

THE POLITICS OF INCOME DISTRIBUTION IN THAILAND

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Introduction

Diverse economic, cultural, and political forces have coalesced and clashed in Thailand since Field Marshall Thanom Kittikachorn and General Prapass Charusathien established their absolute dictatorship in 1971. Their rule by decree virtually eliminated popular political participation at a time when corruption and economic decline began to severely restrict economic participation and opportunity by low and middle income groups—the majority of the population of Thailand.

Conflict first appeared in 1973 when students organized and rebelled against the rule by decree of Thanom and Prapass. It grew rapidly during the following three years of civilian, representative government when activist efforts to reform basic distribution patterns within the economy led to increasing confrontation with politicized established economic interests. The latter included much of the military and newly mobilized rural middle income groups. The former, whose base was the burgeoning labor unions and farmer organizations, included students, some Buddhist monks, and some liberal businessmen and professionals.

The ultimate confrontation came in the October 6, 1976 coup d'état by senior military officers. After nearly three years of intermittent conflict, inflation, and a harsh recession—all of which crippled orderly civilian political process and rule—Thailand's new leaders have once again brought political activism and participation to a grinding halt.

To understand how basic distributional problems and the politics built on them returned Thailand to a tense and precarious military rule, we must first consider the basic economy and wealth of

the country. We can then describe how it is distributed, how the need for redistribution further broadened demands for more economic and political participation and opportunity, and how, as these demands resulted in increased instability, reaction to them also increased.

Basic Wealth

Thailand's 1976 Gross Domestic Product (GDP), at current prices was an estimated US\$16 billion. Agriculture, the largest single contributor and employer, accounted for nearly 27 percent or \$4.3 billion.

Historically, rice made up the principal part of this production. And still today land on which it is grown, the product itself, its trade and its milling—all provide production opportunities for most Thais. Of a population of approximately 42 million, almost one-half grow rice, while perhaps another 10 percent transport, trade, mill, or finance it. Traditionally rice dominated Thai exports; while this is less true today, rice is still an important source of foreign exchange.

Much of Thailand's rice has been grown in the vast, fertile Central Plain of the nation, flooded annually by extensive monsoon waters from May or June through October. Thai farmers have been able to take advantage of these natural growing conditions to produce the tasty long-grain varieties that command premium prices in markets throughout Asia. Yields have been traditionally low, however, and modern technology has not been able to raise them substantially without the essential precondition of controlled water levels. Drainage systems started in the early twentieth

century have only modestly helped to reduce flood damage, and storage for dry season cultivation of high-yielding varieties has not been adequate to increase productivity.

Population growth and good markets throughout this century have stimulated an expansion of settlement and rice production in the mountainous North, and to a lesser extent on the Korat plateau of the Northeast and in the southern peninsula. This cultivation has been successful in the North, where mountain valleys allow for irrigation systems and the mountains provide for natural water catchment areas. As a result water has been more easily controlled and many more farms have been able to plant two crops a year—often using high-yield varieties (HYVs).

Rice production in the Northeast is sadly different. The vagaries of monsoons and the much poorer soil conditions have limited its development and kept most farmers at subsistence levels. In the South, settlement by smallholder rubber producers and Malay farmers has limited the scope for rice production. While the South benefits from two monsoons a year, and some double cropping is possible, its rice surplus is minimal.

The South's largest contribution to national agricultural production is its rubber. Although there is nothing that compares with Malaysia's vast estate production, southern Thailand does have suitable rubber growing conditions, which its heavily Malay population has taken advantage of in smallholder plots. Rubber has substantial export value although its contribution to the GDP is small.

Maize, sugar, and cassava—all relatively new crops in Thailand—now contribute as much to export earning as rice. In the early 1970s this was particularly true of maize and sugar, which have benefited greatly from expanding world market demands. Diversification, especially to maize, was as much a response to these improved market opportunities as a response to the export tax on rice. Known as the rice premium since it was imposed at the end of World War II, it has depressed domestic farm prices for rice and promoted the cultivation of other crops.

Timber and opium production have also grown as a result of world markets but not entirely within the

context of any planned agricultural development policy. Opium, grown in the northern mountains by ethnically non-Thai hill tribes, has produced enormous profits—but not so much for the producer as for the international marketers. A hill tribe family producing opium may earn as much as \$500 from annual production whereas a Thai rice-farming family may earn only \$250. (One pound of pure opium in New York is currently worth \$50,000.)

Thai hardwood timbers, most notably teak, have long been major exports. Forest reserves have been seriously depleted, however, and attempts to administer forest conservation policies in the face of strong market demands as well as pressures to clear forest for settlement dim the prospects for serious forest management. Thus, while timber contributed nearly 2 percent to the GDP in 1975, the cost of deforestation, were it calculable, may have been even greater in terms of loss of water catchment areas, erosion, flooding, and the loss of government revenue for licenses which instead are obtained by bribes. Forestry is increasingly an illicit business as reserves decline. Less than 30 percent of Thailand is now forested, a decrease of about 40 percent since 1946.

Thailand's agriculture has provided the base for the industrial sector, which consists, to an important extent, of commodities processing plants. Until the 1930s rice milling was the only significant industry in Thailand. By 1970 there were nearly 50,000 factories registered in Thailand, of which only 26,000 were rice mills. Most of these were small and fewer than 3 percent employed more than 50 persons.

Although Thailand began to develop other industries in the 1930s, major manufacturing did not begin in earnest until the Promotion of Investment Act of 1954. This allowed for a wide variety of incentives for investment in all kinds of industries. The most notable private, post-World War II capital investors were local, Hong Kong and Taiwanese Chinese, who invested mainly in textiles. Their capital was substantially augmented by Japanese, beginning in the mid-1960s, when domestic labor costs encouraged Japanese textile manufacturers to look for cheaper labor in Southeast Asia.

Such investments are most important in explaining the growing percentage of the GDP in manufacturing. In 1965 manufacturing accounted for 15.5 percent and by 1976 20 percent of the GDP.

This overall postwar growth has been impressive. It has been especially impressive in view of inefficient monopolies and public enterprises, widespread corruption, and governmental restrictions on alien-owned businesses. Corruption, however, may well be less a disincentive than merely a method of getting on with business, given monopolies and restrictions. Only the recent worldwide recession, accompanying investors' concern for stability in Indochina and widespread labor unrest in Thailand (the latter largely resulting from low wages) has seriously affected industrial growth. As we shall see, these recent conditions profoundly affected Thai politics in 1976.

Before World War II, expansion of the rice trade allowed for the accumulation of substantial wealth, although much of the profits left the country—mainly repatriated to China. Since the war these funds have been controlled by Thai commercial banks and are the source of most local investment capital in industry. The largest bank, the Bangkok Bank, today has assets of \$2.2 billion, and its nearest rival, the Krung Thai Bank, one-third that amount. In all there are 16 Thai-owned commercial banks that have total assets of \$4.6 billion. The Bangkok Bank, therefore, controls nearly 50 percent of all domestic bank assets. (In recent years half of the bank's assets are in accounts in overseas branches, reflecting the decline in investment in Thailand during the recession.)

The most striking long-term investment pattern is seen in the very small percentage of loans commercial banks have made to agriculture. Until very recently, less than 2 or 4 percent of the value of these loans went to the farm sector. Farmers have had to resort to such "informal" sources as relatives, crop buyers, shops, and moneylenders. Measuring the volume of these informal sources of credit is difficult; but the Ministry of Agriculture and Cooperatives estimates their value to be one billion dollars. Relative to the need, commercial bank lending to agriculture and other sectors is minute; 46 percent of all loans go to finance trade; the rest are to services and industry.

Commercial banks help reveal essential characteristics of the Thai economy. Most of its growth has taken place in sectors where relatively few people are employed but where most capital is invested. Agriculture, which employs at least 70 percent of the population, grew at an average of 4.3 percent between 1971 and 1976. Other, nonagricultural sectors grew much more rapidly in this period—e.g., banking at over 10 percent and industry at over 12.5 percent—but employed less than 30 percent of the population. In 1951, 50 percent of the GDP came from agriculture and 29 percent from industry and trade; in 1976, as we have noted, 27 percent came from the former and over 40 percent from the latter.

This illustrates the critical problem of distribution in Thailand today. Urban, white-collar jobs produce far more per capita income than rural employment. Given land shortage, low productivity, and persistent poverty and underemployment in rural areas, income disparities may be increasing.

Distribution of Wealth

Statistically, there are three ways of looking at the distribution of Thai wealth: by the GDP per capita or worker in various sectors, by the GDP per capita or worker in various regions, and by measurements of income concentration and distribution. Poor statistics exist for the last but econometric studies indicate that distribution of wealth is similar to that of most developing countries. Nearly 50 percent of Thai personal income is earned by less than 20 percent of the population, while the poorest 20 percent earn about 8 percent of personal income.

The extent to which this is changing is hard to determine. Clearly, certain regions and certain kinds of production are becoming more profitable than others. Per capita income for farmers was \$103 in 1960 and \$139 in 1970. All other workers earned \$739 in 1960 and \$1,156 in 1970. The actual disparities in income size are relative, of course, to different costs of living and different kinds of income from urban and farm work. But the ratios are increasing: the farmer earned 7.2 times less than the nonfarmer in 1960; he earned 8.3 times less in 1970.

The same disparities exist between regions, as indicated in Table I.

TABLE I

Region	GDP/Capita Increase		Percentage Increase
	1960	1969	
Central (including Bangkok)	\$177	\$307	73%
North	\$ 79	\$117	48%
South	\$112	\$169	39%
Northeast	\$ 57	\$ 81	42%

While these figures barely scratch the surface of Thai wealth, they do indicate fundamental inequalities that have not been reduced with growth and that may actually be increasing. The reasons must be sought in the differential degree of participation in production, productivity, and ownership. Ultimately, in describing how Thais value what they own and earn in light of their expectations, some foundation can be laid to describe the problems and assess the prospects for more equitable distribution of wealth; this last is an essentially political problem which will be considered in the final section of this paper.

The Rural Rich and Poor. The rice export and processing trade that earned Thailand much of its current wealth provides only a minimum livelihood for about one-half of its population today. Rice farmers are the largest group of poor Thais. Historically they have attempted to improve their position by seizing opportunities to cultivate and settle new lands. Today poverty has become an economic and political issue because those opportunities are no longer feasible and cultivation of existing acreage does not produce expected minimum requirements for subsistence.

During the past few years there have been both encouraging and discouraging developments for low income agriculture. Most discouraging has been the constant increase in migration to cities. The Department of Labor indicates that unemployment is now 1.2 million out of a work force of

18 million. Land saturation, as indicated above, is perhaps the single most important cause. Low farm incomes is another. This is illustrated by the increasing incidence of farmers illegally clearing forest preserves in slash-and-burn agriculture. This land squeeze is statistically demonstrated in the decreasing average size of farms. In 1963 the average size farm was 3.2 hectares, in 1970 only 2.8 hectares, and by 1985 an expected 1.8 hectares.

Related to this is an apparent increase in tenancy. Here statistics are also weak. Land registration is incomplete; extensive surveys are few and far between; and the issue has been made more complex during the past few years by its emotional political appeal. Undoubtedly land tenure is secure in some areas, but increasingly insecure in others. The Central Plains has a history of some tenancy and indebtedness and, under specific conditions of economic strain, eviction or foreclosure has become an issue, as appears to have occurred during the recent period of low farm prices for rice. In parts of the North, population pressure has led to severe land fragmentation and impoverishment. The recent emergence of militant farmer organizations in the North testifies to the growing sense of grievance.

Discontent among Northeast farmers—generally regarded as the poorest in Thailand—is more longstanding than in the North. Here entire villages—many of which are not ethnic Thai—have rebelled against administrative abuse by the central government. Such “disloyalty” has had substantial support from the Communist Party of Thailand and has resulted in the Northeast insurgency. Concern about this insurgency has been a major issue in Thai politics and has prompted both more military activity and efforts to promote development. Neither has been a notable success.

There are only a few areas of Thailand where the rural poor have seen signs of improved incomes. In the upper regions of the Central Plain, areas of double cropping are now developing with farm irrigation facilities from the Bhumiphol and Sirikit dams. In the South, improved techniques for rubber cultivation and recent market recovery have benefited a number of smallholders. Diversification of agriculture, as noted earlier, is progressing at a modest pace, and vegetable, fruit, and maize farmers have all profited from good growing and marketing conditions.

Modern agriculture's promise of higher yields and higher incomes is thus real, given proper program/policy support and an increase of resources entering the rural economy. To achieve this, efficient government planning and coordination and stable markets are crucial—but this has not been the general rule in Thailand, where middle class bureaucratic and commercial interests have dominated the rural economy.

For the past hundred years the management of marketing has been in the hands of Chinese, long the base of the middle class in rural Thailand. The Chinese in Thailand, unlike those in Malaysia, are relatively integrated. Many have married Thais, most have taken Thai names, and, by and large, they are accepted in rural Thai society. Capable administrators, they have devised a network of buying, transporting, milling, and selling rice that has served the Thai economy extremely well at times of high prices—allowing for rapid expansion of commercial rice. But it has also given them a dominant economic position, so that in periods of recession they can usually pass losses back to the farmer in the form of lower buying prices. Whether the incomes of this provincial middle class are ultimately based on exploitative trading is debatable, but its power over the local economy and their contribution to the development of Thai rice production is incontestable. That economic power was dramatically demonstrated in January 1976 when the then Prime Minister Kukrit Pramoj attempted to persuade rice millers and traders to finance rice floor prices through the extension of their private credit to farmers. Their resistance was enormous and helped precipitate Kukrit's dissolution of Parliament and the scheduling of the April elections.

The most common representatives of the bureaucracy in rural Thailand are the village schoolteacher and local police officers. Less common are extension agents and doctors. All are middle class by virtue of salaried incomes. At the lowest bureaucratic level are the district chiefs whose confirmation of office by the provincial government insures their social stature and political reliability in the village. The combination of the three constitutes a solid bureaucratic presence in the rural middle class.

This bureaucracy, however, has not been noted for its eagerness to distribute wealth through

administration of the rural economy, education, and justice. With some notable exceptions—such as programs for improving and expanding rubber cultivation, agricultural projects in parts of the Central Plains and among numerous rural schoolteachers—most administration is hamstrung by bureaucratic inertia, corruption, and self-interest. Traditional village acquiescence to this neglect is enhanced by the bureaucrat's typical concern for pleasing his superiors rather than serving the people of the village. In general, efforts at rural development and reform have been dissipated by the bureaucracy's essentially urban orientation and the bureaucrat's primary interest in upward mobility, symbolized by promotion to Bangkok. In the process, rural grassroots are neglected.

The highest income groups in agriculture, if not in rural areas, are owners of vast rice estates. But the extent to which their former vast holdings are still owned by their families is hard to calculate. Estimates abound about numerous absentee landlords in the Central Plains; but hard data are unavailable. Large landholdings, however, are apparent and common. The 1963 Census of Agriculture showed 22 percent of farm land was in holdings of at least 10 hectares—three times the size of the average farm. Perhaps the largest landowner is the royal family. Its assets, however, are a closely kept secret and only occasional disclosures by the Land Reform Commission or of land gifts by the royal family suggest the extent of their holdings.

Historically, Thai rural society has been stable. Low income farmers were given uncultivated land to cultivate if they could provide the enterprise of frontiersmen. Members of the nobility were given large estates if faithful. In return, gentry served as tax collectors and peasants as soldiers and corvée labor. So long as harvests were good, order prevailed. In recent years, however, revolutions in Indochina, bureaucratic neglect, fluctuating markets, decline in royal prominence, and military arbitrariness have corroded the structural stability of Thailand's rural areas.

The deep concern about the failure of this structure to sustain itself is reflected in the current malaise within Thai Buddhism.

Buddhism has always supported this social structure. The "making of merit" obliged the king

to be concerned with his subjects' welfare while the Buddhist hierarchy gave legitimacy to the throne. But Buddhist teachings also place responsibilities on individuals for their own merit. Thus Thais value personal independence as much as they revere the monarchy. They recognize that their fate is a result of their own actions. This double sense of responsibility upward and inward makes loyal subjects and independent farmers—but only so long as basic welfare exists. Today, there is deep fear among traditional Buddhists that rural unrest threatens Buddhist values and institutions, and among rural reformers that traditional Buddhism is failing to support basic responsibilities and welfare.

The Urban Rich and Poor. There are two key links between rural society and Bangkok, the country's only major urban area. First, the capital is the nexus of all government administration and bureaucratic structures. All decisions are reached in Bangkok. Directives go down to provinces and villages and acquiescence is expected. The king's authority and benevolence also emanates through this apparatus. Second, Bangkok is the terminus for all domestic production destined for either urban consumption or foreign trade. The entire Chinese network of buyers, transporters, middlemen, millers, and sellers is centered in Bangkok.

Because of Bangkok's financial and administrative domination, industry is also concentrated there. It is to Bangkok, therefore, that most of the rural unemployed have moved, although the larger provincial capitals such as Haadyai and Chiangmai, each with populations of about 150,000, attract some.

Bangkok has long been a haven for migrants. During the first three decades of this century, 1.2 million unemployed migrants arrived from China and became coolie laborers in rice transport. While a number thrived as rice traders, a majority established a small trade, a small shop, or continued in manual work. While this migration has virtually ceased, the skilled bureaucrats and businessmen of urban industrial Thailand are often descendants of these former migrants.

Today's migrants are overwhelmingly from within the country itself and pressure is enormous to create jobs for them. Many find marginal

"self-employment" as hawkers. These are usually the least educated and presumably the hardest to employ productively. In 1974, the Department of Labor said there were almost 500,000 street vendors throughout Thailand, of whom 350,000 had no more than a primary school education and 81,000 had no education at all. Many of these live at subsistence level; some find modest livelihoods as vendors; a few find other employment; still others despair and ultimately return to farming. Percentages are impossible to guess, but their overall number is increasing steadily.

Textiles form another important area of low-income employment. By 1974, there were over 120,000 jobs in textile factories, which are now the single largest industrial employer in Thailand. Other low-income employment is in construction or small, light industries that produce everything from nuts and bolts to star sapphire rings. While specific data on the numbers of factory and construction workers are hard to find, the Department of Labor surveys show over 2.1 million "craftsmen, production process workers, and laborers," 87 percent of them having 6 years or less of education.

Although a minimum wage has been in effect in Thailand for some time, it has been virtually unenforced until recently. Until 1973 it was 75 cents a day; it is now \$1.25. Real wages, however, are presumably subject to other determining factors and will remain at subsistence levels as long as there is a large labor surplus. Despite recent efforts to enforce the legal minimum, textile industries have not fully complied.

Chinese clan associations often offer their members material and psychological support that mitigates some of the economic hardship of low wages. With clan loyalties comes a sense of responsibility. Because of clan ties, for example, an injured worker can expect not to be dismissed, and might even get some financial assistance.

The nature of factory work in textile mills, which employ many of the migrant Thais, is different from work in traditional Thai farm communities, where there are similar supportive networks. Neither do the factories provide the same degree of welfare found in Chinese enterprises. In many of the textile factories, management is Japanese, while mid-management staff is Thai. The latter is often

caught between the Thai worker's demands for personal welfare consideration and the boss's demands for work. As a consequence, industrial relations have been bad and virtually every textile factory in Thailand, as well as many industrial and commercial establishments with young, immigrant Thai employees, has been struck one or more times during the past few years.

These disputes are often about conditions and quality of employment as much as actual wages. In Khon Kaen, for example, Thai women workers closed down a jute mill and locked their Japanese bosses in the head office for a week until the annual management-worker picnic was restored. The Siam Intercontinental Hotel in Bangkok was closed down for two weeks until its management agreed to transfer an Austrian manager for using abusive language to several Thai maintenance workers.

The urban middle class is very different. It is well educated, consumes an enormous amount of imported goods, has traditionally eaten low-priced rice, and has only recently—since 1972—suffered from inflation. It is made up largely of businessmen, bureaucrats, schoolteachers, and career soldiers.

In 1974 half a million Thais had completed secondary school and were employed professionals, managers, and administrators. Another 82,720 had university degrees. A large percentage of these are schoolteachers and about 40 percent are women. With the exception of the schoolteachers and the soldiers, most live in Bangkok and work in commerce or in the bureaucracy.

High inflation does not appear to have deterred their consumption in the past few years. Rather, they seem to be spending more of their savings. The National Economic and Social Development Board has shown that personal savings have dropped from \$1.8 billion in 1974 to an estimated \$1.5 billion in 1976. (Company savings, conversely, have increased 44 percent during these years, indicating good profits from the increase in consumer prices.) Food prices alone have increased 70 percent since 1972.

While these increased food costs benefit farmers somewhat, urban consumers are unhappy. Much of their discontent was first manifested in 1973 when the student revolt against Thanom and Prapass met with the approval of Bangkok's middle class.

At a time when family budgets are being strained, regardless of occupation or cultural or class values, there was a swelling tide of resentment against the enormous wealth and corruption of government leaders.

Middle class political attitudes during the past few years have become increasingly conservative as their economic position seems less secure. Many lower- and middle-level police and army officers, having used the ranks as ladders out of rural poverty, have intense feelings about any economic changes that might jeopardize their standing. They become intensely nationalistic in their self-image as defenders of the nation. Similarly, the bureaucracy, a historic source of middle-level income, is essentially conservative and resists any change as administrative masters of the kingdom. Businessmen, of course, support notions of the "good old days" of stability, low prices, and high profits.

One crucial exception to middle class conservative values is also a product of affluence. Education has created a substantial "liberal" or "progressive" urban intelligentsia, reflected in educators' and students' and even some bureaucrats' concern for diminishing the equalities between urban and rural incomes.

Very rich Thais—the military, the royalty, and business—are also the politically influential, and it is often hard to distinguish among them, especially between the military and the business community. General Prapass, for example, was a major shareholder in the Bangkok Bank and the Bank of Ayuthaya before being exiled in 1973, and had extensive landholdings, and interests in textiles and mining. His total worth was estimated to be \$50 million in 1973. General Pramarn Andireksarn, Deputy Prime Minister for a while in 1975 and 1976, is a major investor in textiles. His worth cannot easily be established, but it is sufficient to make him president of the Textile Manufacturers Association. He has also been a director in the Bangkok Bank. Boonchu Rojanasthien, a director and major shareholder of Bangkok Bank, is the most recent and notable example of a businessman entering politics. He became Minister of Finance under the new Kukrit Pramoj government. Also during this period Prasit Kanchannawat, another director and major shareholder of the Bangkok Bank and successful rice merchant, was Speaker of the House of Representatives.

Bureaucrats engage in business but not so conspicuously as soldiers. Much of their business involvement is through bribes and kickbacks from contracts and licenses, and perquisites from state enterprises.

Thai royalty are unquestionably rich; but there are few data on their finances and presumed substantial landholdings. Assets of the Crown Properties Bureau, a royal family holding company, are unknown. The only information readily available is on the royal family's and the Bureau's investments in four banks worth at least \$2.2 million. They control 68 percent of the shares of Siam Commercial Bank—the oldest and sixth largest bank in Thailand—with assets of \$200 million.

Soldiers and businessmen, and on occasion the King, while struggling with each other for power, have dominated Thai politics during the past two decades. Their commercial institutional relationships, which sustain them in power, are built on horizontal patronage—a reciprocity of special favors often laced with corruption.

Businesses, for example, often depend on high level military and political participation to secure and improve their economic positions. Thus Chin Sophonpanich is chairman of the Bangkok Bank, which has General Prapass as a major shareholder, and Teijin Polyester has Pramarn Andireksarn on its board.

The warp and woof of patronage and corruption is as strongly interwoven between business and politics as it is between village leaders and the central bureaucracy. Low-level provincial authorities expect kickbacks in contracts as much as Bangkok bureaucrats expect bribes for licenses.

Thai economic and political life may seem to consist of little more than brokerage of economic influence, with increasing neglect of low income groups. In an ironic way, the disorders of the past four years, the politics of distribution which has preoccupied Thailand since 1973, reflect a recognition by various groups that this must change. Whether this change is to come about by revolution, with the object of creating an entirely new social order, by reform, or by a reactionary reinstatement of the traditional social and political

structure based on national price, the royal family, and Buddhism, is now the basic dilemma of Thai politics. The peaceful, democratic promise of the October 1973 student rebellion appears lost in the present authoritarian government.

The Politics of Distribution

Fifteen months after Thailand's university students helped overthrow the military rule of Generals Thanom and Prapass this dilemma was highlighted when three important political personalities met with Deputy Prime Minister General Pramarn Adireksarn at Government House in Bangkok: Sanga Wongbangchud, a village headman active in rightist political groups in the Northeast; Wattana Khiewvomol, a rising star of Thailand's civilian political right wing dedicated to the King, the nation, and Buddhism; and Phra Kittiwutho Bikku, an outspoken advocate of a Buddhist commitment to militant "anticommunism" and nationalism. In the meeting they pressed a number of concerns. First, they urged the government to "control mob violence" to protect the nation. Next, they recommended the dissolution of Parliament in favor of a "national reform council." Third, they advised the government to continue its practice of guaranteeing a minimum purchase price for rice but to buy rice directly from the farmer rather than a middleman. Finally, they demanded an end to corruption. Phra Kittiwutho said he joined the representation because "This is an affair of the nation and not a political maneuver. If there is no nation, how can there exist a religion?"

The meeting with General Pramarn took place while student activists were collaborating with the new labor movement to prepare a general strike against the increase in the retail price of rice.

On October 6, 1976, nine days before the third anniversary of the toppling of General Thanom's government, the Thai military emerged for the eighth time since the end of World War II to take over civilian and parliamentary government to rule by an "administrative reform council." The immediate crisis that brought on this coup d'état was the repatriation of General Thanom, this time as a monk in a Bangkok Buddhist temple whose abbot is closely identified with Phra Kittiwutho and his politicized Buddhism.

Long-term national crises will occur as a result of three economic and political dilemmas:

First, low income groups historically have been politically inarticulate. Traditional village acquiescence to Bangkok elitist attitudes have virtually precluded the establishment of national goals based on broadly determined needs and extensive political participation.

Second, economic policy reflected the perceived self-interest of policy makers. The national interest during the past hundred years for example, has been to expand rice production. Urban interest during the past 25 years has been to tax this production through the rice premium, despite its impact on farm incomes, and to suppress the domestic price of rice and thereby the cost of living.

Third, traditional values of genuine reverence for the Monarch, a nationalism based on his legitimacy, and a deep devotion to the spiritual aspirations and ethical values of Buddhism have supported conservative politics. The result has been a deep and widespread suspicion of any radical social, economic, and political initiatives, or any liberal proclivities to tolerate such initiatives in the overt political process.

Thai politics since 1973 have challenged all three fundamental political traditions. The students went into factories and villages and helped organize low-income workers and poor farmers. They found, and widely publicized, instances of military and bureaucratic abuse. They called for social change and acceptance of socialist models of development. At no time, however, did they openly criticize the principal values of the monarchy, Buddhism, or the nation.

In joining with the revived labor movement and in helping with the organization of activist farmers' organizations, student agitation stimulated a number of economic and political initiatives to redistribute income.

Perhaps the first significant efforts by a national leader were made by Puey Ungapakorn, Rector of Thammasat University. Without identifying himself with any political group, he championed both the role of students and village development in carefully conceived and conducted rural

educational and self-help programs. (Rather belatedly—August 11, 1976—the Cabinet granted him \$150,000 for his student volunteer program, over right-wing objections that the funds would support students fomenting social unrest in the villages.) As chairman of a National Wage Council, he also played a critical role in labor politics of 1974 by raising the daily minimum wage from 75 cents to \$1.25. This did not avert the labor unrest of the period, but it narrowed many of the issues blocking negotiable settlements.

The first directly political initiatives, however, came from Kukrit Pramoj and the government he formed in mid-April 1975. He attempted, in effect, to circumvent what he saw as the Bangkok "circle" of economic, political, and bureaucratic control. He allied himself with Boonchu Rojanastien, a capable and practical economist and commercial banker, to devise a new series of economic policies to deal with many of the problems students, laborers, and farmers were exposing. First, they sought to bypass entrenched bureaucratic interests by direct subsidies to villages and direct elections of village leadership. Second, they offered a guarantee of a minimum farm price for rice and attempted to offer a supply of cheap government-procured rice on urban markets for low-income households. Third, they attempted to provide substantially more credit to farmers through government agencies by requiring commercial banks to increase their rural lending to 5 percent.

Parliamentary initiatives, on the other hand, did not receive full support from Kukrit and Boonchu. A Land Reform Law was passed but the Kukrit government never funded it adequately. Anti-corruption laws were enacted but an administration to carry them out was not established. A number of other efforts received only half-hearted support.

Reaction and resistance to Kukrit's and Boonchu's reformist approach came from different sources and for different reasons. Together they indicate the strength and tenacity of traditional economic and political interests.

Kukrit's village funding seems to have had some initial success—at least in getting funds to village councils without bureaucratic interference. The village councils also had some success in using

these funds for specific village development projects and employing off-season labor. How much of the money went into kickbacks, pet projects, and inflated costs of construction materials is unknown.

Attempts to require the popular election of village headmen every five years without the required approval of provincial authorities, however, sparked an immediate controversy with headmen who had expected to hold their positions for life. While their demonstrations in Bangkok failed to stop the measure in the Lower House, it was vetoed in the Upper House. This attempt to democratize villages probably accounts for much of the rural civilian support received by the right wing.

Rice-pricing policies have run into enormous problems and so far have been only moderately successful. First, local buyers resisted paying the support prices because they doubted the government's ability to subsidize their costs. They did not accept bank guarantees and threatened at one point to suspend the rice trade. Kukrit's government did, in fact, find it difficult to finance the "cheap rice" schemes. Finally, in January 1976, the controversy touched off demonstrations, a general strike, and forced Kukrit to dissolve Parliament and call for a national election.

Kukrit was defeated in a constituency heavily dominated by the military. Losing his seat in Parliament cost him the Premiership. It was also a symbolic victory for the military in what had become a tense contest of wills between a democratic, moderate, civilian government, one which was civilian and democratic in form but heavily dominated by the military. Seni Pramroj, Kukrit's older brother and an elderly, rather ineffective politician, became prime minister.

This subtle test of wills was exacerbated in the months following the election. In the process, Seni was increasingly harassed by polarization within his own party, deterioration in law and order, the failure of economic conditions to improve, and the ultimate military trick of bringing General Thanom back to Thailand as a Buddhist monk. This last episode literally tore the country apart as liberal and leftist student protest became the excuse for the October 6 coup d'état.

Under these conditions Seni failed to govern. The coup d'état reflected the political will of the military and the diverse right-wing civilian groups unified in grievances over the economic conditions and progressive politics. Even Seni became suspect for tolerating too many progressives.

While the liberal and progressive student activists had come primarily from the intellectual student elite and politically motivated rural school-teachers, the right-wing movement gathered support from lower middle income groups—including vocational and technical students whose institutions reflect anything but elitist educational attitudes. Support also came from lower-level military and police ranks and, as noted, village leaders. Nawaphol, a political organization under the leadership of Wattana Khievimol, built the basic coalition among military officers, Buddhist monks, and village leaders. Then Red Guard and Village Scouts organized youth for paramilitary activities, partly financed, it appears, by the Internal Security Operations Command. Many of these youths were also active in the violent commando-type raids against Thammasat University and assassinations of left-wing leaders—most conspicuously during the 1976 election campaign.

These lower middle class economic interests coalesced during the political campaigns. The village headmen, the junior police officers, and the vocational students all had in common the pains of inflation, low pay, and few jobs. They blamed this on the disruptive and destabilizing politics or "mob violence" of the left, and associated student activism with communism.

They were supported, moreover, by military and some business elites, smarting from the recession and what they saw as a deteriorating climate for investment, which they attributed to the growing social disorder. Since the coup d'état in October 1976, the military has sought to suppress or eliminate all such sources of disorder: student activists, communism, and former progressive parliamentarians.

Conclusion

Fear of disorder and communism has once again become central to the psychology of right-wing politics of Thailand today. The return to military

rule—justified as a defense of the monarchy, the nation, and Buddhism—enshrines the established economic system and traditional social order. Will the new military government continue its reactionary course, direct its resources to an “anti-communist” defense of nation, Buddhism, and the King and away from efforts to create conditions for a wider distribution of wealth? If it does, to what extent and for how long will it curtail political participation, a strategy which in the past has offered only short-term relief and stability, but produced long-term unrest.

Thailand today is an unstable, volatile society. The conflict between proponents of traditional values and advocates of economic change has brought the nation to a turning point in its history. Political activists of the right and left have exposed and committed themselves. Many of the latter are now underground. Reconciliation seems unlikely under dictatorial rule. At this time more violence seems inevitable.



NOTES ON THE STUDY DISCUSSION, OCTOBER 20, 1976

by Brewster Grace

The Study Group met on October 20, two weeks after the civilian government of Seni Pramoj was replaced by a military junta. In light of this event, discussion focused mainly on the economic and political conditions in Thailand which had produced the political turmoil of the past three years and the October 6 coup d'état.

Thus the discussion projected an ambiguous picture with conditions differing markedly from region to region. Economic conditions are bad in the Northeast, deteriorating in the North and parts of the South, stable in the Central Plain, and, from an employment point of view, promising in other parts of the South.

It was first noted that the paper placed too much emphasis on purely economic factors. Substantial arguments were made that while economic exploitation does exist, it is not as abusive or debilitating as in many countries of the Southeast Asian region. There is relatively less poverty among Thai low-income groups; there is greater stability of land tenure in much of Thailand; and there are still a few areas of labor opportunity. Many of these conditions are far less promising in other countries of Southeast Asia. There are, however, as many instances in Thailand of severe unemployment, of land insecurity, and of harsh poverty.

It was pointed out that much of the ambiguity and inconclusive description was due to the lack of income distribution data for Thailand. What little is available suggests, however, that rural people are sustaining a very slow increase in wealth and life expectancy. Radios and bicycles are more and more common. However, while the income gap *within* rural areas may not be growing, the gap *between* urban and rural residents is increasingly inequitable.

Traditional stability in Thai society was based on royal patronage emanating from the elite and

the bureaucracy in Bangkok down to the rural areas. It was a system to which the rural populace acquiesced. Times have changed, however. Corruption and United States expenditure have contributed substantially to Bangkok extravagance. This, in turn, has created or heightened a perception of injustice, which to rectify, it was noted, would require a major change in the fundamental distribution of power. New politics, in other words, are more important than new economic policies. The student rebellion of 1973 was an expression of the most basic gap: the disparity between perceptions of economic and social justice and political development. Public concern for justice has shaken traditional assumptions about stability. This led to reaction, or, as one member of the Study Group paraphrased this reaction, "the kids got what they deserved."

Thailand's renewed reliance on the military as the fundamental instrument of state power, was seen as indicating a deeply felt need for stability. But it also raised in some minds the specter of increased corruption and repression. On the one hand, the Thai military has expanded its capability both in counterinsurgency (with substantial U.S. support during the past decade) and in police functions. As a result much of rural Thailand has come under military and police control. But corruption has accompanied this combination, often

in the form of a protection racket that puts the squeeze on low-income groups. This is especially common among police who are recruited in urban areas and sent into villages. It remains to be seen whether military and police control will promote stability or popular resistance to their authority.

The Study Group was pessimistic about Thailand's immediate future. Efforts by the military rulers to impose stability may backfire if there is division within the military or substantial resistance from major segments of the population. Both seem possible.

An indication that pessimism is warranted is the apparent stagnancy in both local and foreign capital investment. Although much of this may be attributed to several years of recession and the political uncertainty throughout Indochina during the past few years, as well as to disorders in Thailand since 1973, the present government must cope with all these liabilities. Thus, some Study Group members felt pessimistic about future stability as well, noting that under present conditions the new government would find it difficult to encourage investment at the required level. At best, investors were "taking a wait and see attitude." In the interim Thailand was seen by some as moving closer and closer to civil war.

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