A Short Account of the Rise and Fall of the Thai Technocracy

Pasuk Phongpaichit* and Chris Baker**

Thailand's sustained growth from the 1960s to 1990s was often attributed to a strong technocracy relatively free of political influence. Members of the first cadre of technocrats, which emerged in the 1950s, were mostly educated in Europe. In the "American" era, more were educated in the United States and believed the role of government was to provide a safe and liberal environment for capital, mostly through a fixed exchange rate and balanced budget. After 1975 the technocrats had to manage a more complex environment because of internal political conflicts and external shocks. They became more powerful because their skills were in demand and because they had strong backing from international institutions. During the boom that began in the mid 1980s, their grip on policy diminished. After the financial crisis of 1997, the technocrats were blamed for not adjusting to changes in the domestic and international economy.

Keywords: Thailand, technocrat, development policy, financial crisis

In the 1990s, it became conventional to attribute the extraordinary success of the Thai economy to careful and conservative management by technocrats. After World War II, Thailand had been one of the most backward economies in Asia, lacking even basic institutions implanted elsewhere by colonial governments. For the next half century, the economy grew at a cumulative average rate of over 7% a year, without once coming even close to a year of the negative growth experienced by most other Southeast Asian countries during the oil shocks. Inflation never got out of hand. Trade deficits were always manageable. Oil shocks were severe but never disastrous. In the great boom which began in 1986–87, the growth rate surged into double digits without suffering from inflation or other diseases of over-heating. Given that Thailand's politics were punctuated by coups and crises, and that the country was famous for the weakness of the rule of law, some explanation was needed for the smooth, sustained record on economic growth. The

* ผาสุก พงษ์ไพจิตร, Faculty of Economics, Chulalongkorn University, 254 Phayathai Road, Pathumwan, Bangkok 10330, Thailand
Corresponding author's e-mail: chrispasuk@gmail.com
** Independent Researcher, Thailand

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technocrats were paraded as that explanation. According to this view, the Thai technocrats managed to operate with some independence from vested interests and some insulation from political flux, and had developed traditions of conservative economic management which worked. This view was canonized in a book entitled *Thailand's Macroeconomic Miracle*, published by the World Bank in 1996. The book concluded, "By investing technocrats with the power to say 'no' to politicians, a state can institutionalize long-term fiscal and monetary restraint, despite the short-term incentive for politicians to act otherwise" (Warr and Bhanupong 1996, 234).

A year later, Thailand led the region into the Asian financial crisis. A year following that, a report commissioned by the Thai government to explain the genesis of the crisis placed the blame firmly on technocrats (Nukul 1998). This Nukul Report reversed every main point of the theory of the technocrats' stabilizing role. It argued that they had not understood the modern global economy, had been manipulated and intimidated by politicians, had failed to coordinate among themselves, and had taken unfathomable risks with Thailand's reserves in futile attempts to avert the crisis. How could two such contrasting views of Thailand's technocrats appear within such a short space of time? What has been the outcome of this crisis for the role of the technocrats since 1997?

This article provides a brief overview of the rise and fall of technocrats in Thailand across the second half of the twentieth century. The first generation of Thai technocrats consisted of a tiny handful of trained economists who established a basic framework of economic management in the post-war era. Their role was boosted by the arrival of US aid and patronage in the development era which began in the late 1950s. The role of the technocrats changed and expanded during the 1980s when the domestic economy began to become more complex, and when the world economy became a source of destabilizing shocks after the end of the Bretton Woods era. The second generation of technocrats acquired influence because of the demand for their skills, and because of the backing they received from international institutions. They became not only economic managers but prominent advocates for changing the direction of economic policy. In the third generation which emerged during the great boom, technocrats had to cope with the consequences of market liberalization on one side and the emergence of parliamentary democracy on the other.

Before the Technocrats

Thailand's first framework of modern government was created in the last two decades of the nineteenth century, and patterned on colonial models which King Chulalongkorn

(Rama V) had inspected in India and Indonesia. In these models, the two main functions of government were taxation and control. Accordingly in Siam, ministries of finance and interior were created to undertake these two functions. The Finance Ministry was created by replacing many, scattered revenue-gathering bodies with one central office. The resulting funds were then spent on replacing localized control systems by a single pyramid of paid, permanent bureaucrats under the interior ministry, and by a new standing army. In the original colonial models, the government had a third function to oversee the "moral and material progress" of the colonial subjects. In the Siamese translation of the model, this function was much reduced, and largely limited to primary education and centralized administration of the Buddhist Sangha (monkhood). Government bodies were formed to oversee agriculture, irrigation, and other aspects of the economy, but were of little account given their very limited budgets. Until the 1930s, revenue-raising was limited by the lack of fiscal autonomy under colonial treaties, and a large proportion of the revenues was devoted to the upkeep of the court and royal family. Siam's first institution of higher education, Chulalongkorn University, founded in 1917, focused on law, public administration, science, and engineering with no teaching of economics or other social sciences.

The two constraints on revenue were removed after the 1932 revolution ended support for the royal family, and the successor government was able to renegotiate the colonial treaties. More funds became available and were largely used to invest in infrastructure, but the impact of this change was limited by the economic disorder of the great depression and World War II.

Pridi Banomyong, the ideologue of the 1932 revolution, had been trained in Paris in both law and political economy. In 1933, he drafted an economic plan which proposed much greater state control over the economy in order to increase efficiency, raise income, and improve equity (Pridi 2000, 83–123). The plan was slated as communist, and had to be abandoned, yet several other plans were drafted around this time, reflecting a worldwide trend to propose greater state coordination to overcome the great depression. In 1934, Pridi founded the University of Moral and Political Science, which later became Thammasat University. Economics was included on the curriculum. Anyone with a high-school diploma could enroll for a BA in law, politics, and economics. Several people who became officials after World War II were educated through this route (Likhit 1978, 126).

Over the late 1930s and World War II, the government became much more involved in managing the economy. Many industries were founded by state investment, or taken over by government, within the framework of a war economy. Pridi laid the first foundations of a central bank by taking charge of the country's gold reserves which had been deposited in London. During the Japanese occupation of Siam from 1941 to 1945, the government founded a central bank, primarily to defend these reserves from appropriation by the Japanese (Sithi-Amnuai 1964, 97–98). After the war, the currency was subject to runaway inflation as a result of shortages of basic goods, and distortions in the economy left over from the war. In efforts to limit the social disorder that resulted, government became involved in attempts to regulate prices, manage the flow of commodities, and regularize the relations between the Thai economy and the outside world. These efforts created a demand for technocrats with skills to understand and manage a modern economy.

Puey and the Pioneers, 1949–60

An identifiable technocracy emerged in the 1950s and flourished in the 1960s. The main characteristics of this group are best viewed through its most prominent member, Puey Ungphakorn.

Puey came from a modest family of Chinese origin, and made his own career by sheer talent (Wannarak 1996; Puey 2000). His colleagues tended to come from similar origins, or from old Thai bureaucratic families which had invested in education. In background, they stood apart from the old royal order, the new military elite, or the business world. They formed a self-consciously independent new stratum of educated professionals.

Most were educated in Europe. Puey studied at the London School of Economics (LSE) in the era of Harold Laski. He and his colleagues were strongly affected by the democratic socialism of Europe in the post-war years which combined a distrust of central planning with a belief in state responsibility for basic welfare.

Puey and his colleagues were very few in number and the skills they possessed were in great demand. As a result, they enjoyed meteoric careers. Puey returned with a doctorate from LSE in 1949 and joined the Ministry of Finance. Four years later he became deputy governor of the central bank at the age of 37. He was appointed the first head of a new Budget Bureau in 1957, and of a new Fiscal Policy Office in 1959, before becoming governor of the Bank of Thailand in the same year at the age of 43. Suparb Yossundara returned to Thailand with a degree from Birmingham University in 1942, joined the Bank of Thailand, and climbed to a peak as the first female director of the World Bank (Puey *et al.*, 1975, vii). This small group knew one another well, and shared a common sense of duty to use their skills to lay the groundwork for modern economic management. From this period, prior to the foundation of a full set of institutions, came the culture of cooperative management.

They worked for authoritarian military leaders who understood the importance of the economy but had no inkling about economic management. Puey and other technocrats were able to bargain with the generals for the freedom and resources they needed in return for quietly ignoring ways in which the generals looted the economy (see for example Amnuay 1964).

As the economy was still based largely on agriculture which could fluctuate widely from year-to-year as a result of seasonal change and shifts in world market conditions, these new economic managers adopted a highly conservative approach designed to prevent such fluctuations provoking inflation or any other serious imbalance. Their main strategies were to maintain a balanced budget, tie the currency to the dollar, and fine-tune with interest rates (Ammar 1975; Warin 1975).

The American Era

Over the course of the 1950s, the United States gradually adopted Thailand as a key Asian base for prosecuting the Cold War, and in particular for combating the rise of communism in Indochina. The close alignment of Thailand with the United States was confirmed after General Sarit Thanarat seized power by coup in 1957.

In this "American era," the role of the technocracy expanded and changed (Muscat 1990; 1994). The United States provided aid funds and loans which vastly boosted the resources available for developing the economy. Sarit and his US patrons also placed a priority on "development," meaning economic growth which would insulate the population against the temptation of communism, and ensure the political stability needed for the country to act as a reliable base for US operations.

US advisers helped to install a stronger institutional base for managing this larger budget and more complex task. A new Budget Bureau was formed inside the Ministry of Finance to systematize the allocation and monitoring of government funds. A Fiscal Policy Office (FPO) was created to plan fiscal policies. A new planning agency was formed which eventually was known as the National Economic and Social Development Board (NESDB). The Bank of Thailand was strengthened after Puey became governor in 1959. A World Bank mission visited Thailand in 1957–58, and its report was adapted into a first five-year plan. The NESDB assumed the responsibility for drafting these plans and overseeing their implementation, though much of the input came from advisers provided by the World Bank or US government.

The members of this small pioneer group of technocrats were dispersed to head these principal institutions, but continued their tradition of cooperative management. The Budget Bureau, central bank, and planning board formed a triangle which shared the management of the economy. Their technocrat heads were still able to leverage their skills to gain considerable freedom of action from the military rulers. In addition, they also now had US patrons who could sometimes be called upon for support against the generals.

The approach outlined in the World Bank report and in the early five-year plans reflected an American view of the role of the state in the economy. Growth would come from providing a safe and liberal environment for capital. The remnants of the wartime command economy were quickly dismantled.

Although the economy became larger and more complex in this era, the management remained simple and conservative. The state did not have to do very much in order to stimulate growth. Investments in infrastructure, especially roads and ports, made it cheaper and easier for private capital to tap the country's very considerable natural resources. The economy grew on rising exports of primary produce. The world economy was enjoying the growth of the post-war recovery and stability of the Bretton-Woods era. Strong world demand ensured steadily rising exports. The shocks and tremors imported from the world economy were minor. The technocrats had to make only very minor adjustments to their formula of a balanced budget, fixed exchange rate, and fine-tuning with interest rates (Ammar 1975; Warin 1975). Ammar Siamwalla called the actions of the technocrats in this era a "behavior pattern," quipping that "to use . . . the more purposive term 'policy' . . . would be altogether too flattering" (Ammar 1975, 30).

During his tenure as governor of the central bank, Puey not only contributed towards development and the tradition of cooperative economic management, but also laid the foundations for the future evolution of the technocracy. He created central bank scholarships for overseas education of talented young economists, and set up funds for sponsoring research on the Thai economy. He gained the central bank a reputation as a center of excellence and expertise which attracted talented young professionals, despite lower rewards than in the expanding world of business (Wannarak 1996, 77–82). Puey also became Dean of the Faculty of Economics at Thammasat University and secured ample funding from US foundations to educate future technocrats there.

At the same time, the US patrons invested in creating a new generation of technocrats who shared an American viewpoint. Several senior officials were taken to the United States for training. Around 1,500 went on Fulbright or similar grants between 1951 and 1985, and another 3,000 on other US funding. The numbers attending US higher education rose from a few hundred in the 1950s to 7,000 by the early 1980s (Muscat 1990, 60).

The Second Generation and Policy-Making, 1976–88

In October 1976, Puey fled from Thailand and spent the rest of his life in exile. His departure marked the end of an era in the history of Thailand's technocrats. The reasons for his departure signaled changes which would alter their role. Puey was branded as a communist in an extreme right-wing reaction to a phase of liberal and leftist politics. Behind this deep ideological division lay social strains, conflicts, and aspirations stirred up by the economic changes of the prior generation. From this point forward, policy-making would have to pay more attention to social consequences.

The late 1970s were also the end of the era when the world economy would serve as a stable and largely benign background to Thailand's growth. The first oil crisis announced the start of a period of price shocks, sharper business cycles, and more eccentric money flows in the post-Bretton-Woods era.

The departure of Puey also marked a passage of generations. The largely Europe-trained technocrats of the post-war era were gradually replaced by a generation which was far more likely to have been trained in the United States. By 1974, 71% of the foreign-trained officials in the top ranks of the bureaucracy were schooled in the United States, compared to 18% in Europe (Likhit 1978, 124). A prominent example was Narongchai Akrasanee, who returned from Johns Hopkins University in 1973 with a doctorate on trade policy (Narongchai 1973) and became a lecturer, author, and policy adviser. Thailand had no policy "mafia" associated with a single school, though Harvard enjoyed marginally more prestige and popularity than others.

The training of this new generation of technocrats reflected the ideology of the United States at the point of its triumph in the Cold War. The content had less political economy, more models and maths. Plans were wrong and markets right. The technocrats became a strident lobby for liberalizing trade.

The period from the early 1980s to early 1990s was the golden age of the Thai technocracy. Growing frequency of external shocks, heightened sensitivity of local politics, and increased complexity of the economy as it shifted towards industrialization increased the demand for the technocrats' skills. A renewed influence of the World Bank, which provided Thailand with loans to tide over the second oil crisis, provided the technocrats with another base of support. In the early 1980s, the technocrats in the NESDB and FPO acquired an important new role in liaising with the World Bank and other international financial institutions which provided Thailand with loans (Bhattacharya and Brimble 1986).

On the tail-end of the second oil crisis, the Thai economy entered a deep slump which felled two banks and forced a devaluation of the currency. On the backwash of this mini-crisis, a small group of technocrats became prominent in public debate over policy. Snoh Unakul gathered a group in the planning board including Phisit Pakkasem, Kosit Panpiemrat, and Sippanonda Ketudhat. Suthy Singsaneh and Panas Simasthien who had managed the 1984 devaluation served as finance ministers. Chavalit Tanachanan and Nukul Prachuabmoh headed the central bank. Among academics, Virabongsa Ramangkura acted as adviser to the prime minister, and Narongchai Akrasanee worked as consultant to the planning agency. Most of this group had been educated in the United States during the time of US patronage of Thailand in the 1960s and early 1970s, and were affected by the prevailing enthusiasm for market liberalization. They lobbied for policy changes to liberalize markets and reorient Thailand towards the export-oriented industrialization that had been so successful in Korea and Taiwan. They argued that more liberal markets would destroy the monopolies and oligopolies which hindered growth (Snoh 1987). Over 1984–86, often working closely with World Bank advisers, this technocrat group guided reforms in tax, trade, and investment policy to favor export-oriented industry.

At the same time, the significance of planning declined. In the early 1980s, the NESDB drew up ambitious plans to shift Thailand towards industrialization through exploitation of newly discovered reserves of oil and natural gas. In these plans, government took a major role as investor, and the NESDB provided overall coordination. But over 1983–85 as a consequence of the second oil-shock, this ambitious scheme had to be abandoned. Government investment was scaled down, NESDB's role in the project was reduced, and the initiative was handed to private enterprise.

This shift marked a more general change. Planning no longer had much meaning. NESDB continued to draw up five-year plans but they were only indicative documents and they bore less and less relation to actual policy. Technocrats were increasingly involved in short-term policy-making to manage the instability imported from the international economy (see for example Pisit 1991). New measures were added to their array of policy tools. A balanced budget was no longer a religious goal, and deficits could be used to stimulate the economy. Policies were used to stimulate specific sectors, such as tourism and labor export, when they were needed to earn foreign exchange because commodity exports faltered. Technocrats were also needed to revise the tax system and investment promotion to serve a new emphasis on export-oriented industry. Some technocrats began to specialize in social policies to overcome poverty, to counter growing regional imbalance, to reorient the education system for the needs of industry, and to track the impact of growth on the environment (Warr 1993; Phisit 1988).

With growing specialization and an increased emphasis on short-term fine-tuning to cope with external shocks, the technocracy ceased to be so effective in providing overall coordination. The old triangle gradually crumbled away. The NESDB declined in importance, though its long-term head, Snoh Unakul, was the single most important guide of policy-making through his personal role as advisor to a succession of governments. The role of the Budget Bureau also diminished as parliamentary politics took root over the 1980s and budget allocation were increasingly influenced by political bargaining in parliamentary committees.

By this time, the Ministry of Finance and the central bank had become clearly separate institutions with their own respective internal cultures. No longer did senior figures migrate between posts in different institutions. The bank and the ministry tended more often to fall into conflict over the roles of fiscal and monetary policy, their respective areas of expertise.

After the economy entered a ten-year boom in 1986, buoyed up by relocation of Japanese industries, the growing lack of coordination scarcely mattered and was easily ignored. Yet in this period, even more than ever before, the long-term strength of the Thai economy was attributed to the relative independence of the technocrats, the coordination within the triangle, and a tradition of conservative management.

The Third Generation: Financial Liberalization and Politics, 1988–97

Until the late 1980s, technocrats did not have to bother much about elected politicians with some responsibility to their constituents. Since the 1930s, there had been four interludes with elective parliaments but these had not lasted long enough to disturb a pattern of relatively unfettered rule by generals and senior bureaucrats. From 1979 onwards, however, parliament began to take root. Demarcation disputes multiplied between elected ministers and senior bureaucrats. These remained muted while the government was still headed by a military official, General Prem Tinsulanond, but escalated rapidly after Prem was replaced in 1988. The new prime minister, Chatichai Choonhavan, was a former military officer but had become more of a businessman than a soldier, and had risen to power with the support of businessmen MPs. With the economy now in a phase of breakneck double-digit growth, the business community in general had a new confidence about its economic and political status. Ministers were keen to use state power for both fair reasons (especially, upgrading infrastructure to keep pace with economic growth), and foul (profiting in the process). They launched the first significant assault on the power of the senior bureaucracy in a century.

Ministers sacked or reassigned several senior officials who were not fully cooperative, and revised the boards of key government agencies. These changes sent a general message to the bureaucracy about the shifting location of power. The prime minister set up an internal think-tank, staffed by young academics and assigned to advise on policy. Before this innovation, governments had little capacity to develop policy, and policy-making had remained largely the preserve of bureaucratic agencies. The think-tank was soon in conflict with senior officials, especially over the direction of foreign policy, but also over economic issues. Politicians argued that bureaucratic conservatism served as a constraint on economic growth and business profit. The cabinet adopted resolutions which increased ministers' personal discretion to approve large budgets for infrastructure projects. Finally, the parliament challenged the size of the military budget and the secrecy surrounding its use, insisting that more funds be diverted to development activities.

Under Chatichai, the finance portfolio was held by a politician rather than the technocrats who had virtually monopolized the post in the past. The first was a businessman, Pramual Sabhavasu, who wanted to abandon cautious financial management in order to spur economic growth. He gathered his own group of policy advisers, tried to take direct control of fiscal and monetary policy, and intervened directly in the operations of the NESDB, FPO, and central bank. The governor of the central bank, Kamchorn Sathirakul, reacted strongly against this interference, and argued that the central bank should be more independent. The conflict between the two men became the stuff of the daily press, and Kamchorn was sacked from the governorship in early 1990 (Zhang 2003, 114–115). Pramual was also later reshuffled, and in December 1990, the finance portfolio was allotted to Banharn Silpa-archa, an elected politician, who had specialized in diverting an excessive share of budget funds to his own province and who patently had very limited grasp of economics. From this point onwards, the relations between the Finance Ministry and Bank of Thailand were marked by conflict.

These attempts to shift power and funds from official to political hands provoked a large reaction, expressed mainly in accusations of corruption directed against ministers. This provided the background against which a military clique was able to perform a coup against the Chatichai government in February 1991, and arraign several ministers on grounds of corruption.

The coup junta chose a diplomat-turned-businessman, Anand Panyarachun, to become prime minister. For his cabinet, Anand selected some of the most prominent technocrats of this generation, including several who had been prominent in the advocacy of market liberalization in the 1983–85 period. This cabinet took the opportunity to push through a range of liberalizing reforms in the belief they were needed to increase efficiency and sustain the extraordinary boom. In particular, these reforms completed the liberalization of the capital market which had begun tentatively in the late 1980s. Almost immediately flows of international finance rose rapidly as Thai corporations tapped cheaper sources of loan capital and as foreign investment funds experimented on the Thai stock market. In the initial stages these new financial flows served to stimulate the economy and increase private wealth and hence were viewed as largely benign. In the longer term they brought a new element of instability into the economy and demanded new methods and disciplines in economic management.

Although the liberalization of the capital market represented a major change in the relationship between the Thai economy and the outside world, there were no attempts to reform institutions or rejig established practices to reflect the new situation. Although in retrospect, the attempt to retain a fixed exchange rate in parallel with free capital flows was a fatal combination, for seven years the technocrats debated and dithered over the need to free up the exchange rate without coming to any decision.

The twin forces of democratization and financial liberalization conspired to create a major crisis for the technocracy in the mid-1990s. In 1992, the junta was ejected after violent street demonstrations, and elective parliaments returned. The Democrat Party which headed the coalition government installed in 1992 recruited its own team of technocrats, largely professional bankers, to manage the economy. However, these were soon in conflict with businessmen-politicians intent on using state power to sustain the faltering boom, to deliver goods to their constituents, and to gain favors for their own enterprises.

The desire of business politicians to relax controls and restraints created tensions within the Democrat-led coalition which finally brought the government down in early 1995. By this time, the cracks which would finally turn boom into crisis were already beginning to show. Political parties tried to recruit technocrats in the hope they would win the party votes with an increasingly nervous urban electorate. But the politicians still hoped to find technocrats who were amenable to their will. Over 1995–96, the prime minister (Banharn Silpa-archa) sacked his own nominee as finance minister, replaced him with a tame tax official, and then sacked the head of the stock exchange.

The conflict between technocrats and politicians spilled over into the press and public debate. The association of stock market investors called on the government to resign. Businessmen complained that "politicians increasingly interfere with the day-to-day operations of the Bank of Thailand" (*Nation*, June 18, 1996). The Bankers Association demanded the "depoliticization" of economic management. A senior technocrat urged that macro management "is so urgent and technical it cannot be left to the politicians" (*Nation*, August 31, 1996). Academics petitioned the prime minister to leave economic management alone.

Turnover at the top of the Finance Ministry and central bank became more rapid than ever before. When another cabinet folded in 1996, technocrats lined up to announce publicly that they would *not* take the posts which were normally the crowning point of a technocratic career. On press and public platform, technocrat spokesmen argued for reforms which would insulate economic management from political pressure. The Bank of Thailand governor was obliged to resign after becoming too embroiled with politicians and with the stock market. With no good candidates keen to take the post, succession was decided by seniority. A bureaucrat-turned-banker who accepted the finance minister's portfolio lasted only weeks. The permanent secretary of the Finance Ministry was effectively sacked for being too independent.

After the crash in 1997, government commissioned a report to analyze the causes of the crisis and to recommend reforms. The resulting Nukul Report pinned the blame firmly on the policy errors committed by the central bank, and related these to a more general long-term decline in the technocracy. The quality of recruitment had declined since the boom had vastly widened the salary gap between officialdom and business. The old traditions of cooperation between the principle institutions of economic management had withered and been supplanted by conflicts over turf and precedence. The central bank had totally failed to introduce the reforms needed in the wake of financial liberalization. The report was an obituary for the Thai technocracy (Nukul 1998).

Rebirth Aborted

A plan for rebirth was hatched within the World Bank and IMF teams engaged in helping Thailand recover from the crisis. The plan was broadly supported by technocrats who participated in the new Democrat-led coalition government installed in late 1997. The prime focus of these reforms was to make the central bank a more independent, more rule-based, and more skilled custodian of the interface between the national economy and the outside world, as well as a more effective overseer of the banking system. The central bank was restructured internally to reflect that vision. Legislation to make it more independent of political influence was drafted but persistently delayed. Inflation targeting was adopted as a discipline to make monetary policy more principled and transparent. The bank undertook to intervene in the foreign exchange market only to counter short-term eccentricity. New indicators were devised to monitor the economy's health and predict any looming disaster.

The same principles dictated reforms in the Finance Ministry. The Budget Bureau and budget process were overhauled. The FPO was allotted an enlarged role to introduce a longer-term perspective into fiscal policy.

Since the mid-1980s, the World Bank had been pressing Thailand to undertake a more general reform of the bureaucracy based on the principles of New Public Management (NPM), meaning the adaptation of modern business management practice to the public sector with an emphasis on setting goals, measuring results, rewarding performance, and punishing corruption and other abuse (Bidhya 1994). After the 1997 crisis, the World Bank was able to push this agenda through to a comprehensive *Public Sector Management Reform Plan* produced by the Office of the Civil Service Commission in 1999. The plan covered finance, personnel management, legal changes, redistribution of roles among departments, and measure to eliminate corruption (Bidhya 2004; Painter 2005). These various post-crisis reforms appeared to rescue the technocracy and assure them of a future role.

But the conflict between technocrats and businessmen soon returned and aborted the technocracy's revival. In 2001, the first elections after the crisis returned a government dominated by business. The new prime minister, Thaksin Shinawatra, campaigned for popular support on grounds that officialdom served as a drag on economic growth, and that businessmen rather than bureaucrats ought to take greater charge of the economy. Thaksin reflected a return to the Chatichai era's program to shift power between bureaucracy and politicians. Several members of Chatichai's policy think-tank surfaced in Thaksin's government including Surakiat Sathirathai as foreign minister, Pansak Vinyaratn as chief adviser, and Bowornsak Uwanno as cabinet secretary. The first few months in office saw a purge of senior officials and members of public sector boards on a scale not seen since the Chatichai era. Also as in the Chatichai era, the Thaksin government created an infrastructure for policy-making which took the initiative away from the bureaucracy. Thaksin and the major ministers had extensive teams of advisers. Some of these were honorary posts or business friends, but many were full-time workers, often recruited from university or professional backgrounds. Some were employed on official salaries under new rules for the appointment of "vice-ministers." Others were employed directly by Thaksin's Thai Rak Thai party, or by individual leaders. The numbers employed in this policy-making establishment were significantly larger than under any previous Thai government.

Thaksin removed the head of the central bank who had been a strong advocate of the bank's independence and was known for his inflexibility. The legislation to guarantee the central bank's independence drifted away to limbo. However, thereafter the prime minister left the bank alone. He locked horns with the new governor repeatedly over policy, but refrained from removing him, perhaps because of the impact that would have on international markets.

Thaksin's impact on the Finance Ministry was more dramatic. He oversaw a major overhaul of the budget which saw the process brought firmly under the prime minister's control (see Suehiro in this volume). Although the NESDB continued to produce five-year plans, these were now completely meaningless. The NESDB was converted into an executive agency for projects hatched by the prime minister and his policy advisers. Outsiders were brought into key posts such as the head of the NESDB and of the FPO so that they would be closely linked to the premier rather than to the traditions and factions of these bureaus.

Conclusion

The history of technocrats in Thailand and in other countries of Southeast Asia has followed a similar trajectory. The demand for technocrat skills appeared after World War II with the post-war economic disorder, decolonization, and a new responsibility for development. In the pioneer era, there was a small group of technocrats, usually trained in Europe, who quickly gained considerable power because of the rarity of their skills. In this era there was a close cooperation among a small group which later became mythologized.

A breakpoint appeared in the early 1980s, largely because of the collapse of the Bretton-Woods system on a world scale, but also because of increasing complexity in the economies of the region. This was an era of fierce ideological debate over the direction of macro development policy. On the one side were advocates of liberating markets on the grounds that freer markets would deliver greater efficiency. On the other side were supporters of the developmental state model, arguing that the success of Japan, Korea, and Taiwan came from concerted government policies to engineer markets with the aim of developing industry. In this era, technocrats become prominent not just as necessary technicians for managing a modern economy but as advocates of different choices for policy-making.

A third period began after 1986. More foreign investment came to the region. Booming economies strengthened businessmen vis-à-vis officials. Neoliberal ideology provided theoretical justification for replacing technocratic management of the economy with rule-based systems and institutions which would be less vulnerable to political manipulation. In this era, any remaining unity among the technocrat communities in all the countries was broken down by competing agendas and cross-cutting political pressures. Many potential recruits to the technocracy were diverted to more glamorous and rewarding careers in private enterprise, especially finance.

The 1997 Asian financial crisis brought technocrats into some disrepute in the short term on grounds that they had been partially responsible for allowing a crisis of such magnitude to happen. But the crisis also created new roles for technocrats in building stronger institutions and practices to guard against further crises. Across the region, technocrats returned to some prominence in the early 2000s, though in Thailand their re-emergence was overshadowed by the political project of Thaksin Shinawatra.

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