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Travel briefs, Thailand 01

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*Pres's emphasis on
equitable economic growth
rural level
agri level*

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THAILAND: Airport arrival statement

I am very happy to be in Thailand again. I first visited your country as President of the World Bank in 1971 to see for myself the progress your nation has made in meeting your economic and social goals and to confer with your leaders on the assistance we in the World Bank can offer.

Thailand is one of the earliest borrowers of the Bank. Since 1950, Thailand has received from the Bank nearly one and a half billion dollars for development projects covering almost every sector. Much of the Bank lending has been for the traditional infrastructure projects, but over the past five years the emphasis has shifted to a program which will reach the poor more directly. Since 1975, the proportion of Bank lending to the agriculture and rural development sector has trebled, accounting for about 45% of our lending operations in Thailand.

The Bank appreciates your government's efforts to help the poorest people, who live mostly in the North, Northeast, and South regions. I am looking forward to visiting these areas while I am here, and discussing with your government its proposals for their development. The World Bank will do what it can to help improve the incomes and standard of living of subsistence farmers through investments that will embrace agricultural credit, research and extension, education and improved infrastructure.

We note that your government is fully aware of the problems of development administration and is implementing a number of long- and short-term measures to modernize its development administration and expedite project execution. The Bank will continue to support this effort.

I am deeply grateful to your government for inviting me and look forward to fruitful discussions with the leaders of your nation on the support the Bank can give to help meet the goals you have set for yourselves to make development real not only to a few but to all the people.

THAILAND GENERAL LAND CAPABILITY

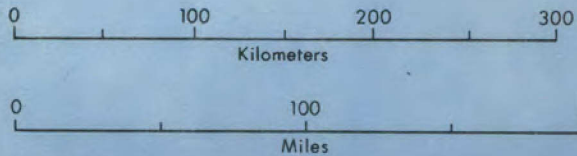
- Areas with soils suited for paddy
- Areas with associations of upland and paddy soils
- Areas with soils suited for upland crops
- Areas with soils not generally suited for cultivated crops

- Rivers
- Changwat (provincial) boundaries
- International boundaries

Source: "Soil Survey Division, Land Development Department of Ministry of Agriculture and Cooperatives Bangkok, Thailand, 1972"






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IBRD 13608
MAY 1978

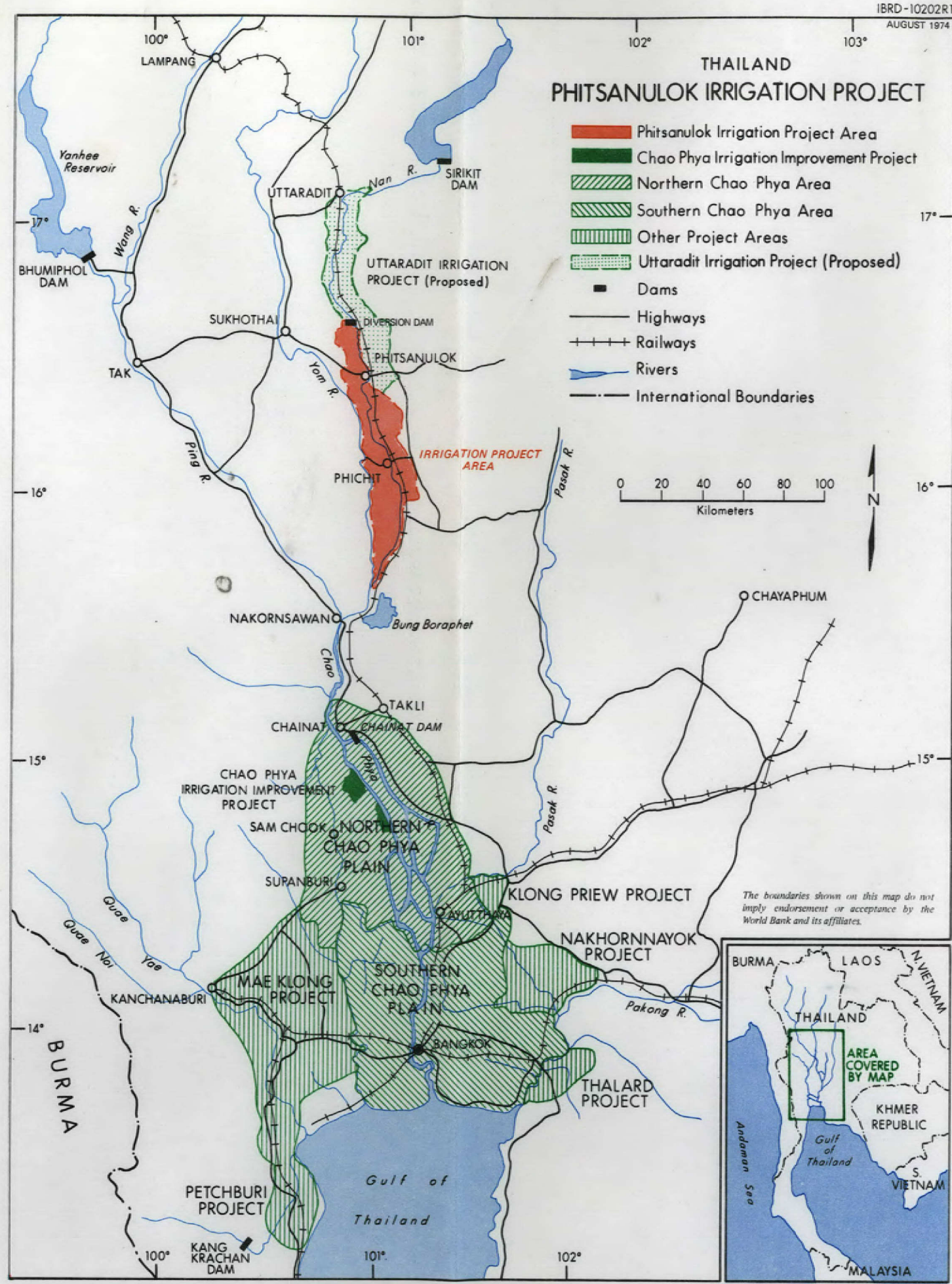
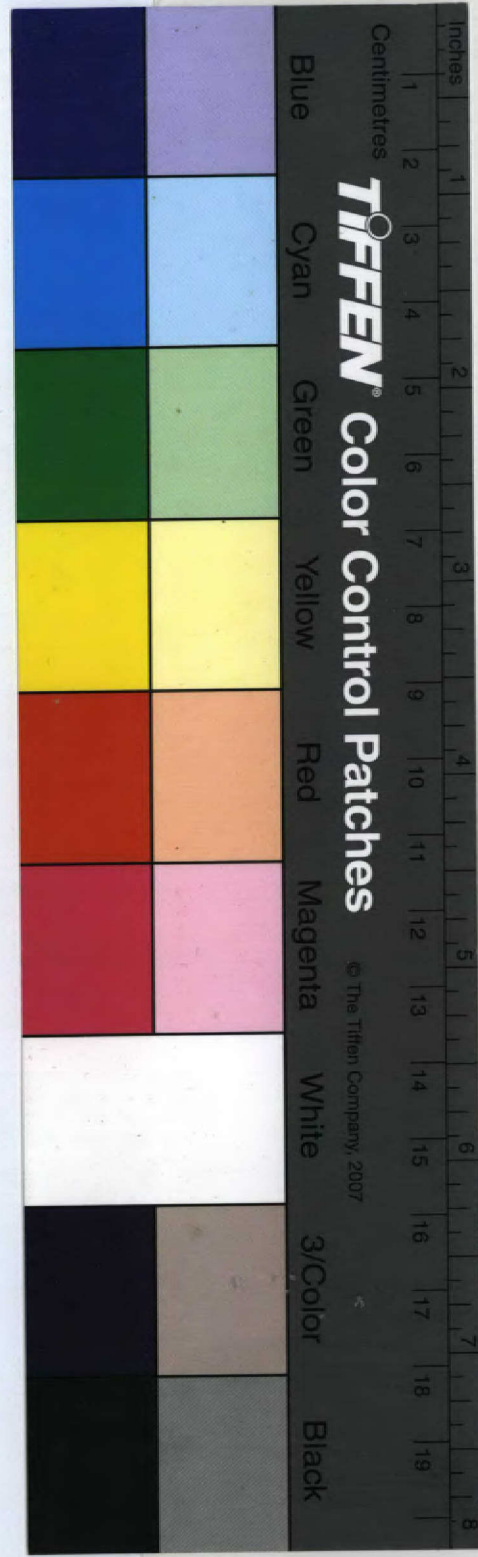
THAILAND Provinces (Changwats) Having 10% or Higher Pure Tenancy Rates

- Region boundary
- Province (Changwat) boundary
- o Provincial capital
- International boundary
-  20% or more Tenancy Rates
-  10-20% Tenancy Rates
-  10% or less Tenancy Rates



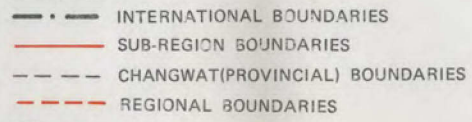
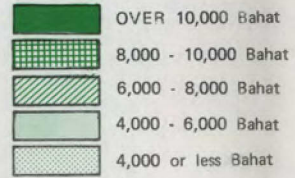
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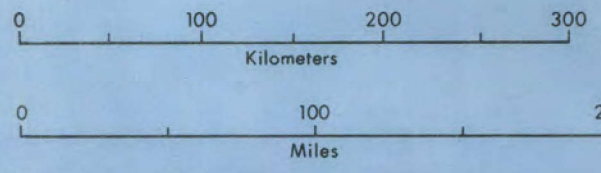


THAILAND

INCOME PER CAPITA 1976



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Blue Cyan Green Yellow Red Magenta White 3/Color Black

background NOTES

Thailand

department of state * march 1978

OFFICIAL NAME: Kingdom of Thailand

PEOPLE

Thai society, predominantly rural, is most heavily concentrated in the valleys and plains of the north, north-east, and central regions. The principal minority groups in Thailand are an estimated 2 million ethnic Chinese located in the larger urban areas, most of whom have integrated into Thai society; about 800,000 Malay-speaking Muslims in the southernmost provinces; various hill tribes in the north, estimated at about 286,000; and 70,000 Vietnamese, mostly in the northeast.

For some years universal education through fourth grade has been compulsory in all parts of the kingdom, and the government has recently extended this through sixth grade. There are uni-

versities in the capital, Chiang Mai, and Khon Kaen; a new university has colleges in Songkhla and Pattani Provinces.

Buddhism of the Theravada school is the religion of more than 90 percent of the Thai, but the government permits religious freedom, and a great number of other religions are represented throughout the country. Spirit worship and animism also play a significant role in Thai religious life.

HISTORY

Recent archeological research suggests that a very early civilization existed in Thailand, possibly as early as 4630 B.C. Linguistic evidence suggests that the Thai people originated in southern China. As early as the 6th and 7th centuries A.D., Thai settle-



ments were spreading southward into what is now Southeast Asia.

During the 13th century, what was to become modern Thailand had its beginnings in a kingdom with a capital at Sukhothai in the north.

PROFILE

People

POPULATION: 44 million (1977). ANNUAL GROWTH RATE: About 2.5%. DENSITY: 190 per sq. mi. (73 per sq. km.). ETHNIC GROUPS: Thai 75% Chinese 14%, minorities 11%. RELIGIONS: Buddhist 95.5%, Muslim 4%, other 0.5%. LANGUAGES: Thai, ethnic and regional dialects. English. LITERACY: 82% LIFE EXPECTANCY: 61 yrs.

Geography

AREA: 200,000 sq. mi. (517,000 sq. km.); slightly smaller than Texas. CAPITAL: Bangkok (pop. 4.5 million). OTHER CITIES: Chiang Mai (100,000), Hat Yai (30,000), Udon (80,000).

Government

TYPE: Constitutional monarchy. DATE

OF INTERIM CONSTITUTION: November 10, 1977. BRANCHES: Executive—King (Chief of State), Prime Minister, Cabinet (33 Members). Legislative—unicameral. Judicial—Supreme Court.

POLITICAL PARTIES: Officially banned. SUFFRAGE: Universal. ADMINISTRATIVE SUBDIVISIONS: 72 Provinces.

FLAG: Two red stripes, top and bottom, two white inner stripes, and a wider blue band in the center. The blue represents royalty, the white Buddhism, and the red stands for Thailand, whose name means "Land of the Free."

Economy

GNP: \$18.8 billion (1977 est. at current prices). REAL GNP GROWTH RATE: 6.2% (1977 est.). PER CAPITA INCOME: \$426 (1977 est. at current prices).

AGRICULTURE: Land—34% farm, 37% forested. Labor 76%. Products—rice, rubber,

corn, tapioca, sugar, pineapple.

INDUSTRY: Labor 7%. Products—processed food, textiles, wood, cement.

NATURAL RESOURCES: Fish, natural gas, forests, fluorite, tin, tungsten.

TRADE: Exports—\$3.2 billion (1977 est.): rice, tapioca, sugar, rubber, maize, tin, pineapple, textiles. Imports—\$4.2 billion (1977 est.): transportation and construction equipment, nonelectrical machinery and parts, crude oil, textile fibers, chemicals. Partners—Japan, US, Singapore, FRG, the Netherlands.

OFFICIAL EXCHANGE RATE: 20 baht=US\$1.

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: UN and most of its specialized agencies, Asian Development Bank (ADB), Association of Southeast Asian Nations (ASEAN), Asian and Pacific Council (ASPAC), Colombo Plan, INTELSAT.



In the 14th century a new centralized Thai kingdom emerged with its center at Aytthaya on the Chao Phraya River, north of Bangkok. This kingdom had some contact with the West, beginning with the Portuguese in the 16th century, but relations with its neighbors in Southeast Asia were of primary importance until the 19th century.

Toward the end of the 18th century, Burmese armies overwhelmed the kingdom. Rama I, founder of the present ruling dynasty, was one of the leaders who eventually drove out the Burmese. He established the capital at its present location, Bangkok, in 1782. His successors, especially after the British victory in Burma in 1826, were to find themselves increasingly preoccupied by a new threat—European colonialism.

Rama III began the process of accommodating to Western power with negotiation of the Treaty of Amity and Commerce with the British in 1826. More important steps in this direction were made by Rama IV, known in the West as King Mongkut, and by Rama V (King Chulalongkorn), who carried out a virtual revolution of modernization in the Thai Government during the last quarter of the 19th century. These great monarchs combined diplomatic skill with recognition of the need to modernize the state structure, making it possible for Thailand to survive as an independent state, the only country in South and Southeast Asia not colonized by a European power.

European predominance in Southeast Asia was challenged in the 20th century by the Japanese. When Japan struck at the Philippines and Malaya in December 1941, it also invaded Thailand. Faced with overwhelming Japanese power, which quickly caused the collapse of Western forces in the area, Thailand acceded to Japanese demands. Although nominally an ally of Japan during World War II, Thailand was in effect an occupied country.

The defeat of Japan was followed by an era of increasingly close relations with the United States, which had extended assistance to Thailand in the immediate postwar period. Thailand saw the victory of Communist forces on mainland China in 1949

as a threat to its independence. It became an active participant, along with the United States, in efforts to check Communist expansion in Southeast Asia.

The present monarch, His Majesty King Phumiphon Adunyadet (Rama IX), and Queen Sirikit have four children, including one son, Prince Watchiralongkon, who was invested as Crown Prince in December 1972.

GEOGRAPHY

Thailand, formerly known as Siam, is located in the heart of mainland Southeast Asia. The shape of the country has often been compared to the head of an elephant with its trunk extending down the Malay Peninsula.

Thailand's topography is varied. There are four main geographic regions:

—The agriculturally rich central region, dominated by Thailand's most important river, the Chao Phraya, is watered by an extensive network of canals and irrigation projects.

—The northeastern region, a large plateau rising about 1,000 feet (304m.) above the central plain, comprises roughly one-third of the country. Much of this land is poor and suffers from occasional droughts or floods, depending on the season. The topography makes irrigation difficult, but planned irrigation and flood control projects on the tributaries of the Mekong River, which forms much of the border with Laos, should improve agricultural potential. Completion of these projects, however, is not expected for some years.

—Northern Thailand, primarily a region of mountains and valleys, comprises about one-quarter of the nation. The mountains, running north and south, are forested, and the valleys between them are narrow but fertile.

—The southern region, a long sliver of land extending from central Thailand south to Malaysia, is mainly covered by rain forest.

Thailand is a tropical land, with high temperatures and humidity. The climate of much of the country is dominated by monsoons. In most regions there are three seasons: rainy (June-October), cool (November-February), and hot (March-May).

Rainfall varies but is generally heaviest in the south and lightest in the northeast.

GOVERNMENT

Thailand's Government is a constitutional monarchy which functions through a Cabinet, a National Legislature, and a highly centralized administrative system. The King has little direct power, but is a popular symbol of national identity and unity. A 14-member Privy Council is appointed by the King to advise him and, under certain conditions, to appoint a regency for the exercise of royal powers.

The country's judicial system is patterned after European code models. Supreme Court Justices are appointed by the King.

On October 20, 1977, the Thai military, under the leadership of Admiral Sa-Ngat Chaloyu, assumed direct control of the government. The new leaders, who had constituted the "Prime Minister's Advisory Council" under the previous government, formed a "Revolutionary Party" which ousted Prime Minister Thanin Kraiwichian and his Cabinet. The change in government transpired in an orderly fashion and without bloodshed.

On November 10, an interim Constitution, providing for a Prime Minister, a National Legislative Assembly, and a National Policy Council was promulgated by the King. The Constitution also calls for general elections to be held no later than April 1979. On November 11, General Kriangsak Chamanan, Supreme Commander of the Armed Forces, was named Prime Minister, and two days later the new Cabinet was announced.

On November 16, the King appointed a 360-Member National Assembly, over half of whom are military. The Assembly has only limited authority—it can pass or reject legislation but cannot initiate laws. At its session December 1, the Assembly approved the government's nomination of 10 of the 35-member Constitutional Drafting Committee, and elected the other 25. Included in the appointees are major party figures from the period of the "democratic

experiment" of 1973-76. The interim Constitution will remain in effect until a new one is adopted.

Thailand's 72 Provinces include the metropolis of greater Bangkok. Governors of the Provinces are appointed by the Ministry of Interior. It also appoints District Officers throughout the country for the districts into which Provinces are subdivided for second-level administration. Larger towns are administered through the shared authority of elected municipal assemblies and the Ministry of Interior District Officers.

In the countryside, village headmen are popularly elected and are given official positions and limited authority by the central government. Groups of villages are loosely aggregated into tambols "communes," with headmen from the villages concerned electing one of their number to serve as *kamnan* or commune chief.

Principal Government Officials

Chief of State—King Phumiphon Adunyadet

Prime Minister—General Kriangsak Chamanan

Deputy Prime Ministers—General Bunchai Bamrungphong (Security); Sunthorn Hongladarom (Economics); Somphot Hotrakit (Social Affairs)

Other Ministers

Defense—General Lek Naeomali

Foreign Affairs—Upadit Pachariyangkun

Interior—General Kriangsak Chamanan
Agriculture and Cooperatives—Prida Karnasut

Finance—Suphat Suthatham
Communications—General Surakit Mayalarp

Commerce—Nam Punwathu

Justice—Sutham Patrakom

Education—Bunsom Martin

Public Health—Dr. Yongyut Satchawanit

Industry—Kasame Chatikavanij

State Universities Bureau—Kasem Suwanakun

Ambassador to the U.S.—Vacant
(Charge d'Affaires a.i.—Sukho (Suwansiri))

Ambassador to the U.N.—Pracha Khunakasem

Thailand maintains an Embassy in the

U.S. at 2300 Kalorama Road NW., Washington, D.C. 20008 (tel. 202-667-1446).

POLITICAL CONDITIONS

A revolution in 1932 transformed the Thai system of government from an absolute to a constitutional monarchy. From then until 1973 the country remained basically unified and stable, without major uprisings, although the stresses of modernization and hostilities in neighboring Indochina imposed a measure of political uncertainty. Since 1932 the country has had 13 Constitutions and 11 national elections. Each past effort to establish a permanent representational political system was shortlived, however, and the country was controlled most of the time (up to 1973) by military regimes, which had seized power in a series of almost-bloodless coups.

In November 1971, Marshall Thanom Kittikachorn, who had been Prime Minister since 1963, abrogated the 1968 Constitution and dissolved the Parliament and Cabinet. A new "interim" Constitution was promulgated in 1972, but most of the old military leadership, Thanom and his deputy Praphot Charusathian, continued in power.

During 1973, student organizations gradually gained strength and increasingly demonstrated their frustrations over unfulfilled promises for representative democracy. Nascent labor organizations, outlawed under the military regime, also grew in influence and power, and labor strife increased. These manifestations of dissatisfaction culminated late in the year; after 10 days of demonstrations and rioting, during which many lives were lost, the government of Marshal Thanom was forced to resign on October 14. King Phumiphon appointed eminent jurist and educator Sanya Thammasak Prime Minister, and a 299-Member National Legislative Assembly (NLA) to draft a new Constitution.

Following a general election in January 1975, Khukrit Pramot formed a coalition Cabinet of 16 separate

political parties. Despite this unstable situation, the Khukrit government lasted 10 months. In January 1976, faced with an impending vote of "no confidence," the Prime Minister dissolved Parliament and called for new elections in April. Khukrit's brother Seni Pramot's Democratic Party won a plurality and formed a four-party coalition with the three other major parties.

On October 6, 1976, following a major confrontation at Thammasat University in Bangkok between leftist students and the police, the senior commanders of the Thai Armed Forces seized control of the elected civilian government, dismissed the Prime Minister and Cabinet, abolished the Parliament and abrogated the 1974 Constitution. A 24-Member National Administrative Reform Council was established by the senior military officers.

Shortly thereafter, Thanin Kraiwichian, a Supreme Court Judge, was appointed Prime Minister; a civilian Cabinet was announced; and a new Constitution was promulgated. The Thanin government was welcomed by many as it promised to bring back order and stability to Thailand, as well as proposed a 12-year schedule for reestablishing democracy. In the meantime, however, martial law was instituted, political parties were banned, and media censorship was imposed.

Internal Security

Despite political changes in Bangkok, Thailand is a stable, largely peaceful nation which has been spared much of the turmoil experienced by other Southeast Asia countries since World War II. This relative stability and tranquility stems from a number of factors: a strong sense of national identity among the Thai people, respect for the institution of the monarchy and for the King and Queen, absence of large, disaffected ethnic or religious minorities, relatively good economic conditions, and a long history of independence. The revolutionary appeal of anticolonialism and communism have thus had little impact on Thailand as contrasted with most of its neighbors.

The Communist Party of Thailand

(CPT) was established in 1942, although Communist organizations in Thailand date to the 1920's. The leadership of the Communist movement in Thailand has been largely Chinese or Sino-Thai, and the CPT has closely followed the Peking line.

Communist propaganda is beamed to Thailand by "The Voice of the People of Thailand (VOPT)," a clandestine radio station established in 1962.

In the far south, along the Malaysian border, insurgents under the direction of the Communist Party of Malaya took refuge in Thailand after having been driven out of Malaysia in the late 1950's. Although their objective remains Malaysia, these Communist insurgents maintain bases in the southernmost provinces of Thailand where they gather recruits, funds, and supplies. Thai and Malaysian security authorities are cooperating against the terrorists, whose presence aggravates a Muslim separatist movement in the southernmost provinces.

North of this area, but still in peninsular Thailand, a group of several hundred Thai insurgents under the control of the Communist Party of Thailand actively engages in terrorism and antigovernment propaganda. This area is perhaps the least secure in Thailand except for the border and mountain areas in the north and northeast.

Communist infiltration and subversion was brought into the open in 1965 with armed insurgent attacks on Thai security forces and systematic assassinations of village leaders in northeast Thailand, the country's poorest region. To meet this challenge the Thai Government embarked on an accelerated program of economic and social development. In 1967 insurgency broke out in the far north where Communist agents had begun recruitment among Meo hill tribesmen.

During the past 10 years, hundreds of village youths and tribesmen have been taken from Thailand to Vietnam, the People's Republic of China, and Laos to be trained as insurgents. These efforts have not succeeded, however, in enlisting any mass following in rural Thailand, and the continuing emphasis on terroristic methods reflects the failure of subversive agents to win

over and indoctrinate any significant proportion of Thai villagers. The Thai Government estimates that there are about 9,000 armed insurgents nationwide.

ECONOMY

Thailand's gross national product rose 8.2 percent in 1976, and an estimated 6.2 percent in 1977. Consumer prices rose by only 5 percent in 1976 and 8 percent in 1977. Steady growth but increasing inflation (10 percent in 1977) describes the current Thai scene.

Thailand's balance of payments improved dramatically in 1976, showing a \$4 million deficit in place of 1975's \$195 million deficit. Despite substantial foreign borrowing in 1977, there was a balance-of-payments deficit in excess of \$300 million because of a slowdown of exports in the second half of the year. Rice production will be down in the 1977-78 season; drought has affected the corn crop; the outlook for tapioca is less bright than in past years; and low sugar prices threaten production gains.

The year 1978 appears to be a difficult period for Thai export earnings—another substantial deficit is expected. However, with a strong foreign exchange reserve position (over \$1.2 billion in December 1977) and a low debt-service ratio (about 15 percent), managing the prospective deficits should not be too troublesome.

Although Thailand's investment climate probably will never return to the boom days of 1972-73, the former regime made positive decisions to improve it with regard to several long-pending investment projects in tin dredging and zinc smelting. A new, one-step information and service center was established for foreign investors. On the other hand, a number of Thai and foreign companies have been plagued recently with expensive fines for alleged customs violations. The major obstacle to new investment continues to be both the perceived political instability internally and the uncertainty of Thailand's long-term future in the region.

Thailand's fourth 5-year plan, adopted in October 1977, will require

a total investment of \$31 billion with \$4 billion in foreign financing. It focuses on improving the rural/urban disparities, diversifying agriculture, and improving agricultural production.

Although substantial quantities (several trillion cubic feet) of natural gas have been discovered in the Gulf of Thailand, it will not begin coming ashore until 1981 at the earliest. Until then, Thailand must continue to rely on expensive imported oil for fuel. OPEC (Organization of Petroleum Exporting Countries) crude oil price hikes have forced the government to raise public utility charges, adding to the cost of consumer products.

In short, Thailand's economy is healthy and growing steadily under the protection of conservative monetary and fiscal policies; but higher inflation rates, increasing balance-of-payments deficits, and a clouded investment climate, pose challenges to the new government.

The Thai economy is relatively free of controls and relies primarily on private rather than public enterprise. The good health of the Thai economy has enabled the country to depend increasingly on international lending institutions for foreign capital for economic development projects. The International Bank for Reconstruction and Development (IBRD) and the Asian Development Bank (ADB) have played major roles in financing hydroelectric and irrigation projects, railway expansion, port development, highway construction, and educational development.

Tourism, which also contributes to the nation's economic well-being, has increased dramatically in recent years. Over 1 million tourists visit Thailand annually.

Public transportation in Thailand now reaches most larger towns by rail, all-weather highways, and air. Highways have also been greatly improved in the last decade. Numerous feeder roads were built which connect many rural areas that were accessible only by foot, oxcart, or elephant-back a decade or two ago.

Thailand has joined the International Telecommunications Satellite Consortium (INTELSAT) and has had receiving stations for the communications satellites in operation over the

READING LIST

These titles are provided as a general indication of the material currently available on this country. The Department of State does not endorse unofficial publications.

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Pacific and Indian Oceans since 1969. Telephone service reaches the major towns.

FOREIGN RELATIONS

Thailand's history of freedom from formal Western colonialism sets the country apart from its neighbors.

Preservation of the nation's independence continues to be the keystone of government policy.

Thailand is an active member of international and regional organizations. It has developed increasingly close ties with most other Southeast Asian countries, in particular with the four nations—Indonesia, Malaysia, the Philippines, and Singapore—which, with Thailand, comprise ASEAN, the Association of Southeast Asian Nations. After almost a decade of preparation, a series of summit meetings of the ASEAN Prime Ministers have been held during the past several years. Concrete progress is being made toward regional cooperation on economic, trade, banking, political, and cultural matters.

In July 1975, the Thai Government established diplomatic relations with the People's Republic of China and in early 1976 ambassadors were exchanged. Trade and cultural relations continued to improve until the October 1976 coup when the Thanin government reversed this trend. However, the new government has exhibited a friendlier attitude toward the PRC and relations are expected to improve again.

Similarly, the positive trend in "normalizing" relations with the Indochina states after the changes in their political systems in 1975 was also interrupted by the 1976 coup. Prospects for normalization began to improve again in the fall of 1977. A Vietnamese embassy in Bangkok was opened on February 28, 1978, and the Thai are expected to open an embassy in Hanoi in the near future. Thailand's relations with Laos also improved somewhat during late 1977 and early 1978. Following a visit to Phnom Penh by the Thai Foreign Minister in early 1978, Cambodia and Thailand restated their intention to normalize relations. However, border clashes continue between the two countries, and embassies have yet to be opened.

U.S.-THAILAND RELATIONS

Official U.S.-Thai relations date from 1833 when the two countries

signed a Treaty of Amity and Commerce, the first U.S. treaty with an Asian country.

In the post-World War II era of rapid international communication, the United States and Thailand have developed close relations in many fields as reflected in several bilateral treaties and both countries' participation in many multilateral activities and agreements under the U.N. aegis. A principal bilateral arrangement in force is the Treaty of Amity and Economic Relations signed in 1966. Other important agreements cover air transport, civil uses of atomic energy, sales of agricultural commodities, cotton textiles exports to the United States, investment guarantees, and military and economic assistance.

In recent years, as the worldwide campaign against trafficking in illicit narcotics and dangerous drugs has become increasingly important, the United States and Thailand have worked closely together and with the United Nations in a broad range of programs. Representatives of the two governments signed a memorandum of understanding in Washington on September 28, 1972, affirming their intentions to cooperate. A key development pursuant to this statement has been a strengthened Thai enforcement program. With U.S. support this program has registered a number of successful seizures and arrests as part of an effort to interdict the flow of illicit opiates out of the remote jungle area where Burma, Laos, and Thailand converge. In fiscal year 77, the United States provided over \$2 million to the Thais for narcotics traffic control at the November 28, 1977, U.N.-sponsored Fourth Conference of National Narcotics Law Enforcement Heads held in Bangkok.

Secretary of State Vance, in a June 1977 address before the Asia Society, affirmed that "the United States is and will remain an Asian and Pacific power" and that "the United States will continue its key role in contributing to peace and stability in Asia and the Pacific."

He went on to note that 10 years ago 5 Southeast Asian countries in-

cluding Thailand created a new instrument—ASEAN—and that “we welcome the opportunity to deal with them through their organization when this is their wish.” The first formal U.S.-ASEAN consultation was held in Manila in September 1977, and future meetings will be held to discuss issues of mutual interest and the areas in which the United States can assist the ASEAN, especially in promoting trade and investment.

Thailand’s stability and independence are important to the maintenance and strengthening of peace in the region. U.S. economic assistance to Thailand under various assistance programs totaled \$860 million during the fiscal period 1946-77, inclusive. Economic assistance has been extended in a number of fields, including rural development, health, family planning, and education. There are approximately 150 Peace Corps volunteers in Thailand, almost half of whom teach English. The rest are engaged in a variety of education, development, and health programs.

The United States and Thailand are among the signatories of the 1954 Manila Pact, or SEATO treaty. Article IV(1) of this treaty provides that, in the event of armed attack in the treaty area (which includes Thailand), each member would “act to meet the common danger in accordance with its constitutional processes.” Despite the dissolution of SEATO in 1977, the Manila Pact remains in force and constitutes the basis of the U.S. security commitment to Thailand.

Thailand has received U.S. military equipment, essential supplies, training, and assistance in the construction and improvement of key facilities and installations since 1950. A small U.S.

military advisory group in Thailand oversees the delivery of equipment to the Thai Armed Forces and the training of Thai military personnel in its use and maintenance.

Although there were over 45,000 American soldiers stationed in Thailand during the Vietnam war, today our military presence consists only of those few personnel attached to the Embassy in Bangkok. The United States has no plans or intention to reopen any military installation in Thailand. In recognition of the increasing ability of the Thai to purchase arms with their own resources, along with the termination of hostilities in Indochina in 1975, the level of grant military assistance (MAP) has been gradually reduced. FY 78 will be the last year for grant MAP. However, Thailand will continue to be eligible for foreign military sales (FMS) financing.

Principal U.S. Officials

- Ambassador—Charles S. Whitehouse
- Deputy Chief of Mission—Daniel A. O’Donohue
- Counselor for Political Affairs—Thomas F. Conlon
- Counselor for Economic Affairs—William D. Toomey
- Director, USAID Mission—Charles L. Gladson
- Chief, Joint U.S. Military Assistance Advisory Group (JUSMAG)—Col. Aaron E. Walker, USA
- Counselor for Public Affairs and Director, U.S. Information Service (USIS)—James A. McGinley III

The U.S. Embassy in Thailand is located at 95 Wireless Road, Bangkok. There are also Consulates at Chiang Mai, Songkhla, and Udon.

TRAVEL NOTES

Climate and Clothing—Lightweight, washable clothing is comfortable and practical for the tropical climate of Bangkok. In northern Thailand a jacket or sweater is needed during the cool season.

Customs—A valid passport and a health certificate which indicates a smallpox vaccination within 1 year of entry and a cholera shot within 6 months is required. Typhoid, tetanus, rabies, and gamma globulin immunizations are recommended. *Health requirements change. Travelers should seek latest information.* Entry visas are not required for those who hold US passports but are issued for an initial 15-day period upon entry.

Health—Hospitals are available for routine treatment. Mosquitoes are plentiful, but malaria is not a problem in Bangkok. Hepatitis is fairly common in Thailand. Avoid tap water, raw milk and ice cream, uncooked meats, and raw fruits and vegetables.

Telecommunications—Good 24-hour telephone service to the US is available at the Central Radio Telephone Service of the General Post Office. Telegrams can be sent from any post office and many hotels.

Transportation—Flights are available from the US to Bangkok, via Tokyo and Hong Kong. The principal cities within Thailand can be reached by air, and many cities and towns are served by comfortable, dependable trains. Buses, taxis, rental cars, and samlores are available in Bangkok. Agree on a fare before entering a taxi or samlor. Local transportation in small towns is more often by pedicab than taxi. Highways vary from the Friendship Highway to unpaved, ungraded roads that may be impassable in the rainy season. Traffic moves on the left.

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April 16, 1979

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Prime Minister and Minister of Defense - General Kriangsak Chomanan

(61) General Kriangsak Chomanan was born in Samut Sakhon on December 17, 1917. He completed his secondary education at Pathum Kongka School in Bangkok and graduated from the Chulachomklao Royal Military Academy in Bangkok. He later furthered his study in the Army Staff College, the US Armed Forces Staff College in 1964 and the National Defense College respectively.

Starting his career at the Ministry of Defense, General Kriangsak held several important positions including: commandant of the 3rd Round Infantry Battalion in Korea; Chief of Staff; Assistant Supreme Commander; Deputy Supreme Commander; Supreme Commander and Secretary General of the Revolutionary Party in November 1977. General Kriangsak was appointed Prime Minister in November 1977 and concurrently holds the post of Minister of Defense.

The Prime Minister and his wife, Khunying Virat, have a son and daughter.

Deputy Prime Minister - General Boonchai Bamrungphong

General Boonchai Bamrungphong was born on November 8, 1915 in Bangkok, Thailand. He completed his secondary education at Ban Somdej Chaophya School in 1932. He graduated from the Chulachomklao Royal Military Academy in Bangkok in 1937 and later obtained a certificate from their Command and General Staff College, a certificate from the Army War College and also a certificate from the National Defense College.

General Boonchai began his career as the Platoon Commander 4th Cavalry Bn. in 1937 and he became Chief of Staff, 1st Division in 1952. He held several important positions including:

Chief of Staff, 1st Army Area in 1957
Commandant, Royal Military Academy in 1963
Chief of Staff, Rta. in 1973
Commander in Chief, RTA in 1975

After the incident of October 6, 1976, he was appointed Deputy Prime Minister on October 22, 1976 and was reappointed to the same position in the present government of Prime Minister General Kriangsak Chomaman on November 22, 1977.

The Minister and his wife, Khyunying Jaraslak, have a son.

Deputy Prime Minister - Nai Sunthorn Hongladarom

Nai Sunthorn Hongladarom was born on August 23, 1912 at Amphoe Phayuha Khiri, Changwat Nakhon Sawan. He completed his secondary education at Wat Thep Sirin School in Bangkok in 1929, and received both a Bachelor of Arts Degree (Honors) and a Master's Degree from Cambridge University in 1936. Nai Sunthorn later furthered his study in the National Defense College and also in the Economic Development Institute, World Bank.

Starting his career at the Ministry of Education in 1937, Nai Sunthorn was transferred to the Publicity Department in 1938, to the Prime Minister's office in 1946 and to the Ministry of Foreign Affairs in 1956. He also held several important positions including: Secretary-General to the National Economic Board, 1947-1956; Ambassador Extraordinary and Plenipotentiary to London and Washington, 1967-1972; and Minister of Finance, 1968.

Nai Sunthorn was appointed Deputy Prime Minister in the present Government of General Kriangsak Chomanan on November 12, 1977. The Minister and his wife Khun Ying Lamchiak Hongladarom have five sons and a daughter.

Deputy Prime Minister - Nai Sompob Hotrakitya

Nai Sompob Hotrakitya was born on February 9, 1921 in Thon Buri, Thailand. He graduated in Law from Thammasat University, Bangkok in 1944 and received a Doctor's Degree in Law at Paris University in 1955.

Nai Sompob started working as a clerk in the Juridicial Council in 1940 and worked up to the position of Secretary-General of the Council in 1968. He was appointed Deputy Minister of Justice in 1972 under Prime Minister Field Marshall Thanom Kittikachorn.

Relieved from the post of Deputy Minister of Justice on October 14, 1973 with the ousting of the Premier, Nai Sompob was reappointed on October 16, 1973 and again on May 30, 1974 under the Premiership of Nai Sanya Dharmasakti and held the position until January 1975. After the military takeover, Nai Sompob was appointed Deputy Prime Minister, under Prime Minister General Kriangsak Chomanan on November 12, 1977.

Nai Sompob and his wife, Mrs. Benjang Hotrakitya, have two sons and a daughter.

Minister to the Prime Minister's Office - Lt. General Boonruen Buacharoon

Lt. General Boonruen Buacharoon was born on November 27, 1917 in Bangkok. He completed his secondary education from Suan Kularb School in 1934 and graduated from the Chulachomklao Royal Military Academy in Bangkok in 1939. He later furthered his study in the Federal Republic of Germany and obtained a certificate in a platoon commandant course in 1945. He completed his study at the Command and General Staff College ETA Bangkok in 1951, the Command and General Staff College USA in 1952, the Army War College in Bangkok in 1961 and the National Defense College in 1962.

Lt. General Boonruen began his career as a Thai officer attached to the Thai force in Korea in 1951. In 1953, he became a lecturer in the Army General Staff College, Bangkok, an Aide-de-Camp to Deputy Minister and later the Minister of Defense in 1957. In 1963, he was appointed Deputy Undersecretary of the Prime Minister's Office and was promoted to become the Undersecretary of the Ministry in 1969. He also held several important positions including:

Member of the Senate from 1968-1971;
Member of the National Legislative Assembly from 1972-1974; and
Member of the Administrative Reform Council from 1976-1977.

Lt. General Boonruen was appointed Minister to the Prime Minister's Office in the present Government of Prime Minister Kriangsak Chomanan on November 12, 1977. He concurrently, among his various positions, holds the posts of Chairman of the Board of the Electricity Generating Authority of Thailand and Chairman of Silpakorn University Council.

The Minister and his wife, Khunying Nualkae Buacharoon, have one son and four daughters.

Minister to the Prime Minister's Office - Nai Somporn Punyagupta

Nai Somporn Punyagupta was born on May 15, 1922 in Saraburi, Thailand. He completed his secondary education at Suan Kularb School in 1937, obtained a Master's Degree in civil engineering from the United States in 1941 and later furthered his study at the National Defense College, Bangkok.

Nai Somporn began his career at the Highways Dept. Ministry of Communications in 1942 and later held several important positions including:

Director of Planning Division, from 1960-1963;
Special Grade Technical Officer, Ministry of National Development, 1964;
Special Grade Technical Officer, the National Economic Development Board, 1965;
Deputy Secretary General, Board of Investment from 1966-1970.

He was appointed Minister to the Prime Minister's Office in the present Government of Prime Minister Kriangsak Chomanan on November 12, 1977. He also holds the post of Secretary General to the Board of Investment.

The Minister and his wife, Khunying Dr Tasniya Punyagupta, have one son.

Minister of Finance - Nai Suphat Sutatum

Nai Suphat Sutatum was born on July 11, 1915 in Bangkok, Thailand. He completed his secondary education at Wat Bopitrpimuk school in 1930 and received a Master's Degree in Commerce from St. Paul's University, Japan in 1941. He also took a training course as an auditor in the Bank of America.

Nai Suphat began his career as a trainee at the Audit Council in 1934 and became a second grade clerk in 1935. He held several important positions including:

Member of the Audit Council of Thailand in 1948
 Secretary of the Board of the Audit Council in 1975
 Chairman of the Board of the Audit Council in 1972-75
 Member in the Office of Anti-grafts and Corrupt Practices in 1974.

Nai Suphat was appointed Minister of Finance under the Government of Prime Minister Tanin Kraivixien on October 22, 1976, and again, on November 12, 1977, under the Prime Minister General Kriangsak Chomanan.

The Minister and his wife, Nang Malee Sutatum, have three sons and a daughter.

Minister of Foreign Affairs - Dr. Upadit Pachariyangkun

Dr. Upadit Pachariyangkun was born on December 10, 1920 in Bangkok, Thailand. He received matriculation and a diploma from the University of Berlin, Germany in 1945 and the degree of Docteur en Sciences Economiques et Politiques (Magna Cum Laude) from the University of Bern, Switzerland in 1949.

Dr. Upadit began his career with the Ministry of Foreign Affairs at the Royal Thai legation, Berlin in 1942. He became an attache at Bern in 1946, Director-General of the Economic Department of the Ministry in Bangkok in 1963, Ambassador and acting Permanent Representative of Thailand to the United Nations in 1964, Ambassador Extraordinary and Plenipotentiary of Thailand to various countries including: Nigeria, Ivory Coast, Liberia, Switzerland, Yugoslavia, The Holy Sea, Germany and the United States of America.

Dr. Upadit was appointed Minister of Foreign Affairs in the government of Prime Minister Tanin Kraivixien on October 22, 1976, and again, on November 12, 1977, under the Prime Minister General Kriangsak Chomanan.

The Minister and his wife, Nang Aphira, have a son and a daughter.

Minister of Agriculture and Cooperatives - Nai Prida Karnasut

Nai Prida Karnasut was born on November 16, 1920 in Suphan Buri, Thailand. He completed his secondary education from Wat Pathum Kongka Secondary School in 1937. He received a Bachelor's Degree from Tokyo University, Japan, a Bachelor's Degree from the University of Washington, US and a Master's Degree from the University of Michigan, US in 1952. He was also awarded an Honorary Doctorate by Kasetsart University.

Nai Prida began his career at the Department of Fisheries, Ministry of Agriculture on December 1, 1944. He held several important positions including:

Chief of the Experimental Breeding Section on October 1, 1948
Chief of the Aquatic Life Propagation Division on February 4, 1954
Deputy Director-General of the Department of Fisheries on
February 15, 1961
Under-Secretary of State of the Ministry on October 1, 1971

Nai Prida was appointed Minister of Agriculture and Cooperatives in the present Government of Prime Minister General Kriangsak Chomanan on November 12, 1977.

The Minister and his wife Khunying Thiranee, have two sons and a daughter.

Minister of Communications - General Surakij Mayalarp

General Surakij Mayalarp was born on March 12, 1914 in Amphoe Sawankhalok, Changwat Sukothai. He completed his secondary education at Suan Kularb School in Bangkok in 1932 and graduated from the Royal Thai Military Academy in 1935. He later furthered his studies and obtained certificates from the Army Officer Chemical School in 1940, the Artillery School in 1942, the Command and General Staff College (27th Class) in 1948; the Artillery School, Fort Sill, Oklahoma in 1949; the Command and General Staff College, Fort Leavenworth, Kansas in 1950; and the National Defense College (2nd Class), Bangkok, in 1958.

General Surakij began his career as a platoon leader of the First Artillery Battalion in 1935, and later held several important positions including:

Chief of Staff, 21st Regimental Combat Team, the Thai Expeditionary Force in Korea in 1950;
Thai Liaison Office to the United Nations Command, Tokyo, Japan in 1951;
Chief Intelligence and Operations, General Staff, First Army, Bangkok in 1952;
Director of Linguistics, Royal Thai Army in 1955;
Deputy Chief of Staff for Logistics, Royal Thai Army in 1958;
Deputy Chief of Staff for Operations, Royal Thai Army in 1961;
Chief of Staff, Royal Thai Army in 1965;
Chief of Staff, Royal Thai Armed Forces and Deputy Defense Minister from 1973 to 1974.

General Surakij was appointed Minister of Communications in the present Government of Prime Minister General Kriangsak Chomanan on November 12, 1977.

The Minister and his wife Khunying La-Iad, have three sons and a daughter.

Minister of Commerce - Nai Nam Phoonwathu

Nai Nam Phoonwathu was born on July 24, 1910. He completed his secondary education at Wat Samphya Commercial School in 1929, received a Bachelor's degree in Law from Chulalongkorn University in 1933 and later obtained a certificate from the National Defense College.

Nai Nam began his career at the Police Department on June 9, 1930 and transferred to the Ministry of Commerce on May 18, 1942. He was promoted to become Chief of the Division of Companies and Partnerships in 1946, Deputy Director-General of the Department of Foreign Trade in 1952, and Director-General of that Department in 1964, a post which he occupied until his retirement. He was appointed a member of the National Administrative Reform Assembly in 1976, and later the Minister of Commerce in the present government of Prime Minister General Kriangsak Chomanan on November 12, 1977.

The Minister and his wife, Nang Chalerm Phoonwathu, have a son and two daughters.

Minister of Interior - General Lek Naeomali

General Lek Naeomali was born on January 5, 1913 in Bangkok, Thailand. He completed his secondary education at Suan Kularb school in Bangkok in 1930. He also took a training course in the National Defense College in 1960. He later furthered his study in the United States, in Ordnance College, Armed Forces Staff College (AFSC) and Modern Missile College.

General Lek began his career at the Artillery Ordnance, 16th Division in 1935. In the following year, he was transferred to the military headquarters of several provinces. General Lek held several important positions including:

Director, Directorate of Joint Operations in 1963
Deputy Chief of Staff in 1972
Secretary-General, National Security Council in 1973

General Lek was appointed Deputy Minister of Defense in the government of Prime Minister Tanin Kraivixien on October 22, 1976. After the military takeover, he was appointed Minister of Defense, on November 12, 1977 and in the Cabinet reshuffle on August 11, 1978, he was appointed Minister of Interior in the present Government of Prime Minister General Kriangsak Chomanan.

The Minister and his wife, Nang Tawin, have two sons and three daughters.

Minister of Education - Dr. Bunsom Martin

Dr. Bunsom Martin was born on September 19, 1922 in Lampang, Thailand. He graduated from the University of Medical Sciences (now Mahidol University) in 1944 and received a Master's Degree in Tropical Medicine from Tulane University, USA in 1950.

Dr. Bunsom first worked as a lecturer at the Faculty of Medicine Siriraj Hospital, University of Medical Sciences, in 1947. Since then most of his work has been in education. Some of his key positions were Director of the College of Physical Education in 1955, Dean of the Faculty of Medicine and Deputy Rector for Administration, Chiang Mai University, in 1965; Director-General of the Physical Education Department in 1968; and Rector of Chiang Mai University in 1971. Dr. Bunsom was appointed Deputy Minister of Education in 1972 under Prime Minister Field Marshal Thanom Kittikachorn. He was relieved from the post on October 14, 1973 with the ousting of the Premier. Dr. Bunsom resumed his position as Director-General of the Physical Education Department and was appointed Minister of Education under Prime Minister General Kriangsak Chomana on November 12, 1977.

Dr. Bunsom has one son and four daughters.

Minister of Public Health - Dr. Yongyoot Sujjavanich

Dr. Yongyoot Sujjavanich was born on January 8, 1929 in Thailand. He received a Bachelor's Degree in Medicine from the University of Medical Sciences and later received a certificate from the National Defence College. He also furthered his studies in the US at Duke University in Durham, North Carolina, Columbia University, and New York University.

Starting his career as a doctor at the Naval Medical Department, he was transferred to Chulalongkorn hospital as a Professor of the Faculty of Medicine. Dr. Yongyoot later held several positions including: Chief of Medico-Legal Division, Chiang Mai University - Vice Rector of Chiang Mai University, and Rector of Chiang Mai University.

Dr. Yongyoot was appointed Minister of Public Health under the Government of Prime Minister Tanin Kraivixien on October 22, 1976, and again, on November 12, 1977, under the Prime Minister General Kriangsak Chomaman.

The Minister and his wife, Nang Rudee, have one son and one daughter.

Minister of Industry - Nai Kasame Chatikavanij

Nai Kasame Chatikavanij was born on March 18, 1925 in Bangkok, Thailand. He completed his secondary education at Assumption College, Bangkok, and received a Master's Degree in electrical engineering from the University of Utah, USA in 1950.

Nai Kasame began his career at the Ministry of Industry in 1951, and later transferred to become Chief of the Hydro Energy Division (now Project Planning Division) Royal Irrigation Department, Ministry of Agriculture and Cooperatives, in 1953. In 1959, he assumed the post of Deputy General Manager of the Electricity Generating Authority of Thailand and became General Manager in 1961.

Turning to a political career, he was appointed a member of the National Legislative Assembly in 1974. Nai Kasame was appointed Minister of Industry under the Premiership of General Kriangsak Chomanan on November 12, 1977. Apart from his position in the present cabinet Nai Kasame is still General Manager of the Electricity Generating Authority of Thailand. The Minister and his wife, Khun Ying Chatchani Chatikavanij, have two sons.

Deputy Minister of Defense - General Yose Devahaadin Na Ayudhya

General Yose Devahaadin Na Ayudhya was born on November 15, 1917 in Nakhon Ratchasima. He completed his secondary education at Ratchaburi Witayalai School in 1936 and graduated from the Chulachomklao Royal Military Academy in Bangkok in 1940. He later furthered his study at the Command and General Staff College and also the Command and General Staff College in Britain.

General Yose began his career as an officer attached to the 19th Infantry Battalion in 1940. He held several important positions including:

Chief of Staff, 1st Division in 1963;
 Chief of Staff, Army Field Forces Dept., in 1965;
 Deputy Commander General 1st Army Area in 1972;
 Deputy Commander General 3rd Army Area in 1973;
 Commander General 3rd Army Area in 1974;
 Commander General 1st Army Area in 1975;
 Assistant Commander-in-Chief in 1976; and
 Deputy Commander-in-Chief in 1977.

General Yose was appointed Deputy Minister of Defense in a Cabinet reshuffle in the present Government of Prime Minister General Kriangsak Chomanan on August 11, 1978.

The Minister and his wife Khunying Plern have three sons and three daughters.

Deputy Minister of Finance - Nai Chalong Pungtrakul

Nai Chalong Pungtrakul was born on January 7, 1921 in Bangkok, Thailand. He completed his secondary education at Suan Kularb School in 1935 and got a Master's Degree in Economics from the University of Wisconsin, US in 1947.

Nai Chalong began his career at the Cooperatives Department, Ministry of Agriculture in 1948. He held several important positions including:

Secretary-General of the National Economic Development Council in 1959
Director-General of the Fiscal Policy Office in 1967
Deputy Governor of the Bank of Thailand in 1971
Adviser to the Minister of Finance in 1976

Nai Chalong was appointed Deputy Minister of Finance in the present Government of Prime Minister General Kriangsak Chomanan on November 12, 1977.

The Minister and his wife Nang Sasiwong, have two sons and two daughters.

Deputy of Foreign Affairs - Nai Wongse Polnikorn

Nai Wongse Polnikorn was born on May 1, 1919 in Nong Khai, Thailand. He received a Master's Degree in economics from Thammasat University and also a certificate from the National Defense College.

Nai Wongse assumed the post of Deputy Undersecretary of State of Foreign Affairs in 1968. From 1969-1976, he was Ambassador Extraordinary and Plenipotentiary to Argentina, Chile, Paraguay and Bolivia and the United Nations, New York. Later in 1976, he became the Undersecretary of State for Foreign Affairs.

Nai Wongse was appointed Deputy Minister of Foreign Affairs in the present Government of Prime Minister Kriangsak Chomanan on November 12, 1977 and concurrently holds the post of an ambassador attached to the Ministry.

The Minister and his wife, Dr Pranom, have one son and two daughters.

Deputy Minister of Agriculture and Cooperatives - Nai Arporna Sribhibhadh

Nai Arporna Sribhibhadh was born on April 1, 1931 in Nakhon Pathom, Thailand. He completed his secondary education at Suan Kularb school in 1948 and received a diploma in Pre-Medical Science from Chulalongkorn University in 1950. Nai Arporna later furthered his study in the United States and obtained a B.S. (Fisheries Science), an M.S., a Ph.D. (Marine Science) from the University of Washington and a Diploma from the Institute of Radiation Biology, Washington.

Nai Arporna began his career at the Fisheries Institute, Interior Department of the United States as a Science Researcher in 1953. On his return to Thailand, he started working as a second-grade official in the Department of Fisheries, Ministry of Agriculture and Cooperatives in 1963 and was promoted to become a first grade official in 1966. Transferred to the Fishery Development Center for Southeast Asia in 1971, he became the Secretary-General and Director of the Training Division of the Center. In 1975, he became a senior specialist of FAO.

The Minister and his wife, Nang Sharon Sribhibhadh have five sons.

Deputy Minister of Commerce - Naiprok Amranand

Nai Prok Amranand was born on February 25, 1926 in Bangkok, Thailand. He completed his secondary education at Wat Thep Sirin School and later obtained a Bachelor's Degree in Law from Thammasat University. He holds a Master's Degree in Business Administration from Columbia University (New York).

Nai Prok began his career at the Police Department in 1946 and transferred to the Ministry of Commerce in 1951. In 1959, with the permission of the government, he became an economist attached to ECAFE in Bangkok. In 1969, he was promoted to Senior Economist and in 1972, he became Director of the International Trade of ESCAP.

While with ESCAP, Nai Prok supervised the establishment of the ADS in Manila, the ACU in Teheran, the ESCAP Trade Promotion Center in Bangkok, the ESCAP Shipping Information and Advisory Service Center in Bangkok, and the Regional Center for International Commercial Arbitration in Bangkok.

Nai Prok was appointed Deputy Minister of Commerce in the present Government of Prime Minister General Kriangsak Chomanan on November 12, 1977.

The Minister and his wife, M.R. Pimsai (deceased) have three sons.

Deputy Minister of Interior - General Prem Tinsulanond

General Prem Tinsulanond was born on August 26, 1920. He completed his secondary education at Suan Kularb School and graduated from the Chulachomklao Royal Military Academy in Bangkok in 1941. Starting his career as a sub-Lieutenant in January 1941, General Prem held several important positions including: Commander of Cavalry Headquarters in 1968; Commander-General, 2nd Army Area in 1974; and Assistant Commander-in-Chief, Royal Thai Army in 1977. General Prem was appointed Deputy Minister of Interior in the present Government of Prime Minister General Kriangsak Chomanan on November 12, 1977.

The Minister is single.

Deputy Minister of Interior - Nai Damri Noimanee

Nai Damri Noimanee was born on May 5, 1914 in Uttaradit, Thailand. He received a Bachelor's Degree in law from Thammasat University in 1935 and later a certificate from the National Defense College.

Nai Damri began his career in Nan in April 1936. He became Deputy Director-General of the Community Development Department in 1964, Director-General of the Dept. of Labor in 1972 and Deputy Undersecretary of State of the Ministry of Interior in 1973. Nai Damri was appointed Deputy Minister of Interior in the present Government of Prime Minister General Kriangsak Chomanan on November 21, 1977 and concurrently holds the post of Chairman of the Board of the Offshore Mining Organization.

The Minister and his wife, Nang Ladawan have one son and two daughters.

Deputy Minister of Interior - Nai Chamnong Devahadsin Na Ayudhya

Nai Damri Chamnong Devahadsin Na Ayudhya was born on July 6, 1919 in Bangkok, Thailand. He completed his secondary education at Suan Kularb School in 1935 and obtained a Bachelor's Degree in arts from Chulalongkorn University in 1939. He later furthered his study in the United States and obtained a Master's Degree in public administration from Indiana University. He also holds a certificate from the National Defense College.

Nai Chamnong began his career at the Dept. of General Education, Ministry of Education in 1940 and transferred to the then Interior Dept. Ministry of Interior in 1943. He became the Governor of Lamphun in 1966 and the Governor of Ayuthaya in 1967. In 1975, Nai Chamnong assumed the post of Director-General of the Office of Policy and Planning and was promoted to become Deputy Undersecretary of State of the Interior Ministry in 1976.

Nai Chamnong was appointed Deputy Minister of Interior in the present Government of General Kriangsak Chomanan on November 12, 1977.

The Minister and his wife, Nang Valee, have one son and two daughters.

Deputy Minister of Industry - Nai Bunying Nandabhiwat

Nai Bunying Nandabhiwat was born on January 24, 1931 in Bangkok, Thailand. He completed his secondary education at Suan Kularb School, Bangkok in 1947 and obtained a Bachelor's Degree in technology from Manchester University in 1954. Starting his career at Loxley Co. Ltd. in 1956, Nai Bunying turned to a political career when he was appointed a member of the National Legislative Assembly in 1974. He was appointed Minister to the Prime Minister's Office in 1975 and when the cabinet was dissolved, he was elected member of the House of Representatives in 1976.

Nai Bunying was appointed Deputy Minister of Industry in the present Government of Prime Minister Kriangsak Chomanan on November 12, 1977.

The Minister and his wife, Khun Ying Sarapee Nandabhiwat, have two sons and a daughter.

Deputy Minister of Education - Dr. Kaw Swasdi Panich

Dr. Kaw Swasdi Panich was born on January 1, 1923 in Roi Et, Thailand. He received a Bachelor of Arts Degree at Chulalongkorn University in 1944, a Master of Science Degree in Education at Oklahoma Agricultural and Mechanical College, US in 1950, and an Ed.D. Degree in Education at the University of California, US in 1952.

Dr. Kaw started his career as a teacher in the Elementary and Adult Education Department upon graduation from Chulalongkorn University in 1944. Since then, most of his work has been in Education. Some of his key positions were Director of the Educational Planning Division, Office of the Under-Secretary of State for Education in 1967; Director-General of the Secondary Education Department in 1968; and Director-General of the General Education Department in 1972. Dr. Kaw was appointed Deputy Minister of Education under Prime Minister Nai Sanya Dharmasakti on May 30, 1974 until the General Election in January 1975. After the military takeover, Dr. Kaw was reappointed to retain the post, under Prime Minister General Kriangsak Chomanan on November 12, 1977.

The Deputy Minister and his wife, Mrs. Choosri Swasdi Panich, have a son and a daughter.

Deputy Minister of Communications, Nai Prasong Sukhum

Nai Prasong Sukhum was born on January 17, 1931 in Bangkok, Thailand. Receiving his secondary education at Vajirabudh College and Bangkok Christian College, he furthered his studies in the United States and obtained a diploma from Phillips Exeter Academy in 1949, a Bachelor of Arts (Economics) Degree from Dartmouth College in 1953 and a Master's Degree in Business Administration from the Graduate School of Business Administration, Harvard University in 1955.

Nai Prasong started working as third-grade official attached to the Credit Division, Department of the Comptroller-General, Ministry of Finance, in 1955 and became Chief of the Technical Section, Budget Division in 1958. He was transferred to the Budget Bureau, Office of the Prime Minister in 1960, serving as Chief of the Economic Service Division, and rose to the post of Assistant Budget Director in 1962 and Director of the Technical Service Bureau, Budget Bureau in 1963. In 1966, Nai Prasong assumed the post of Secretary-General of the Office of Accelerated Rural Development now under the Ministry of the Interior, until he was appointed Deputy Minister of Commerce on May 30, 1974. Nai Prasong held the position until the general election in January 1975. After the military takeover, Nai Prasong was appointed Deputy Minister of Communications on November 12, 1977, under the Prime Minister General Kriangsak Chomanan.

The Deputy Minister and his wife, M.R. Payomsri Sukhum, have three sons and one daughter.

Deputy Minister of Communications - Rear Admiral Sanong Nisalak

Rear Admiral Sanong Nisalak was born on August 8, 1916 in Chanthaburi, Thailand. He completed his secondary education at Suan Kularb School in 1934 and graduated from the Naval Officers College in 1940. He later furthered his study in the flying training school, RTAF; the Central Flying School, Little Rissington, UK; the Officer Advanced Training School, Bircham Newton, UK; the Staff College, RTN; the Marine Corps Command and Staff College, USA; and the National Defense College in Bangkok.

Rear Admiral Sanong started his career as a squadron commander at the Staff Dept., Thon Buri in 1940. He later held several important positions including:

Commandant, Royal Thai Marine Corps in 1957;
Naval attache at Tokyo, Japan in 1959; and at Washington, DC, USA in 1960;
Anti-submarine Squadron Commander in 1962;
Director, Naval Intelligence in 1966;
Ambassador at Taipei, Taiwan in 1971; and at Belgrade, Yugoslavia in 1973.

Rear Admiral Sanong was appointed Deputy Minister of Communications in the present Government of Prime Minister Kriangsak Chomanan on November 12, 1977. He concurrently holds the posts of an advisor to the UN Association and an Honorary Advisor to the Royal Automobile Association of Thailand.

The Minister and his wife, Dr. Anan Nisalak (MD), have one daughter.

Deputy Minister of Communications - Nai Prasit Narongdej

Nai Prasit Narongdej was born on November 15, 1935 in Ubon Ratchathani. He completed his secondary education from Triam Udom School, Bangkok, in 1952 and graduated from Chulalongkorn University with a degree of BS. in Engineering (Industrial). He later furthered his study in the United States and got an MS Engineering (Mechanical) from the University of Texas, Austin, Texas. He was also awarded an Honorary Doctorate in Engineering from Chulalongkorn University.

Nai Prasit started his career as a sub-lieutenant in the Ordnance Dept. Royal Thai Army (1957-1958). He was later transferred to the post of heavy engineering construction estimator at Brown and Root Inc., Houston, Texas (1960-1962). In 1963, he returned to Thailand and became a third-grade official at the Productivity Center, Ministry of Industry. From 1963-1966, he was a project sale engineer attached to the Berli-Jucker Co., Ltd. Between 1966-1975, Nai Prasit was the founder, president and managing director of several companies.

Nai Prasit was appointed Deputy Minister of Communications in the present Government of Prime Minister Kriangsak Chomanan on November 12, 1977. He concurrently holds the post of Governor of the National Housing Authority.

The Minister and his wife, Nang Kesree, have one son.

Secretary General, National Economic and
Social Development Board (NESDB) - Khun Krit Sombatsiri

Khun Krit Sombatsiri was born in October 1927. He attended Thammasat University and the University of Michigan. For most of his professional life he has served on the NESDB and in 1975 he became Secretary General.

The Fourth Five-Year Plan (1977-81) was prepared under his guidance. A dedicated civil servant, he is probably not a strong administrator or development planner.

Governor of the Bank of Thailand - Dr. Snoh Unakul

Dr. Snoh was born on July 24, 1931. He holds a Bachelor of Commerce from the University of Melbourne as well as an M.A. (Economics) and Ph.D. from Columbia University. From 1955, he served in various capacities in the Ministries of Finance and Commerce and in the National Economic and Social Development Board (NESDB), most importantly as Secretary-General of the NESDB in 1974 and 1975 where his strong leadership began to pull into shape this historically weak organization. Since 1975, Dr. Snoh has been Governor of the Bank of Thailand and a major contact for Bank economic staff. Although politically unaligned, he appears to be one of the few senior economists in the civil service who has the full confidence of the present Government and has managed to enhance his position and influence since it took power last October.

1. REGIONAL GROWTH AND INCOME DISPARITYANALYSIS OF THE PROBLEM

The central development issue in Thailand today is the problem of unequal growth and wide income disparity among the different areas of the country and the implication this has for the nation's future economic and political stability. The extent of this problem is summarized in the following two tables, which give the incidence of absolute poverty and the distribution of the poor by region and location.

Table 1: INCIDENCE OF POVERTY /a BY REGION AND LOCATION

| | % of population | | |
|------------------|-----------------|-----------|-----------|
| | 1962/63 | 1968/69 | 1975/76 |
| <u>Northeast</u> | | | |
| Urban | 36 | 13 | 13 |
| Rural | 75 | 60 | 38 |
| <u>Total</u> | <u>72</u> | <u>58</u> | <u>36</u> |
| <u>North</u> | | | |
| Urban | 45 | 14 | 13 |
| Rural | 60 | 31 | 28 |
| <u>Total</u> | <u>58</u> | <u>30</u> | <u>27</u> |
| <u>Center</u> | | | |
| Urban | 28 | 11 | 10 |
| Rural | 35 | 13 | 12 |
| <u>Total</u> | <u>34</u> | <u>13</u> | <u>12</u> |
| <u>South</u> | | | |
| Urban | 23 | 12 | 13 |
| Rural | 41 | 31 | 26 |
| <u>Total</u> | <u>38</u> | <u>29</u> | <u>25</u> |
| <u>Bangkok</u> | <u>20</u> | <u>9</u> | <u>9</u> |
| <u>Kingdom</u> | | | |
| Urban | 28 | 11 | 11 |
| Rural | 57 | 37 | 28 |
| <u>Total</u> | <u>52</u> | <u>34</u> | <u>25</u> |

/a Poverty line is defined to be B 150/month/person in rural areas and B 200/month/person in urban areas, in 1975/76 prices.

Table 2: DISTRIBUTION OF THE POOR BY REGION AND LOCATION

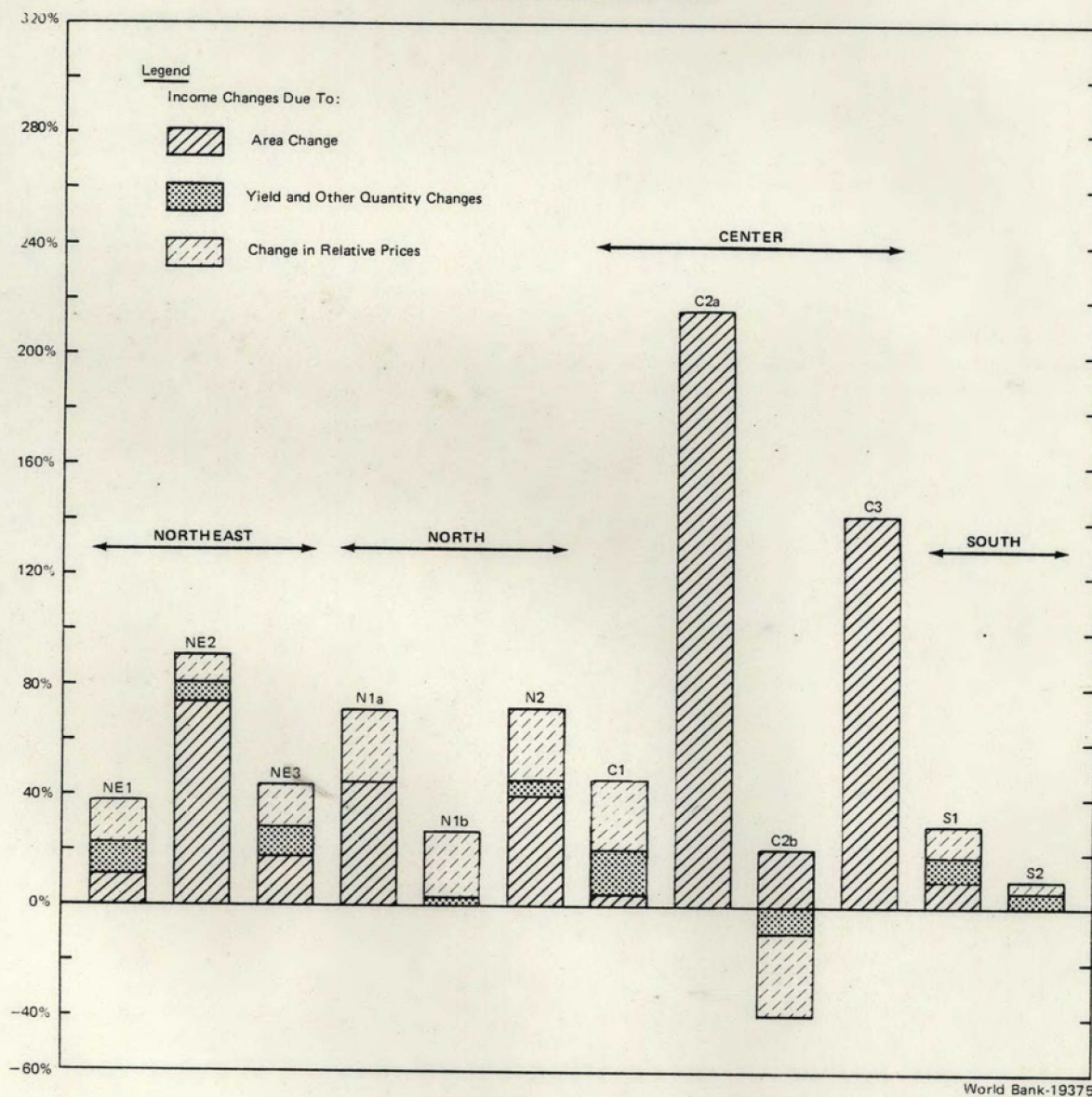
| | As % of total poverty group | | | % of total population |
|------------------|-----------------------------|------------|------------|-----------------------|
| | 1962/63 | 1968/69 | 1975/76 | 1976 |
| <u>Northeast</u> | | | | |
| Urban | 2 | 1 | 1 | 1 |
| Rural | 46 | 58 | 50 | 33 |
| <u>Total</u> | <u>48</u> | <u>59</u> | <u>51</u> | <u>34</u> |
| <u>North</u> | | | | |
| Urban | 3 | - | 1 | 2 |
| Rural | 22 | 20 | 22 | 19 |
| <u>Total</u> | <u>25</u> | <u>20</u> | <u>23</u> | <u>21</u> |
| <u>Center</u> | | | | |
| Urban | 2 | 1 | 1 | 2 |
| Rural | 14 | 7 | 8 | 20 |
| <u>Total</u> | <u>16</u> | <u>8</u> | <u>9</u> | <u>22</u> |
| <u>South</u> | | | | |
| Urban | 1 | - | 1 | 1 |
| Rural | 8 | 11 | 11 | 11 |
| <u>Total</u> | <u>9</u> | <u>11</u> | <u>12</u> | <u>12</u> |
| <u>Bangkok</u> | <u>2</u> | <u>2</u> | <u>5</u> | <u>11</u> |
| <u>Kingdom</u> | | | | |
| Urban | <u>10</u> | <u>4</u> | <u>9</u> | <u>17</u> |
| Rural | <u>90</u> | <u>96</u> | <u>91</u> | <u>83</u> |
| <u>Total</u> | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

Source: Basic Economic Report.

As shown in the tables, the incidence of poverty is relatively low in all urban areas, ranging from 9% to 13%, but reaches almost 40% in some rural areas. Absolute poverty has clearly persisted in many rural areas despite a substantial growth of agriculture over the past 15 years, averaging 5% per year. While the majority of the rural population have participated in and benefited from recent growth, the degree and nature of participation have differed significantly among the different geographical areas and population groups. The following map presents the average per capital income in the different areas of the country and further illustrates the geographical dimension of income disparity in Thailand.

A summary of the magnitude and sources of income changes of typical agricultural households in different parts of the country is provided in the Chart below. (Income changes are expressed as percentage of income in 1962 and have been adjusted for changes in cost of living calculated for each household group).

SOURCES OF INCOME GROWTH OF AGRICULTURAL HOUSEHOLDS, 1962-1976



Agricultural households in the Central Region, representing about a fifth of total population, have experienced the greatest income change over the past decade and a half. On both sides of the Central Plain, about half of the households have abandoned their traditional practice of growing rice and now rely entirely on the production of maize, cassava or sugar. Typical households ~~that have made this change have experienced a doubling or tripling of real income since 1960 and now have a level of income about twice that of a typical farm household in the country as a whole.~~ In the Central Plain itself, public investment in irrigation during the 1950s has begun to yield benefits in the form of improved water control throughout the area, and some farmers have begun to grow an extra crop in the dry season. But even for the majority who have not yet done so, the techniques of farming have begun to change through greater use of fertilizers and mechanical equipment and their incomes have risen by about 40% since 1960.

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Economic change since 1960 has also spread to many rural areas of the North and Northeast. In response to the expanding international demand for upland crops, about half of the farmers in the Northeast and the North (mainly the Lower North) have cleared some forest or used some other land to grow upland crops in addition to their subsistence rice production. Incomes from the new upland crop - usually maize in the lower North and kenaf or cassava in the Northeast - and from the higher price of rice since 1973 have resulted in a total rise in their income since 1960 of the order of 60-80%. The other half of the farm population in the North and Northeast, however, have not yet been able to participate in the diversification process and still grow mainly rice under rainfed conditions in much the same way as did their fathers. In the North, most of the rainfed rice farmers are in the upper part of the region where the terrain and the low level of technology only allow farmers to cultivate very small holdings; in the Northeast, holdings are much larger but much of the land is not planted in a normal year. These farmers have been unable to move out of a basically subsistence environment mainly because of their lack of education, uncertain weather conditions and the lack of roads and other services. They have benefited the least from the past two decades of economic change and are now among the poorest people in Thailand with income.

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In the South, most farmers also did not experience a substantial improvement in their incomes over the past two decades. Diversification into rubber began much before 1960 and by then most farmers in the South were growing rubber as well as rice and enjoyed a level of income much above the national average. Since then yields of rubber and rice have virtually stagnated and rubber prices have fallen in relative terms. As a result incomes of farmers in the South have increased very slowly but they remain some 10-50% higher than those of subsistence farmers in the Upper North and Northeast.

Unequal distribution of public social services has contributed to welfare disparity. Table 3 below presents various economic and social indicators for the 71 provinces classified according to the levels of Gross Provincial Product per capita. The analysis clearly shows that the poorest provinces receive the least benefit from public expenditure and have the most inadequate levels of all forms of economic and social services.

Table 3: SOCIO-ECONOMIC INDICATORS FOR PROVINCES CLASSIFIED BY PER CAPITA INCOME

| | Gross Provincial Product per Capita, 1976 (Baht) | | | | | Bangkok |
|--|--|-----------------|-----------------|-----------------|-----------|---------|
| | <4,000 | 4,000- 5,999 | 6,000- 7,999 | 8,000- 9,999 | >10,000/a | |
| % of total population | (34) | 19 | 24 | 7 | 6 | 10 |
| GPP per capita (1976) | 3,119 | 4,869 | 6,741 | 8,587 | 22,073 | 19,154 |
| GPP per capita growth rate p.a., 1970-76 (%) (constant prices) | (2) | 3 | 2 | 4 | 6 | 1 |
| Government expenditure per capita (1974/5) | (334) | 442 | 532 | 780 | 621 | 5,050 |
| % of population 6-29 in school (1970) | (27.6) | 31.3 | 33.6 | 33.0 | 35.0 | 45.9 |
| Rural upper primary enrollment ratio (1975) | 29 | 31 | 36 | 41 | 42 | - |
| Population per hospital bed (1970) | (2,075) | 2,017 | 1,162 | 943 | 358 | 861 |
| Rural population per health center (1973) | 8,416 | 6,871 | 6,631 | 5,631 | 6,968 | - |
| % houses with piped water (1970) | (4) | 6 | 7 | 8 | 16 | 79 |
| % villages with electricity (1976) | (9) | 15 | 29 | 31 | 30 | - |
| Road distance from Bangkok (km) | 626 | 621 | 478 | 306 | 378 | - |

/a Excluding Bangkok.

Sources: Basic Economic Report.

Prospects for Agricultural Households. In the coming decade, income disparity among agricultural households is likely to continue to widen. As a consequence of the sharp acceleration of population growth in the 1960s from the historical rate of less than 2% to over 3%, Thailand's labor force will be growing at about 2.8% per year in the 1980s, substantially faster than the 2.3% in the 1960s. Even if nonagricultural employment were to grow at 4% per year as it did in the late 1960s and early 1970s, it could still not absorb all the entrants into the labor force. In fact, employment in agriculture will have to grow significantly faster than in the past if unemployment is to remain at its present low level. In the past this increase in agricultural employment has been absorbed by households clearing and cultivating new land, but by the early 1980s land outside of holdings suitable for agriculture will have been virtually exhausted (see Land Use and Capability Map in Section C). Some households may try, as in the past, to clear and cultivate new land, but such cultivation will be taking place in areas ill-suited for agriculture. They may move into steeply sloped land whose initial high yields decline rapidly and where serious erosion problems occur. Some households may migrate to urban areas and add to the pool of underemployed and unemployed labor. But it also seems certain that significant pressures will be exerted on the size of existing holdings. A comparison of the amount of land still available for expansion of holdings and the expected increase in the agricultural labor force indicates that an overall 15% decline in the area of a typical holding can be expected by 1990.

The possible consequences of the trends in labor force growth and land availability are increasing disparities in the distribution of the benefits of growth among agricultural households, a worsening of income distribution and even an increase in the extent of poverty in some areas. As a result of development programs already under way (irrigation development, rubber replanting), farm households in the Central Region that are already an advantaged group and farm households in the South can look forward to substantial gains in their income. On the other hand, most of the poorer farmers especially the subsistence rice farming households in the Northeast and Upper North, have little prospect for higher income and indeed, if current trends continue, may face falling incomes and increasing poverty. The easy availability of new land has in the past allowed these subsistence farmers to maintain their standard of living despite accelerated population growth. With the approaching end of the land frontier, they, in particular, can expect increasing pressures to break up their holdings. The pressure to migrate will intensify, but the majority of new entrants to the labor force will not be able to find jobs outside of agriculture. At the same time rice yields are stagnating or possibly declining, and opportunities for diversification remain very limited. In these circumstances, households are likely to find it increasingly difficult to satisfy their own consumption requirements. The earnings of farmers with other sources of income may not fall, but farmers in the more outlying areas will probably start to cultivate land that is increasingly less suitable for rice in an effort to sustain their subsistence livelihoods. This tendency is unlikely to result in any increase in real incomes and for many, some decline in real income is possible. Inasmuch as the unskilled wage rate seems to be largely determined by the income earning potential of subsistence agricultural households, stagnation of their real incomes will continue to exert downward pressure on wages in the whole economy.

Development Potential in the Poorer Regions

Special assistance by the public sector will, therefore, be necessary to ensure that low-income farmers, in particular the farmers growing rice under rainfed conditions in the Northeast and North, are able to participate in future development. This assistance should initially be focused on helping these farmers improve the use of their assets - their land and labor - and in the longer-term, to upgrade the quality of these assets through technological change and education. Many of the rainfed rice farmers are growing a subsistence rice crop in areas often more suited to other cash crops. Furthermore, their holdings are substantially under-utilized and in a normal year one third of the cropland is not planted. In the poorer areas, off-farm income opportunities are much more limited than in areas closer to Bangkok and substantial labor is underemployed in the off-season. While these features are an explanation of the current low level of incomes, they are also indicators of substantial potential to increase incomes of these farmers. Specific recommendations of the basic report on measures to accelerate development in the low-income areas are:

Land Titling and Development. At present, many farmers in the Northeast and the North are operating in areas officially classified for forest use. To encourage these farmers to improve the use of their holdings, they should be given land titles as quickly as possible because without title or other security of tenure it is very unlikely that farmers will be able or willing to undertake the land development measures necessary for permanent cultivation. It will be necessary to formulate a land-use policy and a more realistic classification of areas now presently designated as forest land before an expanded titling program can go ahead. In order to enable farmers to change to more stable systems of farming, government assistance is also needed in land clearance, construction of erosion control structures and other forms of land development.

Agricultural Research. Greater emphasis must also be given to agricultural research on the suitability of different crops and cropping systems to the upland areas of the country, and to the development of appropriate rotational practices that would prevent deterioration of upland areas and enable a higher level of yields to be maintained. Attention should also be focused on the scope for integrating livestock into mixed farming systems. In addition further work is necessary on the development of rainfed rice varieties appropriate to the ecological conditions of the Northeast and North.

Credit and Agricultural Services. As farm households move from subsistence to more commercially-oriented agriculture there will be a substantial increase in the demand for credit, and a redirection in the emphasis and operations of the Bank for Agriculture and Agricultural Cooperatives is essential if the needs of poorer farmers are to be met. With such assistance the constraints on access to commercial inputs or machinery services will be eased and the private sector should be able to respond. An adequate extension service is also a necessary element in the move to commercial agriculture and the Government's new extension program should be expanded as rapidly as possible.

Rural Infrastructure. A further constraint to agricultural development is inadequate road access. The outlying provinces of the Northeast and North require a substantial improvement of road infrastructure if access to farms is to be adequate for the transportation of inputs and outputs, the entry of cultivation equipment and the provision of regular extension services. The effects of inadequate services such as water supplies, health and education on the population of the poorer areas of the country will take a long time to correct. To assist low-income rural families, public current and capital expenditures should be redirected towards an improvement of the distribution and quality of basic social and economic amenities in the poorer areas. A new set of criteria and procedures for public resource allocation will have to be devised to ensure that the disadvantaged provinces have access in the future to a relatively greater share of available resources each year per head of population. The present budgetary system which is heavily influenced by the historic levels of financial support and therefore tends to accentuate rather than redress disparities in services, must be substantially modified before the objective of a spatial balance in the country's development can be achieved.

Local Development Projects. To compensate for the wide disparity that now exists in economic and social infrastructure among the different regions, the Government should consider a regular program of special capital grants to the poorer provinces to enable them to undertake the construction of much-needed schools, health centers, roads, wells, and other rural improvement projects too small to be capable of efficient execution from Bangkok. The Government's tambon program of 1975 and 1976 and the "New Village Development Program" of 1978 represent positive steps in this direction, but without a corresponding improvement in local administration, the impact of such programs in economic terms tends to be short-lived. It is therefore important that any program of enhanced financial support, from the central Government to local authorities is accompanied by the strengthening of local government institutions and capabilities necessary to ensure that a greater volume of financial resources, channeled into small, well distributed rural projects and programs, can be effectively utilized. It is the Bank staff's view that local development would be best managed at the provincial level (Section E-2 contains a more detailed discussion of this issue and proposed Bank assistance to provincial planning.)

POLICY DIALOGUE

Regional income disparity was the major concern of the recently published Basic Economic Report on Thailand (2059-TH, September 1, 1978) and this issue was the central focus of the report's analysis of growth prospects, agricultural and industrial development, education, fiscal policy and development management. Although this problem is well known to the Thai authorities, discussion of the basic report has served to raise the consciousness of the Thai Government to the urgency of the problem. Prime Minister Kriangsak chaired a meeting of his economic ministers to discuss the draft report with Mr. Stanley Please and a Bank team and he and the Deputy Prime Minister have since frequently quoted the Report's conclusion on the extent of absolute poverty in the country. The Report's analysis of poverty has also received

the greatest attention in the numerous press reports that have appeared both in Thailand and elsewhere in Asia. (See Press Clippings.) We believe these press reports are based on copies of the Bank's Report which government officials have themselves supplied to journalists. With the single exception of the Far Eastern Economic Review's article which gave a particularly unbalanced summary of the report, the Thai authorities seem to welcome the attention the press is giving to the poverty problem as a result of the report. Since most middle-level Thai officials are unable to read the report in English, the Thai authorities have suggested that a Thai version of the report be prepared. The Basic Report has therefore been translated into Thai and will be distributed shortly.

A substantial economic and sector work program is planned to support the continuing dialogue with the Government on this issue and to identify projects. A mission visited Thailand in February 1979 to further the analysis of the basic report on production characteristics (land holdings, assets, cropping patterns, labor utilization, production techniques) of low-income rural households. A sector mission is scheduled for later this year to study specific problems of rainfed agricultural development in the North and North-east, review available farming techniques that could be applied, identify areas where additional research is required, and identify areas for future Bank assistance. Future economic and sector studies will include examination of off-farm employment and the generation of nonfarm income in rural areas; review of the potential of secondary cities to become growth poles and centers of regional development; problems and prospects of industrial dispersal from Bangkok; and institutional aspects of regional development, particularly the relation between the central and local authorities in shaping the pattern of economic development.

BANK ASSISTANCE SINCE 1972

In 1972, the Bank first decided to increase its lending to Thailand and diversify lending to include projects directly benefiting the rural poor and areas outside the Central Plain. Achieving this redirection of the lending program has been difficult and time consuming. It has involved a major effort by the Bank staff to identify and prepare projects in new areas with new Thai borrowing agencies. Expertise and appropriate technological packages for the "new" style projects have been developed and Thai agencies have come to direct more of their attention to the poorer areas and to organizing themselves to address these new problems, e.g. the rapid expansion of the Accelerated Rural Development Department (ARD) to build rural roads and other rural infrastructure and the creation of the Office of Agricultural Land Reform (OALR) to issue titles and help develop land being transferred from the Forestry Department. The Bank has assisted the Government in overcoming institutional bottlenecks to more rapid and equitable development, improving the project preparation capability of various agencies and improving the management of the external borrowing program. Progress toward these objectives has been halting, but in retrospect considerable advances have been made and a firm groundwork laid for accelerating and further diversifying the lending program.

Table 4: DISTRIBUTION OF PROJECTS, 1974-79

| | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 /a |
|----------------------|------|------|------|------|------|---------|
| Total projects | 4 | - | 6 | 3 | 6 | 7 = 26 |
| "New" style projects | 1 | - | 3 | 1 | 3 | 2 = 10 |
| Lending (\$ million) | 149 | - | 228 | 108 | 231 | 248 |

/a Current schedule.

Nine of the 23 loans totalling \$820 million for the period FY75-79 have been to new borrowers, and ten "new" style projects have been undertaken compared to 11 out of 27 amounting to \$950 million proposed in the 1974 CPP. This represents a real increase in lending of 60% over the FY70-74 period.

FUTURE BANK LENDING PROGRAM

The redirection of Bank operations toward the outer regions of Thailand was much accelerated in the lending program approved at the CPP review meeting of October 25, 1978. Projects to reduce income differentials and alleviate poverty, particularly in poor, rainfed areas, have been added while other projects in the traditional areas have been modified or converted to sector lending where the institutions are sufficiently strong. Overall nearly 50% of the proposed lending will be for agricultural projects compared to 25% in the previous CPP presentation, and some 60% of these will be specifically aimed at improving incomes in subsistence areas. A further 20% of the program will be primarily directed toward poverty alleviation objectives.

This reorientation will have a major impact on the lending program's regional allocation. Based on the known and projected regional content of allocatable projects, three-quarters of the program will benefit people in the Northeast, North and South compared to half in the FY75-79 program (Table 5). Since these regions contain two-thirds of the population, this implies little more than a regional allocation of funds in proportion to population, but by the end of this five-year period the share of the allocatable program affecting poorer areas in the outer regions should be considerably larger.

Table 5: BREAKDOWN OF ACTUAL AND PROPOSED PROGRAM BY REGION (%)

| | 1975-79 | 1980-84 | Population 1976 |
|--------------|------------|------------|-----------------|
| Northeast | 16 | 29 | 34 |
| North | 21 | 26 | 21 |
| Center | 46 | 26 | 33 |
| South | 17 | 19 | 12 |
| <u>Total</u> | <u>100</u> | <u>100</u> | <u>100</u> |

The core of the lending strategy over the next few years is to assist the Government's efforts in solving problems of developing and disseminating suitable technology for rainfed farmers, land use and conservation, agricultural credit, irrigation, decentralization, and of providing access to service and markets. Many difficult problems exist in each of these areas but the Bank can bring towards their solution considerable experience, a respected record and the ability to focus necessary local effort to achieve success.

Relevant Agricultural Technology. The eventual success of efforts to improve incomes in poorer areas will depend on the difficult process of developing technical packages that can improve incomes significantly at low investment and risk to the (usually rainfed) small farmers. Despite considerable effort, progress to date has been disappointing. There is an urgent need for more relevant research, better extension/research linkages, an effective agricultural extension service and some pilot initiatives to develop improvements at farm level.

The proposed project in agricultural research (appraised in April 1979) will support multidisciplinary research in field crops, rice and horticulture through the development of 18 suitably located and staffed research centers. Agricultural economists will work with the multidisciplinary teams to assist in making research more relevant to target farmers. This project follows on directly from two earlier Bank-supported research efforts in rainfed rice and upland crops, both components of larger projects. Agricultural Extension I (Ln. 1393-TH) and II (FY80) will result in a nationwide extension service operating in a systematic and disciplined way to reach all farmers. Linkages with other relevant agencies - especially research - are being strengthened through appropriate provincial and national committees.

There is also a need to try out, under actual farming conditions, with farmers, improved technological approaches for specific areas as a prelude to large-scale replication. Pilot projects to develop alternative technologies in several representative areas of the Northeast are proposed for the Northern Agricultural Development Project (NADP) scheduled for FY79. A Bank-supported design team is being planned for June. Both the Departments of

Agricultural Techniques (research) and Agricultural Extension would be involved, together with other related agencies including forestry, land development (soils) and livestock departments. Where new investments are required, perhaps in soil and water conservation, they could be financed under a rainfed agriculture project, only partly identified at this time and tentatively scheduled for FY82. The pilot projects would strengthen research/ extension linkages, including linkages with IRRI and ICRISAT, and assist in better focussing research on actual farm problems.

Cattle and buffaloes are widely distributed in Thailand with most agricultural families owning at least one animal; they constitute a source of power, supplemental income and a tradeable asset. About one-half of the country's 10 million cattle and buffaloes live in the Northeast where they exist in a low-productivity system of communal grazing and rice stubble following harvest. The ongoing Northeast Livestock Project supports the improvement of village herds through breed improvement (artificial insemination and a loaned-bull program) and improvement of communal pastures through introduction of tropical legumes. A livestock subsector review mission will visit Thailand shortly to review livestock's role in the small peasant farming system and assess related investment needs.

In some cases technical packages have already been developed which are suitable for large-scale replication under specified conditions. The Northern Agricultural Development Project (NADP) will assist in extending a rainfed package that has been developed over 7 years with Australian assistance and proven for certain soils and conditions in the North to a larger area having similar conditions; this permits higher yields and incomes and a switch from shifting to settled agriculture. Rubber Replanting II will extend to a larger number of smallholders the benefits from a proven technical package of improved rubber varieties and practices (developed, with FAO support, over about 12 years).

Land Use and Resource Conservation. At present RTG's procedures for deciding how particular lands should be used (e.g., whether as forest, agriculture or livestock) are not based on explicit technical and economic criteria and are not always clear. Enforcement has been weak; land use, in effect, has largely been determined by the independent actions of loggers and several million squatters. The incomes of such squatters in turn have been low in relation to more favored areas. RTG is aware of the overall problem but the overlapping and sometimes conflicting jurisdictions of several agencies makes resolution of land use questions difficult. Under NADP the agricultural development components will be carried out within areas defined according to agreed criteria of soil type, slope and population density. The surrounding areas of excessive slope will be developed as forest either through controlled regeneration or replanting, as appropriate. The land use questions, in short, will be resolved according to objective, agreed criteria, the process should result in land use boundaries that correspond to the land's comparative advantage and therefore much more likely to be enforceable. This process can gradually be extended to other parts of the country. A similar process (with different agencies) will be followed for the planned forestry and squatter upgrading projects. These projects will also address the country's growing shortage of fuelwood and address the agricultural and income problems of squatters already living in designated forest areas.

Channelling of Agricultural Credit. RTG has encouraged, over many years, the creation of various types of farmers' organizations to handle agricultural credit. The performance of these organizations has been poor. Under the lead of the Bank of Thailand the commercial banks have increased dramatically their credits to agriculture in the last four years (now providing an estimated 40% of credit to agriculture). Much of this agricultural credit has gone to better off farmers; viable farmers' organizations will be required to service the needs of smaller farmers. The rural credit project recently appraised will attempt to address this problem in addition to strengthening the capacity of the principal agricultural credit institution (the Bank for Agriculture and Agricultural Cooperatives, BAAC) to provide term credit.

Planning, Implementation and Operation of Irrigation Systems. Prior to the 1950s RTG's investment in irrigation development was characterized by an extensive approach aimed at modifying natural flood regimes over large tracts of land. The circumstances which favored this approach have now changed. Farms are becoming smaller because of population pressures, farming techniques have advanced, and current and projected prices give incentives to farmers to take advantage of higher standards of on-farm development. Full exploitation of Thailand's irrigation potential requires reliable and timely delivery of water, and improved access to farmers' fields. This will involve upgrading of virtually all of the existing irrigation systems, and incorporating higher standards of water control in the expansion of existing systems and in new projects. In recent years the Bank's involvement in irrigation development has included the improvement and expansion of existing systems in the Northern Chao Phya Plain and in the Northeast Region, and also a major new development on the Nan River (Phitsanulok Project) which will use water provided by the Bank-financed Sirikit Dam. A major development to expand irrigation in the Meklong Basin is being appraised. This project will take advantage of dry season water provided by the Bank-financed Ban Chao Neu Project. Several new developments are being considered for Bank financing in the near future. These include the Pattani Project which will take water from the Bank-financed Pattani Dam, and a new project development at the headwaters of the Nam Mun River in the Northeast. Throughout its involvement the Bank has continued to stress the importance of coherent project management, detailed implementation schedules, and provision of services necessary for beneficiaries to effectively use the waters provided.

Support for Decentralization and Local Initiatives. The present Government recognizes that, to accelerate growth in the poorer areas and make investment more responsive to the needs of the local population, there is a need to delegate to lower administrative levels certain matters that have historically been handled from Bangkok under Thailand's centralized and functionally-organized administrative setup. Under NADP Bank will support studies of provincial planning which will result in an eventual provincial development project to consist of small rural works and agricultural projects identified and prepared mainly by officials at the provincial level. Many in Thailand recognize that villagers have not in the past participated adequately in the selection, design and implementation of rural programs. As an effort to overcome this deficiency, RTG is preparing a new village development program (NVDP), with Japanese assistance, to support village-level initiatives, initially for about 10% of the country's poorest villages. RTG has requested

Bank assistance in developing details of the program. Experiences of the Government with similar programs (e.g. the Tambon programs of 1975 and 1976) indicate that economic benefits of these types of programs tend to be short-lived because of the lack of administrative capability at these local government levels, but a Bank mission is scheduled for June 1979 to review the Government's proposal and will review the administrative implications of the proposed program.

Access to Services and Markets. Much progress has been made to develop a transport network linking major towns; however, much remains to be done in linking villages. The Bank is considering a project in rural infrastructure to improve village access roads (supplementing the generally good national highway system) and provide wells for drinking water in villages distant from an alternative water source.

In addition to the lending program in agriculture and rural development, the rural areas will also be the primary beneficiaries of the family planning and education projects. Most of the population is rural and poor, and they have the most to gain from expanding birth control and education. Population projects are scheduled for FY82 and FY84 to expand coverage to all provinces. They will include the construction and equipping of health centers and provincial hospitals and thus will improve the distribution of health facilities as well as supporting the family planning program. Expansion of the program to reach most of the people in rural areas will be necessary if the government's target of bringing the overall growth rate to 2% by the mid-1980s is to be achieved. The education projects in FY82 and FY84 will be directed primarily at rural areas. The first will concentrate on adult education and vocational training for rural, non-farm workers and the second will support the expansion of secondary schools in rural areas.

Urban and regional projects will focus on location specific issues. Urban projects will concentrate on institutional issues for the whole sector and shift the concentration of the Bank program from Bangkok to regional and provincial urban centers where accelerated urban development is needed. The Flood Control and Drainage (FY81) project will assist development of a Bangkok flood control system and will contain a technical assistance component to help strengthen the Provincial Water Authority. A Water and Drainage Project (FY83) will follow with this Authority to develop piped water supply and drainage for provincial urban centers. The National Sites and Services project (FY80) will continue the slum upgrading already begun in Bangkok and begin developing sites and services projects in provincial cities. A major objective of the projects with the National Housing Authority is to improve its administration and shift its focus from medium to low-cost housing and from Bangkok to the other regions. These projects, however, approach urban problems on a subsectoral level and do not address problems of integrated urban development. A Regional Cities project (FY83) will aim at achieving a more integrated approach to urban development, including adequate city planning and municipal government improvement as well as integrated infrastructure developments. This will require considerable institutional development as existing Thai agencies in the area are weak. Study funds to identify a regional cities project were included in the Bangkok Traffic Management project approved in December 1978.

2. DEVELOPMENT ADMINISTRATION AND MANAGEMENTANALYSIS OF THE PROBLEMS

Over the past decade successive governments in Thailand have been unable to deal effectively with emerging issues of development, particularly the unequal rates of development among the regions and the growing discontent among the rural population left behind by the development process. Indeed the public sector in recent years has been unable to manage a larger and more diversified program of development. While short-term financial and monetary management continued to be conservative and generally prudent, and performance of agencies responsible for traditional infrastructure (electricity, highways) has improved, implementation of development projects in general has been unsatisfactory, especially in areas such as agriculture, rural development and the social sectors where a more active role of the public sector is required. Implementation of Bank projects, in particular, has been impeded by bureaucratic inefficiency and administrative bottlenecks. Our effort to shift our operations to projects directly benefitting the poor and the less-advantaged regions has also been seriously hampered by the lack of absorptive capacity in these areas.

Because of the unusual degree to which administrative and management constraints seem to be impeding the Government's development effort, a detailed analysis of development management, public administration and bureaucratic processes was undertaken as part of the preparation of the Basic Economic Report. Relevant sections of that report, including specific recommendations for improved management and bureaucratic reforms, are reproduced as an annex to this section for reference.

Major problems of development management identified in the report include:

- (a) ineffective development planning attributable to the inappropriate organization of the central planning agency, the National Economic and Social Development Board (NESDB); its relation with the other economic management agencies, particularly the Budget Bureau; and the absence of planning capability in the operating ministries and local governments;
- (b) in the absence of effective planning, allocations of public resources tend to be influenced by historic patterns of expenditure and by institutional or informal pressures rather than national priorities; the budgetary process, in particular, tends to exacerbate rather than reduce existing disparities in public services among geographical regions;
- (c) the highly centralized nature of the Government, both in terms of executive centralization at the departmental level and centralization of decision making authority in Bangkok;
- (d) excessive functional duplication and overlap of responsibilities between government departments which are byproducts of the existing personnel management system and bureaucratic procedures.

Most of these institutional difficulties will only be resolved by the gradual evolution and modernization of civil service practices and personnel administration, since these condition the behavior and attitudes of officials as well as affecting the efficiency of all public sector agencies involved in development. The Basic Report therefore recommended that a national commission of public administration experts be formed to draw up a comprehensive program of institutional reform, covering such issues as the development of a uniform job classification system, public sector training and reform of the structure of emoluments and fringe benefits.

In the meantime, the report recommended that highest priority should be given to the introduction of procedural changes designed to give greater policy and strategy authority to the central coordinating agencies of government while achieving greater administrative decentralization. The most urgent need is for much greater delegation of executive authority to officials lower down the bureaucratic hierarchy. Within departments this would mean transferring control over the resources employed in program execution to line managers through streamlining procedures for tendering and procurement and modifying regulations and practices concerning budgetary and commitment control.

It would also be desirable to delegate greater authority for the planning and implementation of development programs to local governments. For such authority to be effective, it would be necessary not only to increase the degree of control of local governments over the allocation of financial resources but also improve the quality of provincial and municipal planning and increase the degree of coordination between staff engaged in developmental functions in the various provinces. A start has already been made with the recent establishment of provincial planning units, although the personnel in these offices are still inexperienced. An improvement in the quality of provincial planning is a prerequisite to the devolution of greater responsibility for development to local government. Decentralization of decision-making and control over financial resources is also essential if the needs of rural families in scattered localities and hamlets are to be adequately served.

It is also necessary to review the relationships between the central planning agency (NESDB) and the agencies responsible for budgeting, fiscal policy and personnel administration, for the present institutional linkages between these agencies are serious impediments to the coordination of their activities. Irrespective of the institutional relationship between the NESDB and the Budget Bureau, the two agencies should make a determined effort to reduce the duplication of executive functions throughout the Government. Funds are now sometimes wastefully allocated to two or more government agencies so that each may provide identical and competing services. While this problem will only be solved when pressures within the bureaucracy creating this situation are reduced through more fundamental institutional reforms, the agencies that control the allocation of financial and human resources could take the initiative to eliminate some duplication of departmental activities.

PROPOSED BANK ASSISTANCE

Policy Dialogue. Problems of development planning and policy coordination were a central issue in the discussion of the draft economic report, particularly in the meeting between Mr. Stanley Please and the Prime Minister

and his economic cabinet in June 1978. Development management is clearly a matter of major concern to Prime Minister Kriangsak and his Government has taken steps in recent months to correct existing deficiencies. In November 1978, legislation which had been under preparation for some time to reorganize NESDB was finally enacted. A committee to increase cooperation among the NESDB, the Budget Bureau and the Civil Service Commission was established and procedures to improve coordination of these agencies' activities were agreed. Administrative procedures are currently being worked out by these agencies to make NESDB responsible for preparing an annual plan based on the strategy of the Five-Year Plan prior to and as an input to the preparation of the annual budget, to provide a rational framework for resolving differences in priorities and to discourage operating ministries from submitting overly inflated budget requests. In January 1979 the Government introduced new procedures to help procurement under Bank-financed projects. This was the direct outcome of procurement seminars conducted in Thailand in July 1978 with the participation of Bank staff.

These are all important steps in the right direction and the Bank should encourage further action and an acceleration of the ongoing negotiations between government agencies to work out detailed procedures. While development management will be the central issue of our future dialogue with the Government, we have also taken the initiative to assist the Government in improving development management capability at the provincial level, with special attention to the poorest provinces.

Assistance to Provincial Planning. To assist the Government improve the local planning and development management capability, we have included a technical assistance component for provincial planning in the Northern Agricultural Development Project scheduled for Board Presentation late in FY79. This component comprises three studies to identify weaknesses in planning capability, develop practical proposals to remedy existing deficiencies, and demonstrate the advantages to be gained from improved planning and project preparation at the provincial level. Funds will also be provided for the analysis and detailed preparation of projects identified as a result of the provincial planning process and a Bank loan for a Provincial Development Project is tentatively scheduled for FY83.

Assistance to Plan Preparation. During Mr. McNamara's visit to Thailand, officials of the NESDB and possibly the Prime Minister himself are expected to repeat their request made in Washington in February for Bank assistance in preparing a 10-year Perspective Plan and a development program for the Fifth National Development Plan (1981-85). While we should be sympathetic to such a request, we should point out that in the present circumstance of Thailand - where National Development Plans have virtually no influence over the allocation of public resources or the determination of economic policy - elaborate formulation of macro-economic perspective plans would only be a waste of resources, whether they be the Government's or the Bank's. Furthermore, the preparation of the Fifth Plan must remain the responsibility

of the NESDB (and specifically, the Planning Division under Dr. Phisit).^{/1} However, we would be pleased to work with NESDB in preparing detailed studies on the major development issues in Thailand which could serve as an input to the planning exercise; indeed we would view this as a logical extension of the work done in connection with the Basic Economic Report.

To be effective, the Government at the highest level must be convinced of the importance of these studies. The objectives of these studies should be to develop criteria for allocating public resources, both for the long term and as input for the annual budgeting exercise, to provide a policy framework for the Fifth Plan period and to recommend an appropriate institutional framework for implementing the Government's development program. These studies should include analysis of measures to improve development planning, plan implementation and monitoring and central policy coordination.

In staff meetings following Mr. McNamara's meeting with the Prime Minister in February, we have asked NESDB to review the work already done by the Bank in its Basic Economic Report and to formulate specific proposals for Bank assistance. Since many of the likely studies - land use and management; energy policy; industrial development; rainfed agricultural development; institutional and administrative reforms - would require substantial consultants' inputs, we have suggested that the Government consider seeking UNDP funds for a Planning Assistance Project similar to that of Korea. The Bank could then act as executing agency for the project. A possible arrangement would be a number of panels served by the UNDP-financed consultants and assisted by Bank staff working under a steering committee comprising senior government and Bank officials.

^{/1} Dr. Phisit has been proposing collaboration with the Bank for about two years but, although we have responded positively, these efforts have not led anywhere because of constant turnover of staff in Dr. Phisit's division.

INSTITUTIONAL ASPECTS OF DEVELOPMENT MANAGEMENT IN THAILANDDevelopment Planning and Policy Coordination

The Thai Government has now produced four development plans, the current being the Fourth Development Plan (1976-80). These plans, as well as statements of national leaders over the past decade, reveal the increasing concern of the country over emerging issues of longer-term development and a continuing commitment to their redressal. There is, however, little evidence that Thailand's development plans systematically guide or govern the actions of departments or, for that matter, the Cabinet itself, in the day-to-day conduct of government affairs. The frequency and extent to which well articulated and formulated development plans appear to be disregarded in the allocation of financial and administrative resources and in the introduction of new policies, programs and projects is indicative of a superficial commitment to the concept of long-term planning or a lack of confidence in the efficacy of the national planning agency, the National Economic and Social Development Board (NESDB). In recent years it has become increasingly difficult to discern a sense of direction and purpose in public sector behavior that is in any way comparable to its stated intentions and objectives.

Institutional Environment. There are a number of factors that contribute to this state of affairs. First, the institutional environment in which the central planning agency (NESDB) operates is not fully conducive to effective planning and policy coordination. The particular division of functional responsibilities between the five central staff agencies of the Government in Thailand - the NESDB, Bureau of the Budget (both located in the Office of the Prime Minister) Ministry of Finance, Civil Service Commission and the Bank of Thailand - is not itself unique or harmful. But the task of achieving coordination and consistent direction in economic management is complicated by the juxtaposition in the Office of the Prime Minister of two agencies possessing supraministerial statutory powers - one responsible for general economic analysis and long-term policy formulation, and the other for annual budgeting and control of expenditure - and the existence of a separate Ministry of Finance, concerned with fiscal policy and revenue generation.

Organization of NESDB. The influence and impact of the NESDB on the Government and its operational relationships with the other bureaucratic agencies concerned with development policy have also been adversely affected by its own organizational structure. Under the terms of the 1958 Act, by which the first central planning agency was created, the NESDB is neither a normal government department nor an independent advisory commission, but incorporates elements of both kinds of institutions. Its chief executive officer is responsible to a board which has, on occasion, had as many as 60 members, many of them with little or no experience of planning or national economic management. The board is too large to assemble more than once or twice each year. It has accordingly come to play a perfunctory rather than a substantive role in the planning process, carrying little weight within the political and administrative system. By contrast, the Bureau of the Budget reports to no board or committee. Its Director General, whose executive

powers (derived from the Budget Procedures Act) are entrenched and considerable, is directly responsible to and meets often with the Prime Minister or Deputy Prime Minister. The Ministry of Finance on the other hand enjoys direct access to Parliament and the Council of Ministers through its minister.

In late 1978, the National Economic and Social Development Act (which governs the conduct of the NESDB) was amended to provide for the abolition of the National Economic Development Council and for its replacement by a committee of 17 persons chaired by the Prime Minister. These changes are sensible but the arrangements proposed perpetuate two institutional defects. First, the central planning agency would continue to be responsible to a committee rather than a senior minister. Second, the proposed committee is too big to be an effective instrument for economic policy formulation and supervision of national development. A smaller group would be more likely to succeed; it should have the formal status of an economic subcommittee of the Council of Ministers and comprise only ministers holding key economic and development portfolios, plus the Governor of the Bank of Thailand.

Sectoral and Regional Planning. The institutional constraints which limit the efficacy of the central planning agency also affect sectoral and regional planning. The planning units in the main developmental ministries are generally weak and play little part in the formulation of sectoral policies and plans, or the monitoring of program execution. Although the NESDB maintains three regional offices in Songkhla, Khon Kaen and Chiang Mai, no serious effort is made to produce regional development plans on a continuous basis and positions at the regional offices are graded at too low a level to attract staff from Bangkok. Planning at the provincial level has only recently been introduced, is not yet strongly rooted, and is largely ignored by central government agencies operating in the changwats.

Plan Monitoring and Supervision. The quality of planning and the coordination of development is further undermined by the lack of a clear assignment of statutory responsibility for the monitoring and supervision of the implementation of development plans. Although the NESDB clears individual projects for approval by the Cabinet, it has little influence over the allocation of annual budget resources available for the financing of projects. The Bureau of Budget effectively determines the magnitude as well as the distribution of annual development expenditures. The monitoring of project implementation in financial terms is also undertaken mainly by the Budget Bureau. The fact that definitions of expenditure used in the Plan differ from those used in annual budgeting and accounting unnecessarily complicates the task of budget-plan harmonization and supervision of development. There is little or no real feedback from the process of monitoring into national or project planning.

In these circumstances, it is not altogether surprising that long-term policy objectives and distributional considerations to which the Government is committed are not strongly reflected in the annual allocation and application of public resources, or in the economic strategies and decisions pursued in the short term. Annual resource allocations, both among government agencies

and regionally, tend to be more heavily influenced by historic patterns of expenditure and by institutional or informal pressures than by national development priorities as articulated in the development plan or by an objective assessment of relative needs. The budgetary process thus tends to exacerbate, rather than reduce, existing disparities in public services. For example, provinces with higher educational enrollment ratios and more teachers per capita receive not only larger recurrent budgets for education, but also higher capital allocations for school building programs. The relative ease with which government departments have been able to circumvent the NESDB, obtaining approval or appropriations for projects unlikely to be supported by the planners, is also harmful to the integrity and confidence of the institution. The loss of some of its most able staff members over the years to other agencies which is no doubt attributable in part to the NESDB's lack of influence and authority, may in time have affected its reputation and performance and contributed to continuing weaknesses in almost all areas of its operations.

The following are some of the measures recommended by the Bank Basic Report to improve planning and policy coordination in Thailand:

Integration of Planning and Budgeting Functions. There are a number of ways in which closer functional integration of planning and budgeting could be achieved in Thailand. At the very least, these agencies should both be directly responsible to a senior minister (other than the Prime Minister) whose task would be to ensure that the annual allocation of budgetary resources is reconciled with established long-term social and economic objectives and with the national development strategy. One disadvantage of such an arrangement is that it places the full burden of economic policy coordination on a single minister who would have to choose between two, often sharply conflicting, points of view without the advice of a qualified intermediary. Frequent changes in the Cabinet would also result in a lack of continuity in the treatment of economic and fiscal measures. A preferable alternative, which offers many advantages under the circumstances prevailing in Thailand, would be to amalgamate the central planning and budgeting agencies into a single unit in the Prime Minister's Office. Such a unit would also be responsible to a single minister, but the day-to-day, long and short-term economic and development considerations could be more easily reconciled by the official head of the unit. Both functions, planning and budgeting, are sufficiently important at this stage of Thailand's development to adopt institutional arrangements that minimize the risk of impairing either function and that are most conducive to close functional coordination. An immediate amalgamation of the NESDB and the Bureau of the Budget would not preclude other institutional solutions in the future, for instance grouping the planning, budgeting and financial administration functions in a single Ministry of Finance and Planning.

Strengthening of Central Planning. Whether or not some reorganization of the planning and budgeting functions is attempted, there are good grounds for modifying the status and constitution of the NESDB. A central planning agency should be located close to the source of political power

within the Government and should obtain its authority from its association with the ultimate policy and decision makers. Much of the advantage of locating the NESDB in the Office of the Prime Minister is lost by treating the agency as a statutory corporation, answerable to an apolitical board. This anomaly, which is widely recognized, should be removed. The recent change to NESDB's organization is an important step in the right direction but NESDB continues to suffer from weak leadership and low staff morale.

While amending the legislation under which the NESDB operates, the reallocation of responsibility for the execution of the development plan should also be considered. At present no central staff agency is unequivocally assigned this function. Supervision of development projects tends to be ineffective if undertaken only by agencies such as the Budget Bureau, whose primary concern is to ensure that expenditure remains below budgetary ceilings and to avoid overcommitment or overexpenditure. Supervision is even more ineffectual because of the inconsistent definition of plan targets and annual budget accounting. The most appropriate agency to be charged with overall responsibility for the supervision of the execution of the plan is the central planning agency, particularly when it serves as the secretariat to an economic subcommittee of the Cabinet or Council of Ministers. For the NESDB to perform this task, it would be necessary not only to establish a strong central monitoring unit in the NESDB and to improve the coverage and feedback of program and project monitoring operations, but also to create or strengthen secondary monitoring units in ministerial planning offices.

Close coordination between financial and project planning and personnel planning is also essential to successful implementation of development plans. There is at present inadequate liaison between the NESDB, the Bureau of the Budget and the Civil Service Commission. If the reform of the civil service organization and personnel practices advocated below is carried out and leads to greater lateral staff mobility, financial and managerial resources must be allocated in a coordinated and complementary manner. The NESDB and Bureau of the Budget should certainly be better represented on the Civil Service Commission Board.

Development of Secondary Planning Capabilities. Distributional considerations dictate that sectoral and provincial planning - and the functions and organization of secondary planning units in ministries and at the provincial level - receive greater attention and priority. These planning units which are at present concerned mainly with the production of multi-year plans but are largely ignored in resource allocation decisions should perform four different functions: they should prepare and update development policies and plans - sectoral plans in the case of planning units in the key development ministries, provincial plans in the provincial planning units; they should be capable of preparing or critically appraising development programs and projects eligible for funding; they should be equipped to monitor program performance and project execution by agencies they supervise; and they should review, collate and evaluate all annual requests from subordinate units for the financial and manpower resources needed to execute programs and projects

in sectoral or provincial plans. Only when each of these functions is performed with reasonable proficiency in each ministry and province will it be possible for senior officials in ministries and in local government to really fulfill their controlling and coordinating responsibilities for sectoral and local development.

Bureaucratic Impediments to Development

The inability of the public sector in recent years to manage a larger and more diversified program of development activities has been a matter of serious concern to the Government. Improvements were attempted by shifts in ministerial portfolios, by the creation of new agencies or administrative units, or through the reorganization of existing departments or divisions. Development agencies have been created or transferred from one ministry to another in the hope of achieving enhanced organizational integration or a more rational grouping of development agencies, but there is little evidence that these structural modifications have had any significant impact. In fact, attempts to resolve conflicts or institutional inefficiencies by establishing new agencies have tended to result in further duplication of functions. Impatient with the slow pace of institutional and procedural change, the Government has turned increasingly to more unorthodox methods of achieving its key development objectives such as the "Tambon program" of 1975 and 1976, the "Rural Reconstruction Program" of 1978 and the current "New Village Development Program."

Although the Government's effort to improve development administration has concentrated on the organization and structure of government institutions, there is also a growing awareness that bureaucratic processes and procedures, rather than formal institutional structures and relationships, govern the efficacy of the Government's management of development. In particular, two well-known and dominant characteristics of the Thai bureaucracy militate strongly against timely and efficient resource utilization and the ability of the public sector to deal with emerging issues of development: (a) the highly centralized nature of the Government, and (b) the phenomenon of excessive functional duplication, overlap of responsibilities and general lack of cooperation between government departments. Highest priority should therefore be given to the introduction of procedural changes designed to give greater policy and strategy authority to the central coordinating agencies of government while achieving greater administrative decentralization. Those institutions and high-level officials of central government that formulate policies, allocate resources throughout the public sector, and hold ultimate responsibility for all public activities and programs must be free to concentrate on these vital functions of national management.

Executive Decentralization. The most urgent need is for much greater delegation of executive authority to officials lower down the bureaucratic hierarchy who hold positions of line responsibility for the implementation of programs and projects. Although decentralization of decision making and executive control, both within the central government and from central to local government, may involve a risk of low-level mismanagement and corruption, the benefits of decentralization - in terms of more flexible and expeditious

program execution, less dilution of responsibility, a reduction of bureaucratic red tape, and other administrative savings - should greatly exceed the costs. But this is not solely a matter of administrative efficiency. The ability of the Government to deal effectively with emerging national social and economic issues is limited if decision making and control of resources remain so highly centralized.

Initially, a general relaxation of regulatory and procedural restrictions would transfer control over the resources employed in program execution to line managers. Specific changes could include:

- (a) a substantial raising of the current limits on general spending, which presently restrict the authority of division heads and project managers to a ceiling of B 5,000 (\$250) for any one local purchase;
- (b) special measures for externally financed projects, the implementation of which is already governed by detailed project documentation or loan agreements;
- (c) the streamlining of procedures for tendering and procurement by reducing the number of departmental committees involved in bid evaluation and in the award of contracts; greater delegation of power to hire (and fire) temporary local staff so that officials responsible for project management, irrespective of the grade they hold, have the authority to employ casual labor or temporary assistance; and
- (d) a modification of regulations and practices concerning budgetary and commitment control to eliminate delays in receipt by project managers of annual and quarterly fund allocations for new or ongoing projects; facilitate the transfer of minor amounts between complementary budget items without seeking approval from the Bureau of the Budget; and accelerate the processing of budgetary and expenditure requests.

Provincial Decentralization. Greater delegation of authority for the execution of programs and projects, and greater control by line agencies over the resources needed for such execution should also apply to the relationship between central and local governments, and within local governments. The case has already been made for a significant enlargement of the tax base of local governments. Control over the allocation of financial resources is necessary for improved planning and coordination of the activities of agencies involved in local development and to more effective development efforts. Distributional considerations in Thailand - social, economic and spatial - lend extra weight to the case for strengthening the capacity of local governments to initiate and implement development programs. In addition to the enhancement of local fiscal discretion a number of other requirements would have to be satisfied before greater authority for the management of local development could effectively be vested in local governments. The quality of provincial and municipal planning would certainly need to be improved.

In addition it would be necessary to improve the degree of coordination between staff engaged in developmental functions in the various provinces. One possibility is to increase the power and control of governors and proposals are already being considered to place most government personnel working in the field under the direct executive control of the governor, by transferring them from the central government departments, in which they are currently employed, to the CAOs and making them subject only to technical or professional direction of senior departmental representatives. However, since governors are presently appointed by and report to a central ministry in Bangkok, there are risks that increasing the authority of governors may in fact result in even greater centralization of authority in a single ministry of the central government. There are also dangers in moving too rapidly on this one issue without fiscal reforms and improved local planning and monitoring capabilities. If the proposed staff transfers are attempted, they should preferably be phased over a number of years or implemented initially on a pilot basis in selected changwats. A desirable approach would be initially to concentrate resources, both manpower and financial, on those provinces least well served by economic and social services.

Reduction of Functional Duplication. The Government, and specifically, the NESDB and the Budget Bureau should make a determined effort to reduce the duplication of executive functions throughout the Government. Funds are now sometimes wastefully allocated to two or more government agencies so that each may provide identical and competing services. While this problem will only be properly solved when pressures within the bureaucracy creating this situation are reduced through more fundamental institutional reforms, the agencies that control the allocation of financial and human resources could take the initiative to eliminate some duplication of departmental activities. The NESDB has a responsibility in this connection for ensuring that project and investment proposals are fully and competently appraised not only for their economic feasibility and impact, but also for their technical, institutional and managerial feasibility. The NESDB is not properly equipped to perform this function at present as its staff are mainly economists and planners. The quality of its project work could be greatly improved if it had engineers, financial analysts and management specialists to review the important noneconomic aspects of projects.

Bureaucratic Reforms. Although some of the measures recommended above could result in short-term improvement of operational performance and might increase the efficiency of program and project execution within the public sector in Thailand, there is a growing understanding in Thailand that many institutional difficulties will only be resolved by the modernization of civil service practices and personnel administration, since these condition the behavior and attitudes of officials as well as effecting the efficiency of all public sector agencies. What is perhaps less clearly seen is how to proceed. Recourse to additional civil service committees to study administrative problems is unlikely to achieve the desired results. It is always difficult for reforms of deeply entrenched bureaucratic systems and practices to be planned by civil servants, since their understanding of institutional

and management issues and their ability to perceive deficiencies or to devise different ways of dealing with administrative problems tend to be limited by their own work experience, training, and familiarity with the existing order of things.

Under these circumstances, the Government should seek advice and assistance outside the central government. There is now considerable expertise and an established research capability in the field of government and public administration within Thailand's universities and at the National Institute of Development Administration. These local institutions, or preferably a group comprising selected experts from these institutions as well as retired civil servants should be commissioned to produce a comprehensive program of long-range bureaucratic reform aimed at raising the general efficiency of the public sector. Ideally, such a commission would establish working parties on each major reform topic. Its official contact with the Government would be the Cabinet Secretariat.

3. INDUSTRIAL POLICY

The industrial sector in Thailand has generally functioned well and has good prospects for sustained growth, in particular for increasingly diversified industrial production. Within industry, manufacturing export has in recent years shown a growing capacity to compete in the world market and, compared to import-substituting industries, a greater ability to generate employment. The present industrial incentive system, however, favors production for the domestic markets instead of export. Recent efforts to reduce part of this bias through tariff exemptions, tax refunds and tax holidays have, on the other hand, introduced further distortions. Capital goods industries, in particular, suffer from disincentives caused by higher protection for consumer industries relative to capital good industries and from the special exemption given to exporters who import equipment. This is a significant handicap for long-term growth and employment. Domestic capital goods producers would be better able than foreign equipment producers to develop the kinds of equipment best suited to cost conditions in Thailand and to develop technology appropriate to Thailand's resource endowment. In fact, domestic production of the capital equipment and engineering goods would be a more appropriate direction in which to look for new activities offering learning opportunities than some of the heavy industrial projects the Government seems to be considering. A massive steel mill or paper plant is hardly the place to look for a continuing stimulus to technological innovation.

A balanced industrial policy framework for Thailand might therefore include the following three elements at once:

- (a) a move toward a uniform and lower level of protection for all industry by reducing protection of those industries where protection is higher than average; this can be achieved by using excise or business taxes to reduce protection while maintaining tariffs at the present level; whenever tariffs are raised on luxury goods (as in early 1978) they should be matched by excise or business taxes on local production of such goods to ensure that total consumption is reduced, and not just imports being replaced by domestic production;
- (b) raising the level of protection for engineering and other capital goods to the present average for all industry and offering special incentives to firms producing agricultural equipment both to stimulate development of this industry and to assist the process of technological change in agriculture; industrial promotion measures that increase the costs of inputs and equipment to farmers must, however, be avoided;
- (c) replacement of the present complex tariff exemptions and tax advantages for industrial exports by a uniform subsidy equivalent to about 10% of value added;

The exchange rate is a powerful development policy instrument that has hitherto not been used in Thailand. If it is necessary to give further stimulus to exports, it would be a much better promotional device than an

increase in payments given only to industrial exporters. A lower exchange rate would raise incomes of agricultural producers who can export as well as incomes of industrial producers. Many developing countries have found that continual small changes in the price of foreign exchange, a controlled movement that increases the price slowly, can both favor industrial exports and avoid any inflationary or other negative repercussions.

In Thailand specific policy measures will be needed to overcome the strong tendency that exists for industries to concentrate in Bangkok and the richer Central Region. Present economic policies are meant in principle to favor redistribution of economic activity toward the regions in which the problem of poverty is most serious, but in fact not much effort is being expended to this end. Elimination of tax holidays and other fiscal advantages for firms that locate in or near Bangkok would be a first step to furthering location of firms in the poorer areas. Increased fiscal incentives could also be given to firms located outside the Central Region, preferably tied to employment rather than investment spending.

BANK ASSISTANCE

IBRD lending to the industrial sector has hitherto been quite modest, consisting of three loans to the Industrial Finance Corporation of Thailand (IFCT) and one loan in FY78 for industrial estate development outside Bangkok. Among other objectives, IFCT is now endeavoring to assist in the further development of the capital market, in more decentralization of industrial investment, and in promoting institutional arrangements for small and medium industries. The proposed IBRD program of industrial lending includes a further loan to IFCT (FY83), another industrial estates loan in FY82, and two loans for small and medium scale industry credit in FY80 and FY83. The industrial estates loan will help develop estates some distance from Bangkok to support industrial dispersal. The credit projects will promote small scale industry which has proven to be capital saving and capable of creating a relatively large number of jobs for unskilled workers and has promising export potential.

To support our industrial policy dialogue with the Government, we undertook in March this year a subsector mission to identify engineering and mechanical industries that might be suitable for development in Thailand. An engineering industry loan is tentatively scheduled for FY83. This mission will be followed by a mission to review industrial policy and incentives in mid-1979. We are also supporting a UNDP funded technical assistance program to the Board of Investments to develop project analysis capacity and implement training in that agency. This has been supported by the Board of Investments and is awaiting final approval from the Government.

4. RESOURCE MOBILIZATION

Thailand is currently undergoing a major structural transformation from a primarily traditional agricultural country to one embarking on modernization of both agriculture and industry. It is doing this at a time when external factors are not favorable. Its terms of trade have deteriorated over the past three years, and there is growing uncertainty over the potential expansion of some traditional export markets, e.g., cassava, sugar. Although Thailand has achieved a real growth rate in excess of 6% per annum over the past three years, this growth has been accompanied by a burgeoning current account deficit and an increasing Government budgetary deficit. These large deficits are expected to continue beyond the end of the current plan period in 1981.

Total government revenues averaged 13-14% of GDP over the past several years. This is below the average level for countries at Thailand's income levels. Analysis of the Basic Report concluded that the share of Government revenues in total GDP should be raised to 16-17% of GDP over the next four or five years to support the Government's public investment program. Some of the steps recommended in the report to achieve this level of resource mobilization include:

- (a) The expanded tax compliance program of the Revenue Department should be pursued and extended to assure full and fair collection of the revenues mandated under existing tax legislation.
- (b) The personal income tax should be extended equitably to all forms of income, including property, asset and professional income and all capital gains, and its progressivity should be increased.
- (c) Taxation of corporations and other forms of enterprise should be made consistent. Anomalies such as the double taxation of dividends should be eliminated.
- (d) Broader use should be made of property taxes to tax major elements of urban wealth and provide more equitable and efficient taxation of the agricultural sector. The cadastre is sufficiently well developed in Thailand to implement this, and property taxes can provide an important source of revenue to local authorities.
- (e) Excise taxes on motor fuels, especially for use in private passenger cars, should be increased still further to raise revenues, to discourage use of cars in the already congested urban areas, and to reduce the burdensome petroleum import bill.
- (f) The business tax should be reduced or eliminated in favor of a less distortionary tax. A value added tax seems the most promising candidate and should be investigated further.

The tariffs in most public enterprises need to be raised to cover their full investment cost and generate a surplus. This is necessary not only for the continued efficiency and viability of these enterprises but also to insure that they contribute to the overall resource mobilization of the economy

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rather than using budgetary resources. This issue has come up in several project discussions, and we have recently reached agreement on tariff increase in connection with loans for power, railways and telecommunications. In the future, however, we plan to pursue our dialogue with the Government on tariff issues as part of a broader dialogue on resource mobilization and pricing of public utilities rather than as specific project issues. Because of the overall public resource constraint, great care should be exercised in undertaking large projects with major government participation. Some of these projects are essential, but they should be analyzed very carefully in light of resource scarcity over the next several years. We have recently reviewed the gas pipeline project and related power and energy proposals to be sure that the program is efficient and minimizes the cost over the next several years, particularly the foreign exchange cost.

With regard to the foreign deficit the Thai delegation to the Consultative Group estimated that the Government would have to raise \$2.5 billion in net disbursements over the next three years to meet the objectives of their plan. This would require about \$5 billion in new commitments. We agree with these estimates and strongly urged the Consultative Group to be forthcoming in their concessional assistance to Thailand. An additional \$2.5 billion of private capital will have to be raised to finance the projected balance of payments deficits without exhausting reserves. While these levels are high, they are within the capacity of the Thai economy to handle if appropriate development, industrial, and trade policies are followed.