

1993 TDRI Year-End Conference on  
*Who Gets What and How?: Challenges for the Future*

**Democracy Without Equity?: The Institutions and  
Political Consequences of Bangkok-based Development,  
Synthesis Report Volume III**

**The 1993 Year-End Conference**

***WHO GETS WHAT AND HOW?:  
CHALLENGES FOR THE FUTURE***

**Synthesis Papers Vol. III**

**Democracy Without Equity?:  
The Institutions and Political Consequences  
of Bangkok-based Development**

**Scott R. Christensen**

**December 10-11, 1993  
Ambassador City Jomtien  
Chon Buri, Thailand**

# List of Contents

List of Tables, Charts, and Figures.....	<i>ii</i>
Executive Summary.....	<i>iii</i>
<b>1. INTRODUCTION.....</b>	<b>1</b>
<b>2. INSTITUTIONAL UNDERPINNINGS:</b>	
<b>The Setting and the Players .....</b>	<b>3</b>
<b>2.1 Modernization of the Central Government Machinery .....</b>	<b>3</b>
<b>2.2 Democratization and Interest Group Participation .....</b>	<b>9</b>
<b>3. POLITICAL CONSEQUENCES:</b>	
<b>The Politics of Urban-Rural Equity Imbalances .....</b>	<b>13</b>
<b>3.1 The Distributive Game of Thai Democracy.....</b>	<b>13</b>
<b>3.2 Institutional Legacies and Electoral Strategies.....</b>	<b>17</b>
<b>3.3 The Consequences of Weak Sectoral Policy Institutions.....</b>	<b>22</b>
<b>3.4 A Final Dilemma .....</b>	<b>28</b>
<b>References .....</b>	<b>34</b>

## List of Tables, Charts, and Figures

Table 1	Income Shares by Quintile Group, 1981-1990 .....	6
Table 2	Allocation of Economic Portfolios Among Leading Coalition Partners, 1975-1991 .....	24
Chart 1	Portions of Cabinet Ministers with Career Origins in the State Bureaucracy, 1957-1990 .....	15
Chart 2	Portions of Cabinet Ministers with Career Origins Outside of the State Bureaucracy, 1957-1990 .....	15
Box 1	Democracy for Whom?: Decentralization of the Tambon Development Funds .....	8
Box 2	Institutional Reform and Equity: The Central Bank's Agricultural Lending Requirements .....	26
Appendices		
Table A.1	Net Resource Flows Between the Agricultural Sector and the Government .....	31
Table A.2	Gross Resource Flows from Agriculture to the Rest of the Economy .....	32
Table A.3	Incidence of Poverty, 1981, 1988 .....	33

## Executive Summary

There is very little correlation in Thailand between the existence of electoral democracy and the improvement of equity in the economy. The income distribution gap has both widened and narrowed slightly throughout the transition to democracy, dating from 1973. Equity problems are more the result of what elected governments have left undone, rather than what they have done, thereby leading to the following concern: to what extent can a more participatory political system, institutionalized in the parliamentary form of government, be used as a vehicle to create more equity in the economy?

In this regard the Thai political system has performed well for specific interest groups and voters, but it has not yielded policies which are effective for addressing the *collective* needs of a rapidly industrializing society. It is argued that this style of governance is the result of an extended period of "Bangkok-based development," which has had the following institutional features and consequences:

- Over the past three decades, adjustments to the institutions of national decision making have strengthened the central government's control over the provinces and boosted the role of urban industrialists in the policy-making process. While gradually improving the state's policy management capacities, these adjustments have had pernicious distributional consequences as well. They have centered most of the industrial growth in and around Bangkok; served the political interests of the capital's bureaucratic elite; and assigned urban industrialists a privileged status in policymaking.

- The consequences of this pattern of development have shaped electoral strategies of the political parties in the post-1973 period. The equity imbalances have encouraged politicians -- in particular those from the provinces -- to turn the policymaking process into a distributive game, whereby public policy becomes the means to redistribute resources from Bangkok back to the provinces at the expense of the taxpayer. In part because political power is so heavily concentrated in the offices of the central bureaucracy in Bangkok, the politicians have great incentives to turn this process into as much of a zero-sum game as possible. This distributive game creates problems of collective action among the political parties, and it limits the extent that the electoral process can be used to address the collective interests of the rural voting majority.

The distributive game also renders parliamentary democracy in Thailand rather inconsistent and fragile. Elected governments must answer to the two primary constituencies that sweep them to power -- the business elites of Bangkok, and the rural voting majority. Members of these two groups desire vastly different outputs from elected governments. A government which is consumed with allocating resources to the countryside loses the affection of urban business; but a government which is only "pro-business" is bound to get elected out of office by the rural majority with little delay. The different demands of these groups create dilemmas for the politicians, who in turn resort to the distributive game for immediate, ad hoc solutions.

In the closing section the paper suggests that a combination of industrialization, urbanization, and bureaucratic reforms which would promote more coherent policies would change the incentives which face Thailand's politicians. In the meantime the parties will be constrained by the need to distribute resources to the countryside while conducting public policy in a manner which would retain the support of the Bangkok business constituency.

## บทสรุปสำหรับผู้บริหาร

ในประเทศไทย ระบบประชาธิปไตยที่มีการเลือกตั้งไม่ได้นำไปสู่ความเป็นธรรม (equity) ทางเศรษฐกิจ ในช่วงเวลาที่มีการเปลี่ยนเข้าสู่ระบบประชาธิปไตยนับตั้งแต่ปี 2516 เป็นต้นมา ช่องว่างระหว่างรายได้มีทั้ง ห่างออกและแคบเข้า ปัญหาการขาดความเป็นธรรมเป็นเรื่องที่เกิดจากการที่รัฐบาลจากการเลือกตั้งได้ละเลย เรื่องนี้ ดังนั้น สิ่งที่จะต้องพิจารณา คือ ทำอย่างไรระบบการเมืองที่มีส่วนร่วมของประชาชนจะเป็นหนทางที่นำไปสู่ความเป็นธรรมทางเศรษฐกิจได้

ระบบการเมืองของไทยจะตอบสนองต่อความต้องการของกลุ่มผู้ที่เป็นฐานเสียงเฉพาะบางกลุ่ม แต่ไม่สามารถตอบสนองความต้องการโดยรวมของสังคมอุตสาหกรรมได้ ลักษณะเช่นนี้เกิดมาจากการพัฒนาที่เน้น การให้ประโยชน์แก่กรุงเทพฯ เป็นหลัก ซึ่งทำให้มีผลดังนี้:

- ในช่วงสามทศวรรษที่ผ่านมา การปรับโครงสร้างทางการกำหนดคนโยบายระดับชาติทำให้ส่วนกลาง มีพลังแข็งแกร่งขึ้นเหนือส่วนภูมิภาค และทำให้ผู้นำทางธุรกิจในเมืองมีพลังสูงขึ้น นอกจากนี้ การเติบโตทางอุตสาหกรรมยังกระจุกอยู่เฉพาะกรุงเทพฯ และรอบ ๆ และทำให้ผู้นำทางธุรกิจ ในเมืองมีอิทธิพลสูงต่อการกำหนดคนโยบาย
- ลักษณะเช่นนี้ มีผลต่อยุทธศาสตร์การเลือกตั้งของพรรคการเมืองต่าง ๆ ในยุคหลัง พศ. 2516 ปัญหาการขาดความเป็นธรรม ทำให้นักการเมืองโดยเฉพาะที่มาจากส่วนภูมิภาคใช้กระบวนการ กำหนดคนโยบายเป็นเกมส์การแจกจ่ายผลประโยชน์ โดยที่นโยบายสาธารณะได้กลายเป็นเครื่องมือ ที่จะแจกจ่ายทรัพยากรไปยังจังหวัดต่าง ๆ โดยไม่คำนึงถึงประโยชน์ของผู้เสียภาษีโดยรวม วิธีการ เช่นนี้ทำให้พรรคการเมืองไม่สามารถจะเกิดความร่วมมือกันได้ นอกจากนี้ ยังปิดกั้นมิให้กระบวนการเลือกตั้งสามารถตอบสนองผลประโยชน์ส่วนรวมของประชาชนในชนบทได้

เกมส์การแจกจ่ายผลประโยชน์นี้ ยังทำให้ระบบประชาธิปไตยแบบรัฐสภาของไทยเปราะบางและขาดความคงเส้นคงวา รัฐบาลที่มาจากการเลือกตั้งนั้นจะต้องรับผิดชอบคนสองกลุ่มใหญ่ที่เป็นฐานเสียงหลัก คือ ผู้นำทางธุรกิจในเมืองและประชาชนในชนบท ทั้งสองกลุ่มนี้มีความต้องการต่างกันมาก รัฐบาลที่มุ่งจะถ่ายเททรัพยากรไปยังชนบท จะทำให้นักธุรกิจในเมืองไม่พอใจ แต่รัฐบาลที่ "โปร-ธุรกิจ" อย่างเดียวก็จะไม่ได้เสียงจากชนบท ความต้องการที่ขัดแย้งกันของสองกลุ่มนี้ ทำให้นักการเมืองตกอยู่ในฐานะลำบาก และมักจะหันไปใช้วิธีแจกจ่ายทรัพยากรเพื่อแก้ปัญหาเฉพาะหน้าเป็นเรื่อง ๆ ไป

รายงานนี้เสนอว่า จะต้องมีการปฏิรูปทั้งกระบวนการขยายตัวของอุตสาหกรรม การขยายตัวของเมือง และปฏิรูประบบราชการไปพร้อม ๆ กัน เพื่อให้สามารถกำหนดนโยบายที่เป็นอันหนึ่งอันเดียวกันมากขึ้น แต่ในระหว่างนี้ พรรคการเมืองต่าง ๆ ก็ยังจะต้องทำงานภายใต้เงื่อนไขของการกระจายทรัพยากรไปยังชนบท แต่ขณะเดียวกันก็ต้องกำหนดนโยบายที่จะทำให้ได้รับการสนับสนุนจากภาคธุรกิจในเมืองไปพร้อม ๆ กันด้วย



# **Democracy Without Equity?: The Institutions and Political Consequences of Bangkok-based Development**

## **1. INTRODUCTION**

**T**hailand's race to become a newly-industrialized country has transformed the social and political foundations of an erstwhile agrarian society. But although industrialization has helped create an increasingly differentiated and pluralistic society, not everyone has been sharing evenly or equitably in the growth that has transpired. The most egregious illustration is the widening income gap between Bangkok's industrial enclave and the much poorer countryside where the majority of the population is employed.

The gap between Bangkok and the countryside, itself a legacy of urban-biased economic policies and centralized government, has left the provinces starving for a larger share of the economy's wealth. As a consequence, interest groups and voters from the provinces have used the electoral process to impose demands on the central government to redistribute resources back to the provinces. Indeed, the transition to democracy in Thailand has permitted the provinces more clout in national decision-making. By creating channels of influence for the rural voting majority, democratization has enabled the provinces to challenge the longstanding predominance of urban industrial interests in the political economy. But the participation of provincial interest groups alone has not been a sufficient condition for more equitable development policies in Thailand. In spite of the existence of electoral democracy, which in theory should widen the scope of participation for the rural majority, the income gap seems to progressively widen, regardless of which personalities occupy the offices of decision making in the capital city.

It would be difficult to argue that distributional problems in Thailand are due to a lack of participation by representatives of the poor. This is not the case when elected governments rule, and, notwithstanding interludes of military crackdowns on civil liberties, Thai society has been enjoying relatively liberal freedoms of organization and expression for at least two decades. Furthermore, despite the only recent decline in the military's control over civilian politics, elected and partially-elected governments have ruled in Thailand since the 1970s. Thus it is not true that the voting majority has had no say in the conduct of economic policy. Turning to other factors, this paper explores the rules of the political game in Thailand and addresses the capacity of the political system to address and mitigate equity problems. To what extent might the phenomenon of democracy with limited equity be attributed to the *processes* and *institutions* of public policymaking?

Based on the findings of macro- and micro-level research, this summary paper offers two arguments:

- First, over the past three decades, *adjustments to the institutions of national decision making have strengthened the central government's control over the provinces and boosted the role of urban industrialists in the policy-making process.* While gradually improving the state's policy management capacities, these adjustments have had pernicious, though perhaps inadvertant, distributional consequences as well. They have centered most of the industrial growth in and around Bangkok; served the political interests of the capital's bureaucratic elite; and assigned urban industrialists a privileged status in policymaking.
- Second, *these imbalances have encouraged politicians -- in particular those from the provinces -- to turn the policymaking process into a distributive game, whereby public policy becomes the means to redistribute resources from Bangkok back to the provinces at the expense of the taxpayer.* Thailand's centralized political institutions, moreover, have raised the stakes of this zero-sum game. Later in the paper it is argued that these institutions have created disincentives for politicians to act in the collective interest of the rural majority when addressing equity problems. The centralized apparatus of government is ill-equipped to resolve many of the collective action problems and information dilemmas associated with enriching a majority of the labor force still employed in agriculture. With few and poorly-tuned policy instruments at their disposal, politicians have every incentive to use

public office to generate particularistic benefits for only select groups of rural clientele. These strategies have a high political pay-off, but they are ineffective for resolving the vast income differentials.

This paper focuses on the institutions, the players, and the rules of the distributive game of Thai democracy. A more lengthy discussion of the policy machinery and interest group demands is developed in a companion piece (Christensen and Siamwalla, 1993).

## **2. INSTITUTIONAL UNDERPINNINGS:**

### **The Setting and the Players**

The modernization of the institutions of government over the past four decades has been carried out with two explicit purposes in mind. One has been to make the state a more effective instrument for supporting market-oriented industrialization. A second and patently different objective has been to enhance national security and strengthen the capacity of the central government to control the outerlying provinces and hinterlands, right down to the last village therein.

The results of the great and many efforts toward these aims were to encourage stable and rapid economic growth while bringing the rural areas under the effective domain of Bangkok's bureaucratic and military elites. These were the ingredients for a Bangkok-based development strategy which concentrated political authority in the offices of the central government; located most all industry in and around Bangkok; and, overall, which heavily transferred resources from the agricultural to the industrial sectors and left the provinces lagging far behind the explosive urban industrial growth, despite the numerous public expenditures on the rural areas. These institutional biases have permitted urban bureaucratic and industrial elites wide-ranging discretion over decisions for allocating resources nation-wide. At the same time the institutions of central government actively discouraged the participation in these decisions of the bulk of the rural population.

### **2.1 Modernization of the Central Government Machinery**

Although the central government bureaucracy in its present form was created over a century ago, it is only since the 1950s that the most profound institutional adjustments have been conducted. It is these adjustments which have improved the economic management

capacities of the Thai state and strengthened the central government's control over the provinces.

Where economic policy was concerned, institutional reforms implemented under Field Marshal Sarit Thanarat in the latter 1950s streamlined Thailand's fiscal and monetary policies, thereby laying the foundations for sound financial management and planning for public sector expenditures. The creation of the Budget Bureau (1959) and the Fiscal Policy Office (1960) established an accounting, monitoring, and budget appropriations system which enabled the Budget Bureau to vet the expenditures of other government agencies, many of which had been subject to severe mismanagement under the economic interventionist policies of Sarit's predecessor, Field Marshal Phibul Songkram. The establishment of the National Economic Development Board (later the National Economic and Social Development Board) formed the institutional basis for Thailand's five-year development plans, launched in 1961. These plans embodied a commitment to *laissez-faire* policies whereby the role of the state was primarily to invest in infrastructure and support private sector growth. Sectoral and infrastructure policies also underwent some streamlining, evidenced by the formation of the Board of Investment (1959), the National Power Commission (1959), and the Export Promotion Committee (1960).

Armed with the essential institutions and with generous financing from Western aid agencies, the Thai state had successfully acquired the capacity to support market-oriented growth, macro-economic conservatism, and a strong export orientation. At the same time, high tariff barriers were put up, giving shelter to import-substituting industrialists. The stable macro-economic environment, when combined with the protection and Board of Investment promotions given to industrialists, enabled the Bangkok mercantile elite to diversify rapidly out of commerce and into manufacturing activities.<sup>1</sup> Manufacturing growth averaged 14 percent per annum between 1960 and 1973, while the annual growth figure for manufactured exports during that period was just above 9 percent. A structural shift in the Thai economy away from agriculture was the trend, but so was a growing imbalance between the urban industrial and agricultural sectors. By 1980, 72 percent of all manufacturing was concentrated in the Bangkok Metropolitan Region (BMR); in that same year 72 percent of the labor force was still employed in agriculture.

---

<sup>1</sup> For discussion of the conditions and process of that diversification see the background case study

This development strategy, however, was good for agricultural growth, and thus it cannot be said that all policies have punished the rural areas. Thailand's development strategy has been *Bangkok-based*, rather than *Bangkok-centered*, and it is important to understand both the motives and the institutions underlying this particular strategy in order to fully appreciate its positive and pernicious consequences.

The central government did not outright neglect agriculture or the rural areas. Such a scenario of course would have had negative political consequences for the bureaucratic elite in Bangkok, especially before 1980 when the Communist Party of Thailand was revolting against the state. Thus a number of rural development programs, many involving the military, were implemented specifically to destroy the communist threat by winning over the "hearts and minds" of villagers to the government side of the conflict. Furthermore, Thailand's wise macro-economic policymakers understood the value of the farm export economy and the contribution it was making to the country's foreign exchange reserves. Unlike in many other developing countries, particularly in Sub-Saharan Africa, agriculture was treated as an estate, and the technocrats did not allow it to be plundered.<sup>2</sup> Sound monetary policies prevented an excessive overvaluation of the baht which could have otherwise penalized agricultural exports, while ample amounts of foreign aid and public expenditures were invested in irrigation, crop extension, agricultural research, and the transportation network upcountry. Supported above all by the vast land surplus and strong demand abroad for farm commodities, agriculture grew at an average rate of four percent annually from 1960 to 1980.<sup>3</sup>

The one conspicuous policy that did reflect a bias in favor of urban interests, however, was the export tax imposed on rice. While the tax helped to generate a net transfer of resources from farmers to urban wage earners and industrialists, it was offset by a steady increase in government expenditures on the rural areas, resulting in a net transfer of revenues from the government to the agricultural sector (see Appendix Table A.1). The tax was reduced to a nominal level by the early 1980s and slashed to zero in 1986.

---

Christensen, 1993.

<sup>2</sup> A partial exception to the Africa generalization is Kenya. See Bates, 1989 for a careful treatment of why that case differs.

<sup>3</sup> Debatable are the factors that are *most* responsible for Thailand's strong comparative advantage in agriculture -- public investments in agriculture or rich natural resource endowments. This issue has been taken up in Christensen, 1992b; Siamwalla, 1988; and Siamwalla, 1992.

Although fiscal policies allowed a net public expenditure transfer back into agriculture, the total *net resource flow* from agriculture to the remainder of the economy was positive (produced by implicit taxes on the rice sector, tariffs on manufactures and non-tradeables, which overvalued the exchange rate by about 10%, and savings and investment flows), indicating overall a strong industrial bias in the country's development strategy, at least until the mid-1980s when only then the resource flow out of agriculture began to decline (see Appendix Table A.2). This bias has helped to vastly widen the income distribution gap (see Table 1 below) and has left very large numbers of rural Thais living below the absolute poverty line (see Appendix Table A.3).

The state did invest in the rural areas, but the institutional bases of these investments reveal the political motives of Bangkok's governing elite. Field Marshal Sarit acted quickly to convert the officials of the civil and military bureaucracies into a more cohesive ruling class, his objectives being three-fold. First, counter-insurgency programs and year-long courses with military elites at the National Defense College were designed to socialize civil bureaucrats and bring the military and the civil bureaucracy into a tighter alliance. Second, scholarships and training programs for sectoral ministry officials, many of which were allocated by Sarit himself, helped to garner support among the civil service for Sarit's political and security objectives, and provided the central government with the expertise for expanding the bureaucracy's infrastructure functions and authority over the countryside. In the meantime, soldiers were committed to more active roles in rural development projects, reflecting the military's desire to use government patronage in the villages to build legitimacy for the central government. The programs were continued throughout the 1970s, and expanded during the 80s under the NESDB's Fifth National Development Plan (NESDB, 1982; Samudavanija, 1989).

**Table 1**      **Income Shares by Quintile Group, 1981-1990**

Quintile	Shares in 1981	Shares in 1988	Shares in 1990
Lowest 20%	5.41	4.50	8.52
Second 20%	9.10	8.09	12.36
Third 20%	13.38	12.27	15.39
Fourth 20%	20.64	20.26	20.92
Top 20%	51.47	54.88	42.81

Source: National Statistics Office, 1988, 1993.

The Ministry of Interior's administrative apparatus at the local level became the primary organizing principle for the centralizing political strategy. Local community leaders were coopted or displaced by new and seemingly alien institutions (for related discussion see Synthesis Paper IV). The Interior Ministry's local administration, made up of village- and district-level officials, intruded on the localities and created a network of authority reaching back to the capital city. The progressive trend toward greater centralization of control over the rural areas was embodied in the Tambon Council Act of 1956, and revisions to that Act in 1966 and 1972 which weakened the role of elected councilors and strengthened that of kamnan and village chiefs who held their positions until retirement at age 60 years (Charoenmuang, 1993: 13). To instill the principles on which this political agenda was based, the Ministry of Interior courted provincial university lecturers in order to influence curriculums on local government. Subsequent teachings on the subject typically reinforced the Interior Ministry's official policy that local people were not "ready" for self-government, and that local government based on democratic procedures would merely cause the provinces to fall into the unruly hands of local criminal elements (the so-called "influential" people, or *ithipon*).

While using this apparatus to expand its institutional foundations in the countryside, the Ministry of Interior found the means to bring the distant rural areas well within its grasp. That this apparatus has been resistant to local autonomy and monitoring of its functions is addressed elsewhere (Charoenmuang, 1993). A partial exception to this fact is the Tambon Council Development Funds program. But because this program is managed by the institutions of the local bureaucracy with subsidies from the central government, it has not been an effective vehicle for the provision of public goods at the local level, despite the good intentions which apparently inspired the program (see Box 1).

**Box 1: Democracy for Whom?: Decentralization of the Tambon Development Funds**

The Tambon Development Funds (TDF) program was introduced in 1975 by the government of Prime Minister Kukrit Pramoj, which wanted to decentralize administrative power, boost local infrastructure, and create rural jobs during the dry season to stem migration to the cities. The program allocated funds directly from the Ministry of Finance to the tambon (district) councils, bypassing both the regular budget process and the Ministry of Interior. In 1976 the TDF funds totalled 3 billion baht; currently they stand at about 4 billion baht annually. Ostensibly the program was to promote democracy at the grass roots. Tambon councils were given discretion to determine project priorities, oversee spending, and monitor project implementation. But in practice the program has helped to enrich district administrators and subsidize local construction firms.

The inadvertent consequences of this program can be attributed to three factors, each relating to incentives created by the centralized political institutions which have governed the program. First, while tambon officials such as the kamnan are in fact elected by communities, in practice these officials operate as representatives of the Interior Ministry at the local level. The TDF program thus was placed in the hands of the local bureaucracy, over which voters have only limited influence. Typically the tambon officials and headmen include their own group of allies in the decision-making regarding projects and the allocation of funds. The process thus is not open to public input per se, but participation at the discretion of the local officials (ILO, 1979). Second, despite the program's emphasis on rural employment, the TDF has acted as a subsidy for local construction industries, so that construction is now the dominant aspect of the program. A recent inquiry by the *Bangkok Post* has estimated that in 1991, 97 percent of the TDF funds went toward construction and related materials, while only the remaining three percent was spent on labor (Charasdamrong, 1991). Finally, the program has created incentives for tambon officials to use their positions to generate income in the form of commissions from contractors, or to enter the construction industry themselves. Project research from the Northeast has found that a vast majority of contemporary kamnan in Khon Kaen province have business interests in the construction industry.

In early November, 1993, the Cabinet approved a bill to turn tambon councils with incomes exceeding 150,000 baht per year into juristic entities. The status of juristic entity would allow the councils to raise and spend their own tax revenues. With local kamnan and village headman no longer elected to life terms, these legal adjustments may create the conditions for greater accountability in the management of tambon funds and the provision of local public goods.



## 2.2 Democratization and Interest Group Participation

Urban bankers and industrialists have been well positioned to adapt to the institutional environment thus described and use it to impose their demands on the bureaucracy (Laothamatas, 1992). First, the industrial elite have displayed a keen ability to organize into lobbying associations for voicing both their collective and particularistic interests. Second, leading industrialists act as advisors and sources of information for senior government officials, both formally and informally.

As development policies enriched urban industrialists, bankers, traders, managers, and various other professionals, these constituents organized themselves formally into interest associations which have gained impressive influence over the subsequent direction of national economic policies. Business has organized collectively at three levels and participated in national policy decisions at each. At the "peak" level are the big four groupings -- the Board of Trade, the Thailand Chamber of Commerce, the Federation of Thai Industries, and the Thai Bankers Association. These were created in the 1950s and 60s to facilitate formal consultations over collective business interests with senior government officials. Already by the early 1970s, representatives from the peak associations were being called upon by planners at the NESDB to participate in the formulation of national development strategies. At the sectoral level, trade associations representing specific industries increased from 48 in 1967 to 233 in 1987. These groups are used as vehicles both for collective industry representation and for the particular interests of individual firms or business families. Finally, at the provincial level, the key associational vehicles are the network of Provincial Chambers of Commerce, and the various provincial branches of the Federation of Thai Industries. These regional groups are much weaker and less institutionalized than their urban counterparts, in part reflecting the small degree of industrialization in the provinces, and in part reflecting the lack of formal channels for industrial policymaking outside of the central government in Bangkok.<sup>4</sup>

---

<sup>4</sup> Channels for interest articulation in the provinces do indeed exist, for example tambon councils can submit spending requests to the provincial governor, and municipal councils do have discretion over a small amount of expenditures which are subsidized by the provincial administration. However, the decisions over how much funding is available for a given province or municipality is determined in Bangkok; local governments raise only a small fraction of the revenues they spend; and of that fraction very little revenue is raised from direct local taxation, the lion's share being derived from local excise taxes, licensing revenues,

The peak associations gained an even higher profile in national policymaking after the creation of the Joint Public-Private Consultative Committee (JPPCC) in 1981. Leaders of the peak associations had been lobbying in the latter 1970s for a similar sort of channel, but it was not until the NESDB endorsed and helped to design the JPPCC that it became an established and formalized venue for the representation of peak business interests. The JPPCC tends to deal more with broad policy issues, such as overall tax and tariff rates, than with specific sectoral issues which are addressed by and large by the trade associations. One of the crowning achievements of the JPPCC in the 1980s was the promotion of an export-oriented industrialization strategy (Laothamatas, 1992). The key components of that strategy which came about as a result of lobbying by the peak associations included an increase in duty drawbacks and tax rebates for exporters of manufactured wares.

Economic growth also enriched provincial business elites. But these elites have played a smaller role in the institutions which have become the standard vehicles for the urban industrialists. The business interest associations have remained decidedly urban (i.e. Bangkok-based) in their complexion and location (a few exceptions are the various agricultural commodity trade associations).

Part of this difference is due to the socio-economic bases of provincial business elites. Unlike in many other developing countries, Thailand did not have a landed aristocracy, which meant there was no elite opposition from the countryside to Bangkok-based development and the political dominance of the urban bureaucracy and industrial elites. The reforms of King Rama V in the latter 19th century effectively quashed the nascent landed elite in the provinces (the *chao*). Since that time the economic bases of the major provincial business families have been concentrated in natural resource extraction, crop processing, commerce, real estate, and organized crime. Because their wealth was not based on agricultural land or direct commodity production, they were not penalized by

---

and slaughterhouse fees. It is worth noting that in 1991, the municipality (*tetsabaan*) of Chiang Mai was allocated a budget of only 234.9 million baht, whereas the province paid taxes of over 5 billion baht to the central government, with most of that figure produced by the Chiang Mai Municipality. Of the municipality's budget, fully 24.4% was a subsidy from the central government (Charoenmuang, 1993: 9).

Moreover, proposals for provincial development are channeled upward through the bureaucracy to the head offices of the ministries in Bangkok, where the actual appropriation of funds occurs. Development projects implemented in the provinces which in fact are inspired by local requests often look very different from their original conceptions.

crop export taxes. Furthermore, The provincial families found that they could augment their profits by forming informal alliances with the bureaucratic and military elites of Bangkok. By obtaining from Bangkok lucrative concessions (e.g. in liquor, mining, petrol distributorships, and timber), as well as grants of autonomy in their domains, these families never had a reason to rise up as a civilian force in opposition to Bangkok-based development. In fact many of them were very much an integral part of that development, as compradores in the funnelling of resources from the provinces to Bangkok.

Many of the provincial elites who have prospered from the commercialization of agriculture and the development of light industries in the provinces have displayed a preference for electoral politics as the means to influence government policies. An indicator is the fact that many of the party leaders and key financiers for most all the major political parties hail from provincial business backgrounds (Christensen, 1991b; Fongsamut, 1989; Prachachart Turakij, 1988). Electoral politics is a process that is much more ad hoc and provides much less certainty than the processes utilized by the business interest associations. And in fact, electoral politics has proven thus far to be somewhat inhospitable to the more consensus-based decision-making which is embodied in the concept of the JPPCC. The elected politicians seem to prefer a different style.<sup>5</sup> Indeed, it seems that many of the provincial business elites have "outgrown" the centralized institutions of the State and are using the electoral process to create more mobility and influence for themselves. This is true especially at the local level, where in municipal politics we find consistently that local business persons have won seats as *phuaen tetsabaan* (municipal representatives) to gain power vis-a-vis. the bureaucracy, particularly in the area of local infrastructure investments. Many of these business persons are members of the new commercial elite which has emerged as a result of the rapid development of the economy since the 1960s. Many were previously somewhat deprived from access to the bureaucracy, and electoral politics promises them greater mobility (Mettarikanond, 1992). Some of these new elites identify with more traditional styles of influence are associated with so-called patronage and "money politics"; others identify with an increasingly dynamic, more educated, and less parochial middle class in the

<sup>5</sup> Prime Minister Chatichai Choonhaven reduced the role of the JPPCC in 1988 in a bid to create space for elected Cabinet ministers to gain more discretion over economic policymaking. My interpretation here is based on interviews with officers of the Federation of Thai Industries and with MPs from the Chart Thai and Social Action parties. Indeed, many politicians have argued that the JPPCC provides the means for senior bureaucrats to retain influence over policy formulation, something the politicians often say is not consistent with "democracy." See Laothamatas, 1992: Epilogue; and Christensen, 1991a and 1991b.

provincial towns (about which more below).<sup>6</sup>

Conspicuously absent from this structure of interest group organization are laborers, farmers, and the poor. Independent farmer and labor associations were oppressed by the central government (namely the military and policy forces) in the 1970s. The only farmer groups to establish a firm presence in policymaking are the sugarcane farmers and their related associations. These groups are led and funded by large, commercial growers. Together with the sugar millers, they have pressured the government to raise consumer prices of sugar to their benefit. Large oil palm producers have made some strides in the same direction. But formal associations have been forbidden to most other farmers. Instead they rely on their politicians to capture and deliver a piece of society's surplus which is harvested by the central government through taxation and other levies. Their influence over government policies is thus extremely ad hoc, and certainly not collective. As for labor, the politically strongest groups (until they were disbanded by the National Peacekeeping Council) are the state enterprise unions. There are very weak linkages between these groups and the various private sector unions, which works to the advantage of the state enterprise workers as their relatively small numbers enable them to easily put pressure on state-sector wages at the expense of the taxpayer.

In this respect the periodic lobbying of farmers groups can hardly be described as a counterpart to the associational activities of urban industrialists. Agriculturalists lack the representation which is enjoyed by the peak business groups through fora such as the JPPCC, or for that matter by the state enterprise unions. Only once has such a sector-wide institution been proposed for the agricultural sector, in the form of the proposed National Agricultural Council. In the Council's original conception, bureaucrats in Bangkok were to oversee the selection of farmer participants, a clause which led to the defeat of the original proposal at the urging of economists and non-governmental groups who spoke on behalf of informal farmers' groups. Non-governmental groups have lobbied on behalf of farmers on other issues as well. But these organizations do not enjoy legal status as legitimate interest groups, and suggestions by political leaders that these organizations be upgraded to such a status have been stymied by both national planners and by Interior Ministry officials. Moreover, it has been suggested that NGOs do not

---

<sup>6</sup> Our evidence to support these distinctions is, unfortunately, rarely more than anecdotal. For some excellent investigative analyses, see Owens, 1992; and Tasker, 1992.

necessarily represent farmers, but instead act on their own in their independent search for funding and efforts to survive.

### **3. POLITICAL CONSEQUENCES:**

#### **The Politics of Urban-Rural Equity Imbalances**

In the foregoing passages the author argued that the centralization of government and the promotion of industry in and around Bangkok have benefitted urban industrialists greatly, to the extent they have become politically powerful actors and secured permanent institutional channels through which to influence the policymaking process. At the same time the state has imposed certain restrictions on the participation of the rural majority in public policy decisions. It is demonstrated in the companion piece (Christensen and Siamwalla, 1993) that this is due in part to the State's preference for a top-down approach to public policy.

This section will demonstrate that the institutional underpinnings and consequences of Bangkok-based development have limited the *quality* of politics in Thailand. Bangkok-based development has constrained the ability of elected governments in Thailand to solve the growing problems of income inequality and sectoral imbalance. Consequently, politicians have not been provided sufficient incentives to act in the collective interests of the rural majority, and they have only infrequently produced effective policies for the rural sector broadly speaking. Although the parliamentary system has created channels for the rural majority (and provincial business elites) to introduce their demands into decision making, it has neither facilitated nor encouraged the formation of collective solutions to the widening income gap between town and country.

#### **3.1 The Distributive Game of Thai Democracy**

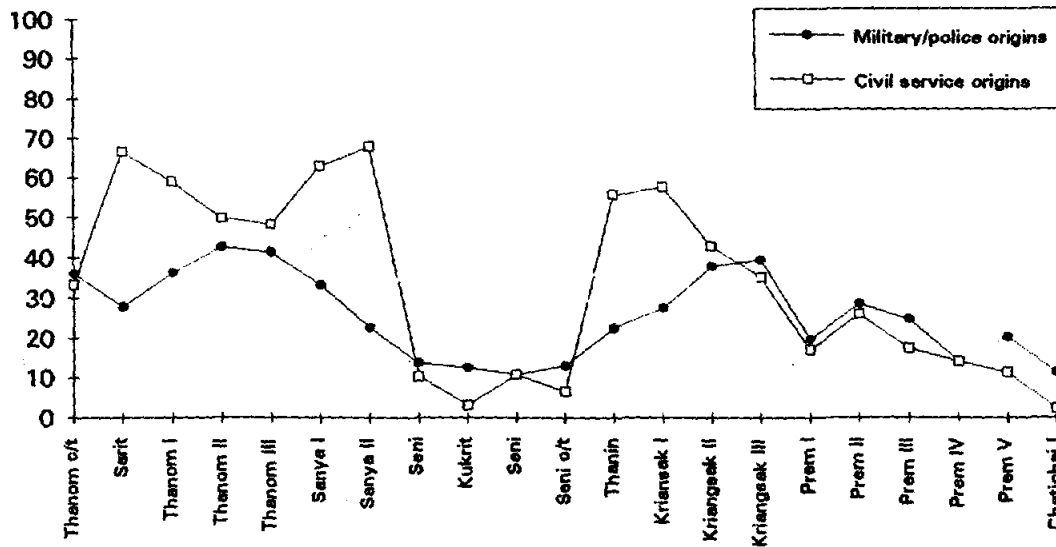
A central feature of Thai democracy is that politicians from the provinces use the democratic process to gain access to central government offices in Bangkok for two explicit purposes: first, to generate a return on the investments of those business elites who financed their political campaigns, and second, to reallocate particularistic, divisible resources to constituencies back in the provinces in order to garner support for future

elections. The political parties have very strong incentives to turn this distributive process into as much of a zero-sum game as possible. This distributive game, moreover, consists of two contests. One is an urban-rural conflict between Bangkok and the rural areas. The other is a contest among the political parties themselves.

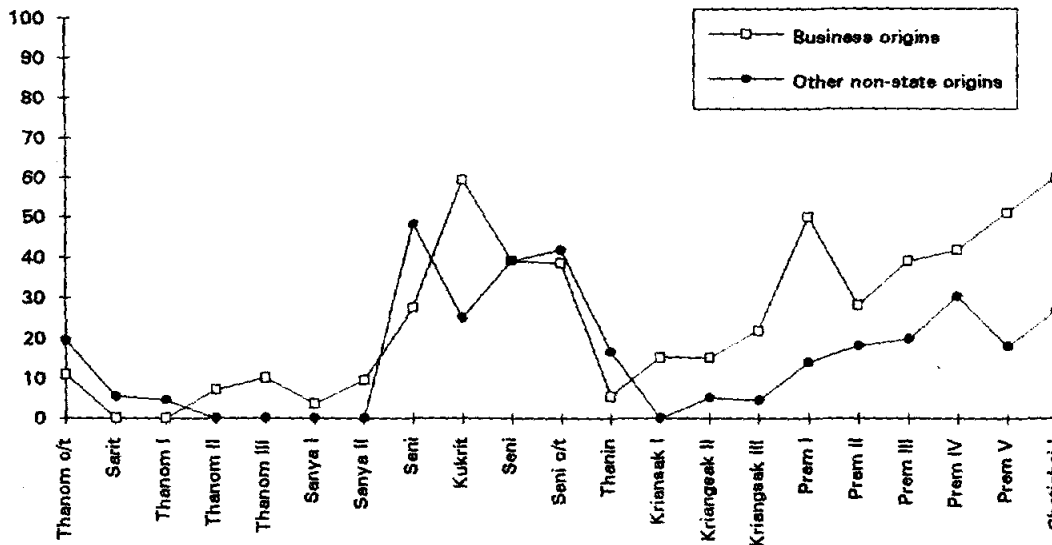
The distributive game gathered sudden momentum in the mid-1970s following the ousting of the Thanom-Prapas regime. The general elections of 1975 ushered in Thailand's first elected prime minister in nearly two decades and a coalition government made up almost entirely of elected politicians. This marked a clear departure from the previous regime which had been dominated by Cabinet ministers who were appointed on the basis of having served in the military and civil service, and since that time there has been greater movement toward parliamentary government. Although there have been interims of military intervention since the mid-1970s, there has been a clear trend of control over the Cabinet by elected officials whose career and social backgrounds are rooted increasingly outside the institutions of the central government (see Charts 1 and 2). Notwithstanding the February 1991 coup and its aftermath, this trend is unquestionably a secular one, and it reflects the increasing independence and power of civil society vis-a-vis the State made possible by rapid economic growth and social differentiation.

The primary actors who now govern the country are politicians from business backgrounds. By 1988 businesspersons had captured fully 60% of the Cabinet seats (under Chatchai I), a portion matched only for a brief period in the government of Prime Minister Kukrit Pramoj in 1975. The fact that politicians from business backgrounds now dominate the Cabinet, however, should not obscure the powerful distributive pressures from the countryside that politicians bring to bear on the machinery and resources of government. It is these pressures which provide the fuel for the distributive game. The Kukrit government, and all elected governments that have ruled since, have come under enormous pressures to transfer resources back to the countryside.

**Chart 1: Portions of Cabinet Ministers with Career Origins in the State Bureaucracy, 1957-1990 (x = %)**



**Chart 2: Portions of Cabinet Ministers with Career Origins Outside of the State Bureaucracy, 1957-1990 (x = %)**



c/t indicates "caretaker government"

Source: Author.

If democracy enables provincial voters to gain influence over public policies through their elected representatives, has democracy helped to improve the economic and social conditions of the rural electoral majority?

In fact there is only a weak correlation between the existence of democracy and the promotion of equity. Basic economic indicators (income distribution) suggest that during the same period that the polity has been moving toward stronger democracy, equity has both worsened and improved slightly. By the standards of some observers, however, the incidence of poverty is still quite severe (see Appendix Table 3). These problems are determined for the most part exogenously from the electoral process. They are consequences of market-based industrialization and the failure of institutions -- both public and private -- to counteract some of the negative consequences of rapid economic growth. **Equity imbalances are more the result of what elected governments (and the State more generally) have *not* done rather than what they have done**, though researchers have shown that government policies sometimes do benefit the rich over the poor.<sup>7</sup>

The real issue, then, is not that governments -- elected or otherwise -- have caused the inequity (although in some policy issues this may in fact be the case). The issue rather is the extent to which the democratic process can be used to address the inequity. This paper is not concerned with specific policy *recommendations* per se. Instead it addresses the decision-making process by which those policies are arrived at. A process that is more transparent and participatory, and that fosters accountability of leaders to the electorate, is more suitable for addressing equity issues than is a process marked by the exclusion of the majority or the monopoly of information by a few administrators. Examples of more transparent kinds of institutions and processes come immediately to mind:

- Political parties disclose sources of campaign financing
- Accounting records of all budget and off-budget funds of ministerial departments and state enterprises are made public and checked by independent auditors

---

<sup>7</sup> This point has not been monopolized by the left-of-center critics who believe Thai economic growth overall has been a disaster for the poor. For example, a by now classic investigation into the unequal distribution of benefits from rice price interventions, whereby poor farmers came out by far on the bottom of the heap, is Pintong, 1984. Siamwalla, 1989, and Siamwalla and Setboonsarng, 1989 provide further evidence and analysis.



- Personal finances of all public administrators and elected officials are subject on a regular basis to auditing by professional accountants (as opposed to arbitrary "Assets Evaluation Committees")
- Government agencies not only disclose all information about development projects, but they allow such information to be reviewed in public hearings and rejected by the public if the latter so chooses
- An Ombudsman is created which can investigate citizen's complaints against government agencies or politicians when regular administrative processes fail
- Committees at the Tambon level are created to monitor the expenditures of Tambon Councils and make reports to Tambon residents
- Political parties form caucuses, based at the local level, in which they invite citizens to become formal members of the parties and participate in forming party platforms, against which the performance of politicians is measured

It is clear, however, that these kinds of processes have almost nothing to do with the ways in which the parliamentary system in Thailand has actually worked thus far. It is in this regard that the distributive contests alluded to above bear consideration. The parliamentary process at present is less a vehicle for making government more accountable or transparent, or for formulating policies for the benefit of the voting majority of the population. Instead the parliamentary process is a **distributive mechanism** which has its own rules and institutional appendages.

### 3.2 Institutional Legacies and Electoral Strategies

The limited success of this distributive mechanism in yielding policies for benefitting the majority of voters is due in part to the institutional legacies of Bangkok-based development that have strongly shaped electoral strategies. Bangkok-based development has concentrated most all policy-making authority in the capital city, thus encouraging politicians from all over the country to struggle amongst themselves for control over the central bureaucracy by way of Cabinet appointments. Second, because the bureaucracy remains the premier political institution and has succeeded at building its own

support bases among urban industrial elites, independent participatory institutions (e.g. parties, public hearings, elected councils) are weak or non-existent. The organizational bases for the parties thus are partially dependent on key party bosses and financiers, a feature which gives rise to political machines which thrive on the material goods they can appropriate and deliver to those who work for it. While the machines provide a return to their immediate supporters, they are far less competent at the formulation of policies for the collective concerns of the voting majority.

***Legacy of Administrative Centralization:*** The distributive game centers on gaining access to Cabinet portfolios. The hallmark of Thailand's parliamentary form of government is the ability of elected officials to assume command over the bureaucratic machinery of government. An elected minister participates in nearly all aspects of policymaking at the national level. Discretionary powers bestowed on the minister by his or her portfolio send signals to voters that there are resource distributions available within the realm of laws and measures at the minister's disposal. Because Thai party policies are vague or nonexistent, party leaders sway voters not with ideology or platforms which suggest ways in which ministerial authority will be exercised, but simply with promises that the party will assist in forming a coalition government and win lucrative Cabinet assignments.

The upshot of this incentive structure is that political parties and the parliament have served primarily as vehicles for the political parties to claim central administrative authority. Since elected representatives at the provincial level have no effective authority over provincial administration, the central bureaucracy in Bangkok becomes the source of resource distributions for rural constituents. Local elected leaders do not hold posts in provincial administration, and there are very few electoral channels at the provincial level for the average citizen to influence policy formulation. Local elections became regular affairs in the provincial capitals, districts, and subdistricts. But local representative assemblies and councils were not permitted any legal authority over the administrative apparatus of government, presumably to limit the possibility that political control over the towns would fall into the hands of the predominantly Chinese commercial elite.<sup>8</sup> Partly

---

<sup>8</sup> The regional reports, with the partial exception of the Southern region report, argue that assimilation of the Chinese has occurred extensively, and that ethnic differences are not significant political issues. If true, this would support precisely the implication made here -- that it is the *perception* and fear of many Interior Ministry officials in Bangkok that the provincial centers would be taken over by the Chinese business elite,

because central government agencies at the national level wielded so much discretionary power, and partly because the legal authority of parliament and local assemblies was so minimal, the constitutional rules of the game raised the costs of collective action for the political parties. The centralization of control over economic policies and resource distributions thus makes Bangkok into something of a milk cow for the provincial-based political parties.

The transition to democracy has not therefore given strong incentives for a popular coalition to form and revamp established structures of authority, along the lines implied by a restructuring of the civil service (for related discussion see the companion piece by the author and Ammar Siamwalla). Rather the transition encouraged the rise of a new class of political entrepreneurs -- increasingly from provincial business backgrounds after the 1970s -- who competed with one another for appointments to the Cabinet which would permit them control over the central government ministries. Elected ministers then come under enormous pressure to use their positions to generate tangible, particularistic, pork-barrel benefits for their electors and financiers. Under these pressures, it becomes difficult for politicians to discern which kinds of policies are good for the economy from those that are worse for the economy.

*Weak Participatory Institutions, Strong Machines:* Another legacy of Bangkok-based development is that independent participatory institutions for the majority of voters have remained fragmented and local. The political machines that have come to dominate electoral politics do not collectively form broad-based parties representing sectors or occupational categories of citizens. Furthermore, there are very few formal linkages between provincial party organizations and urban business, in spite of the fact that the major parties have been funded generously by urban business elites prior to most every election. Urban business elites already have access to the bureaucracy through their associational activities and consensus-based channels, and for this reason do put a permanent stake in the parliamentary process in general or the political parties in particular (Samudavanija and Paribatra, 1993).

---

and that such a fear makes them dubious of any measures in favor of decentralization of political power to the provinces.

These foundations make formal party trappings very temporary and fragile, and as a consequence the parties tend to rise and fall on the fortunes of individual party financiers.<sup>9</sup> The ability of these party bosses to capture administrative authority through the parliamentary arrangements means that they can provide their supporters the favors, licenses, and other business opportunities that in the past were marketed almost exclusively by the central bureaucracy. But precisely because the politicians rely on access to the bureaucracy to market these favors and thereby raise campaign contributions, their own organizational bases remain weak and dependent on key party personalities which can bid with the other parties for control over Cabinet portfolios. A similar line of argument applies to the politician's local canvassing network. Rather than building an independent party base, most politicians rely on the institutions of the local bureaucracy (the kamnan, village headmen, police) to support their bids for office. In effect, the authority of these local officials is "rented" by the politicians at election time. But these networks do not create independent organizations for building a viable civilian-based democracy. Furthermore, because the politicians have had an incentive to graft themselves onto the existing institutions of Bangkok-based development, they have effectively intruded on the power bases of many bureaucratic and military elites, thereby creating antagonism rather than accommodation among the major political forces.<sup>10</sup>

These political machines that have been built up over time have a decidedly provincial base, though many of them began with funding Bangkok business elites. After the fall of the Thanom-Prapas dictatorship in 1973, many of the parties which were assembled to contest the elections were created and/or funded by Bangkok businessmen. Prior to the election these businessmen rushed to the countryside in search of strategic allies who could help in garnering support and ensuring that the votes were delivered. Election after election the provincial allies benefited greatly, gaining wealth, stature, and power over time, so that by the latter 1980s, several of these personalities had built powerful party factions, gained control over party finances, and made concerted bids for

---

<sup>9</sup> There are perhaps two exceptions. One is the Democrat Party, though until the 1980s even this party had never sought "to establish a permanent party organization with effective provincial branches, to acquire support at the grass roots..." (Girling, 1981: 166). The other is the Soi Rajakhu group which has, despite the many accusations of its failings, acted as an important force for civilian rule in Thailand. However, the clan's ability to retain command over a single political party is diminishing as political responsibilities are handed over to the its third generation heirs. The Chart Thai party recently split up and was taken over by the Banham Silpa-archa faction, the party's largest and most financially powerful.

<sup>10</sup> Related discussion is found in the background paper Christensen, 1992a.

party leadership posts.<sup>11</sup> Here lies the basis for the emergence of political machines in Thailand. The machine is an organization that survives on the basis of the votes it can win and the resources it can allocate in return to those who run it and work for it. Perhaps the best indicator of the rise of the machine in Thai politics over the past two decades is the upward trend in the frequency that incumbents who seek re-election succeed at returning to office. In each of the five regions, but most pronounced in the Central region, North, and South, there is a clear upward trend.<sup>12</sup>

Their influence and hold on power in turn requires wealth and strong organization. To maintain their support networks these politicians need access to an abundance of cash and other resources in order to finance their political machines, which typically consist of several dozen other politicians whose salaries and sundry other expenses must be covered. The faction leaders must gain access to Cabinet portfolios to sustain the flow of these funds and to generate public spending projects for their voters back home. Material goods mean much more to their voters than any other intangible, ideological appeals. The electoral process then tends to give rise to "representative kleptocracy." In such a polity, rural electors are well informed about the activities of their elected representatives, and they may

<sup>11</sup> This trend can be seen in the recent histories of the Chart Thai, Democrat, and Social Action parties in particular, where power struggles between urban and provincial financiers resulted in large factions of MPs breaking away in each case (note for each party the events of years 1992, 1986, and 1992, respectively).

<sup>12</sup> The following table shows the percentage of incumbents seeking re-election who were returned to office between the years 1979 and 1992, indicating the increasing strength over time of political machines, particularly in the Central, Northern, and Southern regions. (The September 1992 figure for Bangkok is high owing to the return of most of the Palang Dharma MPs to the seats they won in April of that year. The April figure is more telling of political trends in Bangkok, suggesting a *decline* in the old machines and the rise of a new party under a different kind of leadership, embodied in the personality of Chamlong Srimuang. The Palang Dharma's appeal to the Bangkok middle class suggests the party is not modelled along the lines of the provincial machines, which operate on the basis of different organizational factors and offer different inducements.)

	BMR	Central	Northeast	North	South
1979	12.5	43.6	49.15	46.51	34.48
1983	45.0	65.31	42.35	60.0	67.65
1986	54.55	63.93	54.08	60.0	70.37
1988	67.86	72.73	54.21	61.9	61.54
1992 (Apr)	35.48	69.57	57.14	67.21	50.0
1992 (Sep)	68.75	72.6	62.3	67.16	73.33

Source: Office of the President, TDRI. See also the companion paper Christensen and Siamwalla, 1993.

even "vote in MPs precisely to become corrupt and pass on the benefits to their constituencies" (Siamwalla, 1991). The Bangkok-rural dimension of the Thai political economy is key to understanding why this should be the case. Because Bangkok dominates so overwhelmingly the entire economy, politicians are sent to Bangkok to extract resources from the capital for distribution to voters in the provinces.

### 3.3 The Consequences of Weak Sectoral Policy Institutions

The quality and the coherence of the policy instruments at the disposal of the politicians also shape the services elected governments provide and the decisions they make in the area of policy. For the most part the legislature does not control the laws and regulations that govern state interventions into the economy. The parliament passes legislation which sets broad mandates for implementing a given policy. For example, the parliament can establish a tax ceiling through legislation, but it does not handle adjustments in tax rates underneath that ceiling. Nor does legislation specify precisely what the bureaucracy is to do. Quite to the contrary, laws passed under Thailand's administrative legal code simply assign discretion to the various bureaucratic agencies and authorizes them to issue subordinate legislations that the civil servants deem to be necessary for achieving the broad objectives laid down by the law (Sathirathai, 1987). The parliament does not have authority over this implementation process, though it is here where the real power lies. For politicians to gain any influence over these subordinate measures they must become a Cabinet minister. It is then from atop the ministries that they can exert influence, for example by reshuffling ministerial personnel, authorizing subordinate measures that benefit a target constituency, or directing ministry projects to their electoral districts.

To appreciate how this feature of the bureaucracy affects the content of public policy again forces us to think in terms of incentives to the politicians. One important incentive is the institutional split between macroeconomic and sectoral policies (Christensen et al, 1993). The budget process is controlled by an autonomous bureaucratic agency (the Bureau of the Budget) over which the parliament *institutionally* has virtually no authority. Whereas in many other industrial democracies the power of elected officials lay in their authority to appropriate expenditures from the tax revenues collected from all citizens, in Thailand that process has been effectively forbidden to the parliament. The legislature enjoys influence only on the expenditure side, and even there its authority to reshuffle

expenditures is very limited.<sup>13</sup> Lacking the power to introduce their collective interests into the fiscal process, Thai politicians find it extremely difficult, unlike in many Latin American countries, "to use macro-economic policies to raise the incomes of lower income groups..." (Sachs, 1990: 10).<sup>14</sup>

The hard budget constraint and the technocratic guidance of the budget process have helped Thailand to maintain a stable fiscal policy, and to avoid the temptation to engage too freely in deficit spending or to bankroll deficits with foreign loans. In contrast to fiscal management in other democracies, the most glaring example being the United States, Thailand has thus performed quite impressively. A political consequence of the hard budget constraint, though, is that the politicians must rely heavily on rudimentary and more particularistic sectoral policy instruments for addressing the demands of their voters and political machines. Data on the allocation of economic portfolios for every *elected* government from 1975 to 1991 reveal a striking trend (see Table 2). Whereas the key macroeconomic portfolio of the Ministry of Finance was overseen most often by a non-elected technocrat, the major political parties assumed command over the big three economic ministries (Agriculture, Commerce, and Industry), and more recently the Communications and Transport Ministry.

The implication is indisputable. With little effective power of the purse, politicians must rely on sectoral policy allocations to do the jobs they are sent to Bangkok to do. These sectoral policies are much more particularistic in nature (e.g. factory licensing, trade quotas, tariff exemptions, price subsidies, procurement, concessions); they are not very transparent, since they are managed through administrative decisions largely in the bureaucratic arena; and they lend themselves naturally to the kinds of non-collective, ad hoc strategies the politicians are encouraged in the first place to pursue by their supporters. The politicians thus seek solutions to development problems through sectoral interventions into the market which can generate immediate, visible benefits for target constituents.

---

<sup>13</sup> The Cabinet recently approved a measure to limit the authority of MPs sitting on the House Budget Scrutiny Committee to reshuffle budget appropriations with aim of creating reducing discretionary spending and creating more transparency in the Committee's activities.

<sup>14</sup> Politicians are partly compensated for this constraint in the form of "development funds," which are small (3 million baht per year) discretionary sums they are free to spend in their districts as they see fit. Politicians sitting on the House Budget Scrutiny Committee, moreover, have some limited authority to reshuffle funds within the spending limits already dictated by the Budget Bureau. Often the appropriations process encourages the politicians to free up some additional discretionary funds which can then be spread among the committee members for allocation to their districts.

And, wherever possible, they are encouraged by the hard budget constraint to concoct off-budget allocations which are much more discretionary than normal budget funds, and more easily concealed as well.<sup>15</sup> The incentives then provide opportunities for officials and politicians to amass fortunes for themselves, thereby generating vested interests which become resistant to the kinds of reforms that are necessary to encourage a different style of policy management.

**Table 2** Allocation of Economic Portfolios Among  
Leading Coalition Partners, 1975-1991  
(posts appointed when governments first assumed power)

Ministry/ Portfolio	N	Chart Thai	SAP	Democrat	Technocrat	Military/Police
<b>FINANCE</b>						
Minister	9	1	1	1	5	1
Deputy	13	4	2	1	4	0
<b>INDUSTRY</b>						
Minister	9	7	1	0	0	0
Deputy	15	3	3	3	2	1
<b>COMMERCE</b>						
Minister	9	1	6	2	0	0
Deputy	13	2	8	1	1	0
<b>COMMUN/ TRANSPORT</b>						
Minister	9	2	1	0	0	4
Deputy	21	4	3	4	0	4
<b>AGRIC/COOPS</b>						
Minister	9	3	1	3	0	0
Deputy	25	4	7	4	0	1

Source: Author; Fongsamut, 1989.

15. It is not my concern here to speak about the commendable economic consequences of the budget process. That the hard budget constraint has helped to reduce distortions in the macro economy by curbing government mismanagement is of course well known. My concern rather is to address the political consequences of this institutional arrangement, and it is in this realm that there are less desirable though perhaps inadvertent consequences.



Having assumed command over the sectoral policy portfolios, the politicians are then both encouraged and constrained by the incoherence, lack of transparency, and low morale which characterize many of these departments. Once the sectoral policy instruments are put in their hands, the politicians find quickly that these instruments are not well suited for effectively carrying out their often good-intentioned objectives.

A good example is the yearly attempt by governments in power to intervene in the rice market with the announced objective of raising prices for farmers. Political leaders have found that the institutions for intervening in the rice market -- for example the Public Warehouse Organization (Ministry of Commerce) and the Marketing Organization for Farmers (Ministry of Agriculture and Cooperatives) -- are not equipped to resolve the numerous information dilemmas involved with procuring different grades of rice (Siamwalla, 1989, World Bank, 1984). Nor are these institutions capable of managing problems of collective action (that is, the influence of vested interests over the distribution of policy benefits), whereby the wealthier farmers and rice millers usually profit the most from these programs (Pintong, 1984). Industrial policy offers another illustration. The key industrial policy instruments are capacity controls, local content regulations, and licensing. These tools have worked very well for patronage purposes, which is suggested by the familiar and frequent allegations that Industry Ministers have used these instruments both to allocate favors to client firms and to generate income for their political activities through various forms of "commissions." These incentives are compounded by the low incomes and declining status of the civil service.<sup>16</sup>

With poor or undeveloped policy institutions at their disposal, politicians often have few alternatives but to milk the bureaucracy's particularistic distributive capacities. The result is that politicians often authorize their ministries to intervene in the market so as to set up patronage systems which would enable them to build up their political bases. There are of course instances when politicians have looked beyond immediate patronage considerations to establish policy priorities for the rural majority. Such success has depended decidedly on the existence of previously fine-tuned institutional capacities in the public sector, which is atypical for Thai sectoral policy institutions. Box 2 provides a short policy history of the Central Bank's agricultural credit requirements, a laudable example of sectoral policy reform that was actively promoted by an elected government.

---

<sup>16</sup> Further discussion is taken up in the companion paper Christensen and Siamwalla, 1993.

**Box 2 Institutional Reform and Equity: The Central Bank's Agricultural Lending Requirements**

In 1975, then Minister of Finance Boonchu Rojanasathien ordered the Central Bank to impose a lending requirement for agriculture on the commercial banks. The pretext for this policy was the virtual absence of institutional credit in the rural areas which had left farmers to depend on the informal sector, where interest rates were much higher. Commercial banks had allocated only 1.9 percent of outstanding credit to the agricultural sector in 1974, while it was estimated that well over one-half the country's farmers relied on informal lenders. The motive, however, was political. The lending requirements were part of a larger package assembled by Boonchu's Social Action Party to provide a "better deal" for the farm sector and thereby garner electoral support. Nevertheless, the policy outlasted its founders. Initially the banks were required to loan at least 5 percent of their total deposits for the previous year to agriculturalists. The requirement was raised to 9 percent in 1979, when an additional 2 percent was earmarked for agribusiness. The total requirement reached 20 percent in 1987, which included 6 percent for agribusiness, and a discretionary amount of the remaining 14 percent for rural small-scale industries.

This policy was unconventional in Thailand for at least two reasons. Firstly, it was one of the few long-term policies implemented by an elected government that was designed to benefit the agricultural sector collectively. Unlike other kinds of ad hoc policies, such as the perennial programs for supporting rice prices, the lending requirements could not be micro-managed by officials or politicians, and therefore they did not create any possibilities for politicians to utilize them purely for immediate patronage purposes. Secondly, the requirements are virtually the only instance of Central Bank targetting in the credit market. Typically the Central Bank has strongly avoided allocating credit to target sectors or firms. It has also been reluctant to impose selective credit controls on the commercial banks, and it tends to rely on enforcement of its policies through "moral suasion," not direct regulation.

The success of this policy, however, rested upon institutional innovations in the public sector, new kinds of screening and monitoring processes on the part of the commercial banks, and more direct monitoring by the Central Bank of the lending activities of the commercial banks. At first the commercial banks were unable to allocate the total requirement to eligible agriculturalists. As a result the banks rapidly increased their deposits at the state-owned Bank for Agriculture and Agricultural Cooperatives (BAAC) to fill the balance of the requirement, thereby forcing the BAAC to expand its rural lending operations very quickly (Siamwalla et.al. 1991). To succeed at that task the BAAC needed to adjust its client services and monitoring capacities so as to better resolve all of the risks and uncertainties involved with loaning to more small-scale rural borrowers.

*Box continued.....*

*Continued.....*

Fortunately, the BAAC had introduced measures in the early 1970s to deal with lending uncertainties in the form of a "peer monitoring system," whereby small groups of 7 - 8 farmers would monitor group members' ability to pay back their debts. This prior innovation equipped the BAAC to expand its clientele in the countryside after 1975.

Meanwhile, the banks immediately increased their lending to commercial agribusiness. The Bangkok Bank in particular worked closely with the Charoen Pokphand Group to develop private sector innovations, namely contract-farming arrangements in the livestock industry which enabled the Bangkok Bank to get more credit directly to farmers. Finally, the commercial banks tended to include in their category of agricultural borrowers a very wide variety of clients, so that the Central Bank needed to devise more effective monitoring techniques for ensuring that the banks would fulfill their obligations under the requirement.

The cumulative result of this policy has been a secular increase in the expansion of institutional credit throughout the countryside. Estimates are that the commercial banks now account for about 55 percent of agricultural lending, including loans to agribusiness and small-scale rural industries, compared with about 25 percent for the BAAC and about 20 percent for the informal market.

The case illustrates that elected governments are capable of producing imaginative ideas for addressing sectoral imbalances in the economy. But the lesson of this case should be heeded. Politicians can play a positive role in establishing policy priorities, but it may not be appropriate for them to debate and devise the means for micro-managing the economy. Officials, on the other hand, are responsible for carrying out with care and competence the institutional innovations that are necessary for the most effective implementation of the development objectives thus established by elected leaders. The history of the lending requirements and rural credit programs displays a remarkable capacity, by Thai public sector standards, for institutional learning and improvement upon the shortcomings of existing practices. Part of the success, however, was due to the prior development of sound institutional capacities in the public sector, notably in the form of the BAAC. It should be the responsibility of Thailand's political leadership, as representatives of the public at large, to monitor the civil service in such a way as to ensure that institutional innovations for benefitting everyone are carried out in an effective and transparent fashion.

### 3.4 A Final Dilemma

In light of these weaknesses in the Thai bureaucracy (which are discussed in more detail in the companion paper Christensen and Siamwalla, 1993), it appears that the current elected government at least began with a policy package designed in part to address some of the legacies of Bangkok-based development. When this government took power, among its policy proposals were political decentralization, the distribution of economic activity to the provinces through investment incentives, and the improvement of agricultural policy management, notably in the form of rice price stabilization through the ongoing paddy-pledging scheme. No doubt these policies were designed to garner more support for the parties in power among their rural constituents. But the government did make efforts to assemble *policies* for the provinces. Coherent policies along these lines are of course necessary for attempting the morass of institutional reforms that will be needed as the country continues to industrialize.

Additional signs are also relevant. The trend of having the political parties recruit competent technocrats to either join their parties or serve as economic ministers in their allocated portfolios suggests that some of the leading parties are looking for methods to improve their sophistication and effectiveness in the area of economic policy.

These efforts, however, ultimately run up against a political dilemma which has not yet been readily worked out: elected governments must, under current social and economic conditions, please the two primary interest groups which sweep them to power -- Bangkok business elites, who are increasingly organized, and rural voters, who are unorganized but incorporated into the polity largely through the provincial political machines. To a lesser but increasingly important extent the elected governments are also beholden to the provincial business elites and gangsters that helped them garner votes. With regard to the first two groups the dilemma is quite clear: business elites want a government that can deliver coherent policy agendas, while rural voters tend to want a government that can deliver material goods on a more ad hoc basis. The preferences of the provincial bosses tend to fall on the side of the rural voter.

There is also another angle to this dilemma, involving the extent to which the policies suitable to business are good for farmers too. The government of Prime Minister Anand was indisputably "pro-business," but the government's success was that it was able

to present its policies as *national* policies designed to benefit everyone. A number of critics (e.g. NGOs), however, believed the government was not as "pro-rural" as it was pro-business, and these critics continue to see a contradiction between policies which are good for business and those that could benefit farmers. Regardless of the truth to that position, from the point of view of rural voters, reliance on the political machines to deliver resources collected from the capital city provides at least partial compensation for the gap in wealth (actual and perceived) between town and country that becomes the key factor in either version of this dilemma. While the provision of infrastructure and the promotion of investment in the provinces may well work toward narrowing that gap, the long-term pay-offs can hardly begin to satisfy the immediate demands of rural voters which have helped give rise to the machines, and which encourage politicians to pursue ad hoc strategies for addressing the concerns of the rural voter.

In light of the foregoing discussion, the tasks and challenges which confront Thailand's elected leadership are unenviable ones. Not only are elected governments cursed by the consequences of Bangkok-based development which they themselves might not have caused. They might also be constrained in what they can do until Thailand reaches a progressive stage of industrial development with significant urban growth and high rates of urban employment. Such a growth trajectory would generate the rise of a larger middle class, most importantly in the provincial towns, which could act as a constituency for a different style of government than the machine variety that thrives on the distributive game. That scenario would release some of the pressure on elected governments to transfer resources to the countryside, yet it could also give rise to organized labor in the cities which would voice its own immediate demands as well. In either case, the decentralization of industry to the provinces may well be an ingredient in changing the social conditions that put demands on the politicians.

Until that time comes, elected governments face pressures to do something about closing the income gap between Bangkok and the countryside. This is truly a difficult task, because given the currently bleak outlook for international commodity prices, raising rural incomes may not be possible without sophisticated government pricing interventions into rural commodity markets. Such a task requires qualified sectoral policy institutions which can resolve information problems and fend off the vested interests which would

inevitably lobby to guide market interventions to their benefit.<sup>17</sup> The State's record on that score does not provide cause for optimism, though it is likely that the anticipated decline in the number of workers employed in agriculture over the next decade may partially mitigate this dilemma.

But the need for more effective government *policies* (as opposed to just more government *actions*) is not limited to the rural areas or the interests of rural voters. Urbanization alone will hardly make for a more consistent government, and it is likely to create new pressures which will make the tasks of governance even more complex and challenging. Thailand is currently experiencing a massive case of government failure in a broad array of policy areas, including public safety, natural resources management, education, and technological upgrading, which, when combined, hazard great concern over the future of this industrializing society. For further analysis the reader is referred to the companion paper by the author and Ammar Siamwalla.

---

<sup>17</sup> For the theoretical and practical underpinnings of this task see Timmer, 1991.

**Appendix Table A.1**  
**Net Resource Flows Between the Agricultural Sector and the Government**  
 (million baht, deflated by rural CPI, 1972 = 100)

Year	Total Government Expenditure on Agriculture		Resource Flow from Agriculture to Government	Net Transfer to Government	
	Roads Included	Roads Excluded		Roads Included	Roads Excluded
1960	967.76	539.48	1141.93	174.17	602.45
1961	1299.63	627.84	1297.87	-1.76	670.03
1962	1596.25	846.93	1050.07	-546.17	203.14
1963	1787.49	979.37	1150.87	-636.62	171.54
1964	2185.96	1176.42	1558.30	-627.66	381.88
1965	1979.78	1668.93	1503.14	-1476.64	-165.79
1966	3901.92	2007.67	1212.25	-2689.67	-795.42
1967	4928.98	2283.51	962.79	-3966.19	-1320.72
1968	5969.62	2660.03	1065.94	-4903.67	-1594.08
1969	6257.74	2726.27	1105.02	-5152.72	-1621.25
1970	6583.05	3161.30	638.50	-5944.55	-2522.80
1971	6748.11	3230.13	414.57	-6333.54	-2815.56
1972	6495.76	2821.29	427.34	-6068.43	-2393.95
1973	5459.85	2498.15	857.13	-4602.71	-1641.02
1974	5688.59	2235.57	2419.40	-2169.18	183.86
1975	6483.51	3640.46	1937.38	-4546.14	-1703.08
1976	7806.08	4292.98	1627.34	-6178.74	-2665.64
1977	9058.01	5078.17	2132.52	-6925.49	-2945.65
1978	8949.01	5381.85	1817.00	-7132.01	-3564.85
1979	10004.02	6171.21	2133.81	-7870.21	-4037.40
1980	10432.10	6104.32	2036.48	-8395.62	-4067.84
1981	9630.39	5908.22	1488.21	-8142.18	-4420.01
1982	10763.37	6940.45	1175.95	-9587.343	-5764.51
1983	9767.21	6156.66	n.a.	n.a.	n.a.

Source: Siamwalla and Setboongsarn, 1989: 175.

**Appendix Table A.2**  
**Gross Resource Flows from Agriculture to the Rest of the Economy**  
**(Short-run Total)**

(million baht, deflated by rural CPI, 1972 = 100)

Year	Short Run Total
1960	n.a.
1961	n.a.
1962	n.a.
1963	7,128.62
1964	7,831.47
1965	8,241.83
1966	7,957.35
1967	10,620.34
1968	10,257.10
1969	8,804.96
1970	5,942.64
1971	7,732.10
1972	9,202.59
1973	17,647.42
1974	27,165.38
1975	17,697.77
1976	10,223.67
1977	11,228.90
1978	12,127.65
1979	11,222.00
1980	12,384.87
1981	13,284.30
1982	5,193.76
1983	5,194.63
1984	5,307.13

Source: Siamwalla and Setboonsarng, 1989: 183.



**Appendix Table A.3  
Incidence of Poverty, 1981, 1988**

	1981(a)	1988(b)	1988(c)
<b>BMR</b>	3.89	4.10	14.74
<b>City Core</b>	3.70	3.95	14.15
<b>Surroundings</b>	—	5.21	18.84
<b>Central</b>	13.55	14.79	40.66
<b>Urban</b>	—	14.08	41.18
<b>Rural</b>	14.16	15.04	40.48
<b>North</b>	21.50	22.26	49.88
<b>Urban</b>	—	24.90	48.82
<b>Rural</b>	23.32	21.61	50.14
<b>Northeast</b>	35.93	36.31	67.10
<b>Urban</b>	—	33.03	53.26
<b>Rural</b>	37.93	36.77	69.01
<b>South</b>	20.37	20.51	48.65
<b>Urban</b>	—	15.85	34.90
<b>Rural</b>	22.16	21.72	52.21
<b>Whole Kingdom</b>	23.04	22.82	48.79
<b>Urban</b>	—	13.94	31.17
<b>Rural</b>	27.34	26.30	55.69

(a) For 1981 the urban poverty line was 5,151 baht (\$245) and the rural poverty line was 3,454 baht (\$164).

(b) For 1988 the urban poverty line was 6,203 baht (\$248) and the rural poverty line was 4,076 baht (\$163).

(c) The 1988 adjusted (Krongkaew et al., 1992) urban poverty line was 10,382 baht (\$415) and the adjusted rural poverty line was 6,868 baht (\$275).

Sources: National Statistics Office, 1988; Krongkaew et al., 1992.

## REFERENCES

- Bates, Robert H., 1989. **Beyond the Miracle of the Market: The Political Economy of Agrarian Development in Kenya** (Cambridge: Cambridge University Press).
- Chamruspanth, Viyouth, Suwit Theerasasawat, and Darat Mattarikanond, 1992. **Summary Report: The Northeast**, Northeast Regional Research Report for the Socio-Cultural Change and Political Development project, Thailand Development Research Institute.
- Charasdamrong, Prasong, 1991. "Job scheme turns to ripoff," **Bangkok Post**, March 31: 8-9.
- Chareonmuang, Tanet, 1993. **Decentralization: Task of the Decade for Thailand**, background paper for the Socio-Cultural Change and Political Development project, Thailand Development Research Institute, June.
- Christensen, Scott R., 1991a. "Thailand After the Coup," **Journal of Democracy**, 2:3 (Summer): 94-106.
- \_\_\_\_\_. 1991b. **The Politics of Democratization in Thailand: State and Society Since 1932**, background paper for the Socio-Cultural Change and Political Development project, Thailand Development Research Institute, August.
- \_\_\_\_\_. 1992a. **Capitalism and Democracy in Thailand**, background paper for the Socio-Cultural Change and Political Development project, Thailand Development Research Institute, April.
- \_\_\_\_\_. 1992b. **Between the Farmer and the State: Towards a Policy Analysis of the Role of Agribusiness in Thai Agriculture**, Background Report for the Thailand Development Research Institute Year-End conference on **Thailand's Economic Structure: Towards Balanced Growth?** Ambassador City, Jomtien, Chon Buri, December 12-13.

- \_\_\_\_\_. 1993. **Business Elites, Entrepreneurship, and Corporate Behavior**, background case study for the Bangkok Regional Research Report, Socio-Cultural Change and Political Development project, Thailand Development Research Institute, August.
- Christensen, Scott R., David Dollar, Ammar Siamwalla, and Pakorn Vichyanond, 1993. **Thailand: The Institutional and Political Underpinnings of Growth**, World Bank Country Study, Lessons of East Asia, Washington, D.C., March.
- Christensen, Scott R. and Ammar Siamwalla, 1993. **Beyond Patronage: Tasks for the Thai State**, Policy Paper presented at the Thailand Development Research Institute Year-End Conference **Who Gets What and How?: Challenges for the Future**, Ambassador City, Jomtien, Chon Buri, December 10-11.
- Fongsamut, Ark, "Rabob khana ratamontri thai" [The Thai Cabinet System], M.A. thesis, Chulalongkorn University, 1989.
- Girling, John L.S., 1981. **Thailand: Society and Politics** (Ithaca: Cornell University Press).
- International Labor Organization, 1979. **Evaluation of the Tambon Development Programme in Thailand**, Geneva, Asian Employment Programme Working Papers.
- Jansen, Karel, 1987. **Finance, Growth and Stability: Financing Economic Development in Thailand, 1960-1984**, unpublished doctoral thesis, Vrije University Amsterdam, June.
- Krongkaew, Medhi, Pranee Tinakorn and Suphat Suphachalasai, 1992. "Rural Poverty in Thailand: Policy Issues and Responses," *Asian Development Review* 10:1: 200-225.
- Krueger, Anne O, 1974. "The Political Economy of the Rent-Seeking Society," *American Economic Review* 64:3 (June): 291-303.

**Laothamatas, Anek, *Business Associations and the New Political Economy of Thailand: From Bureaucratic Polity to Liberal Corporatism* (Boulder: Westview Press, 1992).**

**Lipton, Michael, *Why Poor People Stay Poor: A Study of Urban Bias in World Development* (London: Temple-Smith, 1977).**

**Loha-unchit, Chesada, *Policies, Instruments and Institutions for Rural Industrial Development* (Bangkok: Rural Industries and Employment Project, Thailand Development Research Institute, 1990).**

**Mettarikanond, Dararat, 1992. *Punam thongthin isan kap khrua khaay khwamsampand: karn sueksaa khong puthaen tetsabaan*, background case study prepared for the Northeast Regional Report, Socio-Cultural Change and Political Development project, Research and Development Institute, Khon Kaen University.**

**National Statistics Office, 1988. *1988 Socioeconomic Survey* (Bangkok: Office of the Prime Minister).**

**\_\_\_\_\_. 1993. *1990 Socioeconomic Survey* (Bangkok: Office of the Prime Minister).**

**NESDB, 1982. *The Fifth National Economic and Social Development Plan* (Bangkok: National Economic and Social Development Board, Office of the Prime Minister).**

**Olson, Mancur, *The Rise and Decline of Nations: Economic Growth, Inflation, and Social Rigidities* (New Haven: Yale University Press, 1982).**

**\_\_\_\_\_. Jr., *The Logic of Collective Action* (Cambridge, Mass: Harvard University Press, 1965).**

**Owens, Cynthia, 1992. "Rural Thais Still Cling to 'Money Politics,'" *Asian Wall Street Journal*, July 13: 1, 4.**

- Paribatra, Sukhumbhand, 1993. "State and Society in Thailand: How Fragile the Democracy?" *Asian Survey* 33:9 (September): 879-893.
- Pinthong, Chirmsak, 1984. "Karn jaekjaeng phonprayote lae phara khong khroengkarn saeksaeng talaad khao khong ongkarn karn talaad phuea kaset pee 2525/2525" [Distribution of Costs and Benefits of the Marketing Organization for Farmers' Rice Market Interventions 1982/83] *Warasan Thammasat* 13:2 (March): 166-186.
- Prachachart Turakij, 1988. **Disclosures of Financiers of 15 Political Parties** [in Thai] *Prachachart Turakij Special Issue*.
- Sachs, Jeffrey D., **Social Conflict and Populist Policies in Latin America** (San Francisco: International Center for Economic Growth, Occasional Papers #9, 1990).
- Samudavanija, Chai-anan, 1989. "The role of the Military in National Development," in Suchart Prasith-rathsin, **Thailand's National Development: Social and Economic Background** (Bangkok: Thai University Research Association): 149-166.
- Samudavanija, Chai-anan and Sukhumbhand Paribhatra, 1991. "Thailand: Liberalization Without Democracy," in James Morley, ed., **Driven by Growth: Political Change in the Asia-Pacific Region** (New York: M.E. Sharpe): 119-142.
- Sathirathai, Surakiart, **Laws and Regulations Concerning Natural Resources, Financial Institutions and Export: Their Effects on Economic and Social Development**, research report, Thailand Development Research Institute, Management of Social and Economic Development Project, 1987.
- Siamwalla, Ammar, 1989. "The Farmer's Aid Fund Act of 1974: Its Genesis and Aftermath," mimeo, Thailand Development Research Institute.
- \_\_\_\_\_. 1988. **Thailand's Agricultural Future: What Are the Questions?** Agriculture and Rural Development Program, Thailand Development Research Institute, Bangkok.

- \_\_\_\_\_. 1992. **Myths, Demons and the Future of Thai Agriculture**, Synthesis Report, Volume I, presented at the Thailand Development Research Institute Year-End Conference on **Thailand's Economic Structure: Towards Balanced Development?**, Jomtien Chon Buri, December 12-13.
- \_\_\_\_\_. 1991. "Why do Voters Elect Corrupt Politicians? Towards a Theory of Representative Kleptocracy," mimeo. Thailand Development Research Institute, November.
- Siamwalla, Ammar, and Suthad Setboonsarng, **Trade, Exchange Rate, and Agricultural Pricing Policies in Thailand**, (Washington D.C.: World Bank, 1989).
- Siamwalla, Ammar, et.al., "The Thai Rural Credit System: Public Subsidies, Private Information, and Segmented Markets," **World Bank Economic Review** 4:3 (1990): 271-295.
- Stiglitz, Joseph E., 1987. "Some Theoretical Aspects of Agricultural Policies," **World Bank Research Observer** 2:1 (January): 43-60.
- Tasker, Rodney, 1992. "The quiet fixer," **Far Eastern Economic Review**, 27 August: 16-17.
- Thanapornpun, Rangsan, **Krabuan karnkamnot nayobai setikij nai pratet Thai: Botwikhrah cheung prawatsart setakij karnmuang, 2475-2530** [The Process of Economic Policy Making in Thailand: Historical Analysis of Political Economy, 1932-1987] (Bangkok: Social Science Association, 1989).
- Timmer, C. Peter, 1991. "Food Price Stabilization: Rationale, Design, and Implementation," in Dwight H. Perkins and Michael Roemer, eds., **Reforming Economic Systems in Developing Countries** (Cambridge, Mass.: Harvard Institute for International Development).