

## **Chapter 2**

### **Decentralization under Threat?: Impacts of the CEO Governor Policy upon Thai Local Government**

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After the May 1992 event, decentralization was considered as one of the most significant measures in strengthening Thai democracy. At least five political parties proposed the decentralization of power as their major policy during the election of September 1992. Four of them even proposed a very controversial policy, the election of provincial governors.<sup>1</sup> Even though the elected governor policy was not implemented, a forceful trend to strengthen local self-government persisted after the general election. For example during 1994-1995, a new form of local-self government, the Tambon Administrative Organization (TAO), was established. The Constitution of the Kingdom B.E. 2540 (1997) was also implemented in 1997. Unlike other constitutions, this constitution contains extensive and comprehensive provisions on local government.<sup>2</sup> Following these provisions, at least 10 constitution-related legislations were issued and amended.<sup>3</sup> This outcome can be viewed as the beginning of the decentralization process in Thailand. In this sense, it might be argued that this decentralization process aimed to transfer functional responsibilities to local government, to enhance local autonomy and discretion, and to allow local communities to possess greater say in the management of public resources and in planning their own socio-economic developments.<sup>4</sup>

However, since Thaksin Shinawatra became prime minister in early 2001, some scholars provided a shared view that his style of working as well as some of his policies would not support the decentralization program launched since the 1990s. For example, Mutebi criticizes Thaksin's CEO governor policy by saying that the "CEO" governor scheme may indeed signal a cynical effort in favor of a more recentralized central-local institutional arrangement.<sup>5</sup> This view is quite similar to Painter's argument upon a public administration reform during Thaksin period. Painter argues that Thaksin undertook managerial reform in order to redistribute bureaucratic power to the political executive and, in particular, to the prime minister and his political circle.<sup>6</sup>

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<sup>1</sup> Thanet(1997), pp. 96-97.

<sup>2</sup> Nelson(2000), pp. 34-35.

<sup>3</sup> Nelson(2001)), p. 232.

<sup>4</sup> Mutebi(2004), p. 33.

<sup>5</sup> Mutebi(2004), p. 46.

<sup>6</sup> Painter( 2006), p. 28.

From this backdrop, this paper aims at examining the impacts of Thaksin's policy upon local government in Thailand. However, as Thaksin launched several policies, it is impossible for the author to examine every policy that might effect local government. This paper therefore will focus only on the impacts of the CEO governor policy upon local government. Both documents and empirical data collected through the questionnaires will be used to support the author's argument. In examining the impacts of the CEO governor policy, the author will borrow the "politics of recentralization" concept developed by Alex M. Mutebi as a framework for an analysis. This concept will help us to understand the recent phenomenon more systematically.

The key arguments of this paper are therefore as follows. Firstly, Thaksin's policy of CEO can be theoretically viewed as an obstacle to the decentralization process. In other words, it can be considered as an attempt to recentralize the administrative power. Secondly, from the local government point of view, the CEO governor policy have had some negative impacts upon the management of local government. It made functions of provincial and local administrations overlapped. As Thaksin embarked on the CEO governor policy as a political instrument, the policy led to an unfair distribution of resources among local government units. Thirdly, after Thaksin period, the process of recentralization seems to be continued even if the Constitution of the Kingdom B.E. 2550 (2007) is implemented.

To explore these arguments, this paper will be divided into five main parts. In the first part, Mutebi's concept of political recentralization will be reviewed. The second part will focus on the nature of Thai public administration and also the decentralization process during 1990s. This will help us to see some changes in the relationship between provincial and local administrations. In the third part, it will be a discussion about the CEO governor policy. This discussion will show that this policy can, more or less, be seen as an obstacle to the decentralization process that has taken place since 1990s. Next, the result of surveys and in-depth interviews will be presented. This result will shed light on some interesting questions. For example, how does CEO governor policy have an effect on the management of local government? The last discussion will deal with the trend and development of Thai local government after the implementation of present constitution.

## **1. The Politics of Recentralization: A Framework for Analysis**

In Mutebi's paper, "Recentralising while Decentralising: Centre-Local Relations and "CEO" Governors in Thailand", he uses a very interesting framework to

analyze the CEO governor policy. He calls this framework as the politics of recentralization. Mutebi argues that, during the last two decades of the twentieth century, many developing countries embarked on programs to renegotiate center-local relations by decentralizing fiscal, political and administrative responsibilities to local governments. Many countries considered this decentralization program as a panacea for the over-extended central government. They held it as an antidote for corrupt practices and inefficiency and as a way of promoting accountability through the enhanced involvement of both civil society and sub-national government.<sup>7</sup>

He also found that many scholars demonstrate decentralization reforms as largely apolitical technocratic process. Nevertheless, for him, decentralization can sometimes create opportunities and incentives for recentralization. He suggests that decentralization often creates opportunities for political incumbents to expand their authorities and their support bases by recentralizing key institutions. This phenomenon can happen because decentralization normally involves a fundamental reconfiguration of center-local arrangements. Different organized interests and societal groups whose various stakes are affected may thus challenge it. In Mutebi's point of view, decentralization can engender two inter-related processes. First, political forces at the center can set out to build new coalitions under the changed dispensation to try to swing the institutional arrangement, of course, in a favor of recentralization. Second, various organized interests and societal groups may seek to influence the terms of any attempts to recentralize.<sup>8</sup>

He explains the sequence of politics of recentralization as follows. First, decentralization process normally causes divisible benefits and rewards and invariably creates winners and losers among various organized interest groups, for example, central government bureaucrats and their agencies. This leads to the second path. Essentially, some politicians who lose some of their power may try to search for a way or instrument to maintain and preserve their authorities. Recentralization initiatives following decentralization reforms can serve as a means to preserve power. However, the nature of country's institutions as well as the structure of the policy-making-process and the responsiveness of politicians to societal interests, all help to define the nature of any recentralization. When political incumbents at the center successfully reassert their influence on the decentralization process, any number of general institutional outcomes may emerge. On one hand, recentralization may generate policy frameworks that widely

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<sup>7</sup> Mutebi (2004), p. 34.

<sup>8</sup> Mutebi (2004), pp. 34-35.

distribute political and economic spoils to include non-elite groups. On the other hand, recentralization may generate oligarchic policy frameworks that mostly benefit small groups of elites. However, this will depend on the strategic interaction between politicians and societal groups as they bargain over center-local relationship.<sup>9</sup>

To sum up, we can see that the politics of recentralization may emerge when there are some losers. They may be national politicians, bureaucrats, or other interest groups. They will probably negotiate and cooperate to each other. They will try to penetrate themselves into the process of decentralization by using some measures in order to maintain and preserve their power and influence. After this, it would lead to some new center-local institutional arrangements. This new arrangements would certainly an obstacle to decentralization reform.

## **2. The Nature of Thai Public Administration and Decentralization Process in the 1990s**

Thai public administration was systematically formed during the reign of King Chulalongkorn (Rama V) under the absolute monarchy system. In 1932, there was a revolution that changed the political system from an absolute monarchy to a constitutional one. As a result of this revolution, the monarch is still considered as Head of State, but now exercises his legislative power through the parliament, executive power through the cabinet, and the judicial power through the court. As far as Thai public administration is concerned, the Kingdom Administration Act B.E. 2534 (1991)<sup>10</sup> states that Thai public administration is structured into three basic levels: central, provincial and local.

The central administration falls under the basic concept of centralization. According to the Restructuring of Ministries and Departments Act B.E. 2545 (2002) central administration consists of 20 ministries and 9 independent agencies. These ministries and agencies are seen as government mechanisms. The main role and responsibility of these mechanisms are to implement government policies into practice.

Provincial administration comes under the concept of deconcentration, which means that the central government divides and delegates some of its power and authority in decision making to its representatives from various departments and ministries who work at the provincial level. These representatives will perform their duties according to

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<sup>9</sup> Mutebi (2004),pp. 35-37.

<sup>10</sup> This Act was amended several times. It was recently amended in September 2007.

laws, regulations and orders determined by the central government. Provincial administration consists of four different tiers which are province, district, sub-district or *tambon*, and village.<sup>11</sup>

Local administration in Thailand is based upon the concept of devolution that allows the local people to participate in the local government process under related laws and regulations. At present, there are two types of local administrative organizations in Thailand. The general type seen in every province is composed of the Provincial Administrative Organization (PAO), the municipality, and Tambon Administrative Organization (TAO). The second type, special local government, is composed of the Bangkok Metropolitan Administration (BMA), and the City of Pattaya.

With respect to the relationship among various levels of Thai public administration, it can be argued that Thai public administration since the reign of King Chulalongkorn until the 1990s had been very centralized. One of the scholars argues that compared to many other states, the Thai state is extremely strong and has effectively reached into all provinces and districts. Despite the fact that Thailand has never been colonized, Thai provincial administration is reminiscent of the colonial apparatus of administrations. It was designed to ensure effective central control of rural areas.<sup>12</sup> We can see that, the government puts a wide range of power in controlling and dominating local-self government units in the hands of provincial governors.

For example, in the case of municipalities, laws state that governors have had powers and duties to supervise and control all municipalities within their own provinces and to make certain that they exercise their powers and discharge their duties in accordance with law. For this purpose, the governors will have powers and duties to explain, advice, admonish, and inspect municipal affairs, and to examine their books of accounts, as well as to summon any number of municipal councils or municipal personnel.<sup>13</sup> In the case of the Provincial Administrative Organization, the situation is similar. This is because the provincial governor was the head of the executive branch of this organization. Even though this organization was operated in a similar way to the parliamentary system, in which the council was supposed to have control over the executive, the Provincial Council could never control the actions of executive branches in practice.<sup>14</sup>

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<sup>11</sup> The structure of provincial administration states in two important laws, the Administration of the Kingdom Act B.E. 2534 (1991) and the Provincial Administration Act B.E. 2457 (1914).

<sup>12</sup> Arghiros( 2001), p. 21.

<sup>13</sup> The Municipality Act B.E. 2496 (1953), section 71.

<sup>14</sup> Supasawad(2004), p. 71.

Some of retired provincial governors confirmed this dominant role of the governor over local government. They said that when they were governors during 1970s they were able to do many things. They were able to freely plan and manage multiple provincial development projects by using the budget of Provincial Administrative Organization (PAO). They were free to do whatever they wanted because there was no political pressure on their decisions from both local and national politicians.<sup>15</sup>

The centralized characteristics of the Thai state can be seen more clearly when we examine the allocations of functions and budgets among various tiers of the government. We can see that central and provincial administrations have provided many important functions while they left some less important functions to local government. Central administration has been responsible for various development programs. These have included agriculture, industry and mining, communication and transport, commerce and tourism, science-technology-energy and environment, education, public health, social services, national security, and peace maintenance.<sup>16</sup> Local government has been in charge of some minor functions for instance, street cleaning and maintaining, garbage collecting, market, slaughterhouse and so on. As local government's functions and responsibilities have been limited, local government has also got very small portion of budget. Out of the whole revenue of the country, about ten percent has been allocated to all local government units, while the other ninety percent has been used by the central and provincial governments.<sup>17</sup>

This centralized characteristics of the Thai state has lasted until after the May 1992 event. As known, this event can be basically seen as the rejection of the military regime in Thai politics. However, after this event, there was wide discussion by politicians, scholars, and ordinary people on reforming the Thai political system. It was generally felt that the political system should be more accountable, transparent, and democratic than it had been in the past. The government of that time responded enthusiastically, establishing a number of consultative commissions, such as the Democracy Development Committee and the Political Reform Committee.

Decentralization was considered the most important and effective approach to strengthen democratic practice in Thai politics. Some proposed that in order to have a real democracy, provincial and local administrations should be reformed, giving

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<sup>15</sup> Suchart Pauwilai and Arsa Meksawan in Mutebi (2004), p. 2.

<sup>16</sup> Wathana(1999), p. 81.

<sup>17</sup>Wathana(1999), p. 92. Local government in Thailand is now getting more revenue than this. These numbers would be quoted before the implementation of Constitution of the Kingdom B.E. 2540 (1997).

bureaucrats lesser roles and responsibilities in provincial affairs and strengthening roles of local elected officials. As mentioned earlier, some political parties even proposed a debatable policy on an elected provincial governor. Even though the proposal for an elected governor was rejected, a trend to decentralize and reform local government took hold. This trend started with the passing of the Tambon Administrative Organization Act (TAO) B.E. 2537 in 1994. This act upgraded previous Tambon Councils with incomes of more than 150,000 baht to Tambon Administrative Organizations. They also granted the TAO legal status with the ability make contracts with third parties.

After the issuing of the TAO act, the Provincial Administrative Organization (PAO) Act B.E. 2540 (1997) was also passed. This act is one of the most significant legislations which have impact on the role of provincial governors. The act states that this local authority is composed of legislative and executive bodies. The provincial council which functions as the legislative body consists of between 24 and 48 directly elected-members according to population. The executive body consists of a chair who is elected by the council members.<sup>18</sup> The governor, therefore, is no longer the chair of the PAO.

Local government reform was continued under the Constitution of the Kingdom B.E. 2540 (1997) and other constitution-related legislations. In this constitution, there are at least 10 sections directly concerned with the decentralization process. In comparison to the past, only five of Thailand's previous fifteen constitutions have included provisions on local government. Most of them had little to say on this subject. As sections of the 1997 constitution concerned with local government is particularly extensive, one of the famous Thai scholars argues that the 1997 constitution has led to renewed interests of the government at the local level, with expectations that the 'hundred years' tug-of-war' between centralization and decentralization will finally move in the direction of decentralization.<sup>19</sup>

If we examine this constitution in more detail, we can notice that the provisions of the 1997 constitution promote the autonomy of local government and push for more democratic governance. Among various sections of the constitution, the section 284 provides very important elements. This section suggests that local government should have a certain degree of autonomy, and that, in order to enhance autonomy, there must be a systematic decentralization process. As a result of this section, the Determining Plans and Process of Decentralization Act B.E. 2542 was created in 1999. This act may

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<sup>18</sup> In 2003, this law was amended again. This time, it states that the President of the PAO is directly elected by the people.

<sup>19</sup> Raksasataya in Wathana(1999), p. 72.

be the most important legislation passed after the promulgation of the 1997 constitution. Although the act is not directed towards any particular local authority, it is the legal foundation for overhauling the system of Thai provincial and local governments at large.<sup>20</sup> The act orders the creation of the Decentralization Committee that consists of representatives from government agencies, local government organizations, and other qualified persons. This committee is responsible for delineating the functions of the state and local government. This committee has to produce a Decentralization Plan as well as an Action Plan for the decentralization process, which are not only guiding and directive but also enforcing. Under the action plan, 245 functions for which the state has been responsible must be transferred to local government. Fifty departments and eleven ministries at the center are in charge for these functions.<sup>21</sup>

This act not only involves with the transferring of the state functions to local government, but also stipulates that the proportion of local revenues in relation to total government revenues must be at least 20 percent by 2001, and must be 35 percent by 2006. Moreover, the act requires to transfer agencies or organizations and manpower of the central and provincial government to local governments within four to ten years.<sup>22</sup>

Apart from the section 284, the section 285 of the 1997 constitution is also very important for developing the structure of Thai local government. It aims to make Thai local government more accountable and democratic. It states that a local government organization shall have a local assembly and local administrative committee or administrators. Members of the council shall be elected. A local administrative committee or administrators shall be directly elected by the people or shall be from the approval of a local assembly.<sup>23</sup> As a result of this provision, some local authorities needed to be restructured. Therefore, new acts were passed and the existing ones were amended, such as the Upgrading Status of Sanitary District to Municipality Act B.E. 2542 (1999) and the Municipality Act B.E. 2496 (1953 amended in 2000). Under the first legislation, a district chief officer who used to be a chair of sanitary district has to step down from the sanitary district office as it is upgraded to municipality.

If we consider the impacts of local government reform upon the relationship between provincial and local administrations, we can notice that the relationship has been changed dramatically. In the past, the officers of the provincial administration were very powerful, especially those who were representatives of the Ministry of Interior.

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<sup>20</sup> Nelson (2000), pp. 47-48.

<sup>21</sup> Please see some more details in Wuthisan(2003).

<sup>22</sup> The Determining Plans and Process of Decentralization Act B.E. 2542 (1999).

<sup>23</sup> The Constitution of the Kingdom of Thailand B.E. 2540 (1997), section 285.



They were able to control local government affairs and spend local government's budget in a way they saw fit. But after the reform, they have extensively lost their power and influence over local authorities. The result from the opinion surveys of presidents of PAOs all over the country conducted in June 2006 demonstrates that many of them have sponsored some money to the projects of various provincial officers, such as provincial governors, district chief officers, public health officers, and teachers during last 2 years. (Please see the table 1 for the details.)

The data from the table 1 suggests that out of 42 presidents of PAOs who answer the questionnaire, approximately over 90 percent of them sponsor some money to provincial officers. The data also shows that nearly all of them sponsor public health officers. This is 97.6 percent. While, provincial governors are ranked the second, 95 percent.

**Table 1 Percentage of PAO presidents who sponsored money to provincial officers.**

Officers who are sponsored by PAOs	Decision of presidents of PAOs upon the distribution of money to provincial officers (%)	
	Distribute money	Do not distribute
School teachers	90.2	9.8
Public health officers	97.6	2.4
District chief officers	88.9	11.1
Provincial governors	95.0	5.0

Source: Calculated from the survey data

**Table 2    Percentage of presidents of TAOs and mayors of municipalities who sponsored some money to the provincial officers.**

<b>Officers who are sponsored by TAOs and municipalities</b>	<b>Decision of presidents of TAOs and mayors of municipalities upon the distribution of money to provincial officers (%)</b>	
	<b>Distribute money</b>	<b>Do not distribute</b>
School teachers	94.9	5.1
Public health officers	94.8	5.2
District chief officers	96.1	3.9
Provincial governors	80.5	19.5

Source: Calculated from the survey data

The result of opinion surveys of presidents of Tambon Administrative Organizations (TAOs) and mayors of municipalities around the country shows a similar result. Clearly, approximately over 90 percent of 2,972 presidents of the TAOs and mayors of municipalities who answered the questionnaire distributed some money to provincial officers during the last 2 years. However, the data illustrates that 96.1 percent of them distributed some money to district chief officers, while 80.5 percent of them answered that they distributed some money to provincial governors. This situation is quite understandable as the district chief officer is the direct supervisor of the TAO and some types of municipality, not the governor. (Please see the table 2 for more details).

The data from these two tables can confirm that the decentralization process implemented since 1990s should have some impacts upon the relationship between provincial and local administrations. The provincial governors should not feel free to do whatever they want as they did in the 1970s. Provincial governors have got some supports from various kinds of local government in their own provinces. When they would like to launch any development programs, they need to consider resources, which are available to them. They inevitably might have to ask for some supports from local government as it has its own revenues.

We can see that the decentralization process started since 1990s does have some impacts upon Thai local government. Relationship between provincial and local

administrations has been changed tremendously. As local government has gained more budget, the proportion of the provincial budget has been inevitably reduced. Based on Mutebi's framework of the politics of recentralization, provincial governors and other bureaucrats in provincial administration can be considered as the losers of this decentralization process.

### **3. Prime Minister Thaksin's CEO Governor Policy: A Threat to Decentralization?**

After the landslide victory of the Thai Rak Thai (TRT) Party led by Mr. Thaksin Shinnawatra in the 2001 election, Thaksin became the prime minister of Thailand. Unlike previous prime ministers, Thaksin had a very unique style of management. One scholar argues that:

The "Thaksin style" of political rule includes his populism, including attempts to connect directly with voters via the media; his unashamed direct links with big business; his authoritarian leanings; his "hands-on," centralized style of "CEO" management; his contempt for parliament and its proceeding; and his undisguised hostility towards independent bodies within the state that might check his power.<sup>24</sup>

As Thaksin had his own style in management, he has launched a various new policies and practices. We cannot deny that many of them widely effect Thai socio-economic and political spheres. In relation to public administration, Thaksin also launched the bureaucratic modernization policy in 2002. As a result, central administration was restructured, the number of central government agencies were increased. Before the restructure there were 14 ministries and 126 departments; after the event, there were 20 ministries and 143 departments.<sup>25</sup> As the number of central government agencies increased, some argue that the reorganization afforded the chance to reward officials who fitted the new mould by opening up new opportunities for them to be transferred and promoted.<sup>26</sup>

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<sup>24</sup> Painter (2006), p. 32.

<sup>25</sup> Painter (2006), p. 39.

<sup>26</sup> Painter (2006), p. 39 and Ockey(2004), pp. 147-148.

The CEO governor policy can be seen as another policy aimed at improving the efficiency of Thai public administration. So far, Thailand's central government departments operated in provinces through field offices headed by senior officials, who reported back to their own head offices. Governors are appointed by the interior ministry to exercise supervisory functions over provincial offices of each department, and also over local government. The level of control by provincial governors over provincial level administration, however, was minimal with budget and personnel decisions taken centrally.<sup>27</sup> Moreover, in term of responsibility, it was often difficult to determine which agency was responsible for particular problems. Also many difficult problems required the cooperation among several agencies in order to solve them.

As this problem existed in the provincial management, the idea of a CEO governor was first raised at a government workshop in August 2001. Thaksin's idea was that governors should assume the role of "prime minister's assistant" in each province, controlling and managing the provincial budget and exercising the power to punish or reward officials under their jurisdiction. CEO governors also take on the task of planning and coordinating provincial administration and is accountable to the cabinet for provincial development. This transition to be CEO governors is presented as the one from a ruler to an executive.<sup>28</sup>

The scheme was launched as a pilot project in five provinces in October 2001 and introduced nation-wide two years later. The government, by order of the cabinet, instructed various departments and ministries to delegate their powers to CEO governors, especially in personnel management and budget.<sup>29</sup> A year after the scheme was implemented nation-wide, the government also directly allocated a fund to every province. This is known as the "provincial budget". The main objective of this budget is to help governors able to run his development programs smoothly. To spend this budget, the governor would determine priorities under direct political supervision.<sup>30</sup> We can see that this policy has clearly changed the role and status of provincial governors from symbolic and coordinating function into real chief executive officers of their provinces.

Moreover, it would be said that this policy contradicts to a democratic practice and can be seen as an obstacle to the decentralization reform. Under the CEO policy, the governor is responsible to the cabinet, and people in the province do not have any opportunity to participate in drawing up the provincial budget. It does not have any

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<sup>27</sup> Painter (2006), p. 37.

<sup>28</sup> Painter (2006), pp. 37-38.

<sup>29</sup> Chardchawarn (2004), p. 97.

<sup>30</sup> Painter (2006), p. 38.

democratic mean to hold the governor accountable.<sup>31</sup> As can be seen, the finance ministry also appointed chief financial officers in each province, reporting directly to the governor. The governors themselves would no longer pass funds on to local bodies, but would direct their use to achieve provincial expenditure plans. In cabinet, each of five deputy prime ministers was given charge of a “zone” of provinces, supervising and coordinating the government’s policies in the zone.<sup>32</sup> Mutebi also suggests in a similar vein, he said that there are no performance indices whatsoever, or certainly none to be used by local communities to evaluate the performance of the CEO governors. Furthermore, there is no formalized system prescribing how CEO governors are to be selected, and how they are to be accountable, if at all, to local communities.<sup>33</sup> The statistic in the year 2004 also illustrates that 49 governors were shuffled to new posts (though only 19 governors were retired). This leads to the suspicion among opposition critics that a hidden agenda in the pre-election year was to place officials sympathetic to the government in the key provinces.<sup>34</sup>

In relation to decentralization reform, it can be basically viewed that this policy runs against the decentralization process. As Nelson states: the CEO governor is suggested at a moment when the central government’s provincial administration will have to transfer substantial powers, personnel, and budget to the local governments in a province. Instead of being turned in to a CEO, the governor should not assume a tight control over local governments, but rather follow the principle that government is the task of the people in a locality.<sup>35</sup>

Since March 2004 presidents of PAOs along with their councilors have been directly elected by the people in all provinces nationwide. Some view this as the strengthening of local-self government. As presidents of PAOs are directly elected, they are able to manage the PAO’s tasks more efficiently and effectively than in the past. The data in the table 3 illustrates that the 42 presidents of PAOs who answer this questionnaire feel that they can make the decisions easier and faster than before. This result is similar to the autonomy enjoyed by the PAO’s personnel. Essentially, 95.2 percent of them argue that they enjoy more autonomy over the personnel management. Besides, 76.2 percent of them also feel that the directly elected presidents can force the councils to pass local’s bills more easily.

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<sup>31</sup> Thawil Praisin in Nelson (2001), p. 254.

<sup>32</sup> Painter (2006), p.38.

<sup>33</sup> Mutebi (2004), p. 47.

<sup>34</sup> Painter (2006), p. 39.

<sup>35</sup> Nelson (2001), p. 254.

Even the role of PAOs' presidents has been strengthened, presidents of the PAOs would be overshadowed by CEO governors who are appointed by and accountable to central authorities. Due to this fact, an unclear demarcation of powers and responsibilities between newly elected presidents and the CEO governors exists. For example, the governors are required to propose five-year business plans which, once approved by the government and vetted by the parliament, will become the roadmaps for the provincial government. At the same time, the elected PAO presidents are supposed, among other tasks, to be responsible for their respective provincial fiscal budgets.<sup>36</sup>

**Table 3 Views of presidents of PAOs upon the management of PAOs, after presidents of PAOs are directly elected in 2004.**

Issues of change	Presidents of PAOs' opinions	
	Increased (%)	Unchanged (%)
1. Able to make easier and faster decision.	100	0
2. More autonomy in personnel management.	95.2	4.8
3. To let the council pass the local bill more easily.	76.2	23.8

Source: Calculated from the survey data

The data in the table 4 also shows that, out of 42 presidents of PAOs who answer the questionnaire, more than 90 percent realize that the functions of the PAO and provincial administration have been overlapping. This can support the previous argument.

To sum up, the previous discussion as well as the data demonstrates that Thaksin's CEO governor policy can be seen as an obstacle to democratic practice and

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<sup>36</sup> Mutebi (2004), p. 48.

decentralization process.<sup>37</sup> By using Mutebi's framework of politics of recentralization, the CEO governor policy is considered as Thaksin's attempt in recentralizing the power. As a result of Decentralization Plan, many functions of the central and provincial administrations need to be transferred to local government. But, the central government is still able to control some development programs at the local level by creating their powerful CEO governors and using their provincial budget. From this point of view, it is quite clear that prime minister Thaksin and provincial governors who were considered as the losers in decentralization process allied to each other and try to rearrange the central-local relationship. This new relationship tended to benefit central government. It made central government be able to compete with local government in providing public services to local communities. This phenomenon is quite undesirable for modern democratic state.

**Table 4 Opinions of PAO presidents upon “overlapping functions”.**

<b>Opinion of PAO presidents</b>	<b>Number(N=42)</b>	<b>Percentage</b>
1. Not so an important problem	3	7.1
2. An important problem	14	33.3
3. Very important problem	25	59.5

Source: Calculated from the survey data

#### **4. Impacts of the CEO governor policy upon Local government: View from the PAO and Other local Authorities**

The previous discussion would help us to see that the CEO governor policy theoretically can be viewed as an attempt in recentralizing the power. In this part, the data collected from the questionnaire will show the view of PAO presidents on Thaksin's CEO policy. Some information from in-depth interviews with some leaders of the local authorities' leaders will be used to explore the view of recentralization.

The data in the table 5 demonstrates the views of presidents of PAOs upon the CEO governor policy. The data basically show that out of 42 PAO presidents who answer this questionnaire, more than half of them accept that the CEO governor policy does have some impacts on the PAO management. While, 39 percent of them feel that

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<sup>37</sup> Actually, not only CEO governor policy but also some other policies can be viewed as an attempt to recentralize the power. These policies include the bureaucratic restructuring and also some populism policies.

this policy does not have any impact over PAO management. It neither support nor obstruct the PAO administration. And, around 7 percent of them are not so sure whether this policy does have any impact or not.

**Table 5 Views of PAO presidents over the CEO governor policy**

<b>Views over CEO governor policy</b>	<b>The number of PAO presidents (%)</b>
1. CEO governor policy <b>does</b> have the impacts on PAO administration	53.7
2. CEO governor policy <b>does not</b> have any impact on PAO administration	39.0
3. Not so sure	7.3

Source: Calculated from the survey data

However, to evaluate the impact of this policy upon the PAO, it is better to examine the reason that each PAO president provided. Clearly, the result from an open-ended question illustrates that 76.19 percent of those who recognize the impacts of this policy upon their PAOs view this policy as an obstacle to the PAO management and the decentralization process, whereas 23.18 percent of the same population view this policy as the positive measure to strengthen the PAO administration.

With respect to those who view it as an obstacle, they argue that the CEO governor policy causes a more overlapping functions between provincial and local administrations than previous time. The government less distributes the budget to local administration. It was instead distributed to provincial governor. Moreover, it is the policy which strengthened the role of the provincial governor rather than local government. When the governor made some decisions, those decisions lacked of public participation. In some cases, the situation might be even more serious. It may cause conflicts among CEO governors and PAO presidents.

For those who view the CEO policy as having positive impact, they mainly argue that the CEO governor budget can be used in running some big projects at the provincial level. Without this money, important projects in the province cannot be provided.



The result from the questionnaire shows us that the CEO governor policy would have some negative impacts upon the PAO. More than one third of the total population accept that this policy can be seen as an obstacle of to the PAO administration. While only 12 percent of the total population see it as a supportive policy for the PAO. However, the information from in-depth interviews with some key persons in Thai local government can help us to understand this situation more clearly. The Mayor of Mae La Noi who is, at the same time, the committee of Municipality Association of Thailand argues that for him, the CEO governor policy is two folds. On one hand, it was very useful for the local authorities. They, with support from the CEO budget, could provide some significant projects that require a big amount of money to their people. On the other hand, under the CEO governor policy, the governor could use the CEO power to ask for the cooperation from local government. As a result, local authorities would not be able to any thing in a way they see fit. They have to respect and follow the policies given by the governors.<sup>38</sup>

However, a very negative perspective upon this policy was proposed by two members of the Decentralization Committee. They argue that; this policy was launched by prime minister Thaksin and it was highly politicized. As he was one of the evaluation committee of the CEO budget, he found that this budget did not distribute fairly in some provinces, especially in the south where MPs were under the Democrat Party. This contrasts to some provinces where MPs were members of Thai Rak Thai Party. Lots of money and projects were distributed into TRT dominated areas.<sup>39</sup> This opinion is supported by one of the deputy mayors of Ayudhaya City Municipality. He suggests that the CEO budget was actually used as a political instrument. In any area where they gained less popularity, they will distribute some money to those areas.<sup>40</sup>

Another member of the Decentralization Committee also has a negative perspective over this policy. He states that this policy caused more overlapping functions among provincial and local administrations. He saw that some roads in his province were repaired from times to times by local governments and also provincial administration, even though those roads were still in good conditions. This is just because of the CEO governor would like to use the CEO money. Some might argue that to use the CEO money, it needs a consensus within the Provincial Administrative

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<sup>38</sup> Surapol Santichotinand, the mayor of Mae La Noi, Maehongson and the committee of the Municipality Association of Thailand, interview by author, Patumtani, 15 December 2007.

<sup>39</sup> Nopadol Kaewsupat, Decentralization Committee, interview by author, Patumtani, 15 December, 2007.

<sup>40</sup> Suwat Sanpakosolkul, the deputy mayor of Ayudhaya City Municipality, interview by author, Patumtani, 15 December, 2007.

Committee which consists of some representatives from local government. But for him, this committee was nothing but dominated by the governor. From this point of view, this policy contradicts to a democratic practice.<sup>41</sup>

All in all, this information both from the questionnaire and in-depth interviews suggests that the CEO governor policy tends to have some negative impacts upon local government. The data from the questionnaire demonstrate that more than one third of the PAO presidents who answer this questionnaire view this policy as a threat to the decentralization process. It mainly causes overlapping functions and contradicts to democratic practice. Whereas some PAO presidents see this policy as having some positive impacts, the number is quite small. The result of in-depth interviews also supports this claim.

## **5. Conclusion: What Will Happen after This?**

Previous discussion illustrates that after 1992 a forceful trend in decentralizing power to local government took hold in Thailand. This trend has been continued up to the Thaksin period. During Thaksin's government, various government's policies under the brand of bureaucratic reform have been launched. Among those policies, some scholars view the CEO governor policy as being contrary to decentralization process and democratic practices. The politics of recentralization, the concept proposed by Alex M. Mutebi, clarifies that the implementation of CEO governor policy can be seen as recentralization rather than decentralization. By using this policy, Thaksin, with the cooperation of provincial governors, and some bureaucrats were able to preserve their powers. This policy can be viewed as a clever measure in maintaining national politician's powers. This inevitably has some impacts on local government. The results of the survey with PAO presidents and in-depth interviews can be seen as a clear evidence.

The results show that the CEO governor policy has negative impacts rather than positive ones. It may be seen as a political instrument used by Thaksin in maintaining his popularity in some areas. It causes overlapping functions among provincial and local administration. As it strengthen the role of provincial governors, many see it as contradiction to decentralization.

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<sup>41</sup> Sanit Worakit, Decentralization Committees, interviewed by author, Bangkok, 12 December, 2007.

Under Mutebi's framework of politics of recentralization, he suggests that recentralization in the process of decentralization can lead to some new center-local institutional arrangements. This would be true for the Thai case. If the present constitution of the kingdom is examined, we can see that the provisions concerned local government are very comprehensive and extensive. These provisions are not worse than 1997 constitution. However, in the section 78 (2) of this constitution which devotes for government's policies upon public administration, it states that: the government shall arrange the structure of Thai public administration into three levels- central, provincial and local. Each shall have proper responsibilities. For a benefit of the people in the province, nevertheless, the government shall support provinces to have their own development plans and budgets.<sup>42</sup>

Wuthisan Tanchai, one of the members of the Constitution Drafting Committee and the Decentralization Committee, has concerned with this provision. He argues that this provision strengthen the status of a province. It might lead to the clash between provincial and local administrations in the future. Because in the future, both provincial and local administrations will have their own separate budgets and development plans. In the province where good relationship between provincial governor and president of the PAO existed, there would have a good coordination between these two organizations. But in the worse case where conflict among them is clear, their development plans will probably be contradict. He even says that this is the first time that "provincial administration" is mentioned in the constitution.<sup>43</sup>

Thus, it can be argued that this provision can be considered as a new center-local institutional arrangement. This new arrangement, of course, will strengthen the role of provincial governors and status of provincial administration. It is not too much to say that the CEO governor policy is now modified and institutionalized in the new constitution. It is, then, not too much to argue that Thai local government might be now under threat.

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<sup>42</sup> The Constitution of the Kingdom of Thailand B.E. 2550 (2007), section 78 (2).

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