.
- The planned infrastructure must be in place.
- Farm income must have reached the projected levels.
- Title must have been issued to all qualified farmers before ALRO withdraws.

9.4 Recommended Policies for Private Lands

Policy Recommendation 1. ALRO should terminate land reform programs in suburban areas and sanitary districts where land has been developed for use as housing estates, industrial locations, or other nonagricultural purposes.

Other land reform programs on private lands should be reformulated as follows:

- (1) They should be revised to take the form of project.
- (2) Infrastructure development should be cost effective.
- (3) Rental rates should be revised to levels similar to hire-purchase (i.e., mortgage) installments.
- (4) Farmers who obtain land on a hire-purchase basis should receive land titles that can serve as collateral for loans from financial institutions. Payments should be made to ALRO, which should make subsidized interest available.

(5) ALRO should monitor land use on rented property, assist farmers to obtain credit and production inputs, and encourage them to change from rental to hire-purchase agreements.

Policy Recommendation 2. In redistributing private lands, ALRO should use its statutory power to negotiate with landowners whose possessions exceed 50 rai so as to encourage them to sell the excess to farmers who are landless or who hold plots of insufficient size. These negotiations should take place through financial institutions to avoid burdening the government with transfer and other costs.

Policy Recommendation 3. If the negotiations proposed in Recommendation 2 fail, the lands in question should be expropriated.

Policy Recommendation 4. Support for ALRO programs on private lands should be the same as those recommended for public lands with respect to priorities, implementation procedures, development activities, land rights, budget and financial sources for land reform, financial institutions, and termination and transfer of ALRO's functions.

Background

(1) Since 1976, ALRO has purchased 3,361,391 rai of private land, of which 334,515 rai have been allocated (238,789 as rentals, to 16,081 families; and 52,729 on hire-purchase, to 2,968 families). These totals are far below the target of 730,000 rai set on 24 Sept 1975 by the Agricultural Land Reform Committee.

(2) One reason for the failure to reach the target is that ALRO has chosen to negotiate with current owners, few of whom are

willing to sell, especially at the assessed prices ALRO offers (which are usually below market prices). This condition will worsen as land prices rise, especially in suburban and developed areas.

(3) ALRO pays for land it acquires partly by cash and partly through bonds, a process that is appropriate for land reform but does not provide current owners with an incentive to sell.

(4) The plots ALRO has acquired are usually small and dispersed, and therefore difficult or costly to develop. In some cases, where landowners have refused to sell and have reaped profits from rising values, they have sometimes retained land in the middle of a development area, thus further complicating ALRO's efforts to improve infrastructure facilities. Examples of these two conditions have been identified in Lad Bua Luang and Nakorn Nayok respectively.

(5) Incomplete or inadequate infrastructure development resulting from these conditions reduces the impact of reform services on both land use and farmer incomes, especially when credit is insufficient. Incomes in the land reform areas do not differ much from those outside them, in spite of government investments. Poverty is still present in both settings.

(6) Data show that land reform produces more rental agreements than hire-purchases. Moreover, the rate of hire-purchase cancellations has reached 27.55%. One reason is that farmers do not often understand the long-run difference between rents and hire-purchase payments.

(7) Low rates of payment on either rents or hire-purchase installments are only partly caused by low farm incomes. For ALRO has also failed to collect aggressively. This "social welfare" approach to defaulting beneficiaries of land reform is unfair to farmers who pay their way. It leads to inefficient land use, threatens the viability of the projects involved, and places additional burdens on ALRO's budget which will make it impossible to carry out additional reforms. ALRO's remaining target of 600,000 rai at 5,000 baht/rai would require a land purchase budget of 3,000 million baht, and still leave nothing for infrastructure development and income-increasing services.

(8) The recommended policy for the dealing with public lands calls for a sequence of activities conceived as projects, beginning with the determination of plot sizes, the identification of total holdings, the fulfilling of infrastructure requirements, the provision of input services, and marketing. This project approach, with a timetable of activities, cannot be followed in private lands if the first stage does not occur on schedule because of unsatisfactory negotiations with landlords.

(9) With the passage of time, it becomes increasingly

difficult to purchase land at the assessed value. Price increases are occurring everywhere. In Klong Luang District of Pathumthani Province, for example, the price per rai was 80,000 - 100,000 in 1978; it is now 160,000 - 240,000, depending on location and level of development. ALRO cannot expect to purchase these lands at their assessed value, and if it could, farmers would still find it difficult to buy them. Even when prices were only an eighth or a tenth of those figures, they faced similar difficulties.

(10) ALRO has never expropriated lands for distribution even though it is authorized to do so by the Agricultural Reform Act, B.E. 2518, Section 32. The Constitution, B.E. 2521, Part 3, Sec. 32, specifically allows for expropriation for land reform purposes. Even in earlier years when political and social conditions favored land reform, ALRO declined to expropriate land.

(11) This reluctance may have risen because of a desire to retain good relations with landowners, or because of uncertain government support. During the policy-formulating period at the beginning of land reform, ALRO's plans fluctuated, and there was a reluctance to establish a precedent based on conditions prevailing in the central and northern regions, where its operations began.

(12) Expropriation has several advantages:

1. It openly expresses the intent of the government. In order to exercise expropriation, measures have to be enacted under Sec. 5 of the Expropriation of Immovable Property Act, B.E. 2530. Enacting such measures would clearly signal its intent to the public.

2. It provides additional assurance of the government's ability to carry out land reform. When landowners refuse to sell, projects are jeopardized; expropriation assures the availability to proceed with redistribution.

3. It is equitable. Dependence on negotiations places ALRO in a weak position when dealing with landlords who bargain effectively, and results in higher prices than those paid to those who cannot. Expropriation would fix prices fairly by following standard procedures.

4. It protects the public interest. Expropriation, which fixes prices according to standard criteria, would reduce the likelihood that tax revenues used for land purchase would unduly enrich some individuals more than others, and it also reduces the opportunity for public officials to divert public funds to their own personal gain.

(13) Expropriation also has two disadvantages:

1. It might expose some individuals to the coercive power of government, thus reducing their freedom of to use their property as they prefer.

2. In cases where expropriation procedures are slow, the time lost might expose the project to modification and might also delay the introduction of appropriate land use in those cases.

9.5 Supporting Measures

Present legislation and operating practices will have to be changed to obtain the full benefit of these proposals.

Additional Recommendation 1. The Agricultural Land Reform Act, B.E. 2518, should be amended to authorize ALRO to issue full title deeds and levy charges in the interests of cost recovery.

Addition Recommendation 2. ALRO should augment its institutional capacity for project planning, project management, land data collection and analysis, research, monitoring and evaluation of field operations, land redistribution, and financial management. A change from managing general operations to project operations will require ALRO to develop the capacity to decentralize decision making and to administer local operations on an integrated basis in each area, as well as to determine local conditions and requirements for planning purposes. Project managers will require skills in physical, economic, and social analysis, budget and financial affairs, and general supervision. These skills are in short supply in ALRO's present staff, which is currently concentrating its attention on technical problems. The anticipated future volume of land reform activities will also call for absolute increases in ALRO's personnel resources.

Additional Recommendation 3. ALRO should make systematic plans to involve local communities, including agricultural cooperatives, in land distribution and in the design, management, and evaluation of its development and support activities. Such participation can provide planners with information and insights that are not readily available from public records, and it can also elevate the public's support of projects undertaken with its participation.

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Table 5.2, P.3

Appendix I

List of Supplementary Reports

The Final Report of the Policy Study on Agricultural Land Reform Project is drawn from the following reports:

1. Development Activities in Land Reform Areas.
2. Land Rights.
3. Budget and Funding Sources.

Appendix II

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