

6. Political and Administrative Situations and Trends

6.1 Political System

Thailand has changed its political system from the absolute to constitutional monarchy since 1932. Since then, 16 constitutions have been enacted while the latest one is the Constitution of the Kingdom of Thailand, B.E. 2540 (1997), promulgated on 11 October 1997; and it is regarded as **the first constitution of people**. Over a period of over 70 years, there have been 11 coups d'etat as well as nine rebellions, including 53 cabinets, both democratically elected and appointed. Although the Thai political system has been struggling, four highlighted waves of changes and problems are yet of notice.

6.1.1 The Thai political system has been more democratic than in the past, but its instability is rather high as coalition governments often have cabinet reshuffles, resulting in frequent conflicts among coalition parties.

The last general election held in January 2001 might be regarded as the new dimension that almost half the members of the House of Representatives (members of parliament, MPs) were elected from a single large party, leading to only three parties forming the coalition government, which is thus quite

stable. With the development of democratic processes, political powers have shifted from certain groups of military officers and civil servants to businessmen/politicians. It is expected that in the future there would be only one large political party running the administrative branch of the country.

6.1.2 Thai political parties have never had a stable structure and true representation of the people. Therefore, they are under the influence of major capitalists and are dominated by political businessmen who are major financiers sponsoring political candidates in running campaigns in general elections.

6.1.3 The Thai political system encounters a number of behavioural hassles, such as vote buying, power abuse for self-interests, corruption and lack of political ethics. A study conducted by Professor Pasuk Phongpaichit and colleagues revealed that the votes from 30.6% of households were bought during the 1996 parliamentary general election. On average, each household was paid 678 baht for vote buying, totalling 3,066 million baht for the entire country. However, this amount might be considerably lower than actuality as other studies have estimated that vote buying involves as many as 70% of the constituencies in general elections.⁴ Besides, in the present political system, there is less involvement of the general public in determining the future national direction, coupled with a lack of inspection system for politicians and civil servants. This brings to inefficiency in decision-making for resolving national problems, and the national development level is not as high as expected.

6.1.4 The society and people are much stronger and more interested in politics, in particular among middle-income urban citizens. Plenty of opinions towards political issues have been publicly expressed through various media. In terms of public participation in casting their votes in the MP and senatorial elections, the number of people voting or turnout rate is quite high, especially in the latest general election under the new Constitution (Table 4.26).

Table 4.26 Public Participation Through Casting Votes in the 15th-20th General Elections for MPs and Senators

| Votes | Numbers of voters and turnout rates in general elections of MPs | | | | | | 1st Senatorial election (4 Mar 2000) |
|------------------------|---|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------------------------|
| | 15th (24 Jul 1988) | 16th (22 Mar 1992) | 17th (13 Sep 1992) | 18th (2 Jul 1995) | 19th (17 May 1996) | 20th (6 Jan 2001) | |
| No. of eligible voters | 26,658,638 | 32,436,283 | 31,860,156 | 37,817,983 | 38,564,593 | 44,519,222 | 42,567,111 |
| No. of actual voters | 16,944,931 | 19,216,466 | 19,622,332 | 23,462,746 | 24,070,750 | 29,904,940 | 30,684,040 |
| Turnout rate | 63.6 | 59.2 | 61.6 | 62.0 | 62.4 | 67.2 | 72.1 |

Source: Department of Provincial Administration, Ministry of Interior.

The aforementioned problems and changes have led to **the political reform movement**, particularly the promulgation of the new constitution, which is regarded as the “political reform” constitution. This is a significant political structure transformation that provides more opportunities for people to participate in

⁴ Pasuk Phongpaichit et al. Corruption in the Public Sector: Opinions and Experiences of Households, 1999.

politics. Significant examples include establishing a political party, applying for party membership, inspecting a political party, providing suffrage for those who are outside the constituency or aboard, and so forth. The election system has been changed from having up to three MPs in one constituency to only “one MP in one constituency”. Also, these include the election of MPs on a party-list basis, a newly adopted system for electing candidates for political positions. For example, an MP candidate must have had a bachelor’s degree or higher, an inspection mechanism for the state-power exercise by requiring asset and liability declaration, which inspects candidates’ actual assets (once unusually gained assets are found, such assets will be vested in the state), and a change in power for controlling and organizing elections at all levels. The duty for inspecting political parties has been transferred from the Ministry of Interior to an autonomous agency, the Election Commission. The Office of the Election Commission was established to support its operations. As a result, **the future politics will be more democratic, with greater participation of various population groups not only MPs in the parliament. The system for inspecting politicians by society has been strengthened, resulting in a more transparent system, more results-based performance and more qualified candidates entering the political arena.**

6.2 Public Administration System

The problems in the public administration system can be summarized as follows:

6.2.1 Rules and laws being uncondusive to development. The state administrative system has plenty of rules and regulations full of numerous steps. The system focuses on strict compliance with rules rather than **goal achievement**. Some old laws have the provisions that are inconsistent with current situations, lacking flexibility and unresponsive to the needs of people and society.

6.2.2 Over-departmentalization. The civil service system has the procedures that are hard to follow, leading to delays in operations. The system is too departmentalized with several agencies, under different political parties, responsible for one programme. This leads to inflexibility and inefficiency in seeking innovative knowledge for problem solutions and interventions in response to socioeconomic changes, such as problems of environmental and occupational health, hospital administration and road traffic accidents.

6.2.3 Problems of transparency and corruption. As health services are primarily provided by the public sector, which is hard to inspect, resulting in corruption and wastage. Most civil servants have low salaries with a lot of debts, and thus they tend to adopt malpractice that leads to illegally taking kickbacks, which is a problem of transparency and corruption in the civil service system. The inspection system through the State Audit Office and the National Counter Corruption Commission are not strong enough to cope with such problems. A survey conducted during 1998-2003 by the Transparency International (the coalition against corruption) revealed that Thailand’s transparency level was rather low. However, its corruption perceptions index has slightly improved, rising from 3.0 in 1998 to 3.3 in 2003, ranking 70th among 133 countries surveyed. Such a ranking was lower than several other ASEAN countries (Table 4.27). A survey of households regarding corruption in the public sector in 1999 revealed that 10% of households nationwide had been asked for bribes by civil servants. The average bribe given was 970 baht per household per year, the amount being highest for financial and property-related transactions. The amount of bribe involving public service agencies was lower; state-run hospitals in Bangkok were reported to take the highest amount in this group of agencies (Table 4.28).

Table 4.27 Corruption Perceptions Indexes in Various Countries, 1998-2003

| Group and country | 1998 | | | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | |
|------------------------|-------------|---------------|-----------|-------------|---------------|-----------|-------------|---------------|-----------|-------------|---------------|-----------|-------------|---------------|-----------|-------------|---------------|-----------|
| | Actual rank | In-group rank | CPI value | Actual rank | In-group rank | CPI value | Actual rank | In-group rank | CPI value | Actual rank | In-group rank | CPI value | Actual rank | In-group rank | CPI value | Actual rank | In-group rank | CPI value |
| ASEAN | | | | | | | | | | | | | | | | | | |
| Singapore | 7 | 1 | 9.1 | 7 | 1 | 9.1 | 6 | 1 | 9.1 | 4 | 1 | 9.2 | 5 | 1 | 9.3 | 5 | 1 | 9.4 |
| Malaysia | 29 | 2 | 5.3 | 32 | 2 | 5.1 | 36 | 2 | 4.8 | 36 | 2 | 5 | 33 | 2 | 4.9 | 37 | 2 | 5.2 |
| Thailand | 61 | 4 | 3.0 | 68 | 4 | 3.2 | 60 | 3 | 3.2 | 61 | 3 | 3.2 | 64 | 3 | 3.2 | 70 | 3 | 3.3 |
| Philippines | 55 | 3 | 3.3 | 54 | 3 | 3.6 | 69 | 4 | 2.8 | 65 | 4 | 2.9 | 77 | 4 | 2.6 | 92 | 4 | 2.5 |
| Indonesia | 80 | 6 | 2.0 | 96 | 6 | 1.7 | 85 | 6 | 1.7 | 88 | 6 | 1.9 | 96 | 6 | 1.9 | 122 | 6 | 1.9 |
| Brunei | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vietnam | 74 | 5 | 2.5 | 75 | 5 | 2.6 | 76 | 5 | 2.5 | 75 | 5 | 2.6 | 85 | 5 | 2.4 | 100 | 5 | 2.4 |
| Myanmar | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 129 | 7 | 1.6 |
| Cambodia | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Laos | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| World (top ten) | | | | | | | | | | | | | | | | | | |
| Denmark | 1 | 1 | 10.0 | 1 | 1 | 10.0 | 1 | 1 | 10.0 | 1 | 1 | 9.9 | 1 | 1 | 9.7 | 1 | 1 | 9.7 |
| Finland | 2 | 2 | 9.6 | 2 | 2 | 9.8 | 2 | 2 | 9.8 | 2 | 2 | 9.5 | 2 | 2 | 9.5 | 2 | 2 | 9.6 |
| Sweden | 3 | 3 | 9.5 | 3 | 3 | 9.4 | 3 | 3 | 9.4 | 3 | 3 | 9.4 | 2 | 2 | 9.5 | 3 | 3 | 9.5 |
| New Zealand | 4 | 4 | 9.4 | 3 | 3 | 9.4 | 3 | 3 | 9.4 | 4 | 4 | 9.2 | 4 | 4 | 9.4 | 3 | 3 | 9.5 |
| Iceland | 5 | 5 | 9.3 | 5 | 5 | 9.2 | 5 | 5 | 9.2 | 4 | 4 | 9.2 | 5 | 5 | 9.3 | 5 | 5 | 9.4 |
| Canada | 6 | 6 | 9.2 | 6 | 6 | 9.2 | 6 | 6 | 9.1 | 6 | 6 | 9.0 | 5 | 5 | 9.3 | 6 | 6 | 9.3 |
| Singapore | 7 | 7 | 9.1 | 7 | 7 | 9.1 | 6 | 6 | 9.1 | 7 | 7 | 8.9 | 7 | 7 | 9.0 | 7 | 7 | 8.9 |
| Netherlands | 8 | 8 | 9.0 | 8 | 8 | 9.0 | 6 | 6 | 9.1 | 8 | 8 | 8.8 | 7 | 7 | 9.0 | 8 | 8 | 8.8 |
| Norway | 9 | 9 | 9.0 | 9 | 9 | 8.9 | 9 | 9 | 8.9 | 9 | 9 | 8.7 | 7 | 7 | 9.0 | 8 | 8 | 8.8 |
| Switzerland | 10 | 10 | 8.9 | 9 | 10 | 8.9 | 10 | 10 | 8.7 | 10 | 10 | 8.6 | 10 | 10 | 8.7 | 8 | 8 | 8.8 |
| World (top ten) | | | | | | | | | | | | | | | | | | |
| World (top ten) | | | | | | | | | | | | | | | | | | |
| Finland | | | | | | | | | | | | | | | | | | |
| Iceland | | | | | | | | | | | | | | | | | | |
| Denmark | | | | | | | | | | | | | | | | | | |
| New Zealand | | | | | | | | | | | | | | | | | | |
| Singapore | | | | | | | | | | | | | | | | | | |
| Sweden | | | | | | | | | | | | | | | | | | |
| Netherlands | | | | | | | | | | | | | | | | | | |
| Australia | | | | | | | | | | | | | | | | | | |
| Norway | | | | | | | | | | | | | | | | | | |
| Switzerland | | | | | | | | | | | | | | | | | | |

Sources: Transparency International and Dr. Johann Graf Lambsdorff Göttingen University, Germany, 1998-2003

- Notes:
1. Corruption Perceptions Index gathered from perspectives of businessmen, risk analysis and general public; score ranges 1-10; "0" means high perceptions of corruption and "10" means "rarity of corruption".
 2. Report on Corruption Perceptions Index Survey conducted to assess each country's performance; at least three survey reports were used.

Table 4.28 Average Amount of Bribe Paid by Each Household to Certain Public Agencies, 1999

| Type of agency | Average bribe, baht | | | |
|--|---------------------|---------|----------------------------|-------------|
| | Whole country | Bangkok | Provincial-municipal areas | Rural areas |
| - Police | 9,588 | 2,688 | 7,921 | 13,414 |
| - Customs | 8,428 | 13,025 | 3,059 | 201 |
| - Revenue | 6,287 | 11,403 | 4,939 | 753 |
| - Land | 3,179 | 1,489 | 7,056 | 1,430 |
| - Public schools | 1,394 | 1,293 | 2,943 | 295 |
| - Waterworks | 880 | 859 | 1,000 | - |
| - Public hospitals | 786 | 2,478 | 124 | 634 |
| - Electricity | 721 | 300 | 664 | 767 |
| - Passport | 647 | 300 | 500 | 800 |
| - District offices | 639 | 173 | 2,225 | 517 |
| - Driving licensing and vehicle registration | 586 | 851 | 784 | 447 |
| - Solid waste collection | 295 | 255 | 378 | - |
| - Public telephone | 288 | - | 423 | - |
| - Postal service | 66 | - | 66 | - |
| - Irrigation | 45 | - | - | 45 |

Source: Pasuk Phongpaichit. Corruption in the Public Sector: Opinions and Experiences of Households, 1999.

6.2.4 Lack of operating efficiency in public agencies is an obstacle to the growth and development in the business sector. Low efficiency in the public sector results in a higher production cost in the private sector. A study conducted by Saowanee Thairungroj and colleagues revealed that business operators had to spend a lot of time when contacting public agencies. On average they spent 14% of their time for the whole year, small-size businesses spending more than medium- and large-scale businesses.⁵ For this reason, they had to pay bribes to state officials to expedite the transactions, resulting in a higher cost in business operations. Another study of the International Institute for Management Development (IMD) in 2003 revealed a rather satisfactory performance level of the Thai civil service system, but lower than that for Malaysia (Table 4.29).

Regarding the quality and efficiency of public services, most people stated that such services were at a high level (average score of 4 out of 7); agencies with low scores being customs offices, police stations, land offices and public hospitals (Figure 4.27).

⁵ Saowanee Thairungroj et al. The Business Environment and Attitudes of Business Operators towards Public Sector Services. Faculty of Economics, University of the Thai Chamber of Commerce, 1999.

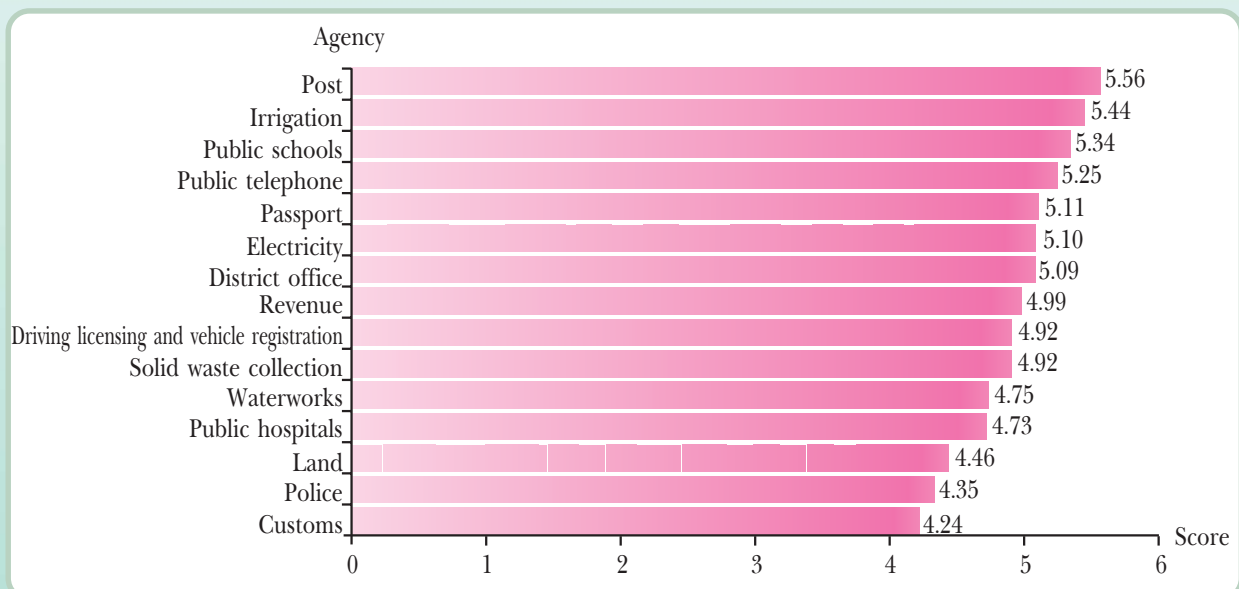
Table 4.29 Efficiency of the Civil Service System and Business Sector Development in Certain Countries, 2003

| Group/country | Rank | Score |
|--|------|-------|
| 1. Countries with a population of more than 20 million | | |
| - Malaysia | 1 | 5.22 |
| - Australia | 2 | 4.87 |
| - U.S.A. | 3 | 4.33 |
| - Thailand | 4 | 4.16 |
| - Japan | 15 | 2.80 |
| - France | 16 | 2.76 |
| - Germany | 23 | 1.96 |
| 2. Countries with a population of less than 20 million | | |
| - Iceland | 1 | 6.97 |
| - Finland | 2 | 6.89 |
| - Singapore | 3 | 6.43 |
| - Hong Kong | 4 | 5.91 |
| - Greece | 28 | 1.60 |
| - Bavaria | 29 | 1.46 |

Source: IMD. The World Competitiveness Yearbook, 2003.

- Notes:**
1. In the IMD Report 2003, a new data collection method was used for two groups of countries: one for countries with a population of more than 20 million and the other for those with a population of less than 20 million; no cross-group comparisons can be made.
 2. For the first group, 30 countries were ranked.
 3. For the second group, 29 countries were ranked.
 4. Full score is 10.

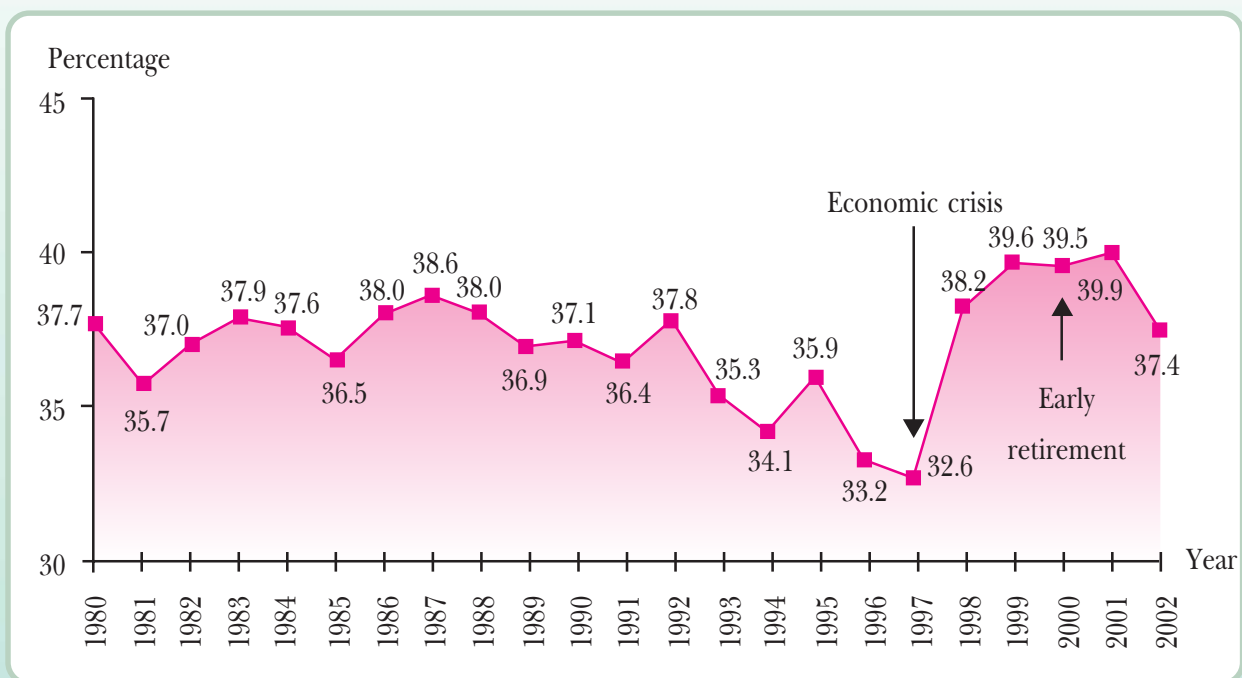
Figure 4.27 Quality of Services Provided by Public Sector Agencies, 1999



Source: Pasuk Phongpaichit. Corruption in the Public Sector: Opinions and Experiences of Households, 1999.

6.2.5 Problems of organizational structure. The public sector is large with numerous agencies; new agencies are established while similar old agencies are not abolished or downsized, resulting in overstaffing and a high personnel cost, which was as high as 37.7% of the national budget in 1980 and 37.4% in 2002 (Figure 4.28). This has resulted in the public sector being unable to offer suitable remuneration for its personnel. The salaries of civil servants are rather low; there is a big difference in starting salaries of civil servants compared with those in the private sector. For those with higher educational background, the difference is bigger and tends to become much bigger (Table 4.30). When considering the differences in remuneration at various levels in the private and public sectors, the remuneration in the public sector is on average 2.66 times lower than that in the private sector, the difference being 1-2 times for low-ranking personnel and being up to 4.39 times higher for high-ranking C-11 officials. For 2002, the private-public sector remuneration was 1-2 times different as non-salary remuneration was not included (Figure 4.29). Besides, Araya Preechameta (1994) estimated that for an individual, beginning from graduation with a bachelor's degree working as a civil servant until retirement at age 60, in comparison with another individual working in the private sector, based on the same spending pattern and the current civil servants salary scale, at current prices, the savings of the private sector employee would be 28 times higher than those of the civil servant.

Figure 4.28 Proportion of Personnel Cost in the Public Sector in Relation to the National Budget, 1980-2002



Source: Office of the Civil Service Commission. Data for 1980-2002 were obtained from the Comptroller-General's Department, Ministry of Finance.

Note: For 2002, the personnel cost did not include salaries for those in independent public agencies established in accordance with the constitution.

Table 4.30 Comparison of Starting Monthly Salaries of Personnel in the Public and Private Sectors, 1995/1996, 2001, and 2002

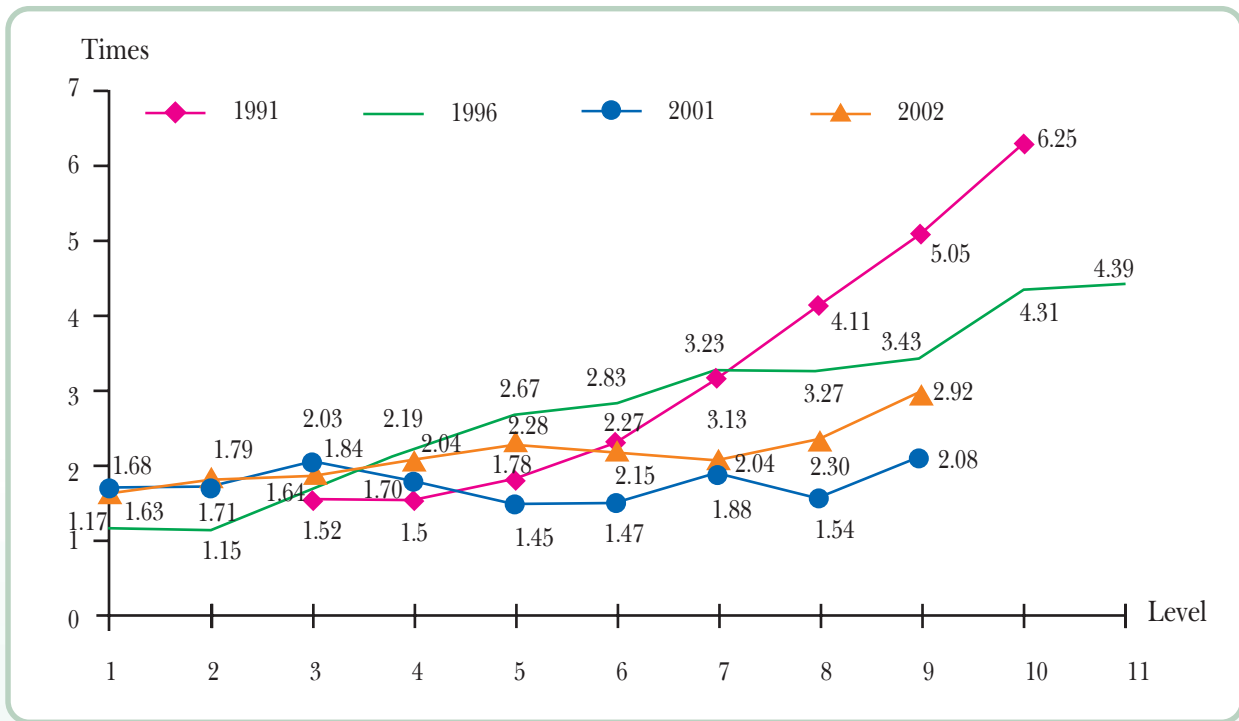
| Educational level | 1995/96 | | | | 2001 | | | | 2002 | | | |
|--------------------------------|-----------------------------|-----------------------|------------------|--------------------|-----------------------------|-----------------------|------------------|--------------------|-----------------------------|-----------------------|----------------|--------------------|
| | Private sector ^a | Public sector | Discrepancy | | Private sector ^a | Public sector | Discrepancy | | Private sector ^a | Public sector | Discrepancy | |
| | (1) baht/ month | (2) baht/ month | (1) - (2) (%) | (1)/(2) (times) | (1) baht/ month | (2) baht/ month | (1) - (2) (%) | (1)/(2) (times) | (1) baht/ month | (2) baht/ month | (1)-(2) (%) | (1)/(2) (times) |
| 1.Vocational | | | | | | | | | | | | |
| 1.1 Accounting | 5,395 | 4,700 | 14.79 | 1.15 | 6,034 | 4,700 | 28.38 | 1.28 | 5,635 | 4,700 | 19.89 | 1.2 |
| 1.2 Mechanics/Electrics | 5,637 | 4,700 | 19.94 | 1.20 | 6,222 | 4,700 | 32.38 | 1.32 | 5,996 | 4,700 | 27.57 | 1.27 |
| Average | 5,516 | 4,700 | 17.36 | 1.17 | 6,128 | 4,700 | 30.38 | 1.30 | 5,815 | 4,700 | 23.72 | 1.24 |
| 2.Higher vocational | | | | | | | | | | | | |
| 2.1 Accounting | 6,402 | 5,740 | 11.53 | 1.12 | 7,055 | 5,740 | 22.90 | 1.23 | 6,794 | 5,740 | 18.36 | 1.18 |
| 2.2 Mechanics/Electrics | 6,650 | 5,740 | 15.85 | 1.16 | 7,483 | 5,740 | 30.37 | 1.30 | 7,049 | 5,740 | 22.80 | 1.23 |
| 2.3 Computer science | 6,666 | 5,740 | 16.13 | 1.16 | 7,230 | 5,740 | 25.96 | 1.26 | 7,039 | 5,740 | 22.63 | 1.23 |
| Average | 6,573 | 5,740 | 14.51 | 1.15 | 7,256 | 5,740 | 26.41 | 1.26 | 6,961 | 5,740 | 21.27 | 1.21 |
| 3.Bachelor's degree | | | | | | | | | | | | |
| 3.1 Engineering | 13,446 | 6,360 | 111.42 | 2.11 | 14,111 | 6,360 | 121.87 | 2.22 | 13,639 | 6,360 | 114.45 | 2.14 |
| 3.2 Computer science | 11,029 | 6,360 | 73.41 | 1.73 | 11,962 | 6,360 | 88.08 | 1.88 | 11,763 | 6,360 | 84.95 | 1.85 |
| 3.3 Sciences | 10,752 | 6,360 | 69.06 | 1.69 | 12,191 | 6,360 | 91.68 | 1.92 | - | - | - | - |
| 3.4 Architecture | 10,130 | 6,360 | 59.28 | 1.59 | 10,300 | 7,040 | 46.31 | 1.46 | - | - | - | - |
| 3.5 Commerce and accounting | 9,956 | 6,360 | 56.54 | 1.57 | 10,468 | 6,360 | 64.59 | 1.64 | 9,994 | 6,360 | 57.14 | 1.57 |
| 3.6 Pharmacy | 9,588 | 6,360 | 50.75 | 1.51 | 11,169 | 7,040 | 58.65 | 1.59 | - | - | - | - |
| 3.7 Marketing | 9,501 | 6,360 | 49.39 | 1.49 | 10,116 | 6,360 | 59.06 | 1.59 | 9,569 | 6,360 | 50.46 | 1.50 |
| 3.8 Sociology | 9,073 | 6,360 | 42.66 | 1.43 | 9,369 | 6,360 | 47.31 | 1.47 | 8,958 | 6,360 | 40.85 | 1.41 |
| Average | 10,434 | 6,360 | 64.06 | 1.64 | 11,211 | 6,530 | 71.68 | 1.72 | 10,785 | 6,360 | 69.57 | 1.70 |
| 4.Master's degree | 15,830 | 7,780 | 103.47 | 2.03 | 17,678 | 7,780 | 127.22 | 2.27 | 15,826 | 7,780 | 103.42 | 2.03 |

Source: Data for 1995/96 were derived from the Study on the Public Sector Remuneration and Adjustments to Match Private Sector Scales. Thailand Development Research Institute, December 1996.

Data for 2001 and 2002 were derived from the Office of the Civil Service Commission, using average salaries for private sector personnel.

Note: ^a For graduates from educational institutions within Thailand.

Figure 4.29 Discrepancy of Remunerations in the Private and Public Sectors, 1991, 1996, 2001 and 2002



- Sources:**
- Comparison of Remunerations in the Public and Private Sectors in 1991. Office of the Civil Service Commission.
 - Study of the Public Sector Remunerations and the Adjustments to Equal Those in the Private Sector. Thailand Development Research Institute, December 1996.
 - Bureau of Position Classification and Remuneration System Development, Office of the Civil Service Commission.

Notes: Data for 1991 were derived by estimating workload values of different positions for comparing the remunerations in the public and private sectors.

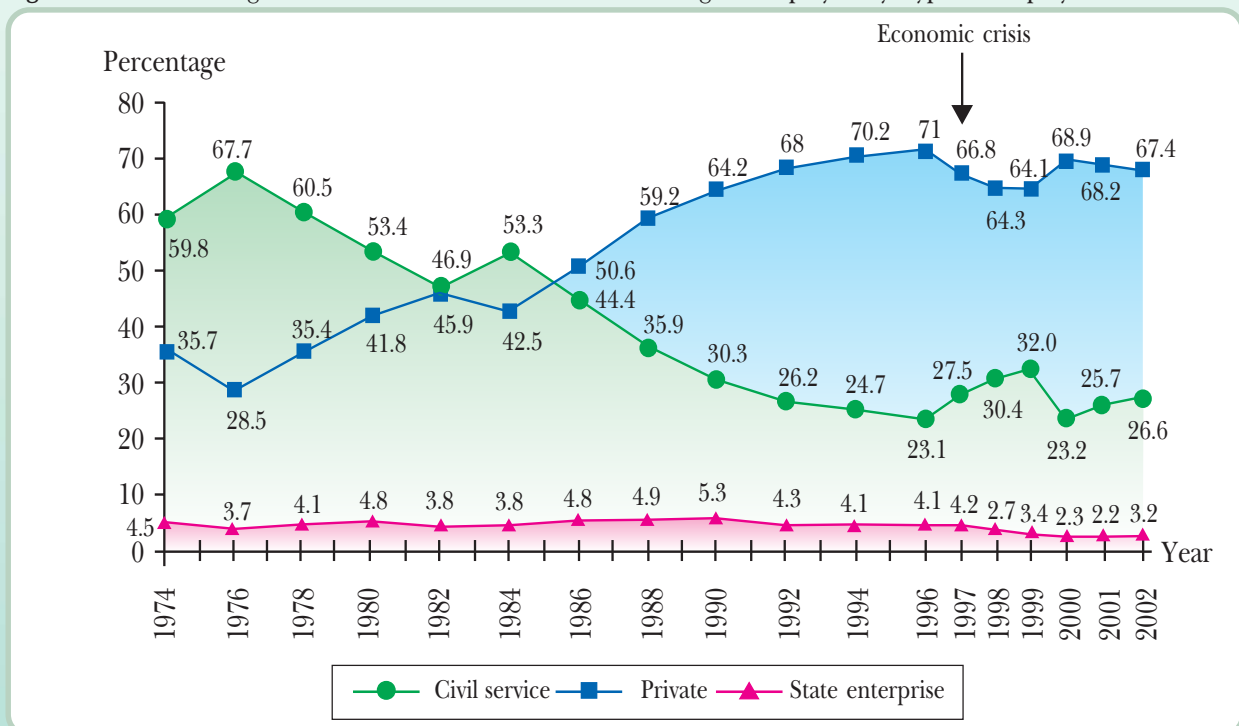
Data for 1996 were derived from the Study on the Comparison of the “Average Salaries” in the Public Sector and the Remunerations in the Private Sector.

Data for 2001 and 2002, public sector salaries were derived from mid-points in the salary scale plus position allowances, whereas those in the private sector were derived from average salaries excluding non-salary remuneration; thus, the discrepancies were lower than those for 1991 and 1996.

6.2.6 Problems of personnel administration system and civil servant quality.

As the public sector has no systematic mechanisms of performance evaluation coupled with its low remuneration rates, the motivation for employment in this sector has steadily declined. As a result, the public sector has lost a large number high-quality officials to the private sector, i.e. “no inward brain drain” (capable individuals not seeking employment in the public sector) and “outward brain drain” among the officials who have realized a great discrepancy between the compensations in the public and private sectors. Before to the economic crisis, newly recruited civil servants who had passed the examination organized by the Office of the Civil Service Commission had a grade point average between 2.00 and 2.99; university students were uncertain about career in the civil service system, and only 29.4% of them wanted to become civil servants (A Study on Desires for Employment in the Civil Service System of Students. Office of the Civil Service Commission, 1991); the reasons being low salaries and poor welfare system, repetitive tasks, cronyism and corruption. And in 1996, according to a study conducted by the Ministry of University Affairs, only 23.1% of newly graduated bachelor’s degree holders who were employed had a job as civil servants, whereas such a proportion was as high as 59.8% in 1974 (Figure 4.30). After the economic crisis in 1999, the students’ desires for public sector employment rose to 58.7% (Report on Attitudes of Students Towards Employment in the Civil Service System. Office of the Civil Service Commission, 1999). Besides, a survey on 1,596 unemployed bachelor’s degree holders in Bangkok and vicinity, conducted in 2001 by Suan Dusit Rajabhat Institute, revealed that 71.5% of respondents wished to work in the public sector, the remaining 28.5% wanted to work in the private sector. This trend corresponded with the rise to the 32% employment of bachelor’s degree holders in the civil service system in 1999 due to better job security, compared with that in the private sector. It is noteworthy that, in 2000, the new employment rate in the civil service system dropped to 23.2% and rose slightly to 26.6% in 2002 (Figure 4.30).

Figure 4.30 Percentage of New Graduates with a Bachelor’s Degree Employed by Type of Employment, 1974-2002



Source: Report on Employment of Newly Graduated Bachelor’s Degree Holders. Bureau of Higher Education Policy and Planning, Office of the Higher Education Commission.

6.2.7 The process of planning, decision-making, manpower development, and budgeting appears **centralized** and with a top-down perspective in conceptualizing problems leading to the lack of flexibility, efficiency, clear understanding and responsiveness to the needs of each locality.

6.2.8 The public sector system encounters political domination and interference from the business-oriented political system.

To resolve the aforementioned problems and the economic crisis as well as to comply with IMF requirements on government expenditure reduction and revenue generation, a movement for “**public sector reform**” arose to drive for greater efficiency within five years of the public sector administrative system, i.e. roles, missions and public sector management, performance-based budgeting system, personnel management system, and changes in laws, culture and values of civil servants. According to the Public Organizations Act of B.E. 2542 (1999), published in the Government Gazette on 24 February 1999, several public organizations have been established with a more flexible system to undertake certain activities that should not be carried out by a regular government agency; rather, they should be accomplished in a more efficient manner by an autonomous agency. The public sector workforce, for example, has to be reduced by at least 20% in the 8th Plan and at least another 20% in the 9th Plan. Government agencies are required to abolish at least 80% of vacancies resulting from retirement; and an early retirement system was introduced in 2000-2003 with 57,544 retirees out of the target of 90,000. These measures have resulted in a slow-down in the increase in public sector workforce by 102,677 positions and in personnel budget by 19,742 million baht. As a result of the change in the public sector management system, the Thai public sector system will become smaller in the future and will play a role only in activities that should belong to the public sector; and some government agencies will be transformed into public organizations such as state-run universities and some government hospitals that are ready to do so.

Concurrently, more investigation systems have been established for examining the public service system such as information disclosure according to the Official Information Act of B.E. 2540 (1997) that offers greater opportunities for the public to share ideas in the implementation of important issues with a huge impact on the people, such as public hearings on the issue of establishment of a coal-fired power plant in Prachuap Khiri Khan Province. However, the civic mechanism is still weak resulting in its inability to efficiently scrutinize the operations of various institutions as only 20% of communities are strong enough to carry out such functions.⁶

6.3 Decentralization

The promulgation of the Thai Constitution of B.E. 2540 (1997) and the economic crisis are the prime factors driving for devolution. This leads to the reform of laws and local administration organizations such as the Transformation of Sanitary District into Municipality Act of B.E. 2542 (1999) that has upgraded 980 sanitary districts to Tambon (subdistrict) municipalities and the Decentralization Act of B.E. 2542 (1999), an organic law under which the government is required to decentralize basic services functions to local administration organizations within four years. Besides, regarding the allocation of tax revenue, endowment and other revenues to local administration organizations, the law requires that not less than 20% of the national budget be allocated by the year 2001 and not less than 35% by 2006. At present only 23.5% of the national budget has been allocated to local authorities (FY 2005), resulting in such agencies not taking responsibility for certain local functions according to people’s needs as expected.

⁶ Office of the National and Economic and Social Development Board. Sustainable Development in the Thai Context, 2003.

Regarding the devolution of health services, the Ministry of Public Health has advocated a devolutionary framework by establishing an Area Health Board (AHB) comprising representatives from all categories of local administration organizations (Tambon administration organizations, municipalities, and provincial administration organizations), central/provincial government agencies and local leaders. Each AHB will function as a health service purchaser for the people or probably as an owner of public health facilities. This effort urges the Ministry of Public Health to prepare for locality's capacity strengthening so as to provide services with quality, efficiency and equity within 5-10 years.

However, in actuality the decentralization of power and budget to local authorities has been rather minimal as the central government still holds a large proportion of the national budget. This is evidenced in a study conducted by IMF in 2001 which revealed that the proportion of revenue and expenditure to GDP of local authorities (3%) was much lower than that of the central government (15-19%; Table 4.31). And the revenue actually collected by local authorities was only 12-20% while the central government could collect as much as 50% (Table 4.32).

Table 4.31 Comparison of Revenues and Expenditures of Local Authorities and Central Government as a Percentage of GDP, 1997-2003

| | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 |
|---------------------------|---------|---------|-----------|---------|---------|---------|
| Local authorities | | | | | | |
| - Revenues* | 2.0 | 2.1 | 2.1 | 2.9 | 3.2 | 3.4 |
| - Subsidies | 0.7 | 0.8 | 0.7 | 1.2 | 1.4 | 1.2 |
| - Expenditures | 2.1 | 2.2 | 1.8 | 2.8 | 2.9 | 3.3 |
| Central government | | | | | | |
| - Revenues | 16.2 | 15.5 | 15.5 | 15.2 | 15.9 | 16.3 |
| - Expenditures | 18.7 | 19.0 | 18.4 | 18.1 | 19.5 | 17.7 |

Source: Michael E. Porter and NESDB. Report on Development of Thailand's Competitiveness, 2003.

Note: * including subsidies.

Table 4.32 Local Revenue Structure (percent)

| Category | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Local revenue | 67.9 | 61.6 | 65.4 | 58.7 | 58.0 | 64.8 |
| - Collected by local authorities | 16.9 | 17.9 | 20.0 | 12.2 | 12.3 | 11.8 |
| 1. Taxes | 9.3 | 9.6 | 10.6 | 7.6 | 7.3 | 7.6 |
| 2. Others | 7.6 | 8.4 | 9.4 | 4.6 | 4.0 | 4.2 |
| - Collected by central government | 51.0 | 43.7 | 45.3 | 46.5 | 45.7 | 53.0 |
| Subsidies and grants | 32.1 | 38.4 | 34.6 | 41.5 | 42.0 | 35.2 |

Source: Michael. E. Porter and NESDB. Report on Development of Competitiveness for Thailand, 2003.

Such political and administrative changes have had an impact on the Thai health system as follows:

(1) **Health policy formulation.** Previously health policies were formulated by civil servants who had most of the information on hand; as there had been frequent changes in the government, there was a problem of discontinuity of health policies. But at present health policies are set by the government that administers the nation, such as the 30-baht healthcare scheme.

(2) **More health personnel in important branches such as doctors, dentists and nurses resign from the public sector to work in the private sector.** The number of doctors resigning from state-run health facilities has increased from 300 annually during 1995-1997 to 500-600 in 2002-2003, partly due to a much lower remuneration in the public sector, compared to that in the private sector. A study on remunerations by type of professions in four hospitals in 1997 revealed that the remuneration was lowest in MoPH hospitals for all professions. In particular, the compensation for doctors and dentists in MoPH hospitals was 4-10 times lower than that in for-profit private hospitals (Table 4.33).

Table 4.33 Comparison of Salaries and Compensations of Health Personnel in Public and Private Hospitals, 1997

| Type of personnel | Salaries and compensations, baht/month | | | | |
|------------------------------|--|---------------------------|-----------------------------|-----------------------------|--|
| | MoPH hospital | State enterprise hospital | Non-profit private hospital | For-profit private hospital | Difference between MoPH and for-profit private hospitals (times) |
| - Doctors | 8,190-27,980 | 15,090-62,080 | 100,000* | 50,000-300,000 | 6.1 - 10.7 |
| - Dentists | 8,190-19,840 | 17,990-52,990 | 80,000* | 27,000-150,000 | 3.3 - 7.6 |
| - Pharmacists | 7,040-17,083 | 7,640-49,910 | 18,000-55,000 | 18,399-31,229 | 1.8 - 2.6 |
| - Nurses | 6,360-19,680 | 7,640-21,620 | 9,000-20,000 | 14,281-27,720 | 1.4 - 2.2 |
| - Medical technologists | 5,180-19,005 | 7,640-35,960 | 5,300-25,000 | 14,281-29,381 | 1.5 - 2.8 |
| - Radiological technologists | 5,180-17,880 | 4,880-35,960 | 5,000-20,000 | 10,417-29,160 | 1.6 - 2.0 |

Source: Supasit Pannarunothai et al. Administrative Systems in Public and Private Hospitals: Financial and Business Management for Public Hospitals That Will Operated as an Autonomous Agency, 1999.

Note: * average value.