

# **The Dilemma of Local Governance in Thailand**

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## Abstract

This article reviews the evolution of local administration in Thailand and discusses different trends in local governance that existed in the decades before 1994 and in the last 20 years prior to the 2014 coup. Formal structure and mechanisms in local governance are discussed and it is found that decentralization of power to local administrations has faced a number of problems. Despite increased efforts of decentralization during the period after 1994, political developments have negated the intentions of empowering local administrations. After the 2014 coup, Thailand has reached a crossroads where it has to decide whether to have a second attempt at decentralization accepting the risks and limitations local administrations face, or whether to return to a centralized approach until the obstacles of decentralization on the local level have been overcome.

**Keywords:** Local Governance; Decentralization; Administrative Reform; Thailand

## Introduction

One of the basic principles of democracy is the ability of the people to determine their own lives through participation in the governing of their society. Such participation is particularly important in the management of local affairs.

Thailand used to be governed as an absolute monarchy with a king as head of state holding what were believed to be divine powers. The Thai people only started to be involved in the governance of their country after the Siamese revolution of 1932, which transformed Thailand from an absolute monarchy to a constitutional monarchy. However, in over 80 years that have passed since then, full empowerment of the people still has not materialized and it remains to be seen whether the current reforms after the Thai coup on 22 May 2014 will lead to improvements in the ability of people to participate in local governance.

The author wishes to discuss the problems of local governance in Thailand in the past and the dilemma it currently faces. Thailand has reached a crossroads where it must decide whether to maintain strong central influence over local affairs or whether to promote decentralization and participation of the people against resistance from different angles despite the fact that local communities might still lack the necessary knowledge, understanding, and skills to effectively govern themselves.

This article is divided into 4 sections. Section 1 addresses the theoretical considerations regarding decentralization and good governance. Section 2 distinguishes 2 periods in the evolution of Thai local governance. Section 3 analyzes the results of decentralization efforts and offers explanations. Finally, section 4 provides a discussion of findings and a conclusion.

## **I. Decentralization and Good Governance**

### ***A. Theoretical Considerations and Academic Discourse***

There are 3 important approaches playing a role in public administration around the world: centralization, decentralization, and empowerment. Each of these approaches has its strengths and weaknesses and the appropriateness of each approach depends on a country's political and administrative contexts.

#### **1. Centralization**

Centralization refers to a concentration of power on the central level with public officials at the central level being at the top of the chain of command (Besley & Coate, 2003). The power to approve or dismiss official actions on all levels is held by these central officials. Typically, public agencies that are important for national security are centrally controlled and coordinated, such as the armed forces, police, or the ministry of foreign affairs.

The main idea of centralization is the standardization of administrative practice and equitable service delivery. Such standardization is made possible by unity of command and is often associated with cost savings in the public sector. Centralization's main benefit is the consolidation of power and a strong and stable central government. Its disadvantages, however, lie in the central government's inability to grasp and address the different and often contradicting local needs of people, especially if these needs change with dynamic and complex environments. The long chains of command result in a stiff and slow decision making processes that struggle to meet the diverse needs of local communities in time and thereby hinder the delivery of effective services.

#### **2. Decentralization**

Decentralization has been defined by Cheema and Rondinelli (1983) to include the transfer of responsibilities to manage local affairs, together with decision making power, and the power to secure resources from the central government to subordinate administrative levels. This includes non-governmental organizations that play a vital role in service delivery. Local governments are made responsible in responding to the needs of local citizens and are given the freedom to plan, implement, and adapt policy processes, as well as the right to obtain the resources necessary for service delivery.

An important characteristic of decentralization is that the local administrative body is a juristic entity with elected leaders and councils. It has its own budget and income and its own personnel. The benefits of decentralization lie in the local government's power to make its own decisions to directly and immediately address the concerns and needs of local communities. Furthermore, it is a platform allowing people to participate in local politics and develop their abilities and skills in the management of local affairs (Richardson, 1983). At the same time, this eases the administrative burden on the central level and increases responsiveness at the local

level. Together it is believed to be an important part of good governance (Denter & Rose, 2005). If unbalanced, however, decentralization may lead local administrations to focus too much on local concerns, neglecting the needs of society as a whole. If national concerns are ignored at the local level, conflict among different local communities and political instability might arise. In addition, decentralization often results in higher overall costs following a higher number of service delivery units at the local level (Garber, 1997).

### 3. Empowerment

In addition to centralization and decentralization, many countries, including Thailand, have followed an empowerment approach. In this approach, central government assigns functions to the local levels which are to be fulfilled by centrally-appointed representatives dispatched to the regional level. These centrally-appointed personnel have the power to act in behalf of central government in the management of the region. Empowerment may be seen as a first step on the way to decentralization. It allows central government to be more responsive to local needs through regional coordinating units who mediate between central and local levels. It allows these skilled and loyal representatives to manage local affairs in line with central government's guidelines while not overwhelming local communities with too many new duties and responsibilities of self-governance. This approach, however, does mean an additional administrative layer that, with its functions and responsibilities, adds complexity to the administrative process.

Discussions of decentralization have been recurring in Thailand since the beginning of last century. An important milestone in the debate on decentralization in Thailand has been the intense calls for local elections of provincial governors between 1992 and 1996. These calls resulted in the formulation of the *Changwat* Provincial Administration Organization<sup>1</sup> Act in 1997. Since last year, it has again gained prominence among reformers after the Yingluck Shinawatra government was overthrown on 22 May 2014 by the National Council for Peace and Order (NCPO). Decentralization is perceived not only as a basic philosophy within a democratic governance system but also as a means to overcome the problems of a centralized administration. The increased flexibility and speed in decentralized decision making allows consistency of management within a local context as well as participation of the local people in politics and administration (Berg, King and Meer, 1991). In Thailand, decentralization is believed to contribute to political stability as a result of more timely and effective responses of the administrative system to local needs. An additional benefit anticipated in the Thai discourse on decentralization is the encouragement and development of local communities' capacity for self-governance. Furthermore, it also enables them to represent local interests within a pluralistic political system on the national level. In order for these benefits to materialize, decentralization of the Thai public administration requires careful attention to Thailand's contexts as well as the potential risks and shortcomings of such approach. Of particular interest for the ongoing reform efforts are the readiness of Thailand's communities to govern themselves, the overall administrative system,

and other influencing factors, such as cultural, political, economic, and social contexts. It is generally believed that decentralization leads to good governance (Meier & O'Toole, 2006) and reinforces democracy (Heinrich & Lyn, 2000; Kettl, 2000; Kooiman, 2003; Pierre & Peters, 2000, Rhodes, 1997).

### ***B. Good Governance***

Good Governance consists of 3 dimensions: inclusion of diverse needs and interest groups, policy making, and policy implementation. Governance can be considered as a process that links government with people's needs, including interest groups. In his 1972 statement, Harlan Cleveland noted that "what the people want is less government and more governance", pointing to the people's desire for their needs and concerns to be taken into consideration. The focus of good governance is to reinforce 5 aspects: political institutions that ensure market effectiveness; transfer of power from the public to the private sector; transfer of power from the state to civil society; effective public sector reform; and promotion of democratic liberties and rights (Hewitt de Alcántara, 1998). Good governance means coordinating the cooperation among public sector, private sector, and civil society for effective public service delivery and reducing the state's directive role. It further closes service delivery gaps by overcoming public sector limitations and extending service delivery through local agents and partners. By participating in local governance, citizens play an active role in making decisions and implementing them. This active participation leads to checks and balances, transparency, and eventually reducing problems of corruption (Putnam, 1993).

### ***C. Democratic Governance***

Democratic governance goes back to the concept of good governance and has been defined by the United Nations (UNDP, 2006) as consisting of 6 characteristics: 1) development of the parliamentary system to improve representation in the legislative process; 2) fair and free election system; 3) protection of civil rights; 4) process to allow the people access to information from and about the legislative process; 5) decentralization and participation of citizens in local governance; and 6) administrative reform and continuous fight against corruption. Decentralization is thus a core characteristic of democratic governance.

While governance is generally desirable, its realization often comes with a lot of problems both in developed and developing countries. Implementing good governance requires civil servants and state employees to adapt to new demands of integrative skills and orientation towards public interest. Civil servants, who previously played a more passive role, will need to become more active and gain an understanding of internal and external contexts. As dynamics and complexity of administrative challenges change quickly, civil servants have to have a thorough understanding of such issues like investment trends, economic policy, new modes of service delivery, etc. This not only requires civil servants to increase their capacity for complex work but also to accept more scrutiny in frequent audits and reviews of their work. As a result of the high demands on civil servants, good governance

indicators of developing countries tend to remain very low.

## II. Evolution of Local Administrative Structure in Thailand

The evolution of the Thai local governance structure can be divided into 2 periods. The first period dates from 1932 until 1994 and marks an inconsistent and uncoordinated picture of decentralization efforts. The second period dates from 1994 until 2014 and is characterized by a clearly defined and coherent administrative system. A summary of important events during both periods can be seen in tables 1 and 2.

**Table 1** Summary of Events before 1994

Year	Event
1897	Establishment of the first <i>Sukhapiban</i> sanitary district in Bangkok.
1905	Establishment of <i>Tha Chalom Sukhapiban</i> sanitary district in <i>Samut Sakorn</i> .
1908	<i>Sukhapiban</i> Sanitary District Act; establishment of further <i>Sukhapiban</i> sanitary districts across the country.
1910	Establishment of an experimental national democratic parliament ( <i>Dusitthani</i> ) by King Rama VI resulting in the discontinuation of the development of local administration.
1927	Establishment of a <i>Prachapiban</i> municipal council by King Rama VII to study the establishment of <i>Thesaban</i> municipal districts.
1930	<i>Thesaban</i> Municipality Act was formulated and endorsed by council of the king's ministers, but did not become effective due to the Siamese Revolution.
1931	In foreign correspondence, King Rama VII described the need for the Thai people to prepare and study the democratic system by allowing participation in local administration, before introduction of a democratic system on the national level.
1932	Siamese Revolution, resulting in the transformation of the absolute monarchy into a constitutional monarchy.
1933	<i>Thesaban</i> Municipality Act distinguished 3 types of <i>Thesaban</i> municipal levels: <i>Thesaban Nakorn</i> (capital municipality), <i>Thesaban Muang</i> (city municipality), <i>Thesaban Tambon</i> (district municipality); abolishment of <i>Sukhapiban</i> sanitary districts.
1952	<i>Sukhapiban</i> Sanitary District Act was reintroduced
1955	The <i>Changwat</i> Provincial Administration Organization Act appointed provincial governors as chairs of the <i>Changwat</i> provincial administration organizations.
1956	The <i>Tambon</i> Subdistrict Administration Act establishes <i>Tambon</i> subdistrict administration organizations as juristic entities.
1966	Cancellation of <i>Tambon</i> subdistrict administrative organizations and establishment of the <i>Tambon</i> subdistrict administrative council.
1972	Fusion of <i>Krungthep</i> and <i>Thonburi Thesaban</i> municipalities with other neighboring municipalities to form Bangkok Metropolitan Area (BMA).
1978	Pattaya City Act

1985	First election of a Bangkok (BMA) provincial governor
1992	Consideration of whether to allow the president of the <i>Changwat</i> provincial administration council to be elected rather than being the appointed provincial governor.
1994	<i>Tambon</i> Subdistrict Council and <i>Tambon</i> Subdistrict Administration Organization Act

Source: Author's compilation based on Royal Thai Government Gazette and Thai Parliament Information Service

**Table 2** Summary of Events after 1994

Year	Event
1995	<i>Tambon</i> Subdistrict Council and <i>Tambon</i> Subdistrict Administration Organization Act takes effect
1997	Passing of the 1997 Constitution. Changwat Provincial Administration Organization Act promotes decentralization and participation.
1999	Status and name change from <i>Sukhapiban</i> sanitary district to <i>Thesaban</i> municipal district. Amendment of the <i>Tambon</i> Subdistrict Council and <i>Tambon</i> Subdistrict Administration Organization Act. <i>Thesaban</i> Municipality Act is amended to introduce direct elections for the mayor.
2000	Passing of 3 addendums to the 1997 constitution: Human Resource Management Addendum Formulation of a decentralization plan and its steps Petition process for the introduction of legal initiatives
2002 2003	Amendment of 3 existing laws to allow local administrators to be elected: President of the Changwat provincial administration council Chairman of the <i>Tambon</i> subdistrict administration council Mayor of <i>Thesaban</i> municipality.
2003	Limitation of the maximum tenure of local administrators to 2 terms.
2007	Passing of the 2007 Constitution, which promotes decentralization and participation of the people in the management of local affairs. Source: Author's compilation based on Royal Thai Government Gazette and Thai Parliament Information Service

Source: Author's compilation based on Royal Thai Government Gazette and Thai Parliament Information Service

**A. Local Administrative Structure before 1994**

The history of Thai local governance goes back to the reign of King Rama V who initiated important political and administrative reforms and laid the groundwork for Thailand's administration system. Below the national level, the first regional administrative organizations were the so-called *monthon* circles and *hua muang* provinces. At the local level, pioneering experiments were made with *Sukhapiban* sanitary districts in the capital and later throughout the *hua muang*

provinces. The Sukhapiban sanitary districts were charged with provision and management of waste collection and disposal, maintenance of buildings and infrastructure, provision of public toilets, etc. The districts were led by the metropolitan chief officer (*Senabodi Nakhonban*) as their chair and a council of senior village chiefs. Outside the capital, the sanitary districts were led by the local chief (*Kamnan*). The dispersion of *Sukhapiban* sanitary districts throughout the country led King Rama V to officially announce the 1908 *Sukhapiban* Sanitary District Act, which further distinguished 2 types of *Sukhapiban* sanitary districts: the *Sukhapiban* muang city districts and the *Sukhapiban Tambon* sub-districts. The *Sukhapiban* sanitary districts were introduced to consolidate power at the central level rather than to genuinely introduce local self-governance. King Rama VII later thought about introducing a new form of local administrative unit — the *Thesaban* municipality. In a letter to Prince Yugala Dighambara of Lopburi dated August 12, 1926, he wrote: “I intend to prepare the formulation of a new *Thesaban* municipality act with no delay ...” In the king’s correspondence with foreign partners he laid out his ideas for the *Thesaban* municipalities to provide an arena “for the people to study and experience democratic processes through participation in local government before implementing democratic principles on the national level”. His plans for the establishment of the *Thesaban* districts, however, were interrupted by the Siamese Revolution in 1932 when the absolute monarchy was overthrown and turned into a constitutional monarchy. With some delay, the *Thesaban* municipality administration organizations were then introduced by the new government. The *Thesaban* Municipality Act is considered to be Thailand’s first local administration law. It called for a directly elected municipal council using a parliamentary system. The municipal council was responsible for the administration of the *Thesaban* municipal district and was led by an executive committee elected from among its members. The municipal council was a juristic entity with its own budget and personnel to manage local affairs within its legal mission.

Under the Phibunsongkhram government, a total of five local administrative units were established. In addition to the *Thesaban* municipal districts, these were: *Sukhapiban* sanitary districts in 1952, Changwat provincial administration organizations in 1955, *Tambon* subdistrict councils and *Tambon* subdistrict administration organizations in 1956.

However, all forms of local administration were suffering from restrictions and problems. Their ineffectiveness was attributed to a number of reasons: 1) the people were still lacking the interest, knowledge, and understanding of how to effectively use their new participatory rights; 2) Local administration was still under tight supervision and control of the central government, which maintained its presence and influence; and 3) The legal mission and responsibilities of the different districts were still limited and constrained (Puangngam, 2009; Thumkosit, 2010; Patmasiriwat, 2014). The Kittikhachorn government announced on December 13, 1972 that local administration shall be restructured, retaining only one type of local administration organization, the *Tambon* subdistrict council.

Decentralization began to pick up pace after 1985 when the first governor of the



Bangkok Metropolitan Administration was elected. In particular between 1992 and 1996, demands for provincial governors to be elected rather than appointed by central government became louder throughout Thailand. This led to the passing of the *Tambon* Council and *Tambon* Administration Organization Act in 1994 and the *Changwat* Provincial Administration Organization Act in 1997. With these two acts, a new period of local administration began.

### ***B. Local Administration Structure after 1994***

The 1994 *Tambon* Sub-district Council and *Tambon* Sub-district Administration Organization Act became effective on January 2, 1995. It elevated the status of *Tambon* sub-district councils to juristic entities and allowed the establishment of *Tambon* sub-district administration organizations. In the wake of the 1997 financial crisis, the importance of decentralization of administrative powers to local levels became a prominent topic of discussion again. Article 78 of section 5 of the 1997 Constitution specifically calls for the transfer of power to local administrative bodies to manage their local affairs and improve administrative processes in all parts of the kingdom (Constitution of the Kingdom of Thailand, 1997). In addition, articles 282–290 of section 9 guarantee local administrative bodies the right to democratic self-governance based on the benefits and needs of the local population. They are given the right to make their own local policies as to personnel and finance in order to fulfill their legal mission and duties. The constitution further requires the national government to coordinate and support the decentralization process.

The 1999 Decentralization Act further defined the steps necessary to effectively transfer power to local administrative units. The Council for Decentralization of Power to Local Administrations was given the task of facilitating the decentralization processes. The prime minister or his deputy heads the council and a steering committee further comprises the council. The minister of the interior, minister of finance, permanent secretary of the ministry of the interior, permanent secretary of the ministry of finance, permanent secretary of the ministry of education, permanent secretary of the ministry of health, as well as the secretary of the office of the council of state, secretary of the civil service commission, secretary of the national economic and social development board, and the director of the bureau of the budget comprise the steering committee. The council further includes 12 representatives from local administrative organizations and 12 experts and academics. It is the committee's duty to 1) draft plans of the decentralization process, which need to be sent to the cabinet for approval and reported to parliament; 2) determine public services to be provided by the different administrative levels and organizations; 3) balance and adjust the revenue and tax structure; 4) specify procedures for transfer of duties to local levels; 5) coordinate the transfer of personnel to local levels; and 6) make recommendations regarding the decentralization process according to applicability.

Article 284 of the Decentralization Act requires the formation of a three-party board to discuss division of revenues and taxes, as well as human resources between central and local levels. The board consists of equal numbers of representatives

from local administration organizations, central administration, and neutral experts.

The Act further allows the people to petition for the removal of individual members from local councils, or the entire council. In addition, it grants public rights to information. Public hearings are required before government projects that might have an impact on the environment or local living conditions may be approved.

The 1997 Constitution and the 1999 Decentralization Act granted local governments, and their communities, tremendous rights and freedoms in line with international standards of good governance. However, these rights remained theoretical and never materialized in real practice. Local governments were still dominated by heavy influence of central administration, which was able to retain power over budgets and personnel. It appears that no central government so far had a genuine interest in decentralizing power to the local level (Puangngam, 2009; Thumkosit, 2010; Patmasiriwat, 2014).

A new attempt was made with the 2007 Constitution by stating the objective to increase democratic participation and respond to the real needs of the people. In order to provide public services and respond to local needs effectively and immediately, a number of aspects have been focused on (Constitution of the Kingdom of Thailand, 2007). Articles 282 and 283 stipulate that the local administration organization be autonomous and free to manage its own local affairs with its own budget and personnel without direct control or interference from central administration. Such autonomy, however, must not be used to harm the unity of the country and shall protect the general rights and greater benefits of Thai society as a whole. Moreover, local administration organizations' have the power to make policies with regards to finance and personnel to maintain consistency in light of local and national contexts. In order to ensure policies and actions that benefit local communities, local administration organizations must have a local representative council and administrators elected by the local community or appointed by the local council itself. Article 285 further defines the qualifications required for candidates as well as voters.

According to Article 286, the people retain the right to remove local representatives from office. For such removal to effect, a 75% majority of voters needs to be in favor. In addition, a minimum voter turnout of 50% of the local electorate is required. Article 287 further guarantees the right to petition and initiate legislative processes if more than 50% of the electorate support the formulation of a new policy or law. According to Article 288, hiring and firing decisions need to be appropriate and require the consultation and approval of the local civil service committee. Local administration organizations are made responsible for the preservation of culture, local wisdom, arts and traditions, as well as the management of natural resources, including environmental protection.

To sum up, the local administrative structure after the 1997 and 2007 constitutions consists of three levels — provincial, municipal, and sub-district levels. At the provincial level, the *Changwat* provincial administration organization is home to provincial civil servants who report directly to its president and receive salaries from the organization itself. The president of the *Changwat* provincial

administration organization is the head of the executive department and the *Changwat* provincial administration council is the legislative arm consisting of directly elected members. At the municipal level, the *Thesaban* municipal administration organization is the center of administrative work, housing the municipal's civil servants. The *Thesaban* municipal executive commission, consisting of the mayor and 2–4 commissioners form the municipal government, while the *Thesaban* municipal council is its legislative body. At the sub-district level, the *Tambon* sub-district administrative council, consisted of 2 elected representatives per village, manages the sub-district affairs. The elected sub-district chief and two deputies appointed by the chief is *Tambon* sub-district administration's executive.

### III. Factors Influencing Decentralization Policies

Despite continuous legislative efforts to decentralize administrative power to the local levels of Thai administration, a number of factors contributed to the apparent failure of real decentralization. In particular, five larger themes can be identified. These are 1) financial imbalance, 2) political and central interference, 3) corruption and lack of transparency, and 4) human resource capacities. Each of these themes has a number of dimensions and manifestations.

#### A. Financial Imbalance

One vital condition for effective decentralization is a balanced financial management to align spending that is necessary for public service delivery at the local level and in the revenue stream. In Thailand, such a system is still imbalanced and local administrations continue to find it difficult to cover their expenditure with the income that is available to them. Unbalanced budgets quickly became an obstacle to effective administration and the financial imbalance can be considered one of the main causes of Thailand's problems in local governance (Patmasiriwat, 2014).

As a result of the poorly designed system to distribute income, local administrations depend on central government subsidies to fill the gap. These subsidies, however, come with conditions and effectively lead to significant losses of administrative autonomy. This situation is aggravated even more in local communities whose capacities to generate income are limited due to disadvantages in resource endowments and geographical, as well as socio-economic, contexts. Low capacity in income generation almost necessarily results in poor governance performance. Bangkok Metropolitan Administration, Phuket, or Rayong provinces are examples of high capacity regions where a strong local economy results in higher income and better governance. Provinces like Surin or Sisaket in the northeast, however, have very little room to increase revenue and both autonomy and the ability to govern their own affairs are being limited (Patmasiriwat, 2014).

Local administrations generally have 3 sources of funds: 1) fees for services, 2) taxes, and 3) central subsidies. In Thailand, service fees often barely cover the costs for the services and are usually not sufficient. Increases of fees are not always easy to justify without an increase in service quality. Only through higher service

quality can local administration try to increase the revenue from fees.

Tax revenue is divided between the different levels of administration. This division in Thailand is still considered imbalanced since local administrations receive only a very small portion of the tax revenue compared to the portion retained by central administration. Local communities only marginally benefit from high tax revenues collected within its area. PTT, a large oil and gas company, operates an offshore oil well in the gulf of Thailand. When in 2013 a pipeline burst, Rayong province and the local communities along the coastline could not immediately respond to the spill because they lacked the funds and equipment to contain the spill. Despite generating high tax income for the state, local communities disproportionately benefit meagerly while having to cope with the impact fully. Risks and costs remain local while the benefits go to the central government. Such imbalance renders local administrations helpless and ineffective.

Subsidies from the central level are an important source of income for local administrations. However, the system used for calculating subsidies still requires adjustment. The average revenue in Phuket on a per capita basis is 2,781.7 Baht. At the same time, Phuket has spending of 2,887.2 Baht per capita — an almost balanced budget. It further receives subsidies of 459.9 Baht from the central level. Its neighboring province Phang Nga generates income of 942.3 Baht and has spending of 1,217.0 Baht per capita. Phang Nga receives subsidies of only 254.0 Baht per capita (Patmasiriwat, 2014: 118–119). Despite a larger gap between income and expenses, Phang Nga receives corpuscular subsidies compared to Phuket. Even worse, the subsidies are not even sufficient to fully close the income gap. This shows that subsidies in Thailand are not calculated according to need-based on the deficit of each local administration's budget but rather as a function of income and without consideration on spending. The use of subsidies has to strictly follow central administration's directives, particularly budgetary deadlines and regulations. This often leads to hastened and inefficient spending because funds come with an expiry date.

### ***B. Political and Central Interference***

As a result of the 1997 constitution, Thailand strengthened its national political system. After the 2001 and 2005 elections, there were only two large political parties, resulting in strong and stable governments. The prime ministers heading these governments became strong leaders, while at the same time, the checks-and-balance systems were under pressure. These strong governments were able to consolidate enormous power under the leadership of Thaksin Shinawatra until they were overthrown by the Council for National Security in a coup in 2006.

One of the main reasons for the coup was an increasing number of corruption cases coming to light involving the government and its supporters. Another reason was the role the government played in dominating not only central level administration but also local administration with the aim of securing votes. Politicians took advantage of the dependency of local administrations on central funds and services to pursue personal agendas, circumventing strict election laws, and attempting indirect vote buying.

In addition, political parties needed to maximize their election results in order to stand a chance of coming into power. It was therefore common to pay promising politicians from small parties to join their cause. Whenever politicians were backed by these large parties, they had significant advantages in running their campaigns in local elections. In return for the party's financial support, such local politicians become loyal supporters and are susceptible to central level influence. In order to pay for this capital intensive system, local administrations were often used to engage in corrupt activities of politicians at local and central levels. Alternatively, political parties tried to win financially strong sponsors to back their campaigns. Such sponsors are generally businessmen who come with their own political agendas.

In sum, the interests of central level political parties as well as businessmen displaced the needs and interests of the local people from the local politicians' minds. Development of local communities on the basis of the needs of the people has become a rare sight in Thailand. The strong leadership approach of central governments has further led to increased policy corruption. The most prominent example of such corruption is the rice pledging policy of the Yingluck Shinawatra government between 2011 and 2014. The government spent a total of about 501 billion Baht with the intention to buy rice from farmers at above market prices. However, only 103 billion Baht were actually paid out to farmers. The remaining amount has been lost into different channels (National Legislative Assembly, 2014). Another aspect of excessive central level influence on local administration is the lack of judicial power. Local administrations have benefited from decentralization of legislative and executive powers, but still lack their own judicial branch, which is located at the central level only.

Decentralization under the supervision of central administration remains incomplete and unsuccessful even after a decade — in particular with regards to personnel. Lack of financial resources forces local administrations to forgo hiring additional civil servants locally and instead request support from central levels. The ministry of the interior then sends staff to fulfill duties at the understaffed local units. This mix of central and local civil servants often results in conflict and ineffective administrative work.

### ***C. Corruption and Lack of Transparency***

Corruption is directly related to ethics and good governance within the political and administrative systems of Thailand. With regards to corruption at the local level, data collected by the national Anti-Corruption Commission between 2000 and 2007 shows a total of 5,508 cases of corruption at the local level, 3,235 of these cases occurred at *Tambon* sub-district administration level and another 1,750 cases at the *Thesaban* municipal district level. 44.3 percent of these cases relate to procurement activities (National Anti-Corruption Commission, 2007). The reasons for this can be diverse.

Missing receipts and income statements of procurement activities is one of the regularly observed problems. This can either be due to a lack of knowledge of civil

servants or due to purposeful embezzlement of funds. Another problem stems from the characteristics of Thai culture as patronage system in which family bonds and friendships play an important role. It is therefore no surprise that friends and family of government officials secure government contracts through their connections and influence within local administrations.

One recurring problem with local governance in Thailand is the lack of skills, knowledge, and understanding of local management. This aspect is particularly important when considering the question whether local communities are ready to receive powers from upper levels through decentralization (Ishikawa, 2007). The freedom to govern their local communities independently requires local personnel to have the qualification to manage increasingly complex and dynamic affairs; Knowledge and understanding of tax system and accounting standards; human resource management; and specific local knowledge, etc. These are essential components of local administrators' skill sets (Inatsugu, 2001). A lack of such skills allows individual actors to exploit the weaknesses of local administration for personal gain or, in less severe cases, hinders service delivery and effective administration of local affairs.

When it comes to transparency, it is important for the people to have access to information on activities and plans of the local administration. If people have the opportunity to scrutinize public procurement activities, corruption could be reduced significantly. Unfortunately, access to information in Thailand is often still difficult and possible only against resistance from the involved organizations. By publishing information and opening communication channels to allow for participation in the auditing of projects, a local system of checks and balances can be strengthened (Blair, 1991) that allows independent agencies, such as the National Anti-Corruption Commission or the Office of the Auditor General, to appoint representatives of the people as their agents, providing them with the power to supervise the work of local administrations and prevent corruption (Thumkosit, 2010). Corruption can further be seen as a result of central interference in the affairs of local administrations. Such interference can come through a number of different channels. As discussed earlier, through conditional payments of subsidies and the use of centrally controlled staff in local administrations, the interests of central actors became more important than the interests of the local people (Puangngam, 2009; Patmasiriwat, 2014; Thumkosit, 2010). The numerous cases of corruption have shown that local communities; i.e. the people, lack the ability to play an effective role in protecting their interests and being an active and qualified participant in a system of checks and balances to keep local administrations and politicians in line.

#### ***D. Human Resource Capacities***

The ability to govern a local administration organization depends not only on the factors mentioned above but also on human resource management at the local level. Local human resource management is complex and involves a number of different organizations. Research conducted by King Prajadhipok's Institute identified a number of problems regarding local level human resource management.

There are a number of central agencies responsible for different issues relating to human resource management. This results in a complex mix of responsibilities and regulations that lack unity and standardization. Other structural human resource management problems occur as a result of conflicts between the constitutional regulations and the traditional patronage system. Local administrators use their constitutional right to appoint deputies or staff but do so within the traditional patronage networks. This thus often results to ignoring recruitment and selection regulation. In addition, human resource regulation is applicable to civil servants and public employees only while political posts gain legitimacy from elections and can only be removed by a political process rather than an administrative one.

Procedural human resource management problems relate to the entire spectrum of human resource activities, starting from recruitment and selection of qualified applicants. In contrast to central administration, civil servants at the local level are often perceived as second class civil servants whose status is below that of their central counterpart. This image problem prevents many good and capable people to apply for local administrative positions. The few that do apply are often lost to the slow and cumbersome application and selection process because hiring decisions require approval from several levels.

Qualifications required for civil servants at *Tambon* subdistrict administration organizations centered on six core competencies: 1) service mindedness, 2) cultural knowledge, 3) networking abilities, 4) hands-on mindset, 5) knowledge in human resource development, and 6) ability to work in teams (Chuito, 2010). The Office of the Auditor General (2001) has found a number of problems that require improvement of qualifications such as civil servants at local administration organizations lack the skills to produce local development plans that meet proper standards and requirements. They further lack skills and expertise in procurement practices including design and supervision of procurement projects and accounting standards. Finally, civil servants seem to lack skills and abilities in evaluation and project management, auditing, and financial analysis.

## Analysis and Conclusion

Decentralization is an important concept in the context of achieving good governance. It enables democratic participation at the local level, providing the people with a way to address local concerns and local needs in an effective and timely fashion.

Thailand has a long history of attempts to decentralize. This article has divided this history into two periods. The first period was characterized by uncoordinated, unstructured efforts at decentralization. The second period after 1994 was characterized by a clearly defined approach towards decentralization with mechanisms and principles laid out in the 1997 Constitution and the 1999 Decentralization Act. In the 17 years that have passed since then, Thailand has been determined to increase self-governance of local administrative units and decentralize power to the local level but has so far failed to produce effective results.



Previous decentralization efforts have been thwarted by different influences and have not, in fact, exerted genuine efforts to increase participation and self-governance. The central government and administrative levels have so far successfully resisted giving up power. To this day, the only province in which decentralization has worked relatively well is Bangkok, which is lucky enough to not only have the financial capacity to generate enough revenue to provide its services but also has enough qualified civil servants and a local population that is both interested in and capable of playing its role in local governance. It is also the only province in Thailand whose governor is elected directly and not appointed by the central government.

Recent reports about politicians buying and selling provincial governor posts have left a bad taste of the current state of Thai politics. Instead of representing local and regional interests, provinces have had to cope with increasing political interference, forcing them to focus more on the needs and benefits of central level politicians than on the needs of the people. This has led the People's Democratic Reform Committee (PDRC) under the leadership of Suthep Thaugsuban to call for provincial governors to be elected in order to eliminate political interference in administrations and to end central level dominance over regional and local administrative units. On December 17, 2014, Wallop Pringpong, a member of the National Reform Commission, announced the genuine efforts to reform the revenue system by providing local administrations with the means to achieve balanced budgets (National Reform Commission, 2014).

However, even if the financial imbalance and political interference can be corrected, other challenges and concerns remain. The patronage system at the heart of Thai society cannot be erased by laws and will play a role in the future. Furthermore, There still remains questions regarding the readiness of civil servants in terms of their qualifications to do effective administrative work, and the readiness of the people in terms of their interest and understanding of their role in a decentralized system remain. Reports of corruption cases submitted to the National Anti-Corruption Commission have reached 6,260 within five years and witness reports, such as that published by Panadda Dissakul on his facebook page about everyday corruption in local administration organizations, should caution anyone proposing to transfer more power to these organizations.

At the current stage in Thai public administration, decentralization remains an attractive alternative for its potential benefits and uses. It promises to improve public service delivery by giving local administration organizations the power to respond to local needs independently and encourages the people to take their future into their own hands by participating in the management of local affairs.

Keeping in mind the Thai context, however, Thailand has reached a crossroads where it has to decide whether it gives decentralization another chance, risking to intensify Thailand's social problems if it fails, or whether it retains power at the central and regional levels in order to slowly coordinate the process and continue with the preparation of civil servants and the people to become ready for future decentralization.



### Note

- 1 In order to avoid confusion regarding the different administrative units discussed in this section and in order to ensure consistency throughout the paper, the author uses a terminology that allows reference to the Thai names of the administrative units as well as English approximations.

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