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THREE STAGES IN THE DEVELOPMENT OF THE THAI CAPITALIST STATE

JI UNGPAKORN

Why does it matter how we define the Thai state? It matters because our understanding of the world shapes our actions to improve it. One of the most important non-Marxist theoretical descriptions of the Thai state, at least in the period of military rule up to the early 1990's, has been the idea put forward by Fred Riggs that it was a "bureaucratic polity". This idea characterised the Thai state as an autonomous state, run by military and civilian bureaucrats, which was immune to pressures from other sections of society, including the bourgeoisie and the working class. It is a picture of Thai history from which the documented struggles of ordinary people have been erased. It is also a picture which reduces the possibility any significant struggles from below in the future. Many authors since Rigg's time have supported this view in one form or another. Chai-anan Samudavanija and David Morell, despite acknowledging social changes in the 1970s which increased political participation by other groups, remain pessimistic about the ability of Thai society to break out of a vicious cycle of coups and elections. Anderson, writing in 1993, a year after the second successful Bangkok uprising against the military in 20 years, still implies that modern Thai society is not open and democratic. While not wishing to underestimate the room for improvements in the democratic field, it is important to

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acknowledge what impressive gains have actually been made in the struggle for democracy by ordinary people.

If the non-Marxist analysis of the Thai state did not place any significance on future or past struggles from below, the analysis put forward by the Communist Party of Thailand (CPT), which was involved in serious struggle against the state, misdirected the energies of those who actively sought change. The CPT characterised The Thai state in the 1970s as "semi-feudal, semi-colonial". The practical implication of this analysis was to direct energies away from opposing authoritarian rule in Bangkok and to underestimate real social changes which were taking place. These social changes were resulting in the rise of the local bourgeoisie and the urban working class. Instead the main CPT enemy was United States Imperialism, and its "allies" in the Thai "feudal-military" elite. The bourgeoisie was seen as a small and oppressed class which should be supported as part of a patriotic popular front. The local state was seen as merely a rent-seeker, hiring out cheap labour and natural resources for exploitation by foreign capitalism. This hardly prepared the Thai working class for the necessary struggles against the powerful local bourgeoisie we see today. Thaksin Shinawatra, leader of the Palang Tum party, is said to be worth $2.5 bn, due to his interests in Shinawatra Computer and Communications. This makes him one of the world's 25 richest men. Yet his company is by no means the largest domestic Thai capitalist concern.

In fact, capitalism increasingly penetrated the economy in the mid-nineteenth century and helped to precipitate significant political changes in state organisation. The Thai state has been a capitalist state, run by and in the interests of various sections of the Thai capitalist class, since the reforms of King Rama V. This capitalist state has passed through three main political phases; (1) the absolute monarchy, (2) military dictatorship, and (3) bourgeoisie domination. The transformation from one phase to another was accompanied, and party driven, on each occasion by class struggle. The importance of such an analysis is to stress the

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underlying continuity of capitalist class rule, and capitalist class relations since the mid nineteenth century, despite the various different forms of state personnel. This analysis also serves to emphasise the dynamic of class struggle in Thai history. The present vibrant capitalism of the Thai economy did not suddenly arise out of thin air.

The capitalist state as an instrument of capitalist class rule

In the *Communist Manifesto*, Karl Marx and Friedrich Engles describe how the bourgeoisie use the modern capitalist state to obtain exclusive political power in society. They define the capitalist state as "the executive committee for managing the common affairs of the whole Bourgeoisie". In his analysis of the Paris Commune of 1871, Marx argues that the capitalist state is an instrument for the enslavement of labour by capital. How this is done is explained by Engels in *The Origin of the Family, private Property and the State*. He writes that the state holds class antagonisms in check. Apparent state autonomy is a useful tool in achieving this aim. The more the state appears to rise above society, Engels writes in *the End of Classical German Philosophy*, the more it is able to enforce the interests of the ruling class.

Lenin supports the above Marxist analysis of the state in his pamphlet *State and Revolution*. He writes that the state is the product and manifestation of the irreconcilability of class interests. The capitalist state stands above society and is a weapon of the bourgeoisies in its rule over the working class.

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Since Lenin's time there have been three related issues which have caused a diversion in the Marxist understanding of the state. The first diversion is the claim that the state can be autonomous from the capitalist class. This argument is best represented by Skocpol, Evans and Rueschmeyer who argue that capitalist states, especially those in underdeveloped countries, can be autonomous from the bourgeoisie. These states have a mind of their own and can commonly act in order to promote their own "state interests". This may or may not be in the interests of the bourgeoisie. They go on to explain, however, that the need to raise money to finance the running of the state, historical features of society and the coherence and strength of the state bureaucracy, are factors which can limit the degree of state autonomy. The "bureaucratic polity" in Thailand is seen by many as such an autonomous state.

Harman criticises the rather mechanical analysis which underlies the discussion of state autonomy. In returning to Marx, Engels and Lenin, Harman reminds us that it is necessary for Marxists to understand the dynamic interaction between capitalism and the capitalist state superstructure. The state arises out of the needs of capitalism, as an instrument of capitalist class rule, but as a physical reality made up of people and institutions, it also feeds back to influence the tempo and direction of capitalism. There is also an historical dynamic which influences the nature of the state at any moment in time. For example, a certain type of state may have arisen in order to serve a particular set of circumstances which might no longer be useful to the immediate needs of capitalism, but which still remains, due to an inertia in society. Thus the issue of state autonomy from the capitalist class, except in times of severe crisis, such as Nazi Germany or Napoleonic France, is an irrelevant diversion which will be rejected in this paper.

One reason why some Marxists believed that the state was autonomous of the capitalist class was that they understood the capitalist class to be made up of only the bourgeoisie. When Marx, Engel and Lenin were alive, this was probably more or less true. However, since

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their time, other components of the capitalist class, the state capitalists, have become more obvious and important\textsuperscript{13}. The mistaken belief that capitalism implies the private ownership of the means of production, is not supported by the writings of Marx, who always maintained that capitalism was defined by production relations, rather than mere ownership. Thus the capitalist class is the class which controls the means of production. It is therefore possible for state bodies to control the capitalist production process. It is possible for absolute monarchies (such as the regime of King Rama V) or military dictatorships to control production relations under capitalism. Although state capitalists are different from private capitalists, it is wrong to place state capitalists in a class separate from the bourgeoisie. For Marx, the capitalist class as a whole is defined as an aggregate of people whose role in the control of material production and labour exploitation forces them to act collectively. It is not the identity and sources of their revenues (ie ownership) which are of importance in defining class: "What makes wage-labourers, capitalists and landowners the formative elements of the three great social classes? At first sight, the identity of revenues and revenue sources... From this point of view, however, doctors and government officials would form two classes...The same would hold true for...vineyard-owners, field-owners, forest-owners, mine-owners, fishery-owners, etc."	extsuperscript{14}

Some authors have defined states in the third world as not being capitalist states in an independent sense, but merely being tools, or at best arbitrators, between powerful Western capital and the local economy. Dependency Theorists like Emmanuel\textsuperscript{15} and Amin\textsuperscript{16} argue that this Western domination arises out of unequal exchange in the capitalist system. Since the West has a monopoly in manufacturing exports, it is argued, it can maintain artificially high prices. Third World countries, as exporters of agricultural goods, are forced, to compete for markets, thus pushing down the price of their main agricultural exports. The

\textsuperscript{13} Cliff, T. (1974) \textit{State capitalism in Russia.}, Pluto Press.
consequence of this view is to rule out the possibility of a rise in the domestic bourgeoisie in the Third World. It fits with the CPT analysis of the Thai state.

While not denying the strength of Western imperialism, Nigel Harris argues that economic figures do not support the idea of a long term deterioration in terms of trade between agricultural goods and manufactures. Also, by the 1970s North America was exporting more agricultural goods than less developed countries, and by the next decade the majority of Third World countries were exporting manufactured goods as their main exports\textsuperscript{17}. It is for these reasons that we must reject the theory of "dependent" states in countries like Thailand as tools of the indigenous capitalist class in its exploitation of the domestic working class and peasantry. There small states then seek to play a role in the international capitalist system, which is undoubtedly dominated by super powers.

The Absolute Monarchy: Formation of the first capitalist state (Rama V - 1932)

A simplistic view of Thai state formation looks at the formal titles of state rulers in order to characterise the class nature of the state. Such a view of history describes how feudal, or \textit{Sakdina}, society, operating since the Ayutaya period, was only overthrown when the absolute monarchy was abolished in 1932\textsuperscript{18}. Chatthip Nartsupha and Suthy Prasartset, looking at the question from an economic point of view, seem to believe that the export boom of the 1850's did not disrupt the Sakdina system\textsuperscript{19}. They also claim that there were no moves to centralise the Thai state as in Meiji Japan\textsuperscript{20}. Seksan Prasertkul, on the other hand, argues that the penetration of Western capitalism in the 1850's smashed

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\textsuperscript{17} Harris, N. (1988) \textit{The end of the Third World}. Pelican Books.
\textsuperscript{20} Ibid. p. 40.
\end{flushright}
the *Sakdina* economic system, but allowed the old *Sakdina* state to continues to rule up to 1932.\(^{21}\)

David Morell and Chai-anan Samudavanija acknowledge that king Chulalongkorn (Rama V) reformed the state, changing it from a "feudal" state to a "bureaucratic polity", but they refer to these reforms being "granted" by the king, indicating a lack of struggle between the king and the nobles.\(^{22}\) Girling also acknowledges what he calls the "reforms" of Rama V, Which led to the adoption of a "colonial state model" of government. He claims that this was carried out in order to avoid colonisation by Britain.\(^{23}\)

According to Seksan Prasertkul, this state transformation was facilitated by the inability of the *Sakdina* nobles and local rulers to become capitalists under the new economic conditions of the mid nineteenth century.\(^{24}\) However, the measures taken by Chulalongkorn to change the state were much more than mere "reforms". They were a class struggle which resulted in the destruction of the *Sakdina* system and the creation of Thailand's first capitalist state. Chaiyan Rajchagool, more than any other author, has detailed the dynamics of the formation of the modern Thai state under Rama V.\(^{25}\)

Many authors, such as Cruikshank\(^{26}\) and Chatchai Panananon\(^{27}\), have described the *Sakdina* system and it is beyond the scope of this paper to attempt to duplicated this work. In the mid nineteenth century the *Sakdina* system came under increasing economic and political pressure, both from external and internal sources.

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\(^{23}\) Girling (1981a), *op cit*.  
\(^{24}\) Seksan Prasertkul, *op cit*.  
\(^{25}\) Chaiyan Rajchagool (1994,) *The rise and fall of the Thai absolute monarchy*. White Lotus.  
Externally, the British were putting pressure on Bangkok to allow free trade and penetration of foreign capital into the area. Prior to this the crown had traded the products of forced labour and tribute in a monopoly fashion. In 1855 King Rama IV signed the Bowring Treaty with the British representative Sir John Bowring. The most important clause in this treaty was the abolition of the crown monopoly of trade and its ability to determine the rate of taxation. The monarchy agreed to permit free trade by private merchants and agreed to the British dictating the level of import duty, which was set at a maximum flat rate of 3%. The result was that, although the existing system of raising revenue from monopoly trade was undermined, the opportunities for trade on the world market were vastly expanded. In order to take advantage of these opportunities, rice production needed to be increased. This required a source of productive free labour. The monarchy, and some of the nobility, could benefit from this, both in terms of taxation, but also by direct profits from investments in land, rice milling and rice trading.

Chaiyan Rajchagool details the foundation, by King Chulalongkorn, of what he calls "the Thai state in Peripheral Capitalism"\(^\text{28}\). It is worth looking at four essential tasks of any capitalist state and comparing them with the state which was set up under King Chulalongkorn. These four tasks are:

1) The supply of skilled, free, labour.

2) The provision of standard commercial relations, property rights and a stable currency.

3) The protection of local markets against foreign interests and the protection of businesses against the consequences of other business failures.

4) The supply of military force as a last resort to protect capitalist interests.

\(^{28}\) Chaiyan Rajchagool, *op cit.*
1) The supply of skilled, free, labour

The traditional *Sakdina* ways of mobilising labour by compulsion were inadequate in the new economic conditions. The *Sakdina* system, with its geographically localised obligation links, restricted the free movement of labour, which could be used in the expansion of rice production. In addition to the superiority of wage labour, the *Sakdina* system suffered from a number of other serious problems for the Bangkok monarchy. These came to a head during King Rama V's reign. There were increasing attempts by the population to avoid forced labour by bribing local officials. Local rulers would also be happy to accept persons normally liable for the King's labour, under their own local patronage. Tribute collected for the Bangkok king was also appropriated by these local rulers. In other words, the monarchy suffered a decrease in economic power at the expense of the nobles and local rulers.

In 1873 the monarchy moved to take economic and political control from its rivals, especially the influential Bunnag nobility, by establishing the Finance Office, the Privy Council and the Council of State, under monarchy control. Various legal measures to abolish forced labour began in the 1880's. A number of secular educational institutions were also established to provide the state with a skilled workforce. The first University was set up in 1916 and four years compulsory primary education was introduced in 1921. Thus the creation of a supply of skilled and free labour formed a vital part of the King's political victory over the nobles. The function of the capitalist state in supplying free labour matched both the political and economic interests of the absolute monarchy, as ruler and state capitalist.

2) The provision of standard commercial relations, property rights and a stable currency

The provision of standard commercial relations throughout "Thailand", as a geographical area, was achieved by Bangkok's conquest of the outer regions and the establishment of the nation state. An example

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of this is the way that the subjugation of Chiengmai and other northern towns both strengthened the absolute monarchy and provided British commercial logging interests with a stable business environment. Prior to this, various princess of northern towns had fought over the right to grant forest concessions\textsuperscript{31}. The conquest of outer regions was consolidated by the use of salaried administrators, under the authority of Bangkok, to govern towns, instead of the local traditional rulers.

Formal land ownership rights were gradually introduced, to transform production from the old system of forced labour, starting in the 1860's. In 1902 a fixed currency exchange rate, based on gold and regulated by the Treasury, was introduced for the first time. Bank notes, issued in local Thai currency were also circulated\textsuperscript{32}.

3) The protection of local markets against foreign interests and the protection of business against the consequences of other business failures

In terms of the protection of local markets from foreign domination, the absolute monarchy did not totally exclude foreign capitalists. In fact, in the case of the conquest of the north, Bangkok's interests coincided with those of British logging capital. However, despite the fact that the new Thai state was under intense political and economic pressure from Western countries, it should not be viewed as a "dependent" state, or a "state in peripheral capitalism". What British imperialism demanded, and received, from the Thai state, was free trade, not a British monopoly of investment. Chaiyan Rajchagool uses the term "peripheral capitalism"\textsuperscript{33}, but fails to provide any evidence to support the use of this term. There is no evidence that Metropolitan Capitalism managed to depress the exchange price of Thailand's main export at the time. In fact between 1870 and 1929, the price of Thai rice on the world market rose by 167\%\textsuperscript{34}. Between 1850 and 1950 Thailand also managed

\textsuperscript{31} Ibid. p. 19.
\textsuperscript{33} Chaiyan Rajchagool, \textit{op cit.} p. 113.
\textsuperscript{34} Ingram, \textit{op cit.} p. 38.
to achieve a trade surplus. In addition to this, the price of imported manufactured textiles fell by about 75% between 1800 and 1940. This was due to improved labour productivity in industrialised countries and also to a shift in Thai manufactured imports from Britain to Japan. Only in the 1930's recession did the terms of trade between exported rice and imported textiles worsen. This was due to the temporary collapse in the price of rice.

Western capital only managed to achieve dominance in the teak industry, and later in tin mining. The state and its Chinese business partners did not allow Western interests to dominate the rice industry, as in the case of Burma, and rubber production was overwhelmingly carried out by small holders, rather than Western plantations.

The state also showed an interest in protecting businesses from the consequences of other business failures. In 1913 the Privy Purse supported the Siam Commercial Bank, which was faced with a crisis as a result of the failure of the Sino-Siam Bank.

4) The supply of military force as a last resort to protect capitalist interests

King Chulalongkorn needed to establish a standing army in order to have a monopoly of military power. Previously military personnel had been recruited under the Sakdina system from war captives or by local rulers on behalf of the king. The conquests of the outer regions required a military force that was directly under the control of the centralised state. Chulalongkorn introduced conscription in 1904. A national police force had also been formed in 1897 under the control of the new Ministry of the Interior. These "bodies of armed men" were created to protect the

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interests of capital and its new state, not initially against any threats from below, but in the struggle with the nobles and local rulers. It was after 1932, that the army's major function became the suppression of organised threats from below.

Seksan Prasertkul has claimed that the state under Chulalongkorn was an "autonomous state" because it was controlled by a king and not by the bourgeoisie. He also claims that it spent most of its budget on administration and the military, rather than promoting capitalist development. However, as has been discussed above, the need to create a centralised administration, with its own military and police force, was part of the promotion of capitalist development. King Chulalongkorn successfully transformed himself and the royal family into "state" capitalists. Seksan himself describes how the monarch's Privy Purse behaved like a capitalist concern\(^41\). It invested in major companies, such as the Siam Commercial Bank and the Siam Cement Company, both of which survive today as part of one of Thailand's major conglomerates.

The first independent Thai capitalist state was therefore established under King Chulalongkorn. The new superstructures of the state both fulfilled the necessary political and economic tasks of promoting the interests of the Thai capitalist class. Thus they were able to take advantage of the penetration of capitalism into the region which accompanied the arrival of the colonial powers. Political domination by the rising capitalist class, which was made up of the monarchy and its sino-Thai business allies, over the old \textit{Sakdina} class of nobles and local rulers, was achieved by creating a centralised nation state. Throughout the absolute monarchy period the capitalist state was under the political control of one section of the capitalist class, namely the royal family. It achieved this dominant position as a result of waging a class struggle against the old \textit{Sakdina} classes.

\(^{41}\) Seksan, \textit{op cit.} p. 231.
Military domination of the capitalist state (1932-1980s)

Many authors, such as Wilson, have expressed the view that the 1932 revolution, which overthrew the absolute monarchy, was "little more than a minor social disturbance." Wilson claims that there was no popular interest in the event, and as a result, politics became a matter of competition between various cliques in the ruling bureaucracy. Girling, quoting from the *Bangkok Times*, claims that there was no evidence that the masses took part in revolution. Hence there was no change to the "patrimonial state." In a similar analysis, David Morell and Chai-anan Samudavanija say that 1932 was just a "replacement of rule by princes with rule by generals." The use of the word "princes" seems to imply some confusion as to whether or not the *Sakdina* system had ended before the revolution. Fred Riggs expanded on Wilson's view about politics merely being the preserve of the bureaucracy and coined the much used term "bureaucratic polity" to describe the Thai state. However, he identified the transformation of the state under Chulalongkorn, in 1892, as being much more important than 1932. In the latter event, there was merely "the substitution of one oligarchic elite for another". In fact Riggs suggests that 1932 was a king of "counter-revolution" where the bureaucracy managed to escape political domination by the king. According to Scott Christensen and Ammar Siamwalla, "there were few organised interest groups to express citizen's demands" in the 1930's and the result was that an "autonomous state" arose in 1932. Suchit Bunbongkarn expresses what most authors view as the Thai "cultural"

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47 Riggs *op cit.* pp. 112-113.
reasons for authoritarian rule by claiming that there was a "Thai non-participant political culture".  

In opposition to the above orthodoxy, Nakarin Mektrairat describes how the events leading up to the 1932 revolution were accompanied by agitation from below. Traditionally, ordinary people made their views known to government officials by protest-petitioning. In 1926 a new form of petition emerged. These were "opinion giving" petitions. The significance of this is that ordinary people were, not just protesting and calling for help in difficult times, but now they were giving opinions about how the country should be governed. In 1931 there were 18 such petitions. One of them was written by Mr Gun Srisawat who represented 296 farmers from Lopbury. Others were written by urban labour activists. In the next year, the year of the revolution, the number of "opinion" petitions rose to 467. Five months before the revolution a book, entitled "The Thai are not slaves" appeared. It advocated taxing the rich and referred to the government as worse than robbers, since even robbers did not thieve from the poor.

Newspapers also proliferated before and after the revolution. What was significant was that they were deliberately printed in "low Thai", which was easily understood by ordinary people. These newspapers advocated political change. One newspaper, The Worker, printed by Tawat Ritidet's "Labour Group" advocated trade union organisation and strikes. It supported the 1922 tram workers' strike. The first white collar strike in Thailand was organised by the Siam Electricity Company office workers in 1931. The revolution of 1932 was accompanied by strikes in Bangkok and provincial towns. The first recorded strike by women workers took place in a dye factory. Tawat Ritidet and other labour militants supported Pridi Panamyong and the

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People's Party that led the 1932 revolution. Pridi later paid tribute to organised labour's role in both the overthrow of the monarchy, and in defending the new government against a royalist rebellion one year later\textsuperscript{52}.

Not only was there much agitation from below in association with the events of 1932, but this agitation had a very real effect. The revolutionary manifesto which was published in June reflected the views expressed by previous petitions\textsuperscript{53}. In 1932 farmers successfully forced landlords to reduce rents by refusing to pay them in the face of a collapse in the price of rice\textsuperscript{54}. Petitions demanding a reduction in land tax also forced the monarchy to reduce this tax by 20\% in February 1932. However, after the June revolution the tax was reduced by 50\%.\textsuperscript{55} Thus agitation by ordinary people helped to defend living standards during the 1930's recession.

Thus the idea of a "bureaucratic polity", immune from class struggle and smoothly displacing the absolute monarchy, is mistaken. The transformation of the Thai capitalist state, from a centralised absolute monarchy, to constitutional rule after 1932, was achieved with the support of class struggle from below, despite the fact that the leadership of the revolution was in the hands of civilian and military members of the state bureaucracy. In the aftermath of the revolution a significant dispute evolved between some of the civilian faction of the bureaucracy, composed of Pridi's supporters in the People's Party, and the military faction led by General Plak Phibun-Songkram (known as "Pibun"). Pridi relied on support mainly from trying to build the People's Party into a mass party. He was not very successful in doing this. General Pibun, on the other hand, made a reputation for himself as a defender of the revolution when he helped to defeat a royalist rebellion. He relied on military power as his base and succeeded in dominating the government at the expense of Pridi.

\textsuperscript{53} Nakarin, \textit{op cit.}
\textsuperscript{54} Chatthip Nartsupha, Suthy Prasartset & Montri Chenvidyakarn (1980) \textit{op cit.}, p. 209.
Military rule was not achieved because there was no opposition to it from below. In 1934 the government cracked down on organised labour in order to consolidate its power, but until the Sarit coups of 1957 and 1958, no single ruling group could control power in an uncontested fashion for long. Apart from faction fights within the ruling class, strikes and student demonstrations occurred at periodic moments.

The victory of Pibun over Pridi marked the beginning of military domination of the state. The second coup by General Sarit in 1958 significantly strengthened the power of the military for the next 15 years. However, the army had to use both coercion, conservative ideology and economic incentives to retain power in the face of potential threats from below. Under Sarit all strikes were illegal. In 1959 Supachai Srisati and ten other labour militants were arrested for issuing a leaflet denouncing the dictatorship in the name of the Labour Congress of Thailand. As a result, Supachai was executed for being a "communist". In May 1961, the former socialist member of parliament for Sakon Nakorn, Khrong Chandawong was also executed. Ideology was very important in the military's attempt to hold power. Sarit re-introduced royal ceremonies and wrapped himself in the Thai flag, claiming, as most dictators do, to represent the interests of the Thai Nation. Anti-communism was used as an ideological weapon against any discontent from below.

The economic incentive which the military used in order to retain power was to develop the economy. In this way it managed to win the support of the bourgeoisie and the middle class, in the form of the civilian technocrats, and take the steam out of lower class discontent. In fact, the Sarit government gave technocrats a great deal of autonomy in decision making. Girling describes "the division of labour" between the army and civilian members of the bureaucracy.

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57 Thak, op cit.
After Sarit took control in 1958, government policy changed direction. Instead of expanding state industrial enterprises as the main engine of growth, government intervention was directed at developing capitalist infrastructure. A road building programme was initiated. More money was spent on education. By 1970, the state had achieved 83% enrolment in primary education. Trade union repression ensured, for a while, a docile labour force. Various government bodies, such as the Bank of Thailand and the Budget Bureau and the Board of Investment, regulated the currency and government spending and promoted private industry. However it is important to note that the policy change under Sarit did not represent a lessening of government involvement in the economy. The government did not privatise state enterprises. The level of government investment as a percentage of total domestic investment did not match the 1953 peak of 39%, but during the 1960's it averaged about 30%. Even in 1989 there were over 60 state enterprises, some in key areas of the economy. Akira Suehiro reports that in 1984, 38% of the economic assets of the country were in state hands. The significance of this is that for over 50 years since 1932, the military officers who held state power were acting as state capitalists. But what of their relationship with the other main section of the domestic capitalist class; the bourgeoisie?

The relationship between the military and the domestic bourgeoisie

Some authors, such as Riggs and Skinner have argued that the Chinese bourgeoisie should be regarded as "pariah entrepreneurs" because they faced continual harassment and repression from the government, which forced them to buy protection from the ruling elite.

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63 Riggs, op cit., p. 251.
This protection was obtained by offering military officers positions on company boards and free shares. While this undoubtedly happened, the relationship between the military and the bourgeoisie should be seen in a slightly different light. Girling states that "since they (the military) could not compete with the Chinese, and dared not destroy them, they decided to join them". What Girling calls a "mutually profitable bargain" was struck.

Anti-Chinese rhetoric from military government should be seen as a way of proving to the bourgeoisie that those in control of the state really had something to bargain with; political power. On the other hand, the bourgeoisie was not totally devoid of political influence itself. They were involved in policy decisions immediately after 1932 and were also influential in pressurising the Sarit government to curtail direct government investment in production and divert resources to infrastructure. The military government also promoted Import Substitution Industrialisation, which was of immense benefit to the domestic bourgeoisie. Suehiro has shown that after the Sarit period, 5 domestic financial conglomerates emerged to dominate the economy. These were the Bangkok Bank, the Siam Commercial Bank, the Bangkok Metropolitan Bank, the Thai Farmers Bank and the Bank of Ayutaya. Except for the Siam Commercial Bank, which has capital from the Crown, all these banks are controlled by sino-Thai families. Thus the policies of the military governments encouraged the emergence of a powerful domestic bourgeoisie by the 1980's.

65 Girling (1981a), *op cit.*, p. 79.
67 Akira Suehiro (1989), *op cit.*
The relationship between the capitalist state under military control and foreign capital

Foreign capital was important in the process of Thailand's industrialisation, especially after the Sarit coup. Although foreign investment did result in a loss of some capital from the country in remittances, this loss was less than the amounts of capital entering the country. It would also be wrong to believe that the military presided over the carve-up of the Thai economy between various foreign interests. Girling reports that up to 1976 Thai domestic capital amounted to 70% of total investment promoted by the Board of Investment\(^68\). Hewison also notes that although 2.7 bn baht of foreign investment entered Thailand in 1974, Thai domestic capitalists were not swamped by inflows of capital. Foreign investment in Thailand amounted to between 1.2% and 6.2% of total capital formation in the period between 1955 and 1979\(^69\). Suehiro could also report that in 1984 foreign capitalists owned only 5.5% of economic assets\(^70\).

Thus power was maintained by the army, not because it ran a "bureaucratic polity", but because it used a combination of repression and economic incentives against its rivals. During the period of military rule, army officers acted both as state capitalists and to a lesser extent, private capitalists. They also entered into an alliance with the existing sino-Thai bourgeoisie, allowing the latter to make great gains.

Bourgeois domination of the state (1980s-present)

Few people today would deny the significant increase in influence of the domestic bourgeoisie in Thai politics. The new prime minister, following the July 1995 elections, is Banharn Silpa-archa, a sino-Thai construction company owner from Supan-buri\(^71\). Two of the six deputy prime ministers are former Bangkok Bank executive, Amnuay Virawan, and telecommunications tycoon, Thaksin Shinawatra\(^72\). Electioneering is

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\(^{68}\) Girling (1981a), *op cit.*, p. 98.
\(^{69}\) Hewison (1985), *op cit.*
\(^{70}\) Akira Suehiro (1989), *op cit.*
now big business. According to Worachai Yongpitthayapong, Head of Poll Watch, vote buying in this election was "like carpet bombing...no village will be spared"\(^{73}\). An estimated 16 billion baht was spent by political parties during the election in vote buying, candidate buying and pork-barrel politics\(^{74}\). These funds were supplied by the bourgeoisie.

The rise of the domestic bourgeoisie under the period of military dictatorship was as a result of the partnership between military rulers and business, as discussed already. It was also a result of the rapid growth of manufacturing. For example, in 1960 the share of manufactured products in total exports was 1.2%. By 1992 this had risen to 77.8%\(^{75}\). Apart from the large banking and financial concerns described by Hewison\(^{76}\), Akira Suehiro has shown how powerful domestic businesses arose from manufacturing joint ventures with foreign capital, and from agricultural produce exporters who moved into the agri-business sector\(^{77}\). An important example of the latter type of business is the CP conglomerate, Thailand's first multinational corporation. From agri-business, the CP group has expanded into telecommunications and manufacturing. By 1991 the CP group consisted of 280 firms with the second highest consolidated annual sales figures in the country\(^{78}\).

The increased economic power of the bourgeoisie can be seen clearly at a political level with the result of the 1988 election. Chatchai Choonhavan, whose father first gained political power via military rank in the 1940's, became the first elected MP to be chosen as prime minister.
since 1976. The previous prime minister, General Prem, who was not an MP, owed his position to support from the army and from political parties in parliament. It was not Chatichai's minor military rank (he had retired from the army long ago) that gained him political power as leader of the Chart Thai Party. Instead it was his economic standing as a member of the bourgeoisie, supported by other businessmen, that placed him in a powerful position. It would be wrong, however, to look at the case of the Choonhavan family and assume that they were typical members of the bourgeoisie, who had transformed themselves from soldiers to businessmen. It is important to stress that despite the old military men, and their families, managing to accumulate private wealth, due to their political positions in the previous period, they are dwarfed by the wealth and economic power of the sino-Thai bourgeoisie.

The increasing independence of the sino-Thai bourgeoisie from military political connections was described by Sompop Manarungsun back in 1981\textsuperscript{79}. Even Yoshihara Kunio, known for his pessimism about the independence of Chinese capitalists in Southeast Asia, admits an increasing independent role for domestic capitalists in Thailand\textsuperscript{80}. According to Sompop, the watershed in Thai politics was the year 1973, when the military dictatorship was overthrown by a mass movement from below.

Two important debates arise out of the present role of the bourgeoisie in Thai politics. The first is about the degree to which the military has really lost political power since 1973. The second debate, which is linked to the first, concerns the mechanism which brought about any changes in the balance of political power.

\textsuperscript{80} Yoshihara Kunio (1988) \textit{The rise of ersatz capitalism in Southeast Asia}. Oxford University Press.
The military and its political power

For the pessimists like Chai-anan Samudavanija, the Chatichai government of 1988 was merely a "democratic interlude" in a period of semi-democracy which is characterised by a cycle of coups and parliamentary democracy. According to him, Thailand in the 1990s is becoming "ungovernable" due to opposing forces of industrialisation, democratisation, technocratisation and militarisation. Thailand, he writes, is a "free society without democracy", where there is a lack of legitimacy for both democracy and authoritarianism. Democracy lacks legitimacy partly because capitalists own political parties and parties are characterised by individuals, rather than policies.

Anek Laothamatas agrees that Thailand remains in a vicious cycle of democracy and dictatorship. This is because the bourgeoisie has no intrinsic interest in promoting democracy and managed very well under military dictatorship. In addition to this, the middle classes, despite playing a vital role, according to Anek, in vetoing both corrupt democratic and over-repressive military governments, remains politically apathetic most of the time.

Both Chai-anan and Anek take the view that the military reclaimed its political power after 1973 by staging the bloody coup of 1976. Girling, despite pointing to new forces in society, supports this idea by stating that 1973-1976 was a period of "momentary eclipse" for the

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85 Anek Laothamatas (1993a) *The mobile phone mob : the middle class and businessmen and the development of democracy*. (In Thai), Matichon Publishing. p. 44.
military\textsuperscript{88}. However, Scott Christensen and Ammar Siamwalla claim that the Tanin government that came to power in 1976 could not turn the clock back to the old days of dictatorship and electoral democracy could not be done away with permanently\textsuperscript{89}. Rangsun Tanapornpan also argues that since 1973, the elite's monopoly of political power has effectively been broken\textsuperscript{90}. He goes on to describe the continual struggle for power between the old military and civilian bureaucrats, on the one hand, and elected politicians and businessmen, on the other. This, according to him led to both the 1976 and 1991 coups\textsuperscript{91}. Rangsun also talks about a "new mob culture" where politicians on all sides attempt to use mass mobilisations for their own ends\textsuperscript{92}. He tends to down play the ability of mass movement to arise from below.

Hewison claims that the Chatichai government unleashed societal forces which helped push the bourgeoisie into a dominant position in the state. Capital, he says, has become the predominant power. "The bourgeoisie is now in a process of entrenching its class rule" and the 1991 coup was a last ditch attempt by the military to stave off bourgeois domination\textsuperscript{93}. Hewison's analysis of the balance of political forces seems to be the most accurate. However, his emphasis on the Chatichai government's role in unleashing societal forces can only really explain part of the political freedom of the bourgeoisie. It does not explain the reduction in power of the military.

\textsuperscript{88} Girling, L.S. (1981a) \textit{op cit.}, p. 165.
\textsuperscript{89} Christensen, S.R. & Ammar Siamwalla (1993) \textit{op cit.}, p. 22.
\textsuperscript{90} Rangsun Tanapornpan (1993) \textit{The instability of Thai politics.} Puchatgarn Press. (in Thai). p. 46.
\textsuperscript{91} \textit{Ibid}, p. 196-200.
\textsuperscript{92} \textit{Ibid}, p. 34.
The mechanism for political change to bourgeois domination

While it is possible to describe the vast economic power of the bourgeoisie, this alone does not explain how it managed to win domination of the political structures of the state at the expense of the military. It is people who make history, although not in circumstances of their choosing. The question is who acted to change Thai society? It Christensen and Ammar are to be believed, the only interest group operating in Thailand today are businessmen\(^94\). This is clearly nonsense. Thai society is characterised by many voluntary groups, such as business associations, Non-government Organisations and trade unions. These authors do, however, mention that the middle class played an important role in taking to the streets in 1973, 1976 and 1992, when changes in government took place. Yet, they state that the middle class has no permanent interest in politics.

Despite the fact that he has shown that business associations play an increasing political role in society\(^95\), Anek Laothamatatas argues, as we have seen, that businessmen had no obvious interest in promoting democracy. Instead, Anek places great importance on the role played by the middle class in reducing the power of the military, especially in May 1992\(^96\). Similarly, Kien Tirawit claims that workers and students were not involved in the May events\(^97\). This is untrue. Even Anek admits that 55% of those on the May demonstrations earned less than his definition of a "middle class salary". Moreover, those who stayed to fight, once the army started shooting were overwhelmingly working class. Anek admits that it was this latter resistance that broke the power of the military government\(^98\). Wachara Pet-tong, a student from Ramkamhaeng Open University, and eye witness to the events, states that all the militants were

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\(^98\) Anek Laothamatatas (1993a) *op cit.*, p. 89.
people from the bottom of society, none were upper class or middle class.

Newspaper reports of those arrested in the May disturbances give an indication that the most militant participants were teachers, low-ranking civil servants, white collar public enterprise workers, factory workers, health workers and students and academics, all working class, according to a Marxist or economic definition. Definitions of "class" are a source of confusion when analysing the May events. Anek Laothamatas makes the mistake of classifying class in sociological terms, looking at income and life-styles. Hence, he claims that professionals and white collar workers are all "middle class". Yet, we know that these workers form trade unions, in Thailand. Marxists define class in terms of the relation to the means of production, thus white collar workers and professionals, who are not managers, form part of the working class. It is therefore more correct to say that the prime social force which weakened the power of the military in 1992 was the urban working class.

Not only did the working class play a significant role in the May 1992 overthrow of the military, they were also important in the October 1973 uprising. Before the uprising, between January and October 1973, there were 40 strikes, including a bitter 1 month strike at the Thai Steel Company. The steel strike united many other trade unions in their support for the steel workers and ended in victory. Despite the fact that students played a leading role in the agitation during October 1973, it was the participation of workers in the street fighting that added significantly to the impact of the mass movement.

Representatives of the working class, in the form of trade union leaders were part of the leaderships of the democracy movements of both 1973 and 1992, however, they were a minority among a mainly middle class leadership. This is another reason why the role of the working class is underestimated. Workers also formed the ground troops of the mass movements, along side students, but in the main, they arrived in an unorganised fashion, as groups of friends. It is important to remember

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that the spectacular growth of the Thai economy since the 1960s has not just increased the power of the bourgeoisie. It has significantly enlarged the urban working class. By 1992, only 57% of the population were employed in agriculture and, according to Ministry of Interior figures, there were an estimated 15 million urban workers.\footnote{Quoted in a workshop document on the "role and policies of the Ministry of Labour & Social Welfare", published by the Arom Pongpangan Foundation, Bangkok, 1993. (In Thai).}

Despite the role of the urban working class in weakening the power of the military this class has so far failed to gain political power for itself. The detailed reasons for this are beyond the scope of this paper, because they are tied up with an analysis of the dominant ideology on the left.\footnote{Ji Ungpakorn (In Press) *The struggle for Thai democracy against the political influence of the military*. Working Paper, Murdoch University, Western Australia.} The Thai working class is at the centre of Thailand's capitalist economy. An important reason for its failure to take power is its weakness of organisation and political self-confidence. This has allowed other forces in society to benefit from the declining military.

In conclusion, economic changes since the 1960s, contributed to the spectacular growth in the economic power of the bourgeoisie. However, the bourgeoisie did not move to end the political power of the military. This task fell to another class which grew out of the same economic changes; the urban working class. It was the struggle from below, conducted by a mainly working class mass movement, in alliance with other groups that significantly weakened the power of the military in society. October 1973 and May 1992 were high points of this struggle against the military. As a result of these struggles, it was, however, the bourgeoisie who managed to take advantage of increased democracy to gain its present overwhelming political domination of the Thai capitalist state.