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PUBLIC REFORM:
THAKSIN SHINAWATRA'S APPARATUS FOR POWER CONSOLIDATION
Thailand's Experience

Master's Thesis in
Public Administration

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TABLE OF CONTENTS

	page
ABSTRACT	3
1. INTRODUCTION	5
1.1. Background	5
1.2. Christopher Pollitt and Geert Bouckaert’s Model of Public Management Reform	7
1.3. Important Literature	10
1.4. Thesis’s Organization	10
2. SOCIO–ECONOMIC FORCES	12
2.1. Global Economic Forces	13
2.2. Sociodemographic Change	18
2.3. Socioeconomic Policies	23
2.4. Elite Decision–making	29
3. POLITICAL SYSTEM	33
3.1. New Management Ideas	34
3.2. Pressure from Citizens and Chance Event	46
3.3. Party Political Ideas	53
3.4. Elite Decision Making	59
4. ADMINISTRATIVE SYSTEM	61
4.1. Content of Reform Package	65
4.2. Implementation Process and Results Achieved	72
4.3. Elite Decision Making	86
5. CONCLUSION	88
REFERENCES	94

LIST OF TABLES AND FIGURES

Figure 1. Christopher Pollitt and Geert Bouckaert's model of public management reform	8
Figure 2. Gross Domestic Product Thailand 1990–2000	19
Figure 3. Allocation of GDP by Sector, Thailand, year 2000	20
Figure 4. Mobile Phone Subscribers in Thailand, 1997–2004	30
Figure 5. Thailand's GDP from 1996–1999	48
Figure 6. Thai Rak Thai Party Logo	55
Figure 7. Royal Decree on Criteria and Procedures for Good Governance	68
Figure 8. Thailand's GDP (2005 PPP Dollars)	89
Table 1. Thailand Demography Profile	18
Table 2. Percentage of population in different regions from 1970 to 2000	19
Table 3. Example on the reduced operating time per service given by Srimuangchum Sub-district Administrative Organization	74

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ABSTRACT:

The purpose of this study is to provide the reader with a detailed analysis of the drives and forces which influenced the administrative reforms implemented during Thaksin Shinawatra's premiership.

Crippled from the 1997 Asian financial crisis, Thailand felt the necessity to find the right leader who could help Thailand rebuild its economy. Thaksin Shinawatra was chosen. To a lot of people, the man's pioneering socio-economic policies as well as many administrative reform programs were tremendously successful and beneficial; therefore Thaksin became very popular, particularly among the poor. Not only that his executive power was legally enhanced by the 1997 constitution, but the ideas of New Public Management and the concept of good governance were also intensively incorporated to various administrative reforms to further strengthen the power of the prime minister. The fact that Thaksin became much more powerful was threatening to some because the privileges that once were traditionally shared by the senior bureaucrats and high-ranking military officials were shifted largely to the hands of the prime minister which he abused for private gain.

To study such drives and forces, the thesis applies Christopher Pollitt and Geert Bouckaert's model of public management reform to the study. By using the model, the thesis presents why and how various features of the New Public Management ideas and the concepts of Good Governance were adopted as well as it presents the reform process and results. The model is used to offer an explanation of the author's argument that New Public Management and the concept of Good Governance were used not only to enhance administrative efficiency, but also to redistribute bureaucratic power to the political executive.

KEYWORDS: Thaksin Shinawatra, Thailand, New Public Management, public management reform, corruption

1. INTRODUCTION

1.1. Background

In this past decade there has been increased awareness among Thai people about the seriousness of the corruption problem in the government, the public sector and by leading public officials. The high-level enthusiasm among Thai population, according to W. Vajirameatii (2005), a well-known advocator monk, can be linked to His Majesty the King's speech given at one of the meetings with the provincial governors serving during Thaksin Shinawatra, a former prime minister's term. What aroused the people was how the King imprecated any governors involved with corruption to death. The never-before seriousness in the King's speech on this issue stirred up public awareness enormously because the King's acts and words are highly respected by the majority of Thai people.

Such enthusiasm has eventually reflected in the recent political turmoil and series of social unrest since 2006. Hundreds of thousands of protesters led by those whose lives were financially ruined during Thaksin's administration marched on the streets of Bangkok, demanding Thaksin Shinawatra, the prime minister of the time to step down, prompting the royalist military segment to oust him in a bloodless coup in September of that same year. Such resentment of many people stemmed from the increased criticism of the corruption of Thaksin's administration and Thaksin himself. Thaksin was found guilty and actually sentenced to two years imprisonment on the charge of conflict of interest while he served as the prime minister and he is now on the run (Suchitra 2008).

What did Thaksin Shinawatra do wrong? He did revive Thailand's crippled economy and was the first who pioneered several beneficial schemes such as the 30-bath-a-visit universal health care and One Village, One Product. He also aggressively brought changes to Thailand, to mend the chronic problems of drugs and corruption. A lot of measures were implemented and they were considered successful. But, the main flaws that were pointed out many times by his opposition that seemed to infuriate the public

were that under many schemes, there were many hidden agendas. He seemed to market himself and his agendas so well; however, he lacked real commitment and real ethical aims that were supposed to uplift the common welfare of the people. He presented himself as a person who came from a humble background of a country boy, who successfully and honestly became a multibillionaire by his own wisdom, bravery and hard work and who wanted to serve the fellow Thai people with his life.

Thaksin's popularity came from the fact that he marketed himself to be "a leader of the globalized world" who would lead Thailand to progress. In doing so, he included the trendy New Public Management and the concept of Good Governance in his public reform package. He aimed to completely change everything.

In May 2005, Thaksin gave a speech at the opening ceremony of the 6th Global Forum on Reinventing Government in Seoul, Republic of Korea. His theme was "Toward Participatory and Transparent Governance", which he maintained that was the top agenda of his government. At the conference he declared that the government was launching structural reforms, focusing on downsizing the central agencies and delegating more power to the local authorities so that people at grassroots level would be directly heard and served. Moreover, his government encouraged public agencies to use performance-based and teamwork approaches which meant reduction of red-tape and bureaucracy. Information and communication technology would be fully utilized to equip the public servants to provide more timely, transparent, and effective service. He also mentioned that the government needed to be "reinvented" in order to cope with globalization before the country is forced to change. Public services need to be flexible and cost-effective so that they can stay in competitive global market. In doing so, he further stated that in order to be successful government should "break out of the old habits of thinking". (United Nations 2005.)

Although it might take time as "old habits die hard", he was confident in his reform policy. The need for the "reinvention" of government were not merely for replacing century-old bureaucratic-style administration with a more modern, more effective and more transparent way of governing. But more so it came from Thaksin's understanding

of the “unusually powerful positions” of some senior bureaucrats who were upset by Thaksin’s tremendous popularity. This means for Thaksin that the traditional power must be overthrown especially through the remaking of the whole political and administrative system.

According to Phongpaichit and Baker (2004: 184–185), during the military dictatorship period of 1930s–1980s Thailand, the senior bureaucrats had built up their power base without having to share the privileges with the elected politicians. But since the period of early 1990s when the elected politicians became more dominant, the bureaucrats still secured their power and many of them sought to compromise with the elected ministers by allowing some profit and power to be shared and by allying themselves to political factions. Though something had to be shared, the bureaucratic structure and culture were left unchanged, allowing the senior bureaucrats to be largely influential politically.

For Thaksin, power had to be shifted from within the hands of senior bureaucrats and the high-ranking military officials to the grips of the new elected ministers, especially the prime minister, as much as possible. He essentially aimed at making the bureaucracy more responsive to the political demands which were in fact intended to answer his own political ends. To do so, Thaksin had put so much of his enthusiasm in administrative reform. Since the first year of his first term, he began to politicize the entire bureaucratic pyramid including remapping of the bureaucratic structure, intervening in bureaucratic decisions and appointments, as well as launching a “war on corruption” program that mainly targeted officials not the politicians. At the same time, he launched several administrative reform programs that intended to keep up the support from the electorate in order to protect himself from counter attacks by traditional powers.

1.2. Christopher Pollitt and Geert Bouckaert’s Model of Public Management Reform

The purpose of this study is to provide the reader with a detailed analysis of the drives and forces which influenced the administrative reforms implemented during Thaksin Shinawatra’s premiership. To study such drives and forces, the thesis applies

Christopher Pollitt and Geert Bouckaert's model of public management reform to the study. By using the model shown in figure 1, the thesis presents why and how various features of the New Public Management ideas and the concepts of Good Governance were adopted as well as it will present the reform process and results. The model is used to offer an explanation of the author's argument that New Public Management and the concept of Good Governance were used not only to enhance administrative efficiency, but also to redistribute bureaucratic power to the political executive.

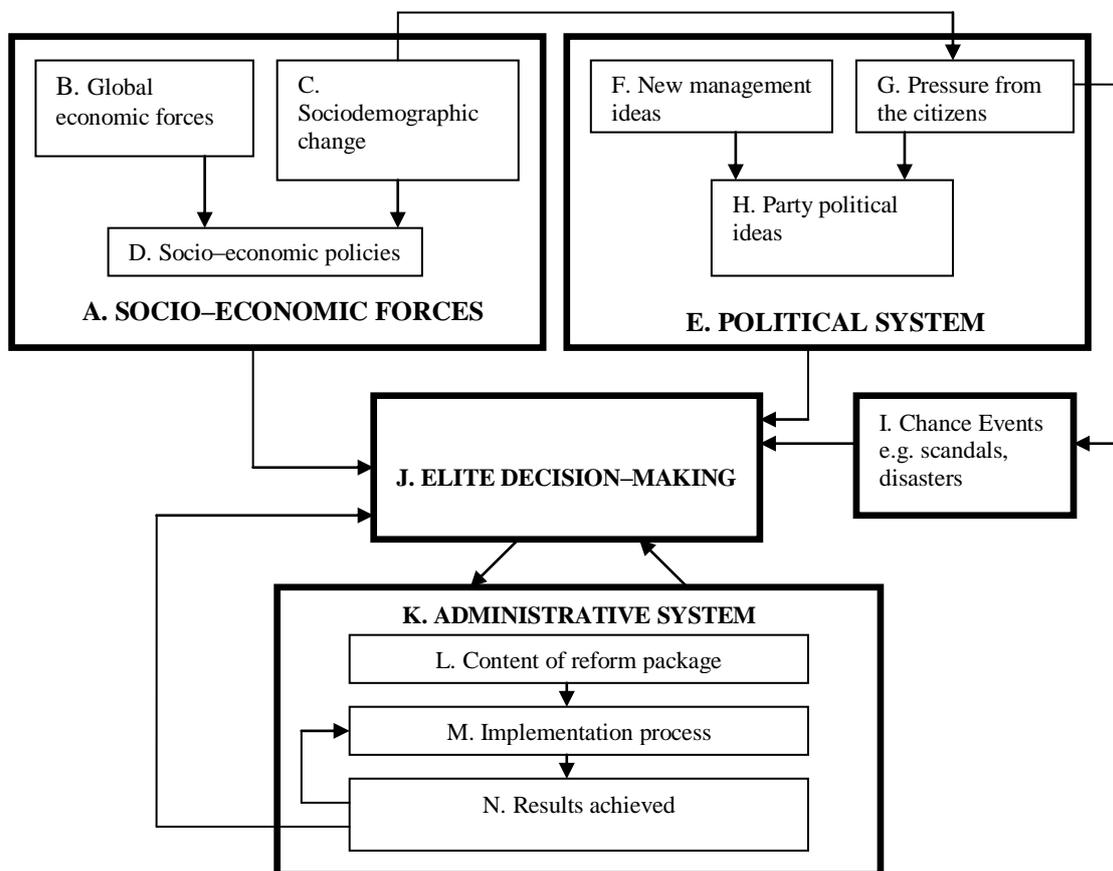


Figure1. Christopher Pollitt and Geert Bouckaert's model of public management reform. (Pollitt & Bouckaert 2004: 25)

This model of public management reform was constructed by Pollitt and Bouckaert as “a conceptual map, a diagram of forces, and a heuristic device”, when specific theories that explain the precise patterns and trends of individual countries or across groups of countries, could be developed (Pollitt & Bouckaert 2004: 25). The author chose this model to be the main framework for analyzing Thaksin’s administrative reform since the model is suitable to be used with the case study. This is because, like the creators of this model, the author highlights the importance of the political executives and the senior bureaucrats. Like Pollitt and Bouckaert, the author believes that most changes and reforms have mainly been initiated top-down. It is usually the political or bureaucratic elites, who play the most influential roles in the government, hold the key decisions making for many public management reforms. In box J of the model, situated at the heart of the model, what the elites think desirable and feasible are the most vital part in the mapping because they usually came from the elites’ own interpretation of the trends and present situation, happening in the country combined with their own political and perhaps personal agendas and interests. However, what the reformers desire is not always feasible because there are always limitations or forces that resist change. The limitations came in various faces; economic, cultural, legal and especially in the face of conservatives who hang on and benefitted from the existing system. All of these cannot be easily overcome and should not be overlooked. (Pollitt et al. 2004: 26.)

Applying this model of public management reform to the case study, the author places Thaksin Shinawatra as the central character. Sitting on the prime minister’s of Thailand’s seat after the promulgation of the 1997 constitution, he was equipped with an executive power which was much more than any previous democratically elected prime ministers of Thailand. Apart from being legally more powerful, because of his particular background of being a successful business chief executive, Thaksin also thought of himself as the chief executive of the government who has assertive power to bring out changes in public administration to meet his aspirations. Therefore, most aspects of the reforms created during his terms came in a large part from his own perception and understanding of the overall situation in Thailand. He understood and manipulated what the majority of Thai people needed for the time, and then he translated it into various attractive reform programs; all of them contained elements of

the trendy NPM and Good Governance. At the same time, he used many parts of the reform in an attempt to uproot the traditional power that obstructed his way. Compromise with the traditional power was no more beneficial.

Apart from utilizing the Pollitt and Bouckaert's model to guide the process of collecting data to support the author's argument and to be a framework of analysis, the data and knowledge used for the analysis in this thesis were obtained from variety of sources such as academic articles, books, journals and data from official websites of various institutions and organizations. Many of the sources can be found online.

1.3. Important Literature

Among many sources, the author gives special attention and importance to two books written by Professor Pasuk Phongpaichit, a prominent outspoken economist scholar teaching mainly at Chulalongkorn University in Bangkok and an anti-corruption campaigner of Asia, with collaboration with Chris Baker, an independent author, translator and expert researcher specialized in Asian studies. The first book, *Thaksin: The Business of Politics in Thailand* (2004) is the first and one of the most complete biographies of Thaksin Shinawatra that is written in English. It provides a rich detail and some investigation of Thaksin's personal life and his business and political careers. The second book written by Phongpaichit and Baker which is used comprehensively is *A History of Thailand* (2005). It features wide range aspects of Thailand including political, economic, social, and cultural themes and how these themes are related and interplayed throughout the history from most ancient to contemporary Thailand.

1.4. Thesis's Organization

The organization of this thesis is divided into three main chapters; socio-economic forces (box A), political system (box E), and administrative system (box K), following the three main parts of the Pollitt and Bouckaert's model of public management reform.

Each chapter includes “elite decision–making” (box J) to support the thesis’s analysis on how Thaksin Shinawatra made use of various New Public Management reform programs to consolidate political power and to assert political control at the center to answer his agenda. The analysis is summarized in the concluding chapter.

2. SOCIO-ECONOMIC FORCES

The forces at play contributed to some changes, and some policy inventions during the period of Thaksin Shinawatra administration were both associated with the global economic forces and some existing sociodemographic pattern in Thailand. In terms of global economic forces, Thailand has submerged into the global economy in a lengthy period of time. Globalization and capital market were therefore not new for Thailand and actually it was warmly welcomed since it has brought a large amount of revenues to the country. Several governments set their economic policies to boost the national economy through fostering diplomatic relationship with the foreign countries, and at the same time, the utilization of international trade was rigorously active, contributing the gradual changes in the life patterns; social wise as well as economic wise, of the majority Thai. The higher degree of exposure to the foreign goods that sometimes come in the same package with the foreign culture slowly moved Thailand to somewhat closer to the world of the “developed” world. Chosen to be one of the main manufacturing bases in Southeast Asia, money and new opportunities flooded into the country and into the pockets of a lot of people. Capitalism flourished. The busy downtown areas expanded while natural resources were looked upon as a mere national capital that could be traded for the greater development. The quality of life for many people was raised. Basic education could be accessed by most parts of the population. The economy was in the phase of transition from being based on farming to manufacturing and services. Thailand was becoming richer and richer and perhaps in the near future, it would jump up from being a “developing” country to a “developed” country.

Too bad this has never happened in reality. Things that seem to be going well all went downhill in the event called 1997 Asian financial crisis. It was a total disaster for a lot of people. The economy was devastated. Such crisis brought a completely new perception about globalization to some people, basically from desirable to disgusting. It seemed like a lot of people were hoping for a knight on the white horse to rescue them, someone brave to bring change and help Thailand to stand up tall again. Then here he came, Thaksin Shinawatra. A business man who survived from the crisis captured the moment and promised to help Thailand to not only once more stand up tall, but also he

will strengthen the country and make it go beyond everyone's expectation. He did transform his promises in various welfare policies which a lot of them were applauded especially at the grassroots level. Efforts for boosting the economy also were emphasized through several means. Society was cleansed with some "social order" schemes. By all means, these policies certainly made Thaksin popular and it was absolutely what he desired.

2.1. Global Economic Forces

Thailand has long been in contact with the outside world as early as the beginning of its history. However, since the cold war period during the premiership of Field Marshal Plaek Pibulsongkram and especially of Field Marshal Sarit Thanarat; the time in which the United States started to increasingly take interest in Thailand as its important anti-communist ally in Southeast Asia region, Thailand has begun to gradually but continuously become subject to global economic forces like no other previous periods in its history.

Through rather openly supporting the U.S. led democratic bloc, Thailand significantly gained a large sum of return back from this friendship, for example, in a form of monetary aid and arms supplies directly from the U.S. and a loan from the World Bank (Baker & Phongpaichit 2005: 144). But apart from that, the other byproduct from this relationship is that it has brought Thailand to involve in global market more than ever before.

The first industry that prominently emerged since the period was tourism. As Thailand was chosen as a strategic base of the U.S. troops in the region, the number of Americans significantly increased. Some areas of Bangkok and around the other US air bases became the place for "rest and recreation" tours of the Americans. Bars, nightclubs, brothels and massage parlors were mushrooming to provide services especially to the foreigners. The government enthusiastically supported such industry through many means, for instance, forming its first organized tourist authority in 1959 and building a

new runway to accommodate jets at Don Muang (Bangkok) airport in the early 1960s. As a result the industry boomed even more, with more than 600,000 visitors in 1970 (45,000 visitors in 1967). Service sector grew rapidly. A number of hotels, shops, cinemas, school, and clubs were built all over the major tourist sites of the countries. Most of them were not only for serving the foreigners but also for the Thai elites. And this also quickened urbanization process, taking place in Bangkok and the other major cities to a lesser extent. By that time tourism became the fifth largest earner of foreign exchange. (Baker et al. 2005: 149.)

Apart from the booming of tourism industry that generated income, the government of the time initiated policy that encouraged cash-crop export. To uphold this policy, exploitation of natural resources, deforestation, building highways and dams in the upland country, and the use of agricultural technology, chemical fertilizer and pesticide were rapidly and intensively implemented. A business class of entrepreneurial families started to emerge from this point. Not only those who exported the crops, but also the local crop traders who commonly lend out the money to the peasants and the officials like the head of villages. Many of them used their financial advantage and authority to further profit from illegal businesses while most of the peasants remained poor and kept losing their land ownership to the rich and so they had to rent the farm to grow crops. The poor peasant became more and more marginalized. Moreover, since agriculture still depends much on the weather conditions, increasing population growth which caused pressure on farming land and since the cost arrived from the increasing needs for chemical products and agro-technology was much more, millions of them had no choice but to migrate to make money in the city especially as wage labor. (Baker et al. 2005: 151–162.)

Furthermore, to answer the growing demand of urban economy, the government attempted to replace import goods by domestic manufactured products. Foreign investment surged as Thailand oriented towards the liberal market economy. A number of former local importer families and their foreign partners turned themselves to invest locally instead. Many of them became immensely rich through diversifying their businesses to various sectors. (Baker et al. 2005: 153.)

At the early stage, the main investor was the US. However, after the US military withdrew its troops from the bases in Thailand, many US firms left the country as well. Nevertheless, the American investors were not replaced by the local entrepreneurs but rather by the Japanese ones, focusing on manufacturing goods, for domestic market and international market. The products have been gradually moving away from agricultural-related to higher-profit products like electronics and auto-parts. (Baker et al. 2005: 201–203.)

This industrial boom created demand for higher-skilled labor, therefore the government responded by increasing the budget for education. More secondary educational levels were added to more schools in the rural areas. Scheme like free lunch, free tuition and free uniform were put in place to reduce costs. These certainly boosted national literacy rate which successfully supply the skilled labor to the needed industries. (Baker et al. 2005: 220.)

Since mid 1980s, Thailand's total size of the economy (Gross Domestic Product; GDP) began to grow very fast. In 1990 the GDP PPP (GDP converted to international dollars using Purchasing Power Parity (PPP) rates) was around 224,000 million. But by 1996, it reached around 360,000 millions (UNESCAP 2008). The fast growing economy came with the increased availability of jobs and opportunities in many sectors. The processes of urbanization and industrialization of Bangkok and other industrial areas were even more rapid with over 10 million people concentrating in the Bangkok area alone (Baker et al. 2005: 201). With higher amount of income earned, the number of urban middle class rose. More students attended university level education. Lifestyles of this white collar and better educated group gradually changed over time, leaning to a new standard modeled after the west. A lot of people rather chose to work for private companies especially for foreign owners than for government (vice versa in the past) since the difference in salary rate was quite big. More and more people perceived that imported goods from America, Europe or Japan to be better than the Thai products. Moreover, they also more openly embraced western values such as gender and class equality, materialism, and democracy (against military dictatorship).

Since the late 1980s, the urban middle class consisting largely of the members of press and academics gained more influential roles in the public sphere. Against the background of rapid urban development, the point that this group tried to project was how urban-biased development and capitalism opened opportunities for corrupt politicians and their associates to exploit the environment and livelihood of people. One example of a reaction from public intellectuals like Prawase Wasi, Saneh Chamarik and His Majesty the King to this, has been to follow the self-reliance approach, believing that a community would be better off if it becomes self-reliant and independent of market capitalism through the intensive use of local wisdom in terms of ethics and practices. A shift should be made away from an economic growth orientation to people-centered development by enhancing community participation at all levels in order to reducing economic gaps between city and village. This vision has been supported widely and it was to be built into the national policies; however, it could not be simply implemented since Thai government has been over-centralized. (Baker et al. 2005: 250–253.)

By 1995, like many people feared, the impact of the 1990s, double-digit growth period, created the apparent problems which became a major financial crisis by 1997. Because in the late 1980s and early 1990s, Thailand economy was made more accessible, for example by making the baht convertible, removing interest control, making stock market more accessible, and installing offshore banking system, in believing that it would attract new international entrepreneurs to invest in the country which would contribute to the economic growth. As a result of this financial liberalization, Thailand could draw a large sum of private capital especially from foreign direct investment. Unfortunately, a lot of capital inflow was invested unproductively on projects relying largely on future growth and speculative markets especially for property and services. Furthermore, because of overly rapid development, the strain on infrastructure was quickly increased and as the real wages rose, the profits from export manufacturing were already declining. (Baker et al. 2005: 253–255.)

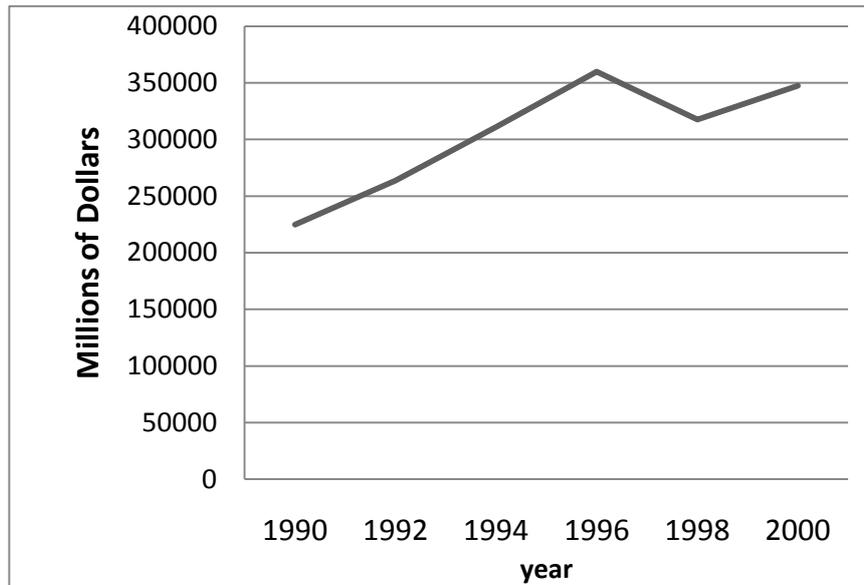


Figure 2. Gross Domestic Product Thailand 1990–2000 (UNESCAP 2008)

Therefore by late 1996, foreign investment began to flee from Thailand and at the same time the baht was increasingly attacked by international speculators. To handle the situation, the Thai government used the entire foreign reserves to protect the currency which did not ease the crisis. In 1997, the GDP plummeted down by 5,000 million dollar in one year to about 355,000 millions dollars (presented in figure 2). The baht was floated as well as the financial system was further liberalized by the government to make its economy more accessible to the foreign investors according to the advice from the IMF. Again, the measures could not relieve the crisis. A lot of firms which had taken a large amount of foreign loans went bankrupt. Several of them were transferred to foreign ownership. Banks that had intermediated the loans also collapsed. A number of prominent conglomerates which failed to modernize their management were crippled. Consumers stopped spending. Over two million people lost their jobs. (Baker et al. 2005: 253–255.)

In sum, the 1997 financial crisis actually further amplified Thailand's level of economic dependency on exports and foreign capital which meant that the country no other choice but to go with the forces of global capitalist economic.

2.2. Sociodemographic Change

The impact of the booming of the industrialization and urbanization on the pattern of life for millions of Thai population has been tremendous. This demographic transition was certainly the consequence of urban economic growth initiated in Thailand since the American influenced period which can be obviously remarked during the turn of the millennium.

Table 1. Thailand Demography Profile (Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat 2010)

Indicator	1985–1990	1990–1995	1995–2000
Population change per year (thousands)	826	693	441
Births per year, both sexes combined (thousands)	1137	1100	1009
Population growth rate (%)	2.12	1.19	0.72
Crude birth rate (births per 1,000 population)	24.6	18.8	16.5
Crude death rate (deaths per 1,000 population)	5.9	6.8	7.8
Total fertility (children per woman)	2.30	2.05	1.86
Infant mortality rate (infant deaths per 1,000 live births)	26.0	19.0	13.6
Life expectancy at birth, both sexes combined (years)	69.4	68.6	68.1

Rapid urbanization came together with the advancement of medical technologies from the west. This has improved the overall living standard relating to the Thai population's health. As shown in table 1, with the increasing availability of health care service and modern medicine, infant mortality rate was radically reduced during the period of 1980 to 2000. Moreover, for the same reason, the death rates and the life expectancy remained rather constant and the population increased during that period from 47

million to 62 million (Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat 2010).

Furthermore, there was a wider-spread of knowledge of various birth controls techniques, particularly among the urban middle class. A lot of people choose to delay childbearing to pursue higher education and careers (Baker et al. 2005: 201). As a result the population growth rate dropped continuously in the last half of the 20th century. In the 1950s, the population growth was almost 3 per cent. By 2000, in only 50 years, the rate has gone down to 0.72 per cent, marking Thailand, as one of a few countries in Southeast Asia that has a slow population growth rate (Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, 2010).

Table 2. Percentage of population in different regions from 1970 to 2000 (National Statistical Office 2000)

Region Year	Bangkok	Central Region	Northern Region	Northeastern Region	Southern Region
1970	8.9%	21.9%	21.8%	35%	12.4%
1980	10.5%	21.7%	20.2%	35%	12.6%
1990	10.8%	22.1%	19.4%	34.9%	12.8%
2000	10.4%	23.3%	18.8%	34.2%	13.3%

This overall continuous low population growth rate might lead Thailand to face the problem of labor shortage in the future. Despite the slow growth, the concentration of population has been shifting to the urban areas. As presented in table 2, it is noticeable that there is a constant decrease in the percentage of population in northern and northeastern regions. Both are areas that are least urbanized. While in Bangkok and other provinces in the central region, the percentage of population is raising due to the higher rate of urbanization which expanded to the outskirt areas around Bangkok. By

2000, Bangkok alone had a total population of over 6.3 million, almost 4 million higher than the second largest city, Nakhon Ratchasima (National Statistical Office 2000).

The mushrooming of the suburban areas around Bangkok is a result of the growing population in the inner-city areas, causing the land and accommodation prices in the areas to sky rocket. A lot of the middle class people who work in downtown Bangkok have moved out to buy private houses outside Bangkok where it is not too far to commute in and out of the city daily.

As people move away from their original family settlement and because of the delay of child-bearing and higher cost of living, the family size especially among those who live in the cities and suburban areas gets smaller. The family structure which used to be extended, consisting of three generations in one household, has shrunk. Now the nuclear type of family, consisting of parents and children is most common. A statistic from Thailand's National Statistical Office (2000) shows that the average size of Thai population's household was 3.9 persons in 2000 which had shrunk from 5.6 persons in 1960.

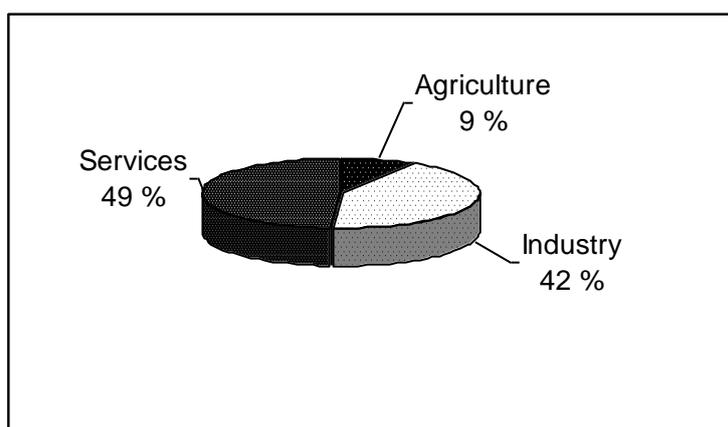


Figure 3. Allocation of GDP by Sector, Thailand, year 2000 (UNESCAP 2008)

While the urban areas kept expanding, the rural areas declined in importance. The reason is because the emphasis on economy shifted away from the main sector; agriculture, which most population outside the cities was engaging in. This shift can be seen from the allocation of Thailand, GDP by sector of the year 2000 (see Figure 3) which shows that agriculture only made up to 11 per cent of the total GDP. The sector came last when compared with industry and services. Both of these sectors concentrate largely in the urban areas.

In fact, the real factor that caused the decline of the agricultural sector in Thailand was the world-wide agricultural prices fall since 1970s. Because of that, Thai government started to support the other industries while the big conglomerates that formerly invested in agriculture diversified themselves to higher-valued products (Baker et al. 2005: 212). Whereas the amount of income has shrunk for the paddy farmers, living expenses, on the contrary, is increasing. The farmers have to find the best way out for their own survival.

Poverty drives people to seek new and “better” life. The urban boom has drawn a lot of rural labor force to the city, leaving the farming areas with much less population while expanding the slum areas in the significant cities. In general, people from the rural areas come to engage in blue collar types of jobs such as factory workers, construction workers, taxi and bus drivers, servants, waiters, and sales persons of their own small stalls or in department stores usually because they are poorly educated. Moreover, countless people from the rural areas also get into illegal industries such as prostitution and drugs (either voluntarily or forced). And numerous people were drawn to the cities because of the excitement of urban life.

A number of those who left home for work in the cities left their aged parents, wives, and children behind. Some portions of money earned are usually sent home for the living of the rest of their family members. The money is then probably invested into farming or local business like small shops, restaurants, and beauty parlors, generating more income to the families and communities which gradually further the process of

urbanization in the areas. However, some people have gone away and never looked back, abandoning their parents and children starving and hopelessly poor.

Although, a lot of people choose to find work in the cities, several rice farmers remain home. However, they have become much more commercialized in order to earn enough for living. Not only had they to invest more on tractors, automated harvesters and chemicals, but they also had to change from growing rice to higher-valued crops such as fruits and vegetables to feed the growing demands of the urban population and for export. While many others, in 1900s, turned their paddy fields into sea-water ponds for shrimp farming which certainly can bring at least doubled amount of income to the farmers; however, there are always some risks of diseases which would kill entire shrimps in the farm as well as the risk of serious land degradation. A few turned to the Buddhist principles of sufficiency and self-reliance by diverting from the rice mono culture to devising a small mixed farm. There have been a few success stories but it is very difficult to implement without selling some crops to the market at all. (Baker et al. 2005: 213–214.)

Although farmers can gain better access to higher agro-technologies, some of them, especially those who have difficulty in diversifying to the higher-valued cash-crops because of the areas farmed are less fertile, remain deeply or even have become deeper in debt. (Baker et al. 2005: 213.)

With the high rate of natural resources exploitation begun since the American “development” era, the amount of natural resources of Thailand shrank significantly. Forest areas were transformed for industrial and urbanization purposes. And the reduction of numbers of trees in the forests meant that the rain falling would be less predictable for the farmers and higher risk of flooding in the low land areas. Dams were built to solve such problems and for securing water and power supply for the urban consumption. But building dams also meant that more areas of forests have to be destroyed as well as the some existing settlement areas were also included in the flooding areas, causing resentment among the local people since 1980s. (Baker et al. 2005: 215.)

With the cooperation with NGOs, middle class sympathizers, and international environmental movement groups, the rural farmers made several attempts especially through media to put pressure on the government to provide compensation for old dam projects and abandon new ones as well as petition for other issues like agrarian debt, falling crop prices and access to forests. Among many groups, thousands of rural protesters reorganized themselves into Assembly of the Poor, marching to Bangkok and blocking roads in the capital in several occasions to push further several demands. Many attempts have been successful, proving to be more assertive than ever before. The rural farmers can no longer be perceived as a group of passive uneducated people anymore.

2.3. Socioeconomic Policies

Over the past two decades before the rise of the Thaksin Shinawatra government, the pattern of life for over sixty millions of Thai population was gradually shifting closer to resemble the lives of the people of the more “developed” countries especially of the West. Quality of life was improved. Democracy was praised. The continuous GDP growth seemed promising. Globalization earned a huge credit for contributing Thailand with all these good things. But when Thailand was hit hard by the 1997 Asian financial crisis, not only its economy was crippled, but the crisis also impacted badly to the social fabric of the society. The global economic forces were indeed powerful and a lot of people were shaken to their mental core, contributing to the loss of trust in globalization. The blame was also pretty much thrown upon the government. Three years after the nightmarish crisis, although the situation began to ease, the shock from the event still made a lot of Thai people desperate for something new, a new leader with new approaches and policies. Thaksin Shinawatra was the one who correctly interpreted the situation and once he became the Prime Minister, he also translated such interpretation into a number of policies. Most of them were made to please the voters.

Economic policy and programs of Thaksin’s government, also known as “Thaksinomics” concentrated obviously on accelerating economy aiming at achieving

rapid recovery from the 1997 Asian economic crisis. According to Thaksin, Thailand needed to shift away from the “East Asian Model” that was overly dependent upon exports produced by foreign technology brought in by foreign investors with low value-added content and relying mainly on cheap labor. As a result Thailand’s economy was vulnerable to the fluctuations in the global economy (Phongpaichit & Baker 2004: 104). In the long run, this resulted in low domestic income and demands. From this belief, Thaksin initiated a number of schemes that aimed to help stimulate internal demand and promoted domestic entrepreneurship since he believed that it would allow Thailand to sustain development and attain better quality of life in the long term.

Most of the schemes were usually seen as designed to appeal to the rural majority. First, in order to stimulate the domestic demand, Thai people especially the rural mass must be further integrated into the market economy. This would, as Thaksin believed, solve the problem of poverty as well as increase the GDP. One basic way to bring the people further into the market system was to provide them with capital (Phongpaichit et al. 2004: 115–116). In 2003, the “war on poverty” was launched. Under it, policies such as the policy of farm debt restructuring including a three year suspension of some debts owed by poor farmers to state banks and the policy of village funds financed by grants of one million baht (about \$24,000) to roughly 70,000 villages to provide locally administered micro-loans were launched (Phongpaichit et al. 2004: 117).

Furthermore, Thaksin government also encouraged the Thais to be more entrepreneurial. Special attention was paid to small-sized and medium-sized enterprises (SMEs) by state-owned lending agencies. To restructure the economy away from deep dependence on imports and towards more reliance on local resources as well as promotion on exports of products, especially agricultural and crafty works, the government promoted products specialization by village groups, called the “one tambon (group of five or six villages), one product” scheme inspired by a similar Japanese program (Phongpaichit et al. 2004: 113–115). Moreover, there was the establishment of the People's Bank, administered through the Government Savings Bank (GSB), allowing GBS account-holders to apply for small loans (up to about 30,000 baht or \$370) mainly for small retailing or commercial ventures. And lastly, there was the

transfer of non-performing loans (NPLs) to the Thai Asset Management Corporation (TAMC) established 2001, required of state-owned operations and voluntary for private ones, to promote more efficient debt restructuring (Phongpaichit et al. 2004: 121–122).

At the same time, Thaksin did not abandon the importance of international trade since the trade has been a significant source for new investments and for generating GDP growth. Tourism, Thailand's well-known industry was highly encouraged. The baht currency was depressed to help export. Moreover, since the beginning of his term, Thaksin and the other members of the government frequently traveled abroad to create trust and trade partnership with various countries, promoting that Thailand's domestic policies would be as well beneficial for foreign investor (Government Public Relations Department 2006). For example, the stronger local SMEs would provide support for the industries of the foreign investors. The deepening capitalism that the consumer demand generated domestically would be advantageous for investors who aimed for Thailand's market. The Thai workers would be healthier because of the cheap health care program, therefore, the investors would lower the costs related to the labor's healthcare (Phongpaichit et al. 2004: 121–123).

These policies that seek to promote grassroots economy and enhance national competitiveness are called "the dual-track policies". The essence of the policies aimed to strengthen the domestic economy, while enhancing Thailand's international competitiveness for balanced development. Thaksin pointed out that Thailand has two different societies. One is the rural society, consisting of poor farmers, and the other is the urban society, comprising educated people. It is in the aspiration of many people in the rural areas to go find a better living and a better life opportunity in the cities. A number of them send their children to gain education in the cities with their saving money. As a result, many of the talented people in the countryside chose to live and work in cities instead of going back home. (Government Public Relation Department 2006.)

Since Thailand is a country of two societies, Thaksin went on that the country needed to adopt the dual-track policy, a social and economic citizen-centered approach, to

develop both societies. This means that efforts must be made for farmers to get better prices for their agricultural goods. At the same time, the export-led economy must also be strengthened together with the domestic-led economy. Following this policy, the economic gap between two societies would be gradually narrowed down (Government Public Relation Department 2006).

To implement this policy on the part involving stimulating international trade, Thaksin government mainly promoted regionalism and cooperation with the rising economy of China. He believed that the strong economic integration between Southeast Asian countries as a single market would not only attract large-scale foreign investment, but also would be beneficial since the neighboring countries and regions would become Thailand's sources for market, materials and labors. In this, Thaksin strongly supported the development of a free trade agreement and agreements which deepened relations with the other Southeast Asian countries as well as with the South Asian and the East Asian countries. (Phongpaichit et al. 2004: 123–124.)

Although much of Thaksin's policies were economic oriented, there were some significant social policies included. One of the most pioneering welfare schemes must have been the 30-baht per visit healthcare scheme, a national universal coverage healthcare scheme.

This scheme was implemented as part of the electoral populist agendas he promised, aiming at reducing the economic burden of the people especially the low-income group. All individuals who did not currently enroll in a health scheme and whose names were documented in house registrations received a "Gold Card", which has to be presented together with the patient's national identification card every time he or she accesses health services. A 30 baht payment must be paid for all consultations. Children under 12 years of age, seniors over 60 years of age, volunteer health workers, and the very poor are exempt from this user fee. From the introduction of this program insurance coverage increased from 71 per cent of the national population in 2001 to 94.3 percent by 2004. (Coronini-Cronberg, Laohasiriwong & Gericke 2007.)

Another policy that Thaksin launched as a part of the promised electoral agenda was the “war on drugs”. The formal name for this policy was the “Concerted Effort of the Nation to Overcome Drugs”. The effort came from the belief that a large number of populations, roughly five per cent were using methamphetamines, also commonly known for Thais as “crazy pills”. It has been an alarming social problem for many Thais because although the drug was made illegal, there had been a growing number of the younger addicts since the drug could be accessed quite easily with an affordable price as well as the lax law enforcement. (Dabhoiwala 2003.)

The campaign was initiated in February 2003, with an ambitious target to eliminate drug problem within three months. Firstly the campaign emphasized education and awareness of the danger of methamphetamines, and the treating of drug users as patients rather than criminals, made negotiations with the neighboring countries housing methamphetamine factories (Cambodia, Laos, and especially Burma), and intensified border patrol to monitor drug trafficking. Furthermore, Thaksin believed that the powerful government officials were providing backup for the traders or many of them were the traders themselves so drug has become one of the biggest chronic problems for Thailand. (Phongpaichit et al. 2004: 160.)

The methods to eliminate the drug dealers used in the campaign were ruthless and controversial. Thaksin personally said that “Traders will get no return except risk to their own lives, risks of being arrested, and of being finished off because all their assets are seized.” (quoted in Phongpaichit et al. 2004: 160–161.) A combination of incentives and warnings were used to have police eliminate as many suspected drug dealers, by whatever means possible. The incentives were mainly financial, increasing bonuses to officers for drug confiscated according to the size of the taking. Warnings to government officers included threats to transfer, demote, or sack those failing to meet the target of arrests (Dabhoiwala 2003). 329,000 names of those involved with drug trading were listed in a blacklist. These drug traders were called upon to turn themselves in and promise to quit or face justice. By the end of the three–month campaign, 2,637 of those allegedly involved with drugs were killed, only 68 were shot by police on the ground of self–defense (Phongpaichit et al. 2004: 161–162).

Moreover, Thaksin also answered the present public awareness about the degrading of Thai culture and social order. The most well-known one was “social order” campaign executed by the Ministry of Interior in early 2001. The campaign targeted to control lives of the urban youth, keeping them away from drugs, sex, and other bad influences as well as to improve the country’s image. In 2002 three “entertainment zones” were created in which drinking and dancing were allowed until 2 a.m. Outside these zones, dancing was illegal in all venues and closing times were 1 a.m. Vigorous ID checks were enforced at all entertainment venues and random spot checks by police on roads were common. Anyone under 20 years old could not enter the zone and everyone must present a valid ID. For non-Thais constituted, an original passport or a driver's license must be presented. Surprise police check up (sometimes accompanied by local TV crews) at the venues was a common practice. Occasionally the clubbers were forced to urinate in a cup to test for drug use. A number of popular clubs in Bangkok were negatively affected from this campaign. A lot of them had to close down. (Gampell 2006.)

Stricter regulation on the Thai youngsters’ lives went further. A plan was announced by the Ministry of Interior to test the suspected drug users in schools. School officials would interview students to determine whether they should be tested. Information would be passed on to police. Furthermore, a 10 p.m. curfew on the young people under 18 was put in place, forbidding them to get out of their residents without adult supervisory. And after hearing complaints that many children under 18 were staying out late playing Internet games, the youngsters were also banned from visiting Internet cafes after 10 pm as well. In addition, to prevent the teenagers from the undesirable sexual practices, various measures were created. For example, on Valentine’s Day, police officials patrolled popular teenage hangouts in Bangkok to help the youngsters “keep their virginity”. Also private dormitories in all provinces were ordered to segregate the underage students to live in single dorms to remove the temptation of having sex. (The Irrawaddy 2002).

In October 2002, a new ministry, the Ministry of Culture was established, aiming basically to promote Thai values such as belief in society, kinship, respect for elders,

deference, and empathy over the spread of consumerism and individualism. Thai language, Thai manners, Thai food and Thai dress as well as other forms of Thai art were highlighted and highly encouraged. Going along with the social order campaign, the Culture Ministry went further to condemn “inappropriate” entertainment materials. Broadcasted songs mostly with sexual content were banned. Overly exposed sex scenes and scenes showing the presence of alcohol and cigarettes were cut off. In addition, the production of underground pornographic VCDs was strictly banned by the Ministry. (Phongpaichit et al. 2004: 168–169.)

2.4. Elite Decision-making

Various important policies and schemes launched during Thaksin administration were, apparently, tools to achieve what is desirable for the elites. In this case, what the elites desired perhaps was to secure the support from the voters at all levels as much as possible. This is not a new thing for politicians to do; however, in Thailand, it was done with a rather new approach, a more intensive one.

A number of the policies described in section D were predominantly populist, meaning that they were created to fit the understanding of the majority of people and what people desire. After the 1997 Asian financial crisis, a lot of Thai people, rich or poor, all felt the threats of what globalization could bring to their homeland. For a lot of people, globalization brought in the distortion of the Thai ways of life, their precious cultural heritage, morals and good values and of course it almost destroyed Thailand’s economy. Understanding what people called for, the Thaksin government offered a new way out for a lot of people. The economy was to be rebuilt “sustainably”. A sustainable GDP growth must be coupled with the improvement of the overall livelihood of all Thai population. New approaches were introduced to achieve such goals.

Many of the schemes and policies affected the whole population. Nevertheless, the portion that benefitted the most were the rural grassroots and the low-income population. Dual-track policy that aimed to develop the rural economy along side with

the urban one was adopted in an attempt to close the wide gap between the two societies. A larger amount of government budget channeled to help the money circulation in the rural areas. The local SMEs that utilized the local wisdom were publicly encouraged. Money were given away to help stimulate the economy. People were spending more whilst their burdens for health problems were removed because of the 30–bath per visit healthcare scheme. Capitalism flourished again as according to one important indicator, the number of mobile phone subscribers.

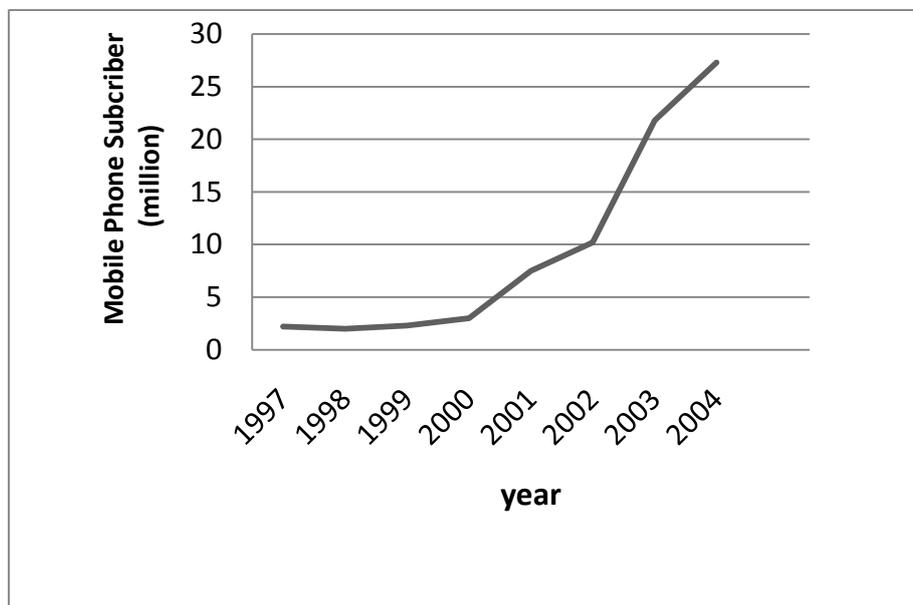


Figure 4. Mobile Phone Subscribers in Thailand, 1997–2004 (International Telecommunication Union 2010)

Figure 4 shows that the number of the mobile phone subscribers grew very quickly from only around two million subscribers in 1997 and began to rise gradually after the financial crisis started to ease. However, interestingly, the number of subscribers increased more rapidly during Thaksin's administration. By 2004, more than 27 million people out of the total of 62.5 million had access to mobile phone (UNESCAP 2008). The sharp increase was partly due to the constant fall of the mobile phone prices

resulting from the high competition for the mobile phone domestic market as well as Thailand's economy was recovering. The telecom company that gained the largest profit margin was the AIS (Advance Info Service), one of the main companies of the Shinawatra – Damaphong's (Damaphong was Thaksin's ex-wife family name). According to the Assets Examination Committee (AEC) which was specially set up by the military junta to investigate Thaksin's corruption case after he was ousted, Thaksin and Pojaman (Thaksin's ex-wife) still illegally owned Shin Corp throughout the time Thaksin was serving as prime minister from February 2001 until the sale of the company in January 2006. Thaksin as a prime minister was not allowed to hold any share of any company. He and his now ex-wife allegedly used their children Panthongtae and Pinthongta, Pojaman's brother Banaphot Damapong, and Thaksin's sister Yingluck, as well as Ample Rich Investment Ltd and Win Mark Ltd as nominees to conceal their real ownership of 1,419 million shares, or about 49 per cent, in Shin Corp (The Nation 2008).

In 2003, AIS had 13.2 million subscribers considered having around two-third share of the total revenues since a lot of customers favored the AIS's superior quality of its network and the AIS invested a large amount of money on marketing when comparing to its competitors though it charged slightly more. Additionally, in 2001, all AIS competitors could not fulfill the Telecommunication Business Act that limited the foreign holding in any telecom venture to 25 per cent. Only Shin's AIS could conform to this rule (Phongpaichit et al. 2004: 203–207). Not only that, but according to the AEC, Thaksin government allowed state agencies to convert the telecom concessions which removed tax to benefit Thaksin's Shin Corp. Telecom Organization of Thailand (TOT) and Communication Authority of Thailand (CAT), who awarded the concessions to the subsidiaries of Shin Corp, lost 41.95 billion baht and 25.99 billion baht respectively from the conversion of the concessions (The Nation 2008).

Furthermore, there were a number of other businesses owned or shared by Shinawatra – Damaphong family under Shin Corporation. Shin Corp started mobile phone business diversified into many areas, all were in service sector which most also depended to some extent on government regulations and licenses. The example of the new ventures

were satellite, property development, personal loans and credit card, low-budget airline services, TV, private hospitals, banking, photography and advertising (Phongpaichit et al. 2004: 210–222). For instance, 41 billion baht low-interest government loan were granted to Myanmar in 2004. The AEC ruled that Thaksin had endorsed with the intention of securing its purchase of satellite services from Shin Satellite which at the time was controlled by Thaksin's family. In terms of property development that Thaksin involved since after the Asian Financial crisis, the AEC ruled that Thaksin violated the law by using his high office to endorse a deal with the Financial Institutions Development Fund, a state institution in order that his ex-wife could purchase a huge plot of land in the Rachadaphisek, the downtown area of Bangkok (The Nation 2008). Another example, AirAsia, a low-cost airline from Malaysia which Shin Corp had a 50 per cent share announced its air route to Thailand, a couple weeks after the regulation setting a floor on air ticket pricing was removed for “promoting tourism”. Later the Thai Air Asia received a package of investment privileges, including eight years exemption from taxes as well as government assistance on pilot training and maintenance by the air force (Phongpaichit et al. 2004: 218). In 2003, Shin Corporation’s net profit was 9.7 billion baht, of which the Shinawatra and Damaphong families’ shares were 47 per cent altogether (Phongpaichit et al. 2004: 223).

Shin Corp apparently made a tremendous amount of money during Thaksin’s administration not only because of its brilliant business strategies but also because it received some assistance from the socio-economic policies described earlier, of the Thaksin government. It seems that the entering into politics of Thaksin was a mere logical extension of his businesses since these businesses rely heavily on state concessions. Political lobbying for business benefit would be much easier and the policies would be made to best suit the business requirements and desires. A number of populist policies were also crafted to satisfy a large amount of voters. Capitalism flourished. People had more money to spend on the extravagant goods. Therefore, the businessmen politicians were happy because it means that their pockets would become much bigger, too.

3. POLITICAL SYSTEM

The development of public administration in Thailand is commonly dated back since the dawn of Sukhothai Kingdom period, the Kingdom of Ayutthaya, the Thonburi, the early Rattanakosin, the period of bureaucratic reform under the reign of King Chulalongkorn, and the era after the establishment of constitutional monarchy in 1932. Before the mid nineteenth century that marks the period before the bureaucratic reform undertaken by King Chulalongkorn, the fifth king of the current Chakri dynasty, Thai public administration and politics was organized similar to European feudalism. The governing and social system was highly based upon the concept of hierarchy where the king stood on top of the pyramid and the slaves were at the bottom. The coercive power of the king was presumed to be absolute; however it was not the case in reality. Instead the power had to be separated to different nobility and local kings due to the difficulty in administration derived from the distance.

But since the beginning of the nineteenth century when the European colonialism became a major threat for different Kingdoms in Southeast Asia, Siam or nowadays Thailand especially since the era of King Chulalongkorn eventually took on the then modern concept of modern nation as well as the centralized state bureaucracy to strengthen itself aiming to avoid being colonized by the west. Siam was left to its independence. Slavery was abolished and the class of commoners was replaced by the idea of citizenry. The public administration was to mirror the western style bureaucratic model in which government was separated into different ministries. However at the same time, the whole public administration was still controlled by the noble elites, members of royal clan and the king himself as the highest posts were reserved for these classes only. The system of absolute monarchy remained unchanged.

However, since the successors of King Chalalongkorn were not as popular, competent and powerful caused a growing resentment among the public officials, especially those from military, who shared a commoner background and also who were inspired by the revolutions in Europe. As a result, the system of absolute monarchy was overthrown in a 1932 military coup d'état and was replaced by a system of constitutional monarchy.

The regime shifted away from the king to military elites. Military groups dominated the political scene, marked by authoritarian rule and strong nationalistic ideology. The administration that still followed the bureaucratic model was managed largely by officers with high military rank. The post of prime minister usually came by appointment or seized by a coup.

Nevertheless, military influence has slowly waned since the student-led demonstrations in 1973. The middle-class educated demonstrators demanded a government that comes by democratic election. The parliamentary influence was expanding slowly since a number of the parliamentarians still had the background of being military bureaucrats or having personal or business connections with the bureaucrats.

Despite the regime change, the administration of public sector and its structure has remained to a large extent similar to what was initiated since the reign of King Chulalongkorn. Bureaucracy still played an important role to this present day in being the template for public administration. However, it is noticeable that there are gradual changes in the Thai bureaucratic system which is moving away from the classical bureaucratic model towards what is commonly called “new public management” (NPM). The changes can be observed in the several modifications of legislative Acts through more than half a century.

3.1. New Management Ideas

After 1932, the governmental structure was reorganized in response to the changing environment although it was still divided into central, regional, and local administration like in the prior period. During the Field Marshal P. Pibulsonggram administration, the division of responsibilities between bureaucrats and political office holders was made clearly separated. This was done by assigning the Secretariat of the Prime Minister to handle political affairs, while the Office of the Permanent Secretary would take care of the affairs of permanent officials. (Government Public Relation Department 2009.)

Later, the reform of the administrative system still continued but without drastic changes in terms of reorganization. In the administration of Field Marshal Sarit Thanarat, several advisory boards were appointed to help the government in decision-making. In the 1980s, the administration led by General Prem Tinsulanonda raised the idea of limiting the growth in the number of government officials by no more than two per cent a year. The Chatichai Choonhavan administration emphasized faster services for the people. Privatization of state activities was a focus of attention during the Anand Panyarachun administration. The first Chuan Leekpai administration set standards for downsizing and spending control in the public sector. Emphasis was placed on the promotion of public services among government agencies during the Banharn Silpa-archa administration. The bureaucratic reform master plan and the action plan were formulated in the Chavalit Yongchaiyudh administration. During the second Chuan Leekpai administration, there was the introduction of a new form of administration in the public sector. (Government Public Relation Department 2009.)

However, the changes towards the NPM were most obviously seen in the period of Thaksin's premiership during 2001–2006. According to the ex-prime minister's policy statement given to the Parliament on February 2001, his government decided to speed up the reform process with the intention of improving efficiency and reorganizing the governmental structure to be more suitable for the situation of the moment and to improve the public sector's performances to better serve national economic and social development. Thaksin assigned Deputy Prime Minister Wissanu Krea-ngam to oversee bureaucratic reform and state mechanisms. (Government Public Relation Department 2009.) But what actually is this NPM? And where is it from?

The NPM approach is not the product of local wisdom. Since 1980s, New Public management has emerged as a new paradigm in describing a public management reform. It became a popular approach that most governments had to at least look to. Its practices and techniques have been widely used in most developed countries while some developing and transitional countries with transitional economies were also gradually following the trend (Larbi 1999). In another word, as the countries were

submerging themselves deeper and deeper into the globalized capitalist world, the higher the tendency that such countries followed this NPM movement.

Seriye Sezen (2010) argued that since the end of the Second World War, the state's functions and its functioning have been reshaped tremendously by globalization. Many states either have voluntarily chosen or have been forced to engage in the global market capitalism. This has increased the level of interdependence and interconnectedness in terms of financial, political, environmental, technological and cultural aspects between different states all over the world and transcended national boundaries. Furthermore, it has also contributed to changes ranging from state's institutional organization and its functioning, the judicial rules, personnel regime and lastly conceptualization of public services. This transformation could be described as a shift from the public administration to new public management.

According to Dunleavy (1991) this model initially originated from the critique of the traditional organization of the public administration which is commonly linked with the ideal-type rational/ legal bureaucracy (Yamamoto 2003: 4, Pollitt et al. 2004: 62). The model of bureaucracy, a term coined by Max Weber can be characterized by its fixed spheres of competence, a clear distinction between the public and private roles of the officials, specialization and expertise as the basis for action, a defied hierarchy of offices, full time, career appointments for officials, and management by the application of a developing set of rules (Pollitt et al. 2004: 62). However, the most important component of all characteristics of the model relies upon its highly centralized single, hierarchical top-down chain of command. As a result, this model highly endorses the structural stability of the organization. It is a system of control in which a policy is set at the top then it is implemented through a number of offices down the monocratic hierarchy in which all subordinators must report to their superior (Pfiffner 2009).

Right before the beginning of the twenty-first century, this traditional bureaucratic model has increasingly been challenged. It was regularly exposed to various criticism. In the rhetoric associated with public management reform, bureaucracy was given to be part of the old timer and it is often time frowned upon. It is placed in contrast to

something “new” or a reformed version of public sector organization (Pollitt et al. 2004: 61). This notion of “newness” against the “oldness” associated with ideas, thoughts, concepts, paradigms, and theories is sometimes criticized that there is actually little that is really new as Frederickson (1980: 5) explained metaphorically in his book, *New Public Administration* that “The newness is in the way the fabric is woven, not necessarily in the threads that are used.” The new models or theories might be branded with striking distinctions with different ways to organize the ideas, but it must be based on, originated from or hybridized with some elements of the existing knowledge at some points.

The critique of the classic weberian bureaucracy targeted its nature that aims to produce organizational stability. However, stability also produces undesirable byproducts. The problem stems from the fact that the bureaucratic model functions both as a structure of an organization and as the means by which persons and work are managed within the organizational structure. As observed by organizational theorists, indeed over time such stability tends to become ultra-stability as it is likely to have lasting effects on the mindset of people subjected to such hierarchical structures and managerial control within and outside the organization. It seems to have the power beyond legislative or executive power. As a result, it is highly resistant to changes.

And within the framework of this model, when problems concerning management or productivity occur, it sticks to the belief in hierarchy. Merely reorganization or restructuring is applied to solve the problems (Frederickson 1980: 17–25). Gradually the model that focuses on the one best way for management or structuring an organization has tendency to lose its articulated values that its inventors meant to achieve at the first place. What believed to work in the industrial era is losing its appeal. These values are efficiency, economy and productivity (Frederickson 1980: 21). An efficient and economical public organization should seek to maximize its productivity, meaning being able to provide the quantity and quality of services in accordance with the public demands, with the least possible money. As argued by Federickson, these values are certainly fundamental for all public administration theories and models.

The bureaucratic model therefore has been continually attacked usually on the ground that it can no longer satisfy fundamental values. Its inflexibility of structure, the expensiveness, and the inefficiency of the multi-layered top-down hierarchical structure which hindered decision making process, delaying the service delivery were stressed. The system is looked down to as it can no longer serve the needs of both workers and service recipients since it cannot effectively function in the present era of what Nye and Donahue (2001) called “thick” globalism. The period of thick globalism can be characterized by the rapid growing of number of domestic and international, governmental and non-governmental organizations which become interdependent and interconnected with each other, forming a dense network (Yoder & Cooper 2005: 297). It is also often called information age in which the communication is instant and tremendous in amount. Economic value is now based on information and its manipulation rather than industrial production (Yamamoto 2003). It is not difficult to imagine how much time-consuming and how frustrated a public servant must be in needing to cope with a pile of elaborate records that he needs to read, comprehend and respond to both up and down the hierarchical chain of command while at the same time being obligated to serve a number of demanding citizens.

Thus to get rid of the problems and improve efficiency in public sector under the rapid changing and the information-rich environment, public management reforms should be adopted in order to change the structure and process of the public sector organization (Politt et al. 2004: 9). According to Phayat (2007), continuously developing new products and services are the most important task of the organization leaders in order to achieve sustainable success for the organization. By following closely the changing trends, all organizations must be well-prepared for a constructive change. Being more adaptive and more flexible in terms of their missions, business goals and business strategies is crucial. Moreover, the human resource management must also be improved and the organizational structure must be modernized.

As a result, waves of criticism stemmed from academy that stirred up a pressing need for replacement of the outdated model by more flexible, fast moving, performance-

oriented forms of modern organization. The notable reform model that has become a global trend since the late 1980s is NPM.

New Public Management is a combination of different elements for public administration reform. It cannot be portrayed as a homogeneous reform program. But rather it is a kind of ‘shopping basket of different elements of reform that a government might pick up one or more among many elements as they see fit to reform its administration (Skålen 2007). In another word, NPM has become a new template for administrative system for public sectors on a global scale. It serves as an alternative for the traditional public administration or as a tool for fixing administrative flaws.

The practices and techniques of this model are created to mimic those of private sectors based upon the belief in the preeminence of markets and competition over bureaucratic hierarchy. The roles of the public sectors should necessarily be reduced to play the role of the “facilitator” whose task is to assist the flowing of free-market economy. According to Frederickson (2005: 177) these belief originated from the theory of public choice perspective in public policy and administration. It praises the superiority in management of the business sector over the governments derives from the fact that the businesses must compete in the market place. To engage in an open market and competition, it is assumed that governments thus could buy the best products at the lowest price therefore they could sell the products and serve the citizens in the lowest price as well. To be able to be successful in highly competitive globalized market-driven economy and to be able to promptly supply services for the growing demands, the government is urged to absorb, adopt and adapt the values and practices of business management. In another word, the public sector needs to follow ‘the best practice’ model of the private sector management, turning citizens to clients or customers of the state services.

Furthermore, the new public management favors decentralized administration, downsizing bureaucracy, delegation of discretion, contracting-out and privatization for goods and services, and the use of the market mechanisms of competition and improving customer service to enhance performance. It focuses more on the

measurement of the outcomes instead of relying on inputs. The tight control of top-down hierarchical structure through rules and regulations are replaced by the performance measures. To cut red tape and enhance the flexibility in organization, it seeks to reduce regulations and restructure the organization. To avoid the overlapping of tasks and improve coordination within and outside the organization, some departments maybe dissolved, included to the others, or decoupled.

In addition, there might be agentification in which smaller and more flexible agencies with a specific smaller objective are set up. These agencies are not regarded either as a state enterprise or an official state department. Bureaucrats, who are encouraged to adopt the concept of managerialism, are provided with more freedom to use their own expertise, professionalism, creativity and common sense in carrying on tasks and solving problems without having to report to their superiors through paper work at every stage (Pfiffner 2009, Frederickson 2005: 167–168). To sum up, Donald Kettl summarizes the six “core characteristics” of the New public management approach as: productivity, marketization, service orientation, decentralization, a policy orientation, and accountability for results (Pfiffner 2009).

Through adopting the model of NPM as a reform program, the concept of good governance often comes along in the same package. Since the early 1990s the western based intergovernmental organizations and international institutions such as World Bank (WB), United Nations Development Programme (UNDP), International Monetary Fund (IMF), and other development partners has begun to urge a number of developing countries that receive their economic assistance to reform their public sectors along the principles of NPM. Within the era of globalization, it is unavoidable for a number of countries to be included and subjected in a unified system. Several countries that are facing the issue of internal corruption, their governments are regarded by the international organizations as ineffective, weak and needed to be helped since according to Seligson there is a growing belief that corruption would retard economic development and it also undermines the consolidation of democratic governance. (Yoder et al. 2005: 300.)

Aktan and Hayrettin (2009) provided a summary on how the concept of “good governance” is defined by different donor institutions. Here, two institutions, the World Bank (WB) and the International Monetary Fund (IMF) are selected as examples.

For the World Bank, the concept of good governance can be defined as the practices and institutions by which authority in a country is exercised for the common good. This can be seen from the ways in which how the governments are selected and whether they are accountable to the public or not. Moreover, the governments have to be able to create appropriate and beneficial policies as well as able to implement such policies with the available resources effectively. In addition, to achieve the “common good”, WB sees the importance of decentralization of the government, one main element that links the concept of ‘good governance’ with the model of NPM. The roles of central government and administration must be reduced especially in terms of interfering excessively in economy. The economy of the state should be left alone in the market economy that subject to growing inter–governmental competition while local and cultural autonomy is preserved. And at the same time the mechanisms of checks and balances must be available in all political processes to ensure transparency and efficiency of governments. (Aktan et al. 2009.)

For the IMF whose prime concern is with the macroeconomic stability of the monetary system of the world economy and systematic economic growth in member countries, it seeks to provide policy advice and technical assistance that involves the concept of good governance especially in the sphere of economics. These policy advice and technical assistance aim to promote and increase the transparent and stable economic environment and regulatory systems favorable for the private sector activities. Furthermore they aim to equip the member governments with a better ability to manage the public resources through reform programs coherent with the NPM approach. These reform programs embrace both monetary public sector institutions such as the treasury, central bank, public enterprises, civil service, and the official statistic function as well as the financial administrative method for example the expenditure control, budget management, and the revenue collection. (Aktan et al. 2009.)

There may be some differences about how different organizations define the term. However, in general the concept of good governance includes “Transparency and accountability in government, economic liberalization and privatization, civil society participation and respect of human rights, democracy and the rule of law” (Yoder et al. 2005: 299). The linkage between the concept and NPM are clearly visible. This is because the definition widely given usually includes some basic principles of New Public Management. Good governance is usually one main ingredient that the NPM cannot miss. However, it should be noted that it is almost impossible for a state to have wholly good governance. As the UN’s Economic and Social Commission for Asia and the Pacific (ESCAP) notes

“...it should be clear that good governance is an ideal which is difficult to achieve in its totality. Very few countries and societies have come close to achieving good governance in its totality.” (UNESCAP 2009.)

Therefore, the concept serves only as a guideline that has spread all over the world, including Thailand.

Moreover, there is also a strong conviction that corruption, intimidation and the use of force have carried an increasing number of influential public figures under patronage of wealthy transnational terrorist organizations. As a result public administration and the society of the countries have been seriously damaged. Therefore, in this new globalized environment the prosecution and punishment of wrongdoing would not be sufficient. Instead to cope with the pressing problem, preventive measures should be more suitable in fostering a sound public administration and in controlling the spread of corruption. To do so, the concept of what is good or bad must be collectively and harmoniously shared. (Yoder et al. 2005: 300–301.)

For these reasons, several international organizations seek to self-grant the mandate to form the preventive and reforming measures for their donor recipient countries. The developmental goals are usually set by the organizations for the recipient countries to implement. And in order to realize developmental goal set particularly on western standard, the reforming program frequently imposes western standard of ethical

conducts which is often called the concept of “good governance”. The term emerged in 1980s. It is the product of western society since the concept derived from European structural models such as French administrative law, the English common law, the German principle of proportionality, and the Scandinavian ombudsmen institution. (Aktan et al. 2009.)

In the case of Thailand, enhancing the efficiency of the state administration was one of the main reasons for the justification for the adoption of the NPM and the concepts of good governance. On the basis of influential market-based ideas Mutebi and Sivaraks (2007) argued that the Thai public bureaucracy that applied the traditional administrative practices and structures that emphasizes exceedingly inputs and control was commonly considered having many disadvantages. These two particular points are believed to be the causes of the poor performances of government agencies especially in terms of efficiency and responsiveness to the needs of the general public which has been continuously growing. By 1980s through mid 1990s, the period of fast economic growth of Thailand resulted from the full-engagement in the globalized economy; the old system was widely criticized in terms of over centralization, having too many unnecessary regulation, underpayment of the civil servants, corruption among civil servants, and insufficiency of participatory mechanisms for both public and its officials.

Deriving from the idea that Thai bureaucracy with its traditional public administrative system has several major shortcomings, therefore the system needed to be replaced by a new arrangement and new practices. The efforts to reform the public administrative management have been made by several governments since the beginning of the 1990s through the financial crisis period of 1997 and to the present time. The reform package usually concluded decentralization, restructuring of the size and the structure of the government organizations, improving the morale of civil servants through civil service trainings, reducing the operative cost in public sectors especially through privatization, focusing more on performance-oriented practices, enhancing flexibility and effectiveness of the civil service system and improving transparency in state bureaucracy (Mutebi et al. 2007). These elements are obviously the parts of main ingredients of the New Public Management model. Nevertheless, it should be noted that

the reforms that led to the hybridization between the NPM and the old system can only affect the administrative system on the superficial level; therefore, the fundamental problems especially corruption still stay persistent.

Thaksin also had similar negative perception towards the traditional Thai bureaucracy. To him Thai bureaucracy is too powerful, passive, and too ignorant of business world, therefore, it cannot help Thailand to develop or progress whereas the bureaucrats are obsolete thus unable to keep up with the changes in the era of globalization and high competition (Phongpaichit et al. 2004: 172). The NPM model which in many respects has several elements similar to the practices and values used in the business sectors, became a global movement since it has been promoted especially by international consultants from the World Bank and the United Nations as the solution to improve public bureaucracy and the employment of such model by many states also reinforced Thaksin's belief in the use of business practices in the public administration (Bowornwathana 2004: 137). Moreover, most importantly under the NPM label, the power of Thaksin as the prime minister could be enhanced especially through the restructuring of the public agencies and redressing scope of responsibilities to favor the particular interests.

Upon these exacting reasons, his government continued the reform program of the previous government; however, much more extensive and intensive in scale. The management idea that significantly became the drive for administrative reform during Thaksin administration mainly came from Thaksin's strong belief in the supremacy of the management of the private sectors over the traditional bureaucratic administration.

For example, he has shown his admiration to many foreign management experts who have written widely read books relating to especially private sectors management. He has many times recommended to the public to read the books from the list of management books given by him. The points that these books stress is usually concerned with are profit making and the maximization of efficiency in the private organizations. The examples of these books are *Why CEOs Fail*, *Why Smart Executives Fail*, *As the Future Catches You*, *What the Best CEOs Know: 7 Exceptional Leaders*

and Their Lessons for Transforming any Business, The New Law of Demand and Supply, and The Mystery of Capital. In addition, several management professors and successful businessmen such as Deepak C. Jain, the Dean of Kellogg School of Business Administration at Northwestern University, Michael Porter from the Harvard Business School, the Deputy Prime Minister Somkidd Jatusripitak, a former lecturer from the business school at the National Institute of Development Administration (NIDA), Bangkok, and CEO of Shin Corporation (the telecommunications conglomerate founded by Thaksin) were invited to give lectures to senior government officials such as provincial governors and ambassadors. (Bowornwathana 2004: 143.)

But most importantly, the admiration for the business practices of Thaksin perhaps comes mostly from his own life experience. Thaksin was born as a member of one of the most successful entrepreneurial Chinese–origin families in a province in the northern part of Thailand. As a young man although he was educated in the field of policing, he never stopped having an aspiration to become a successful entrepreneur. After quitting the official post, he started from small business. But his immense business success actually started in the late 1980s since he continued to win several telecom concessions from the government. And since his conglomerate managed to survive the 1997 Asian financial crisis quite well, he became one of the most successful and wealthiest businessmen in Thailand (Phongpaichit et al. 2004: 25–41). From more than 30 years of experience in managing and directing his businesses, Thaksin was strongly confident in his own ability as a good leader figure. Thus when he entered politics, he believed that to manage a country is merely similar to managing a company. This perspective of Thaksin is clearly evident even in his first “political testament” stated in 1999.

“Thailand can be compared to a large–scale company that has to seek profits in order to provide for its large number of employees by producing goods to sell in competition with other countries....The proper role of MP is to manage the nation’s biggest organization, Thailand Company. Politics are just the outer surface. Management is the substance for moving Thailand ahead as an organization.” (quoted in Phongpaichit et al. 2004: 102.)

From this statement, it is obvious that his belief is largely market-oriented. For him as he perceived it, a country equals simply a company, and that he who is elected to become the country's leader should hold the post that equals to a company's Chief Executive Officer (CEO) who should be able to freely exercise the absolute power through the use of his entrepreneurial skills in the process strategic decision making relating to management in the "Thailand company". The CEO prime minister similar to a super CEO of a private company should be situated as well on top of the single pyramid of hierarchy within his organization. The heads of various units should also act as CEOs who to a certain extent have authority to make decisions in their units; however such decisions must be coherent with the decisions made by the super CEO prime minister (Bowornwathana 2004: 142). The national resources as well as human resources of the country should be conceived as commodities that could be traded in the global market. In this view, national economy is treated like a business. And for a business to stay successful in the era of globalized cutthroat economy, it has to stay competitive and continue making profits. The government should have its roles in protecting, assisting and promoting the interests of domestic firms and sectors (Phongpaichit et al. 2004: 102).

3.2. Pressure from Citizens and Chance Event

The event of the 1997 East Asian financial crisis described earlier briefly in the second chapter sent tremendous shockwaves of impacts on Thailand's economy and society. It should be considered as the most important chance event since it created pressure from the Thai citizens which led to the rise of Thai Rak Thai and Thaksin Shinawatra.

The government of the time which was led by General Chavalit Yongchaiyudh, the 22nd prime minister's of Thailand had no choice but to devalue the baht. This devaluation of the currency led to the modification of the exchange rate policy. The situation was worsened after the change was done and it eventually dwindled down into the collapse of the economy of the country. The shock was great since the crisis hit the country by surprise for many people. Since the 1980s Thailand has engaged more and more in

globalization. Since then it began its rapid process of industrialization and financial liberalization to enhance its competitiveness in the global market. According to Baker and Phongpaichit, (2005: 253–255) by the early 1990s, the country could achieve doubled-digit economic growth because the increase in export volume in manufacturing and service sectors as well as the flood of foreign direct investment and private capital inflows resulted from the removal of interest control, the more accessibility of the stock market, and the installation of offshore banking system.

With the availability of cheaper interest rates for offshore loans and a perceived fixed exchange rate, the Thai private sector continued to borrow the short-term loans and a lot of the borrowed money was invested excessively into speculative markets, especially for property which is a risky and non-tradable sector. And at the same time, the profits made in the export manufacturing sector was also decreasing because the availability of infrastructure to support such swift economic growth was not sufficient and because the rising wages of the labors whose education and skills had not adequately improved corresponding to the higher requirement of the upper-level of industrialization that the high growth had brought. Thus Thailand gradually lost its competitiveness among the countries that offered manufacturing base for low-value added products.

Without any effective management measure by the government, the over-borrowing to invest in the non-productive sectors and decrease of profit ultimately led to the slow-down of export growth because the manufacturing sector could not sustain its competitiveness. The balance of payment deficit soared and the foreign capital began to leak away. The baht was increasingly subject to speculative attacks from 1996, and this intensified in mid-1997.

Initially, the Bank of Thailand (BOT) spent large amounts of foreign reserves to defend the currency. However, its reserve could not match the enormous funds of the foreign speculators. Thus, Thailand had no choice but to apply for a US\$17.2 billion loan from the International Monetary Fund (IMF). The IMF demanded Thailand to float the baht on July 2, 1997 as well as required Thailand to raise tax and interest rates, close weak financial institutions and further liberalize its economy. (Baker et al. 2005:253–255.)

But the rapid depreciation of the baht quickly deepened the economic crisis in Thailand resulted in the drastic economic decline. According to figure 5, from 1997 to 1998 Thailand's GDP sharply decreased from about 355 billion dollars to only 318 billion dollars. Consequently, the foreign investors continuously fled the country. Many domestic firms both large companies and small to medium scale enterprises (SMEs) were seriously in trouble and some went bankrupt since there was a decrease in export demand and liquidity. (Baker et al. 2005:253–255.)

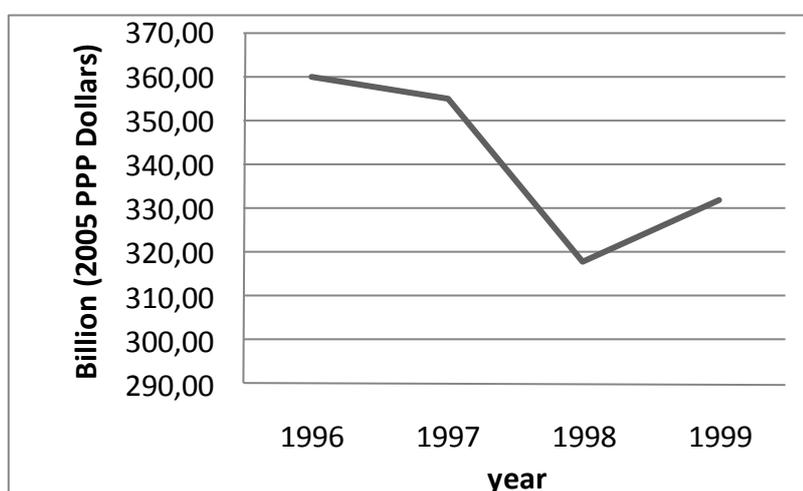


Figure 5. Thailand's GDP from 1996–1999 (UNESCAP 2008)

A number of the unstable business companies had to lay off some workers, cut the amount of workers' salary, merge with other companies, close down, or transfer to foreign ownership. The declining in profit made by private companies affected the reduction of government revenue since the government could collect less corporate income tax. More than two million people were unemployed. And with insufficient official safety net offered by the government to fall on, unemployment, reduced wage,

and consumer goods' price rises not only had some certain direct impacts on the livelihood of many people, but also had psychological effects as well. For example, a number of low-educated and low-skilled previous urban workers who lost their jobs would not be able to provide enough income to support their families. Many of them that engaged in the small to medium scales operation usually did not receive compensation when they were laid-off (Baker et al. 2005: 253–257). While the life expenses kept climbing up but the income was short, some money that should be spent on necessary matters, such as the spending on education of their children, health care and food had to be cut as well. The range of problems became more and more apparent. The increase in school dropping-out rates, the number of people who became mentally ill, suicide rate, the number children that had the problem of malnutrition, the number of abandoned children, and crime rate were examples of raising problems among many others (Kittiprapas 2002).

Thailand's 1997 financial crisis and its consequences were widely perceived as the management mistake made by the Chavalit's Cabinet. Amid the heat of the financial crisis in 1997, political activists, military, Bangkok's businessmen and the people especially of the middle class attempted to hasten the ratification process of the new constitution that was drafted over 1995–1996. With a strong belief that that this constitution would eventually bring politics into line with the needs of the globalized economy, they demanded a new constitution that aimed to reduce the effects of money politics, intense patronage network, and corruption and to mend what was perceived to be the flaws in Thailand's democratic system. 27 September 1997 was the day that the draft was passed and it was the same day that Chavalit's government finally concluded an agreement with the IMF. (Baker et al. 2005: 255.)

After the government devaluated the baht to obey the demand of the IMF, the government was even more criticized as the situation worsened. The urban middle class again grouped together to call for the removal of Chavalit's cabinet. Finally in November 1997, unable to better the crisis, Chavalit stepped down, and the Democrats party (the party was favored by the protesters) was now in power as a result of a reshuffle of minor parties. After Democrats was in power, the Democrats government

basically cooperated with the IMF. However, the situation was still going downhill. As a result, people gradually lost their faith in the party as well. (Baker et al. 2005: 253–256.)

In the midst of the crisis, globalization gained negative image among the general public. To the extreme, some people thought that Thailand was enslaved by globalization and the country had lost its stability because of it. Some others viewed that Thailand was ill-prepared for globalization that marks the age of rapid change. To survive and stay strong in this inescapable new environment, Thailand needs to face globalization with more carefulness. The previous pattern of development was considered relying on too much on the outside. Strengthening Thailand's own internal institutions and starting to look backwards to what available locally seemed the best and most practical solution for the crisis.

One of the most prominent activists who shared this thinking was Prawase Wasi, a medical practitioner, a researcher, and a political activist. Prawase believed that because Thai society and economy are built upon a very weak foundation because everyone is habituated to the patronage system that fosters them to rely on the superior others. So when problems occur, they pile up on top of such fragile base so it was not surprising that the whole thing collapsed so easily. The way to cope with and fix the problem, he believes, Thai people needs learn from the mistakes and benevolently cooperate with one another to rebuild society from the local community upwards in order to enable Thailand to stand up on its feet again. To him, the whole society must be strengthened through learning to be able to rely on oneself especially economically, not just waiting for help or copy from the others. Instead of just passively taking the foreigner's technologies, knowledge, and capital mindlessly, Thai people should give emphasis more on their own cultural assets already available. And for the society and economy to be more independent and fully strengthened, to sustain the growth of GDP alone is not enough. Economy, family, community, culture, environment, and politics must all be considered together in an integrated manner because the downfall or the glory of each of these could affect the well-being of the others as well. (Wasi 1997.)

In addition, this view was made to be accepted and appreciated by the majority of Thai people since it was also shared by His Majesty, Bhumibol Adulyadej. The King's speech on this view was publicized on the king's birthday on 5 December 1997.

“Being a tiger is not important. What is important is to have enough to eat and to live; and to have an economy which provides enough to eat and live... We have to live carefully and we have to go back to do things which are not complicated and which do not use elaborate, expensive equipment. We need to move backwards in order to move forwards. If we don't do like this, the solution to this crisis will be difficult.” (quoted in Phongpaichit et al. 2005: 256.)

Actually the King had embraced this idea since about three decades before the 1997 financial crisis as he pointed out in royal remarks on several occasions. But after the crisis, he further developed this idea into a philosophy called Sufficiency Economy developed, not only to create a greater awareness of the country's economic vulnerability but also to help the people of Thailand develop a guiding principle for their future. Sufficiency Economy is about having moderation, reasonableness as well as self-immunity from the impact of internal and external changes. In addition, a way of life that is based on patience, perseverance, diligence, wisdom and prudence is important in order to create balance and to be able to cope appropriately with critical challenges arising from extensive and rapid socioeconomic, environmental, and cultural changes in the world. Moreover, this philosophy emphasizes the morality of the nation, particularly public officials, academics and businessmen, focusing chiefly on the principles of honesty and integrity. The implementation of Sufficiency Economy principles is believed to help bring out various positive outcomes. For example, the problem of poverty would be gradually improved. Communities that act as foundations for the local economy would also be empowered. And the corporate responsibility and standards of governance would become better. Ultimately, if everyone follows the principles of Sufficiency economy, the country will be immune from future shocks and will make way for greater amount of reasonable and sustainable growth. (Department of Agricultural Extension 2009.)

Under this theme of self-reliance that was made widely popular at that time, agriculture, which has been considered to be the sector that is most suitable for Thailand because a

majority of Thai population still engages in this area and because it most links to the way of life of the people, was given priority. The King himself, farmers in rural areas as well as activists, including Priwase Wasi pointed out that during the period of intensive industrialization, the government pretty much neglected agriculture. So during the crisis instead of helping the urban businessmen and bankers, the government should provide more support to the farmers. The farmers themselves started several protests demanding the government to bail out the debts of the poor farmers and support falling crop prices. Those who lost their urban jobs took over the vacant land and activists demanded a land reform that would make the transfer of land from farmers to urban use and speculation more difficult. (Baker et al. 2005: 257.)

On the other hand, the local businessmen also felt abandoned by the government because they believed that the government overly obeyed the neo-colonial policies of the IMF who put the blame on them. They felt that the government left them suffering even more. Some of them reacted to the situation by stopping to repay the creditors. In the early 1998, groups of businessmen united under organizations such as the Alliance for National Salvation started street demonstration in Bangkok as well sending representative to Washington to protest against the IMF. (Baker et al. 2005: 257.)

Through 1998–1999, Thailand was still in bad shape. The social distress was widespread all over the country. It was apparent in the prevalence of protests of different groups which seemed that the current government was unable to manage. The patriotic need to re-strengthening the country through a more national self-reliant approach was even more accepted and shared by more and more people. A number of projects were launched in accordance with such approach. For example, a respected senior Buddhist monk, Pra Dharma Visuthimongkol or popularly known as Luangta Mahabua launched a fund-raising project to collect donations of two billion baht to offset the national debt. Academics and businessmen grouped together to promote Thai people to love each other. Popular theme for domestic films during this period also was also nationalistic, emphasizing the significance of being independent. (Baker et al. 2005: 257.)

By the year 2000, the economic crisis began to be relieved. But what was left for Thai people from this experience was a powerful belief in the theme of national self-reliance that emphasizes self-strengthening through a refocus on the importance of rural society, a change in development policy, as well as the reassessment of Thailand's position in the context of globalization. It seemed that at that time Thai people were waiting for a new savior who would help them rebuild everything; the righteous savior who would truly bring hope, happiness and prosperity back for every one once again.

3.3. Party Political Ideas

In 1998, amid Thailand's financial crisis, Thaksin Shinawatra; multi-billionaire telecom mogul, founded a new political party; Thai Rak Thai (Thais love Thais). To enhance his business success, Thaksin found it necessary to personally get involved in politics.

After the military's role in politics was largely removed during the late 1980s, the grants of telecom concessions that was largely considered on the relationship and money transferred between the military, bureaucracy and businessmen, have become more involved with civilian politicians. But unlike many other big telecom companies' owners who only foster the political connection to different political parties and support them financially, Thaksin went ambitiously further into political world by first becoming a member of Phalang Tham (moral force) party and then joined the cabinet as foreign minister and took the post of Phalang Tham party's leader in 1994. In 1995, he became deputy prime minister. And during his term, he further got his mobile phone concession extended. However, when the coalition changed, the other telecom companies won concessions and rose up to compete with Thaksin's company. The business competition was cut throat. Thaksin left Phalang Tham in 1996 after election defeat, claiming that the party's ideology was backward and unsuitable for the changing world. (Phongpaichit et al. 2004: 53-55.)

Though he certainly kept his bureaucratic connections, obviously for his business, he claimed that Thai politics should move away from old ways that the "professional

politicians” attacked the oppositions by all “dirty” methods to secure their posts and interests. After seeking advice from several academic and local leaders from all over the country, Thaksin finally launched his own political party; Thai Rak Thai, on 14 July 1998. The founding members of the party consisted of five former members of Phalang Tham, two big property developers, and academics and officials. (Phongpaichit et al. 2004: 63–65.)

This newly established party attracted a good support especially from a number of business group that managed to survive the crisis including the biggest local conglomerates, firms engaged in service industry oriented to the domestic market, and the leading banks. Some of them personally later joined the party while other provided financial support. All of them have had history of having and using political connections for their business interest (Baker et al. 2005: 258; Phongpaichit et al. 2004: 72). As a result of experiencing the brutality of the economic crisis, these leading businessmen lost their faith in the management of the current government led by the Democrats; the bunch of old “professional politicians”.

They shared the ideas that under the changing environment in the era of globalization and the age of economic war, it should be them, the leading businessmen who could best run the country, not the old politicians who know nothing about business world. In several occasions before he became Thailand’s prime minister, Thaksin obviously contrasted himself to the current Prime Minister, Chuan Leekpai. He portrayed himself as a successful entrepreneur while described Chuan as a passive soft-headed bureaucrat-like politician. Moreover, in many cases, he disapproved of Chun’s approach to manage the crisis (Phongpaichit et al. 2004: 77). Politics and public management, for Thaksin, seriously needed to be modernized especially to help the business sector of every size to regain its strength.

To respond to the nationalistic trend of the period, the new party was marketized to suit the current situation. This can be seen even in the name, slogan and the logo of the party that was intensively advertised as part of the election campaign. The name Thai Rak Thai apparently contains nationalistic expression. The nationalistic sentiment is shown

apart from the word Thai that appears twice in the name stressing the importance of Thai as a united race, the name was also created clearly to represent that Thai people should love and rely on each other instead of loving, following, depending excessively on the foreigners; the popular localist theme of that time. Thai Rak Thai's slogan, "Think new, act new, for every Thai", also stresses the significance of the welfare of every Thai people through the changes in ideas and actions that the party could offer. It is clear that the party promoted the idea that it could present Thai people with new and better alternative ideas and approaches in managing the country when compared to the other ageing parties could offer. It relied on the assumption that old things are too outdated, ineffective, and destructive therefore, it should be replaced by something new. Moreover, nationalism also appears in the party's logo. From figure 6, number "1" that symbolizes victory of the party and priority of the welfare of the population and the Thai alphabet "ท" which is the initial for Thaksin, Thailand or Thai, and Thai Rak Thai are combined. The red, white, and blue colors of the Thai flag are used as well to convey the nationalistic message.



Figure 6. Thai Rak Thai Party Logo

Certainly, this nationalistic image of the new party is appealing to a number of people outside business sector as well. However, to gain majority support from the Thai electorate who live in the rural villages, the party needed to create something that would attract this group who has proved their assertive power through the late 1980s and 1990s. Thaksin realized that the farmers had suffered from the crisis and was desperate for help from the state since there were a number of protests of the farmers throughout

1998 to 2000 demanded the government to provide them with more support. After, seeking advice from the rural leaders and NGO workers, The Thai Rak Thai party prompted the principle of rural uplift which stressed strengthening communities and building recovery from the grassroots. A number of schemes targeted to please the rural people were created as a major part in the election campaign of Thai Rak Thai party.

With well-establishment of the name, image, and message of the party as well as the deterioration of the Democrats' reputation and faith among the people and the admission of the prominent politicians from other parties, the party eventually won the January 2001 election with a landslide vote. Thai Rak Thai had chance to form a government. After the victory, it then shortly absorbed the New Aspiration Party. But instead of forming a one-party government, Thaksin decided to go for a "grand" coalition government with two smaller parties, occupying 300 seats out of 500 seats. This "grand" coalition type of government and the strengthened authority of the Prime Minister which was granted by the 1997 constitution were advantageous for Thaksin tremendously. The problems of lacking of coherence, political deadlock, and weak leadership that have been common problems for the previous coalitional governments should be, in theory, much easier done away because no single faction, including those in Thaksin's own party could harm his office. (Painter 2006: 33.)

However, in fact, old style patronage politics is still in place, therefore, the problem of coherence also survives. This is because although Thaksin had absorbed many parties into Thai Rak Thai larger structure, TRT then was nothing but an umbrella to shelter a number of enduring patronage networks temporarily. While these persist, Thaksin had to attempt to break them down and to diminish the standing of the faction's leaders. (Connors 2004.)

Thaksin fully asserted his authority as prime minister to solve the usual problems of coalitional and bureaucratic politicking as well as enabled himself to centralize the power in his own hands. His need to consolidate the power came from the fact that the power to control policy was concentrated in the hands of major bureaucrats with the backup from the military.

Although as many people used to believe that the military era in Thailand had ended after the democratic popular uprising of May 1992, the military and other security forces retained their economic privileges and were closely interconnected with bureaucratic and political elites through shared business interests. Members of the rising professional politicians, loosely allied with political parties based on regional or local alliances of businessmen, and bosses, formed unstable parliamentary coalitions in order to distribute the spoils of office, “Money politics” dominated the electoral and parliamentary processes at the same time as a new class of metropolitan business leaders (such as Thaksin) were entering politics. During those years, the bureaucrats retained a considerable degree of control over policy as well as administration, in part because civilian governments were coalition governments that were generally weak and indecisive. More and more, the details of resource allocation and distribution were shaped by the relations forged between individual ministers, concerning in large part with rewarding their followers and repaying their political debts and departmental officials. (Painter 2006: 3–4.)

However, if the day-to-day handling of patronage still remained in the hands of bureaucrats and individual ministers, Thaksin's efforts to hold together his grand coalition would be made that much harder. Much more effective would be a more centralized, politically-managed system of spoils distribution which would respond more quickly and strategically to the ruling party's political needs. For these reasons, Thaksin's aim was to break down existing forms of bureaucratic power, rather than merely to manage them for his own ends.

To do so he, for example, made use of his power on ministerial appointment and dismissal, imposing eight cabinet reshuffles totaling 55 individual new appointments in three years. Moreover, a number of steps were taken to concentrate power in his hands under the label of “CEO government”. He expanded the number of political appointments to positions in the Prime Minister's Office, including teams of policy advisors and TRT stalwarts (Phongpaichit et al. 2004: 186). Consistent with a CEO “hands-on” style, he intervened directly on matters both at individual or department

levels on what he saw unfit. Furthermore he exercised close control over key appointments within the police, military and civil service, often for the sake of promoting associates and relatives but more generally in order to reward TRT sympathizers and to punish critics. And finally, he combined these day-to-day actions with a program of budgetary and administrative reforms that aimed to enhance political control and disrupted existing centers of bureaucratic power (Painter 2006: 33–34).

And to further rearrange the pork-barrel, the best source of trustful support must be from Thaksin's own personal connections. He has an extensive network of kin, in laws, and cadet school classmates spread across the military, police, and senior ranks of the bureaucracy. After becoming the prime minister, several members of this network profited. In 2001 and 2002 military promotions, many members of his cadet school class were promoted. By 2003 some of them raised to the key military positions. Same story applied to his classmates in the police. However, the most prospered ones seemed to be ones having familial relations with Thaksin. For example, Thaksin's cousin, Chaisit Shinawatra, rose from being a lieutenant general in 2001 to being the army commander in 2003. Phrieophan Damaphong, a cousin of Thaksin's wife was appointed as assistant national police chief in 2003 and deputy in 2004. Purachai Piumsombun, Justice Minister was removed from his post because he got into conflict with Thaksin's brother in law, Somchai Wongsawat who was permanent secretary in the Ministry of Justice. (Phongpaichit et al. 2004: 178–181.)

Moreover, Thaksin also strengthened the army by several means. He gave the military an important role in the war on drugs campaign in 2003. Rather than supporting the 1997 constitution on liberalizing the media, Thaksin instead encouraged the military to retighten their controls over media broadcasting (which was the army's huge source of income). He also revised the military's influence over foreign policy, especially concerning neighboring countries. He restored arms spending cut from the military procurement budget (Phongpaichit et al. 2004: 183–184). Furthermore, a law and regulations that equip policemen with more authority were passed. Most interesting was a law that gave authority to the Prime Minister to order the arrest of anyone who supposed to be "dangerous" to the security of the country. Names of influential figures

involved in illegal activities such as gambling, drugs, prostitution, ringleaders of football betting and underground lotteries were compiled in a “black list”. According to human rights advocates, hundreds of people alleged to be involved in such activities were finished off by the police. Of course, the police never admitted (Bowornwathana 2004: 145–146). A lot was done to ensure that he could gain support from the military and police who would give him extra power in order to be able to exercise his control over the country and to pressure critics and the opposition.

3.4. Elite Decision Making

The pressure resulting from the events of the Asian financial crisis opened up the path to power for Thai Rak Thai and its party leader, Thaksin Shinawatra. Within that critical atmosphere, what the old–style politicians had got to offer was not enough. Thaksin and other members of his party who were the symbol of the business and academic success seemed to have the best way out for Thailand. Thaksin as the central figure of the party was very well educated intellectual. He was charismatic but down–to–earth. He was a modern man with a great vision. And most of all, he seemed to be so different from other professional politicians who all had the tainted reputations of being corrupt. All these impressive characters coupled with the populist socio–economic policies were well advertised. People loved what they saw.

Once the party received its great victory, Thai Rak Thai government was committed to bring about those policies promised which were widely applauded regardless that there had been some doubts and criticism against some of the schemes especially the war on drugs and the social order program. Furthermore, during his administration, the NPM as a new approach for public management were employed to a larger–than–ever extent. The employment of the NPM partly came from the fact that Thaksin himself had been engaged in the business world for a long time. Thaksin shares the idea with the NPM scholars that business administration methods are usually superior to the traditional public administration system. Moreover, he personally believes that the best way to manage a country is to see the country as a company and see citizens as customers.

Customers needed to be fully satisfied. He as the premier should then be considered as the CEO of the company who should hold all decision-makings. For Thaksin, this would enhance the efficiency of the public services which would please the customer citizens.

The popularity among the voters alone, for Thaksin, was inadequate to secure his prominent place in politics. A strong support from within the government as well as the security forces and high-ranked bureaucrats had to be built to protect Thaksin's interests. When in power, Thaksin offered to be the patron for those who have personal connections with him and allowed them to achieve some privileges. In return Thaksin has recruited trustful men into his circle in order to counter balance and, to some extent, challenge the traditional privileged bureaucrats who had gained such privileges through having special patron-client relation with the key military officials since the long period of military dictatorship. Centralizing the power by replacing the key positions with Thaksin's own men was seen to be logical. However, this act of nepotism was very much criticized and doubted by the civil society. Nevertheless, in the administrative reform that was considered mostly to achieve modernization of Thailand's administrative system, Thaksin also inserted some instruments that aimed to change the system to be more responsive to his political command.

4. ADMINISTRATIVE SYSTEM

In terms of legal basis, the administration of the Thai public administration was based on three key Acts, namely Organization of State Administration Act, The Government Organization Act, and The Civil Service Act.

First, the bureaucratic structure and its administration were specified by the Organization of State Administration Act. This Act first, promulgated since 1932 and updated in 1991 and later 2002, specified that the civil service administration combined the three functions of centralized, de-concentrated, and decentralized into one system. (United Nations 2004.)

Under the central administration function, it consisted of 20 ministries, which were Office of Prime Minister, Ministry of Interior, the Ministry of Finance, Ministry of Foreign Affairs, Ministry of Tourism and Sports, Ministry of Social Development and Human Security, Ministry of Agriculture and Cooperatives, Ministry of Transportation, Ministry of Natural Resources and Environment, Ministry of Information Technology and Communication, Ministry of Energy, Ministry of Commerce, Ministry of Defense, Ministry of Justice, Ministry of Labor, Ministry of Culture, Ministry of Science and Technology, Ministry of Education, Ministry of Public Health, and Ministry of Industry. Each one is directed by a permanent secretary. There were 125 departments within these ministries. This function's tasks were to produce public policy and lead the primary execution. (United Nations 2004.)

Under the de-concentrated function, Thailand was divided into 76 provinces. Each province is headed by a provincial governor who has been authorized by the central government. His or her responsibility is to undertake some certain decision-making in accordance with the policies, guidelines and, instruction instigated by the central government. (United Nations 2004.)

Under the decentralization of functions, the local administration is self-governing. The Constitution of 1997 and decentralization by-laws of 1999 outlined the foundation for

increasing delegation of duties and responsibilities to local authorities, and set in motion a decentralization process. There are two different categories under this type of administration: provinces, municipalities and sanitary districts; and Bangkok Metropolis (centrally-located urban region) and Pattaya City. (United Nations 2004.)

Moreover, the 2002 State Administration Act underlines that state administration must be citizen-centered, meaning that the administration must aim for the benefits and well-being of the people. (Sirisumphand 2009.)

Second, the structure and operations of government organizations are defined in the Government Organization Act. The Act indicates the number and names of ministries, the function of each one, and the names of departments within each ministry. In the Government Organization Act of 1991 there consisted of 15 ministries comprising of 14 civilian ministries and the Ministry of Defense and 125 departments within these ministries. (United Nations 2004.)

Third, the Civil Service Act deals basically with all aspects of personnel management in the public sector. The original Civil Service Act of 1928 introduced the public personnel system and career service concepts into the civil service and specified the establishment of a central personnel agency to take responsibility for managing the civil service. Moreover, it describes the rights and responsibilities of public servants, and establishes compensation levels, entrance examination, career advancement procedures and disciplinary action. It further provides for developing and encouraging effective and motivated work performance. For instance, under the Civil Service Act of 1992, it stipulates that

- All new recruits must attend an orientation course during their probationary period. The content of the course comprises basic knowledge about the civil service, basic skills and practice in performing necessary jobs which are commonly assigned positive attitudes towards public service;
- Human resource development must be a prime concern of all superior officers with regard to their subordinates;

- Participation in supervisory or managerial courses is compulsory for civil servants who are promoted to supervisory or managerial positions;
- Civil servants are allowed to further their study, to attend training programs, to undertake observation visits, or to do research within the country and abroad in accordance with the rules and procedures prescribed by the Civil Service Commission.

Furthermore, in 1996, in an attempt to promote greater transparency, accountability, and customer orientation in public service administration and practice, two major legislative acts were promulgated to implement the Civil Service Act. They are the Administrative Procedures Act and the Official Liabilities Tort Act. The Administrative Procedures Act is mainly concerned with work procedures, the scope of authority of government officials, the right to determine the reasons behind approval or rejection decisions and the right to appeal decisions and request reconsideration. The Official Liabilities Tort Act enables affected citizens to claim compensation from government agencies if it is found they have been mistreated. (United Nations 2004.)

In 2005 during Thaksin's premiership, under an updated version of the Civil Service Act, there were three main government bodies that dealt directly with the management and development of the public sector; Civil Service Commission (CSC), Merit Protection Commission (MPC), and Public Sector Development Commission (PDC).

First, CSC established since 1920s, is the central agency in charge of advising public sectors by using human resource strategies. Although having many responsibilities, its main duties relating to the management of public sector are to make proposals and give advice to the Cabinet concerning policies and standards of managing public human resource as well as to formulate civil service human resource management policies, rules, regulations and directives in accordance with the Civil Service Act. Moreover, it carries on a function of supervising, overseeing, monitoring, inspecting, and evaluating the human resource management of civil officials in ministries and departments. (Office of Civil Service Commission 2009.)

Second, established in 2004, MPC's duties are to oversee and protect the integrity and merit system in the management of public administration. It is responsible for advising the Cabinet on human resource policy in the respect of protecting merit system and promulgating rules, regulations, and guidelines relating to the issue. Moreover, it also acts as an independent judiciary agency in charge of adjudication of the petitions concerning matters relating to prime minister or ministers that effects the political neutrality, serious disciplinary of the public officials, and the cases relating to the human resource management that are not complied with the merit system. These responsibilities were formally carried on by the CSC. (Office of Civil Service Commission 2009b.)

Third, the PDC, like the MPC, was established in order to lessen the duties of the CSC. Founded in 2002, its main function is to manage the structuring of the government organization. This is to include making recommendations and providing advice to the Cabinet regarding public sector development, including the budgetary system, personnel administration system, ethical standards and administrative procedures, propose guiding principles, guidelines, and measures to the Cabinet in connection with government restructuring, monitor, assess and assist government agencies in the implementation of actions and lastly, creating a common understanding, disseminate information, and organize training, with particular focus to facilitate public sector development. (Office of Civil Service Commission 2004.)

Apart from the above commissions there is also the National Economic and Social Development Board (NESDB), an organization that are involved in public administration at the policy level. Like PDC, MPC and CSC, the board is attached to the Office of the Prime Minister, and their respective heads report directly to the Prime Minister. Its main functions are oriented towards policy development, manpower planning, and financial and budgetary management. These functions include formulating the National Economic and Social Development Plan and translating it into action within a 5-year timeframe, creating strategies for key government policies and major development projects and analyzing budget proposals by state enterprises and

related agencies. (Office of the National Economic and Social Development Board 2009.)

4.1. Content of Reform Package

The content of administrative reform was broadly described in the National Economic and Social Development Plan. And according to the plan, a Royal Decree on Criteria and Procedures for Good Governance was created to be the guidance for the overall government administration. Through implementing in accordance with the plan and the decree, the administration should be modernized and improved along with the welfare of the Thai population which would be elevated as a whole as well.

According to the Ninth National Economic and Social Development Plan (applied during 2002–2006), “Sufficiency Economy” a philosophical concept belonging to His Majesty the King was the central philosophy in developing Thailand socially and economically in this plan. “Sufficiency economy” was explained as based on the importance of taking on the middle part, a Buddhist philosophical conception emphasizing on a balanced way of livelihood. For Thai society to be a “strong and balancing society” three aspects; quality society, wisdom and learning society and harmonious society should be enhanced so that it would lead to “sustainable development and well-being of the Thai people” (National Economic and Social Development Board 2001). The four important points that the ninth plan focused on are social protection, competitiveness, governance, and environmental protection. To achieve all these important points, the plan prioritized the need to create economic growth sustainably at all level through increasing in economic competitiveness. The competitiveness was to be increased by enhancing the strength through firmly establishing the niche in the global market. The niche of Thailand, according to the Board, is found in industries related to software, auto-parts, fashion, foods and tourism. The domestic industries and businesses were urged to increase their production both to serve the local and international demand not only for the reason of competitiveness, but also to reduce the reliance on importation of goods from abroad. Moreover, weaknesses

in the administration of economic, politics, and public sectors as well as improve the backwardness of legal system must be fixed through reforms and amendment especially for facilitating the business sector. And at the same time the problem of income gap, poverty, and lacking of education of the people at the grass-root level must be solved in order to allow this group to catch up with the rest. The society and economy must be strengthened from the community to national level. (National Economic and Social Development Board 2001.)

In 2003, one year after the creation of the Ninth National Economic and Social Development Plan, a Royal Decree on Criteria and Procedures for Good Governance was promulgated. In the decree, “good governance is to meet seven targets.

First, public administration must be responsive to the public needs in accordance with the idea of citizen-center administration. Moreover all missions of government agencies at all levels shall be carried out in good faith and transparency. Through responsive public administration, happiness and good living conditions of the people as well as public order, safety and economy of the nation shall be maximized.

Second, in performing any duties, all government agencies must utilize result-based management. Through result-based management approach, government agencies must make its performance plan prior to the carrying out any mission; specify in the performance plan in details; follow-up and review the performance plan; and in the case where the carrying out of mission or performance plan affect people, redress such effect or change the performance plan.

Third, all government agencies must give importance to effectiveness of performances and value for money. For effective performance, the government agency must specify target, action plan, due date of work or project, and budget for each work or project and shall then make such determination known to its official and people.

Fourth, government agencies must improve quicker service and lessening unnecessary steps of work especially with the employment of information technology in the purpose of providing convenient and quick public service with lower cost.

Fifth, government agencies, after having considered the State Administration Plan, policy of the Council of Ministers, national budget status, value for money of mission, and other situation must review its mission whether which mission was necessary or which mission should be carried on. If a mission is to be canceled, revised or altered was found by any government agencies, it must improve or alter its authority and duty, organizational structure and personnel and propose to the Council of Ministers for giving approval for such improving.

Sixth, government agencies must prioritize the duty of providing convenient and favorable services. In providing public service or in communicating between government agencies, the due date of each task must be specified and publicized. Moreover, the superior shall have the duty to control the inferior to finish the task within the due date.

Finally, in addition to the follow-up and review measure, the government agencies must establish an independent inspection committee in order to evaluate the performance of duty related to the result of the mission, quality of service, pleasure of customer, and value for money. (Office of Public Sector Development Commission 2003.)

To achieve the goals set in the Ninth National Economic and Social Development Plan and the 2003 Royal Decree on Criteria and Procedures for Good Governance reviewed in figure 7, Thaksin government took on NPM approach and embraced the idea of good governance.

After the redistribution of duties of different commissions, restructuring of the state agencies and changes in their working scope were kicked off. The government sought to reduce its roles to the areas that seemed necessary and where it worked well while at the same time reallocate some tasks to the private sectors and the people.

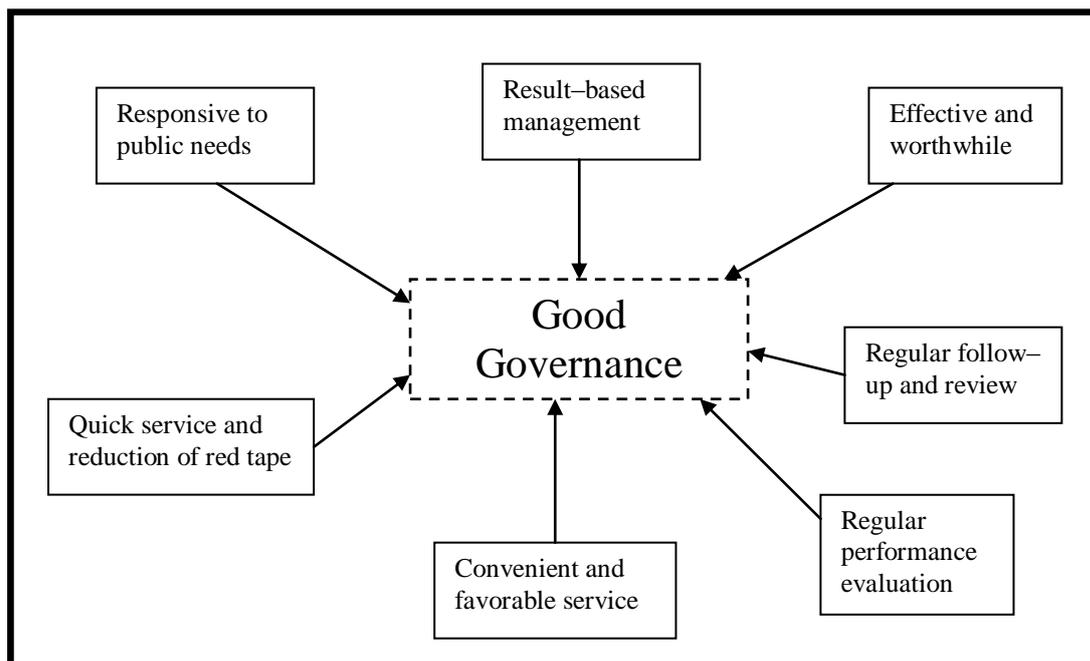


Figure 7. Royal Decree on Criteria and Procedures for Good Governance (Office of Public Sector Development Commission 2003)

Moreover, the government readjusted the methods and the processes of administration and services, by attempting to improve the services in accordance with the people's demand. In terms of budget management, the government emphasized the accountability and transparency. With respect to human resource management, there was the exercise of "the Chief Executive Officer" system, the increase of the public officials' salary, the attempt to alter the norms and values of the public servants aiming at reducing corruption.

The implementation of the reform was the responsibility of the PDC. In sections 15 and 16 of the 2002 State Administration Act that established the PDC and its structure and scope of responsibilities also gave the objectives that the PDC needed to fulfill, which were;

- Restructure the government organizations and clearly assign the missions and the undertakers

- Produce transparent budgeting system
- Create the fast-paced and fair working system
- Improve the work mechanism to be more competitive

Therefore, to help formulate clear goals for this public reform, according to Malakul Na Ayuthaya (2009), the McKinsey 7 model, developed in the 1980s by Robert Waterman, Tom Peters, and Julien Philips was applied by PDC in setting its elaborative seven strategies for the development of Thai civil service system.

Strategy 1: Change in the working process and method (change in strategy)

In a pressing condition where the work load increases but the fund is limited, it is necessary for the changes in the working process and the working methods. The changes must be carried on through;

- Introduction of the result-based approach. Clear strategic plans and process must be systematically formed
- The emphasis on efficiency and better quality in the overall service and the development of the organizations. This must be marked in the strategic plan of each organization.
- Modernizing the internal audit system of the public sectors.
- Improving the evaluation system by arranging annual performance agreement
- Revising the strategic plan and the work process plan in terms of mid-term review.
- Encouraging more people participation through public hearing or direct participation when assessing evaluation, setting goals and indicators or making agreements.
- Allowing each public agency to recommend a plan for refurbishing the out-dated law and the codes of conduct.
- Introducing competitiveness by reducing the monopoly status of the public agencies as the service providers.
- Creating the guidelines and manuals for good public service and administration.

Strategy 2: Change in Structure

The change in structure of the civil service system must be done in order to fit the new strategies by;

- Emphasizing integration in the organization of the structure of public administration that has the coordinating mechanism.
- Revising the structure of ministries, bureaus, and departments
- Improving and rearranging the intergovernmental relations at different levels.

Strategy 3: Change in the Working System

Granting Discretion in Arranging the Working System to Each Agency

- Improving the process of budgeting by adhering mainly to the budgeting policies of the Cabinet or the government's strategies as well as focusing on accountability for results
- Readjust the budgeting system in coherent with the new public management which also links to the government's strategies and is able to clearly illustrate results.
- Considering the possibility of the arrangement on collecting expenses
- Directing each agency to making the monthly or trimester spending plan, budgeting plan, and the precise financial reports of each project
- Improving accounting system of each office to be coherent with the international standard.
- Setting up frameworks for opening up opportunity for each department to be able to partially engage in commercial activities. This is to add up extra fund to the organizations which could be utilized in terms of developing the organization and providing incentives for the officials in the form of benefit.

Strategy 4: Rebuilding the system of human resource management and the system of remuneration

- Quickly recruiting the new highly competent personnel into Thai public administration by emphasizing that these people would be the leaders in starting up the changes.

- Reconsidering and adjusting the position classification system and the remuneration system.
- Increasing the productivity of the civil servants
- Directing each agency to create a strategic human resource development plan
- Developing the mechanism and processes that preserve and protect the merit system.
- Improving the potentiality of the civil servants.

Strategy 5: Changing paradigm, culture and values to cope with quick changing environment

- Creating the self-learning model of the target group which is the chief executive officers in the form of learning from direct experience.
- Proposing the arrangement of environment that profits the effectiveness of the learning process of the target group.
- Ordering each state agency to create a dictum that highlights the creative values, pronouncing moral standard.

Strategy 6: Modernization of the civil service system

- Improving the working system of each civil service agency into electronic office (e-office) by adopting the modern information and communication technology.
- Directing each agency to provide service to the public through electronic media i.e. through internet system or websites.
- Creating performance track system of each agency that links to the operation center in ministerial level and the operation center of the prime minister's office.

Strategy 7: Opening up the public service system to public participation

- Appointing lay board whose duty is to provide public advice in the operative levels (province/district).
- Setting rules stating that each public agency must have the system that answers and responds to public opinion through public discussion or taking census.

- Directing every public agency to present information necessary to illustrate responsibilities transparency and information relating to the organization's operations in its website.
- And lastly directing each agency to provide opportunity for voluntary citizens to participate the work with the civil servants especially in the areas concerning development projects or natural resource conservation projects. (Malakul Na Ayuthaya 2009.)

4.2. Implementation Process and Results Achieved

Implementation of these planned programs mentioned has, however, been strategic and selective. Certainly there were some apparent actions taken concerning customer satisfaction, public participation, empowering employees or improving the citizen–government interface. Nevertheless, the emphasis was concentrating more on internal reforms that have been deployed to undermine traditional bureaucratic power centers: budget reform, the “CEO–governor” scheme, bureaucratic restructuring and personnel management reforms.

From the policies and strategies of Thaksin government, creating service mind amid civil servants is highly significant. Commonly for business sector, customers' satisfaction is the key priority. Therefore when applying NPM model, the public sectors should imitate the “better” parts of the private sectors. The citizens then should be viewed as customers. The civil servants should perceive that citizens are the most important person. And the crucial objective that all civil servants need to fulfill is to serve the citizens for the happiness and wellbeing of the citizens. They need to get rid of their arrogance. The civil servants need to have the service spirit to achieve the best feedbacks from the service recipient citizens. The tasks of the civil servants whose jobs are to provide public services are giving advice, service, support and assistance to the customers (Simachokdee 2009). However, apart from these tasks, having good attitudes is also crucial. No one would like to be yelled at or frowned upon.

Wissanu Krea-ngam, Deputy Prime Minister and the overseer of the public reform project during Thaksin premiership, provided some examples that he experienced after the service mind policies was distributed to all public agencies. As said by Wissanu, at the Bangkhuntien Department of Land Transportation, the officers posted the time consumed for each procedure publicly and each service recipients was given a queue card. Thus, they can easily predict the time that they could receive the service. Another place that he mentioned was at one district office in Sukhothai province. There the service recipients got candies drinking water. There was a television set public viewing. And there were officers who gave advice to people on how to fill different forms (Krea-ngam 2003).

Apart from providing services in more hospitably ways, the problems of red tape must also be improved. The OPDC during Thaksin premiership set a high target for all public service agencies to achieve the service recipients' feedback of at least 80 percent satisfaction (Office of Public Sector Development Commission 2009). Certainly one way to achieve such satisfaction feedback is to reduce the amount of time and procedures that the customers have to go through.

In October 2002 Thaksin's government directed all government agencies to decrease their procedures down to 30–50 percent and this must be accomplished before October 2003 (Krea-ngam 2003). 230 government agencies submitted their proposals for work process and time reduction with regard to 803 work processes to the OPDC. The proposals were reported to the Cabinet in the meeting on 30 September 2003. The Cabinet acknowledged the work process reduction as proposed. The OPDC, in collaboration with the National Institute of Development Administration (NIDA), organized a project to monitor and evaluate work process and time reduction of government agencies. (Office of Public Sector Development Commission 2004.)

Some of the government offices have shown their improvement in statistics on their websites. For example, in 2006 the Srimuangchum Sub-district Administrative Organization shows (in table 3) the approximate operating times for different services.

Table 3. Example on the reduced operating time per service given by SrimuangchumSub–district Administrative Organization (Srimuengchum Sub–District Office 2006)

Service	Original Operating time per service	Time that has been reduced
tax collection on land and buildings	10 minutes/service	5 minute/service
tax collection on local maintenance	8 minutes/service	5 minute/service
tax collection on billboard	10 minutes/service	5 minute/service
public disaster rescue	1 hour/service	Immediately

Another attempt of Thaksin’s government to modernize the public service was encouraging a further integration of the information technology into the public administration. According to the Ministry of Information and Communication Technology (ICT), electronic government or e–Government is a part of new public management. The computer technology and communication networks are utilized to enhance the efficiency and to reduce costs of the public sectors in producing and providing services to the public. With the utilization of the information technology, citizens, public officials, and those from business sectors are enabled to get access to official data anytime and anywhere which would foster transparency and reduce corruption in the government eventually. E–Government roadmap was created during Thaksin’s premiership. The roadmap states two key strategies which are 1) developing public services through electronic systems (e–Services) 2) developing government information network (GIN). (Gohwong 2009.)

To implement these strategies, Thaksin government initiated the developing of information network system for ministries, departments, state enterprises, and independent agencies. In terms of developing e-Services, in 2006 the ICT Ministries gave supports to different public agencies to develop their service systems such as The Royal Thai Police's notify system for life and property safety of the citizens and the Health Department's health self-evaluation system for the grade 5-6 students. Furthermore, the government encouraged all the government agencies and state enterprises to provide the possibility for the citizen to request for service, receive service and make transactions through internet system. (Telecom Journal 2007.)

To boost up efficiency, reduce corruption and cut the red tape in order to maximize the satisfaction among public customers according to the Strategic Plan for Public Sector Development (2003-2008), Thaksin government initiated various tangible and intangible incentive schemes to encourage public offices to improve their performance as well as to promote collaboration for work efficiency. A variety of incentives included sharing benefits from expense reduction or reduction in personnel, annual bonuses, recognition and relaxed regulations. Incentive measures for high-ranking administrators included training courses, tours of inspection, faster promotion, additional paid leave with family tour packages, and recognition. On the other hand, the top executives who performed poorly would be subject to transfers, resignations, and being replaced in a board committee so as to increase the time for responsible work (Office of Public Sector Development Commission 2004).

All government agencies must take part in one of the incentive schemes, overseen and monitored by the OPDC. They were classified into three groups depending on which scheme they participated.

- **Across-the-Board Scheme group:** All agencies were required to take part in this scheme. They must develop performance plans that included not only expense reduction, reduction in personnel or improve allocation of personnel, but also reduction in service cycle time, quality of services, and achievement of the required performance level. The performance plan must be presented to the Cabinet to obtain an approval which was granted in January 2004.

- Challenge Scheme group: Departments which were ready and willing to set greater incentives took part in this scheme additionally from the across-the-board scheme. Organizations in this group must meet several requirements and
- Achieve extra key performance indicators (KPIs) and expected targets to the Cabinet in order to negotiate the agreement. Apart from having to realize similar indicators of the across-the-board group, ten more indicators were added to be reached. Their performance agreements were signed in early 2004.
- Action Learning Scheme group: All provinces except Bangkok and departments in four ministries, which were in pilot projects, participated in this scheme. The four ministries were the Ministry of Commerce, the Ministry of Finance, the Ministry of Industry, and the Ministry of Justice. Each agency had to present the Cabinet with a provincial/ministerial strategic plan and draft a performance agreement which included their performance indicators. The performance agreement was used as a mechanism to enforce administrative liability for each agency. Top executives would be forced to take full responsibility and work as professionals. This supposedly increased the effectiveness, efficiency, quality of service, transparency, and open bureaucracy, providing an opportunity for the public to scrutinize the work of the government. The proposals of the plans and agreements were approved by the OPDC and became active by 2004. Later in the same year, an additional 36 departments under 6 ministries (Ministry of Agriculture and Cooperatives, Ministry of the Interior, Ministry of Information and Communications Technology, Ministry of Energy, Ministry of Labor, and Ministry of Science and Technology) similarly presented their strategic plans and performance agreements which were signed in March – June 2004. (Office of Public Sector Development Commission 2004.)

The OPDC had a task to monitor the progress of performance according to the signed agreements of all provinces and public agencies. The analyzed evaluation would be reported directly to the Deputy Prime Minister who was assigned to supervise the region (Office of Public Sector Development Commission 2004). However, unfortunately, the implementation and evaluation results were not publicly available for the benefit of this study.

This program was partly served as an instrument to encourage the enthusiasm and the efficiency of the overall public servants. Undoubtedly, it would boost up the performance quality, especially among the operative levels; nevertheless, it was used as one of the tools to closely monitor the influential executives of all government agencies to behave in favorable ways since they had now agreed to be fully responsible for the performances of their actions as well as the performance of their in-charge work units. This scheme, like a few others which will be described was part of the power consolidation agenda of Thaksin.

The stronghold of the old power was further collapsing like dominos since there were several alterations on appointment procedures for senior positions. In traditional procedures, there was no formal system of application or competition. A “screening committee” of senior officials, director-general and secretary general was set up to choose the most suitable candidates chosen always from within the department. And the final decision for an appointment would be made by the permanent secretary (the head of ministry). The chosen one from the three candidates was commonly accounted from his or her seniority or patronage. However, this tradition was changed since this system opened ways for corruption. The most common methods used involved giving money and gifts, providing services on private matters to the higher position officials in exchange for their favoritism. (Painter 2006: 41.)

In 1999 before, Thaksin’s period, the OCSC made several changes to the system to combat corruption as well as to encourage performance culture. Lists of suitably qualified personnel in each department that the screening committees had to select suitable persons from were introduced. In order to be eligible, senior officers had to attend extensive training sessions. OCSC also took more control over the appointment screening process by selecting the chairman of the committee by themselves. Moreover, screening committees were directed to make more detailed, written reports justifying their recommendations. (Office of Civil Service Commission 2009b.)

In 2000, “Senior Executive Service” or SES was created by the OCSC to deal with proposals for performance review, merit pay, contractual arrangements and lateral

recruitment (appointing outsiders to top positions rather than promoting from within the ranks). Only those who met the qualifications and conditions listed by the OCSC were admitted to SES. The SES began its implementation in 2001 and gathered pace in 2003. (Office of Civil Service Commission 2009b.)

This program was paramount during Thaksin premiership since it fitted Thaksin's agenda concerning with his aim to control the behavior of senior officials. A number of officials who were labeled as "underperformed" were transferred and replaced by those who were more sympathetic to Thaksin.

Thaksin also encouraged the OPDC to implement more flexible senior appointments and transfers. In April 2003, a "fast track" system of senior appointments was approved in order to encourage external applicants. Moreover, Thaksin also supported the movement of existing officials between ministries or departments when vacancies occurred. A piloting system of Merit pay was also launched by the SES. However, the system faced some difficulties both in practicality as well as well the widespread opposition; therefore, it could not be fully implemented. Instead, the SES allocated extra "performance awards" to high performing departments and agencies (not to individuals) for distribution in the form of across-the-board pay supplements. (Painter 2006: 41–42.)

While the senior bureaucrats were monitored more closely and the existing officials were retrained to catch up with new preferable values, the new generations of public officials who would become the future top executives were specially recruited to suit the preference. The newly recruited personnel who were outstandingly competent participated in the fast track program.

In the Thai salary system that is called "common level" or C system, the civil servants such as those who hold a Bachelor's degree is on the level of C3 or those who hold a Master's degree is on the level of C4 Under this system, each civil servant would get promoted depending on the time served in public office as well as his contribution. Therefore, as it takes such a long time to climb up the bureaucratic ladders to the higher

C (7–11) or becoming a department's director, there is the assumption that the civil servant with high competence might be drained of the long waiting process and eventually decided to quit the post. (Krea-ngam 2005.)

To solve the problem the government directly recruited 60 new personnel who received satisfying test results. The first 20 were the newly graduates. Another 20 were already working in civil service sector. The third group of 20 was recruited from the private sectors or international organizations. These 60 contestants had to be re-filtered down to 40 through passing 550 paper-based scored on English as a Second Language test (TOEFL), passing interview test, and then participating in a training and participation camp. After that these 40 young-bloods were sent for training three months in a ministry, three months to work with a provincial governor and three months to work with an ambassador abroad. These fast-track newly recruited personnel immediately received the level of C5–6 and were expected to be the new generation spearheaded for the development of Thai public administration. (Krea-ngam 2005.)

In October 2002 after the promulgation of the newest version of the Organization of State Administration Act, Thaksin's government took on a step in restructuring the central government. The restructuring, which was so called "big bang", was the most dramatic move of the Thaksin government's administrative reform measures. It was also the first major reorganization of ministries since King Chulalongkom set up Thailand's modern system of departmental government in 1897.

There were several rearrangements of ministries, bureaus and departments. Theoretically, it was done to reduce overlapping and confusion in the responsibilities of different offices in order to establish a clear hierarchy of coordination and control and a more logical and contemporary grouping of functions and activities. (Krea-ngam 2003.)

Six ministries, which are Ministry of Natural Resources and Environment, Ministry of Culture, Ministry of Social Development and Human Security, Ministry of Tourism and Sports, Ministry of Information and Communication, and Ministry of Energy were added to the existing 14. Therefore, there was currently 20 ministries altogether.

Moreover, the size of the bureaus and departments were reduced as well. The bureaus or departments that their missions had finished must be dismissed while the bureaus or departments that were misplaced or had overlapping in responsibilities must be rearranged, separated or collided with the bureaus that have similar responsibilities. For example, the Department of Public Works and the Department of Towns and Country Planning were affiliated into the Department of Public Works and Town and Country Planning. After, the rearrangement, the number of departments was increased from 126 to 143. (Krea-ngam 2003.)

In addition to the restructuring of the central coordinating machinery of ministries, OPDC s also proposed to create a large number of “service delivery units” within departments (including at the provincial level) each with delegated administrative powers, clear performance targets and subject to service agreements. However, only a few of relatively insignificant bodies were set up under this provision. And instead of being able to use their delegated administrative power since they were operated by a politically appointed board, each of them was subjected to strong bureaucratic supervision (Painter 2006: 40). In other words, these units were also made to address centralization in order to pursue a political agenda, not decentralization for managerial reasons.

The government also attempted to limit the number of civil servants to delay the growth of bureaucracy structure. On this matter, Deputy Prime Minister Wissanu Krea-ngam, the overseer of the public sector reform project, noted in lecture on the topic of “the Development of Public Administrative System and the Improvement of Public Sector’s Structure” that during three years since October 2002–2005, the number of civil servants had not raised much. The number was limited to around 395,000 mainly through the method of spreading the manpower between different organizations. The newly established organizations or the organizations that was short-handed could request to acquire more personnel from other organizations. For example when the Ministry of Justice requested to launch a new remand home, instead of recruiting new personnel, the staffs were mostly from different agencies within the Ministry of Justice.

Moreover, to reduce some expenses where the enrollment of new staff was needed, the government also made a change in some respects. The new staff would not become the civil servants but they would hold a status of civil staff instead. Under this status they would not receive bonus and pension akin to the civil servants. (Krea-ngam 2005.)

Moreover, “early retirement” scheme, were put in place in 2002 and 2006 aiming also to reduce the number of civil servants. The scheme offered the civil servants, who have worked in public sector for at least 25 years or those whose age reach 50, with 815 times of their final monthly salary for voluntarily quitting their posts before the actual retirement age at 60. So far more than 100,000 civil servants took part in the program. (The Government Public Relations Department 2009.)

Furthermore, as Thaksin publicly gave priority to “anti-corruption” and administrative efficiency, the poorly performed officials would be “invited” to join this early-retirement program as well. Reviews of job performance were proposed in two stages, beginning in September 2004. Those found to be at the bottom five per cent of performers would be offered retraining. If they failed the review for the second time, they would be asked to leave the service with eight-month severance pay. However, this plan was amended since it struck wide criticism and suspicion about the assessment process among a number of civil servants especially among teachers and health workers. The criticism and suspicion, as a result, caused a loss of popularity of the Thai Rak Thai party for the 2005 elections. The adjustment of the performance assessment was that the assessment period would be extended to two years and outside bodies as well as the department head would be involved in making assessments. (Painter 2006: 42.)

The method of spreading the manpower was also used at the top positions levels as well. Since the number of agencies and top positions increased significantly after the restructuring the government and OCSC announced that it would not be hiring extra staffs but fill the new senior vacancies with the existing personnel. (Krea-ngam 2005.)

However, on this matter both Painter (2006: 39–40) and Bowornwathana (2004: 141) agrees that the relocations of top officials were designed not merely to answer managerial reasons, but it also had political implications. He states that the reorganization opened up new opportunities for the top leveled officials who fit in Thaksin's political agenda to be rewarded through transferring and promotions to the more influential government bodies.

Adding to that, a new legislation was drafted to give the power to ministries as legal entities and to permit departmental reorganizations to be effected by executive decree, eliminated the need to redraft numerous pieces of legislation and submit them to parliament. This new legislation thus better equipped the political executive to control departmental organization. Once it was in effect, the power of the heads of departments were decreased and were given more directly to the ministers. (Painter 2006: 40.)

Deriving from the idea of Thaksin Shinawatra in line with the NPM model that the public administration had to be replaced by the new way of “service administration” which employed the approach strategy and took on the idea of citizen-centered, new bureaucratic system, to enhance the results and outcomes, would need to have a “host” for each mission and the host would be responsible for management with clear goals in accordance with government policies and national strategies. (Thailand's Illustrated 2009.)

This idea was significantly applied in the provincial level. On the provincial level, provincial governors stand on the top of the bureaucratic hierarchy as according to the legislation 1991, section 57 that specifies that governors are legally authorized such as authority in bureaucracy management, supervision, coordination and cooperation, budget proposal and human management (Wedchayanon 2009). Conventionally, Thailand's central government departments operated in the provinces through field offices headed by senior officials, who reported back to their own head offices. In another word, the interior ministry appointed provincial governors, who exercised supervisory functions over the provincial offices of each department, supervised local government as well as played a major role in internal security in cooperation with the

police and military. However, the level of control by provincial governors over provincial level administration was minimal, with budgetary and personnel decisions taken centrally. Therefore the governors were most appropriate to be the “host” who were responsible for the overall management of their provinces. Each provincial governor was now to become the CEO Governor, whose tasks were being the prime minister’s assistances. Now their former roles of being the rulers were newly presented as being the executives who had the more authority to control and manage provincial budget and possessing the power to “punish or promote” officials under their jurisdiction. (Painter 2006: 37.)

The word CEO (Chief Executive Officer) were borrowed from the private sectors to give emphasis to the idea of customer-oriented approach and the idea that this government prioritize the governors’ role in assisting economic growth (Phongpaichit et al. 2004: 102). In another way, Thaksin wanted these CEO Governors to be prime minister’s assistances that had authority to directly command head officers in their provinces in each part of bureaucracy within the provinces for smooth management.

Apart from the scope of authority of the provincial governors that is specified in the 1991 legislation, the CEO Governors were given three additional roles.

- **Strategic Leadership:** The Governors must be responsible for initiating the country's strategies to apply in accordance with the national agenda, specifying problems and the needs of the regions, being the “host” or the leader in attempting to solve those problems as well as carrying on the task of developing the areas.
- **Strategic Coordinator and Facilitator:** The Governors must be responsible for facilitating and coordinating all the works within their provinces in accordance with the specified strategies. They should play a supporting role in solving the problems occurring during the work process as well as supplying necessary resources and strengthening the local governing organizations in order to equip those organizations to better provide primary services to the public and effectively develop the local areas.

- Implementer: The Governors must be responsible for enhancing proficient management system, taking care of the management operations, providing required knowledge, capability, skills, and encouraging personnel in various management techniques.

The experimental project for provincial management system for development was conducted in October 2001 and tested in five provinces in every region; north in Lampang, central in Chainat, northeast in Srisaket, and south in Phuket and Narathiwat. Two years later after the evaluation of outcome of the experimental project, the government had spread out the CEO Governor Management system to every province except Bangkok and the cabinet resolution on 28 April 2003 specified every governor of each province to utilize the CEO management. (Wedchayanon 2009.)

Same as before this program was initiated, the CEO governors appointed in 2003 were also drawn from within the ranks of the Ministry of the Interior. However, according to Thaksin's Interior Minister, Wan Noor, the problems of the governors being too stuck up to their routinized and habitual administrative culture and given prestige contributing to the inability to become more productive and innovative were minimized because these CEO governors were carefully selected for their performance and track record, including their contribution to the government's war on drugs and its fight against "dark influences". (Painter 2006: 38.)

From Thaksin's own belief that traditional bureaucracy is inferior to business thinking and practices, the governors were invited to participate in a work-shop seminar lectured by international management consultants on business school thinking and practice. One of their first tasks was to draw up a provincial strategy on a model of a corporate business plan with a view to shaping 2004 budget allocations to enhance provincial economic growth. Most of these invented plans targeted growth through local tourism. Furthermore, Thaksin personally lectured the governors that the bureaucratic thinking and practices must be changed to be in line with this innovative CEO Governor scheme. (Phongpaichit et al. 2004: 187–188.)

However, because of the fact that the authority on administration and budgeting was excessively given to the CEO Governors and the reality of Thailand's social hierarchy which the subordinators unconditionally follow their bosses still persists, the results of this CEO Governors program were quite far from perfection. A survey on the program in 2005 of the 76 provinces showed a number of negative findings on the results, including failure to set up provincial level coordinating machinery, unclear or delayed delegations from central ministries, lack of supervision and control of spending plans and project implementation, waste of funds and inadequate oversight of contracts, and failure to prioritize spending in line with development plans. (Painter 2006: 38.)

Moreover, this scheme was widely criticized since it undermined one of the most important parts of the 1997 constitution; decentralization to local government. Instead of decentralizing, Thaksin used this CEO Governor program to enhance centralization in order to redirect the control of traditional bureaucratic hierarchies by placing direct control of the distribution of funds in the hands of the center. There were many significant points that evidently prove this.

Firstly, the provincial budgets were now determined by the governors in accordance with the priorities under the politically direct influence from the central government. CEO Governors would no longer simply give funds on to local bodies but would use the funds to achieve provincial expenditure plans. Secondly, the intervention from the center on provincial budgeting was easily done because the chief finance officials who reported directly to the governors in each province were directly appointed from the Ministry of Finance. And in cabinet, deputy prime ministers were given charge of "zone" of provinces. Their tasks were to supervising and coordinating the government's policies in the zone (Wirachnipawan 2009). Thirdly, according to Deputy Prime Minister Somkid Jatusripitak, the extra budgets maybe granted especially to the governors who could come up with "good ideas" especially the ideas that the prime minister himself saw fit (Painter 2006: 39). Fourthly, the replacement of provincial governors was closely controlled by the prime minister in order to secure the favorable sphere of influence. In August 2004, 49 governors were shuffled to new posts, causing suspicions among opposition critics that an underlying agenda in the pre-election year

was to place officials sympathetic to the government in key provinces (Painter 2006: 39). And finally, through the CEO Governor program, the aggregated and departmental budgetary system was replaced by a direct channel for allocating funds between the central government to projects and districts which certainly cut out many traditional influencers along the way (Painter 2006:39).

4.3. Elite Decision Making

The stamp of the NPM was vividly apparent in the Thaksin administrative reform. In theory and on the paper, the reform aimed to maximize the efficiency of public administration by urging the public officials at all level to work in a more efficient way. Corruption and bureaucratic red tape were unfavorable because none of these is a good ingredient for “modern” and “good” public administration. To walk ahead, these chronic problems should be quickly fixed.

A number of reform programs initiated during Thaksin administration were initiated to, supposedly, fix such problems. Several of them were materialized and proved to be advantageous for public service receivers. Thaksin deserves a credit for this success and this is one of the reasons why he has been popular. The customers must be kept happy so they would become loyal to the brand.

Nevertheless, like killing two birds with one stone, apart from boosting the public servants' quality, some of the reform programs had a hidden incentive that was to stir up the stronghold of the traditional bureaucratic power and at the same time strengthen the power base of his own. He attempted to centralize the decision making into his hand as much as possible by setting many important bodies answerable directly to the prime minister's office. Some senior officials were replaced by Thaksin's men through the use of the anti-corruption program. And the massive remapping of the bureaucratic structure, which a large number of senior officials were appointed, promoted and transferred, was a sign that the executive had an aggressive will to control bureaucracy. Certainly, the results achieved of these reform programs were not appreciated by

everyone. Some of the programs had to be reconsidered and delayed to avoid the criticism from the society. For those who lost privileges, they sought to consult their patrons which led to the Thaksin's downfall in the military coup of 2006. In another word, Thaksin decision making triggered the decision to overthrow Thaksin by the "other" elites.

5. CONCLUSION

“I was determined that I must play some part in reversing the country’s state of the economy. I was determined to utilize the pool of resources I have: my experiences, my knowledge, my network in government and business, and everything else to turn this crisis into opportunities for my Thai fellow citizens.”
(Thaksin’s speech quoted in Phongpaichit et al 2004: 226.)

For many Thaksin is a man to be admired. He was “the Knight on the White Horse” who revived Thailand from the 1997 Asian financial crisis when the Thai currency and the whole economy almost altogether collapsed. The sense of xenophobia was shared by a lot of Thai people who believed that the Democrat Party, under Chuan Leekpai’s premiership who corroborated with the IMF who initiated a rescue plan that allowed foreigners to buy up assets in Thailand was the nation traitor who did nothing but allowing their own country to be “sold” to foreign countries or corporations.

Under the high pressure resulting from the impact of the crisis and the failure to mend the situation of the Democrats, Thaksin captured the moment and projected himself as the man who could liberate Thailand and its people from the foreign takeover. On the background of being a very successful businessman whose business survived the crisis and through having a major support ranging from the scholar, senior bureaucracy, some factions in the military and police, big to medium business groups, the NGOs, the civil society, the media, the middle class, the new or local politicians, to the rural poor, Thaksin and his party’s popularity increased immensely in a short period of time. It seemed that Thai people chose Thaksin and his party out of their hopelessness. They were ready to listen to anyone who could provide them with a clear direction, strong political leadership, and a kind of government that would not “sell” the country. Thaksin was all that. He was the one who had a new hope to offer for all Thais, embedded brilliantly on its nationalist and populist policies.

Once in power, Thaksin brought up the public management ideas to the new levels. Although, the former governments had already initiated some changes to improve the problems that engraved in the traditional bureaucratic type of public services, what Thaksin government did was much more similar to the internationally trendy NPM and the concepts of Good Governance. The public service reform in terms of performance of

the civil servants was important during this period. However further than that, he perfectly blended several ideas, theories, and practices of business world that he was accustomed to with the public administration in aiming to improve public services' efficiency in order to satisfy the public service recipients. From the business point of view, Thaksin viewed himself as a “Chief Executive” of “Thailand Company” whereas the Thais were the customers who must be satisfied.

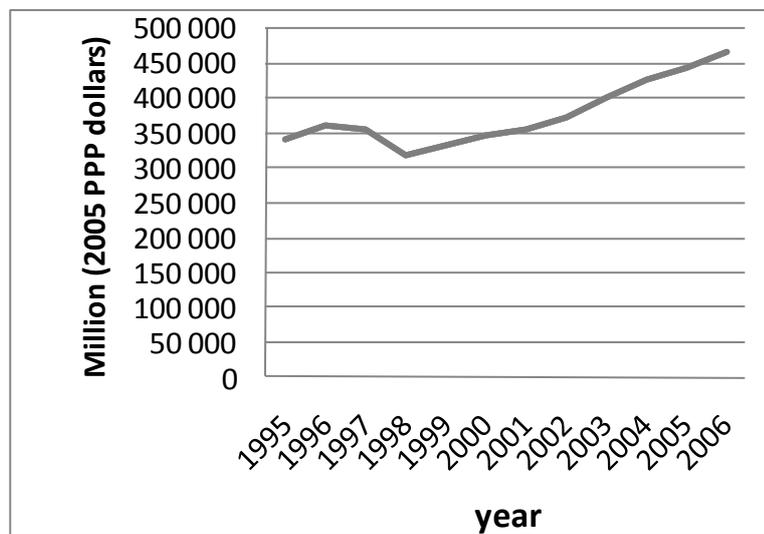


Figure 8. Thailand's GDP (2005 PPP Dollars) (UNESCAP 2008)

Not only were the overall people pleased by the new improved public services, Thaksin furthermore kept his promise in terms of policies. While the social policies especially the social-order scheme and the war on drug campaign were more controversial, the economic policies were highly admired. The dual-track economic policy which aimed to help stimulate and develop the economy of both urban and rural areas was most upheld. As presented in figure 8, the country's economic growth rate was rising up sustainably during Thaksin's administration. The stock market soared while foreign investment returned to the country. The future was bright for Thailand.

Success of the populist policies which aimed to win the hearts of the majority especially of the rural poor, have become the most vital factor for the popularity of Thaksin until these days. This is because it was the first time in Thai political history that the power of the marginalized rural citizens was realized. In terms of economics, it was the first time in Thailand's history that there were several socio-economic policies that not only helped elevate the standard of living of the rural folks, but also incorporated the rural areas into the national market as well as to the global market. From the political perspective, because the rural people felt that they actually received material support from Thaksin's government, the rural people have since then become the crucial source of political support for Thaksin and Thai Rak Thai.

But at the same time, because the goods and services were handed to the hands of the voters directly from the Thai Rak Thai government and, of course, their business associates, rather than through the channels arranged by traditional bureaucrats, the upset bureaucratic networks would have lost some certain privileges, inducing the discontent toward the Thaksin government.

Moreover, traditional power was undermined by other means especially through the foreground of the NPM and concept of good governance. The most notable ones must be the restructuring of the whole bureaucracy, not only remaking it to be more up-to-date to the current situation, but also remaking it to be more responsive to the political commands. Those who were friendly and loyal were awarded while the opponents were punished. State agencies which reported directly to the Prime Minister Office such as the OPDC were set up and well-equipped to tighten the control on the senior bureaucrats. And this political command was extended across the country because of the CEO Governors program.

Due to Thaksin harsh attempt to centralize the power within himself, the existing power was squeezed hard and started to be more and more desperate. But, Thaksin regime was hard to overthrow. His Thai Rak Thai party was strong as it was the overwhelming majority in the parliament. In this way, it was impossible for the opposition to start a no-confidence debate against him. He surrounded himself with his own trustable men,

placing those who have personal connections with him to the key positions in government, bureaucracy, military, and police. But what was most striking was that the mass rural poor were on his side. His tremendous popularity was apparent in two landslide electoral victories and he could have won the third time in 2006 if the election was not ruled invalid. With an absolute parliamentary majority, Thai Rak Thai was seen as a political threat; a threat to key institutions, social classes and groups. With his pronouncement of using democracy as a tool, it was understood that Thaksin treated elections as a means to obtain power. It is no doubt that he would strongly insist that his political legitimacy came from democratically electoral victories therefore it must be legitimate for him to fully exercise his power. This attitude is certainly right; however, this righteousness would not be doubtable if Thaksin did not have any agenda hidden behind.

What is that agenda then? In the course of strengthening his political power through consolidating the loyalty of a huge portion of Thai population and centralizing the control on the bureaucracy and the parliament, Thaksin Shinawatra strengthened his business interests and expanded his support base in the business community. Having state power himself meant that his long term business expansion would be guaranteed since the policy arrangements could be met in order to benefit the businesses of Thaksin, his family, and his friends. All the decisions made were monopolized by the Prime Minister, Thaksin Shinawatra, alone.

Those who lost the privileges were furious but not much could be done to rid the power of Thaksin. The sign for the falling of this man showed when it appeared that His Majesty the King, was not pleased with Thaksin's "extreme form of capitalism" which undermined the King's idea about "sufficiency economy" written also in the 1997 constitution. Regardless of Thaksin's intention, he was perceived by the public especially among the middle-class people, bureaucrats and more importantly the military as showing disrespect for the King. The majority of the military took this matter more seriously than most and it quickly sharpened the conflict between Thaksin and the majority of the military establishment. A number of the middle class people believed that Thaksin would finally use his power to undermine the monarchy as well as

he was extremely corrupt and he was selling their nation's wealth. (Thaksin's family announces the tax-free sale of their 49 per cent stake in Shin Corp to Singapore's state-owned investment unit, Temasek for more than 73 billion baht) (Bangkok Post 2010). The royalist protesters formed together as People's Alliance for Democracy (PAD), known as the Yellow Shirts, rallied across Bangkok and demanded Thaksin to step down. The situation led to the 2006 coup d'état.

In order to prevent the come-back of Thaksin Shinawatra, Thaksin was not only overthrown, but the whole Thaksin regime including Thai Rak Thai party and other political machinery of the ousted Prime Minister was destroyed. These efforts were led by conservative or bureaucratic forces, particularly the judiciary and the military with consent from the Thaksin's antagonist population. Thaksin assets were frozen and recently 1.4 billion dollars of Thaksin's wealth were seized by the state. When the People Power party, comprising Thaksin's allies, won elections and formed a coalition government in February 2008, the Constitutional Court dissolved the party, forcing out Thaksin's brother-in-law Somchai Wongsawat as Prime Minister (Bangkok Post 2010).

Now that Abhisit Vejjajiva of the rival Democrat Party became premier, Thaksin's red-shirted supporters allied together under the United Front for Democracy against Dictatorship (UDD), demanding an immediate parliament dissolution and reelection. The majority of the red-shirts, who are people from the rural areas, rallied around Bangkok. Several methods such as splashing protesters' donated blood in front of the Democrat party's headquarter and the house of the Prime Minister, intruding into the parliament, to clashing with the security force in April 10th, 2010, resulting the death of at least 20 people. Such acts were urged by Thaksin Shinawatra, the deposed prime minister who is in exile. Thaksin regularly keeps in touch with his supporters through using video links, requesting his supporters to help him return to Thailand to reinstall the democracy that was suspended by the military backed up by the Privy Council president, General Prem Tinsulanonda, since the 2006 coup.

"We will keep fighting until we get democracy back," Mr. Thaksin said. "This government was installed by a silent coup. It is not a democratic government. The

coup was staged by the Constitution Court, the military and the Privy Council president.” (Telegraph 2009.)

In short, Thaksin's government has reshaped the socio-economic order through their socio-economic policies and through the manipulation of newly granted power of the executive laid down in the 1997 constitution. Parts of bureaucratic and administrative reforms were launched in order to consolidate the power to favor a private gain. Yes, Thaksin's rise to power maybe in accordance with the democratic principles. But once he was in the power, he abused it and at the same time threatened the traditional elites who lost their privileges, resulting in a strike-back of the losers. At the end, it deeply divided people in Thailand into different fractions.

How will this story end? Who knows? No matter either side will win, the transparent and corruption-free democracy in Thailand will not yet blossom because both sides will still try to do anything to secure the interests for themselves and their patrons. Perhaps not much can be done because the Thai belief system will still remain favor to able patron-client type of relationships.

The cause of corruption does not occur merely out of individual greed of an individual, but also because of the available structure, system, and professional attitudes that allow corruption to take place. These things were and, to some extent, are still accepted and justified by the nature of stratified society and the availability of Buddhist virtues and philosophy such as gratification and loyalty to the superiors, satisfaction in one's own place, belief in the conditions of the current life resulting from past sins. The hierarchical relationship is based on personal loyalty which is reasonable in order to maintain the order in society. Moreover, the combination of poverty of the majority of Thai population, societal structure and existing values as mentioned provide the perfect support for corruption to stick to the system, becoming systemic corruption, the type that is hardest to uproot.

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