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AN APPLICATION OF EMPLOYMENT GENERATION POLICY TO RESETTLEMENT PLANNING: THE CASE OF THAILAND

by
Thomas Joel Miller

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy
(Political Science)
in The University of Michigan
1975

Doctoral Committee:

Professor Russell H. Fifield, Chairman
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Professor L. A. Peter Gosling
Professor Roy Pierce

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LIST OF ABBREVIATIONS

ARD	Accelerated Rural Development, Office of (Office of the Prime Minister)
ARTEP	Asian Regional Team for Employment Promotion (a division of the International Labour Organisation)
BOI	Board of Investment, Office of the (Office of the Prime Minister)
CD	Community Development, Department of (Ministry of Interior)
DTEC	Department of Technical and Economic Cooperation (Ministry of Commerce)
ECAFE	Economic Commission for Asia and the Far East (United Nations) Note: In late 1974, the name of ECAFE was changed to ESCAP (Economic and Social Commission for Asia and the Pacific)
FAO	Food and Agriculture Organisation (United Nations)
IBRD	International Bank for Reconstruction and Development (also known as The World Bank)
IEAT	Industrial Estate Authority of Thailand
IFCT	Industrial Finance Corporation of Thailand
ILO	International Labour Organisation/Office (United Nations)
JUSMAG	Joint United States Military Advisory Group
NEED	Northeast Economic Development Corporation
NESDB	National Economic and Social Development Board (Office of the Prime Minister) Note: NESDB was formerly known as NEDB (National Economic Development Board).
NSO	National Statistical Office (Office of the Prime Minister)
RID	Royal Irrigation Department

SEADAG	Southeast Asia Development Advisory Group (The Asia Society)
SIFO	Small Industries Finance Office (Department of Industrial Promotion, Ministry of Industry)

CHAPTER I

INTRODUCTION

This is a study of public policy in developing nations. More specifically, it is a case study of employment generation in Thailand. This policy is significant because large numbers of people in Thailand and other nations may have to be resettled as a result of public works projects. Despite these widespread consequences, the policy has a low salience among the Thai elite and populace.

Sources of employment generation policy will be traced, first on the national level through government organizations and officials, then on the regional level through private employers and the individual job-seeker. The intent of this endeavor is twofold: (1) to understand better the present policy (both in terms of content of the policy and the process by which it is formulated and implemented) toward job generation as well as (2) to establish those junctures where future policies can be altered to generate acceptable wage-paying employment in the non-agricultural sector.

One alternative approach toward generating jobs involves the government offering economic incentives to the private sector to generate additional employment. This particular approach will be examined in this research. Finally, the practical implications of this research

for future resettlement programs as well as its contribution to the multidisciplinary public policy field will be examined.

Toward an Operational Definition of Public Policy

Public policy research has largely been conducted in and about the industrialized nations. The literature to date gives the researcher cues for analyzing public policy in developing countries.[1] It is the intent of this analysis to examine the operation of one public policy in Thailand.

At this point a clear working definition of public policy as it applies to this study is necessary. Because the tactic of approaching an issue area through reference to the public policy sciences (as opposed to the more traditional discipline orientation) is a relatively recent phenomenon, there is not widespread consensus on a definition of public policy, especially as it applies to developing nations. James

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[1]See, for example, Ira Sharkansky, Policy Analysis in Political Science (Chicago: Markham Publishing Co., 1970); Thomas R. Dye, Politics, Economics, and the Public: Policy Outcomes in the American States (Chicago: Rand McNally, 1966); Theodore Lowi, "American Business, Public Policy, Case Studies and Political Theory," World Politics XVI, Number 4 (July 1964): 677-715; Charles E. Lindbloom, The Policy Making Process (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1968); Austin Ranney, ed., Political Science and Public Policy (Chicago: Markham Publishing Co., 1968); Harold D. Lasswell, A Pre-View of Policy Sciences (New York: American Elsevier Publishing Company, Inc., 1971); James S. Coleman, Policy Research in the Social Sciences (Morristown, New Jersey: General Learning Press, 1972), reprint ed.; Randall Ripley, ed., Public Policies and Their Politics: Techniques of Government Control (New York: W. W. Norton, 1966); Yehezkel Dror, Public Policymaking Reexamined (San Francisco: Chandler Publishing Co., 1968); Yehezkel Dror, Design for Policy Sciences (New York: American Elsevier Publishing Company, 1971); and Henry F. Dobyns, Paul L. Doughty, and Harold D. Lasswell, eds., Peasants Power, and Applied Social Change (Beverly Hills, California: Sage Publications, 1964).

Coleman expressed this still developing state of the policy sciences when he wrote: "There is no body of methods, no comprehensive methodology for the study of the impact of public policy as an aid to future policy."[2]

Robert Salisbury wrote that public policy consisted of "authoritative or sanctioned decisions by government actors." The important element in this definition is that Salisbury sees policy as ". . . the substance of what government does and is to be distinguished from the processes by which decisions are made."[3] In short, policy in this sense is equated with the content of government actions, processes, and decisions more than the processes by which this content is derived. Harold Lasswell and Abraham Kaplan similarly focused on public policy as a set of outputs in the political system but they also include the processes by which these outputs are derived. They wrote that policy is a "projected program of goal values and practices."[4]

Interestingly, Austin Ranney found that for the past thirty years, American political scientists have directed their energies much more toward the processes by which public policies are made while devoting little time to their contents.[5] Here process is distinguished

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[2]Coleman, Policy Research in the Social Sciences, p. 1.

[3]Robert H. Salisbury, "The Analysis of Public Policy," in Ranney, ed., Political Science and Public Policy, p. 152.

[4]Harold D. Lasswell and Abraham Kaplan, Power and Society (New Haven: Yale University Press, 1950), p. 71.

[5]Ranney, "The Study of Policy Content: A Framework for Choice," in Ranney, ed., Political Science and Public Policy, p. 8.

from input and throughput while content is synonymous with input, throughput, and output.[6] Hence, the study of public policy has been approached from both the process and content perspectives along the continuum of the political process.

In this research concerned with employment generation policy in Thailand directed toward assisting relocating households, the focus will be on both the process and content sides of public policy. It is necessary to focus on both content and process because when the content or output of job generation policy is unclear, not specified, or incomplete, one must look at the process by which these outputs were derived to understand the output obtained. Similarly, a thorough comprehension of only the process (and not the content) by which policies were formulated is of little practical value to the applied scientist whose main concern is affecting future policy. In short, this research will deal with both what Thai employment generation policy is (content) and how that policy is formulated (process).

Once the constituent elements of public policy have been established, it is necessary to delineate those actors which have roles in the policy process. Easton defined the relevant actors as those individuals who "engage in the daily affairs of the political system," are "recognized by most members of the system as having the responsibility for these matters," and whose outputs are "accepted as binding most of

---

[6]The policy process is similar to the decision-making approach first advanced by Harold Lasswell and later formalized in the mid-1950's by Richard C. Snyder, H. W. Bruck, and Burton Sapin. See Lasswell, The Decision Process (College Park: University of Maryland Press, 1956) and Snyder, Bruck, and Sapin, eds., Foreign Policy Decision-Making (New York: The Free Press, 1962).

the time by most of the members so long as they act within the limits of their roles."[7] In short, he viewed individuals working in the government (or public) sector as the primary actors in public policy research. In this research, however, actors from the public sector are but one of several groups worthy of attention. Surely, a logical starting point should be an analysis of the roles of actors from the public sector. If one can determine that these individuals, acting alone, are primarily responsible for a particular policy, then they may be worthy of the bulk of the researcher's attention. However, in this study it was observed that public sector actors must share the responsibility for Thai employment generation policy with private firm owners and workers.[8] Therefore, a public policy does not necessarily derive its inputs exclusively from the public sector. Similarly, its outputs affect a wide spectrum of actors. Furthermore, individuals are not the only actors who enter into the policy process. To understand Thai employment generation policy as it relates to resettlement, it will be necessary to examine participants at different levels of analysis (the individual, the firm, the family, the government agency). Each of these actors would have an important input into a government program to create jobs in the private

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[7]David Easton, A Systems Analysis of Political Life (New York: John Wiley and Sons, 1965), p. 212.

[8]Typically (except in automation and a few other special cases), the resurgent labor union movement in Thailand has been more concerned with protecting its present constituency than in expanding its ranks. To this end, it places most of its attention on worker grievances and wage issues rather than trying to exert pressures to create more employment opportunities. Therefore, interest groups (which are traditionally powerful actors in American politics) as central actors in the Thai job generation policy process are limited.

sector. The individual jobseeker will need the necessary skills and motivation to adapt to a new work situation. His family will have an effect on how successful he is in finding and retaining a job. The firm will have to be willing to cooperate with government efforts to create jobs and the government will have to make available the resources to finance and implement a job generation program. It will also be necessary to have a clear comprehension of those situational variables that may be determinants of the policy. Obviously, each situation is unique and both the content and process aspects of a policy are a function of the context in which the policy takes place. Lasswell provided cues to understand a policy on several different dimensions. These situational variables, which include (1) the ecological or spatial dimension, (2) the temporal dimension, (3) the degree of organization, (4) the degree of value in-/exclusivity, and (5) the degree of crisis,[9] are intended only to heighten the researcher's awareness of possible important elements to look for in the policy process. This research, while focusing primarily on the different levels of actors as the main variable in the policy process, will nonetheless, be inexorably bound to take into account the above-described situational variables.

Tracing the sources (inputs) and effects (outputs) of employment generation policy in Thailand often seems like being trapped in a labyrinth with no way out. In part, this feeling may be due to a common misunderstanding of the way the policy process normally operates. Lasswell's well-known seven sequential steps of the policy process (intelligence and planning, recommending, prescribing, invoking,

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[9]Lasswell, A Pre-View of Policy Sciences, p. 24.

applying, appraising, and termination)[10] are useful because they provide an analytical framework for (1) cuing the researcher's attention to certain elements of the policy process he might otherwise ignore, (2) addressing certain audiences, and (3) storing experiences. However, the pathology of such a framework is evident when the researcher attempts to pigeon-hole all information into the above categories.

Charles Lindbloom was sensitive to this tendency toward over-simplification (or pigeon-holing) when he wrote that the policy process is often viewed ". . . as if it were the product of one governing mind, which is clearly not the case. It fails to evoke or suggest the distinctively political aspects of policy making, its apparent disorder, and the consequent strikingly different ways in which policies emerge."[11] Furthermore, often policies are not planned but simply "happen." Lindbloom noted that, on occasion, policies are not a response to problems but spring from new opportunities. In most cases, the policy arrived at is the result of bureaucratic bargaining and compromise among political actors.[12] Thai employment generation policy showed evidence of all these traits.

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[10]Harold D. Lasswell, "The Public Interest," in C. J. Friedrich, ed., The Public Interest (New York: Atherton Press, 1962).

[11]Lindbloom, The Policy-Making Process, p. 4.

[12]Ibid., p. 4. For a fuller definition of the bureaucratic bargaining type of decision-making referred to here see Graham Allison, "Conceptual Models and the Cuban Missile Crisis," American Political Science Review, LXIII (September 1969): 689-718.

The Need for a Multidisciplinary Approach

Given the previously-mentioned desirability of studying an issue area through a public policy framework (or contextual framework which usually involves an interdisciplinary approach), the obvious question is why not use a discipline approach. In some cases, it may be more appropriate to study a particular issue through the prism of one discipline. Foreign policy decision-making, for instance, has been examined from the paradigms developed by such political scientists as Braybrooke and Lindbloom; Snyder, Bruck, and Sapin; or Allison.[13] However, other issues compel the researcher to go beyond the realm of one discipline by relying on all those disciplines that can aid in gaining a fuller and more complete understanding of the issue or policy being studied. For example, if employment generation policy was analyzed using just the methodologies and theories of the political science discipline, "cost-benefit" analysis and theories from migration and cultural anthropology research that would be valuable in understanding the policy would be ignored. An understanding of the entire policy process and content would be incomplete because the conceptual and methodological framework being used was incomplete. Also, it is rare when the consumers of any applied research all have the same disciplinary background. If one conducts research from the perspective of a single discipline, he runs the very real risk of screening out potential consumers because they are

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[13]David Braybrooke and Charles E. Lindbloom, "Types of Decision-Making" (pp. 207-16) and Richard C. Snyder, H. W. Bruck, and Burton Sapin, "The Decision-Making Approach to the Study of International Politics" (pp. 199-206), in James Rosenau, ed., International Politics and Foreign Policy (New York: The Free Press, 1969); Allison, "Conceptual Models and the Cuban Missile Crisis," pp. 689-718.

not equipped with the same set of disciplinary and methodological tools.

Furthermore, Lasswell called for a "multi-methodology" in every policy science study. He explained that, in approaching every problem, it is pertinent to consider the "possible contribution of every technique of theory formation, and of data gathering and processing."[14] As with every discipline, there are blind spots in every methodology. In this research, for instance, survey techniques are useful to establish the attitudes of one group of government officials, but surveys must be supplemented by a careful analysis of official government statements. Similarly, one's understanding of the American electoral process would be limited if he were to rely solely on surveys without resorting to other methodologies. The results from policy research go beyond merely expanding the frontiers of knowledge in the discipline. They are "destined for the world of action" to be used in solving real world problems.[15] Equating "policy research" with "applied or conclusion-oriented research" and "discipline research" with "basic or decision-oriented research," Cronbach and Suppes see separate goals in the two types. With policy research, the aim is to provide an accurate information base that will help in making policy decisions. On the other hand, the intent of discipline research is to describe a particular state of affairs in order to "contribute to knowledge in a substantial area and,

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[14]Harold D. Lasswell, "The Significance of VICOS for the Emerging Policy Sciences," in Henry F. Dobyns, Paul L. Doughty, and Harold D. Lasswell, eds., Peasants, Power, and Applied Social Change, p. 184.

[15]Coleman, Policy Research in the Social Sciences, p. 3.

directly or indirectly, to contribute to theory."[16] This particular research contains both policy and discipline objectives.

In addition to the dichotomy between multidisciplinary and discipline research, since the late nineteenth century there have been two major strains in political science--scientism and activism. Adherents to scientism believe that political scientists "should concentrate on describing and explaining, by methods and with a precision as near as possible to those of the natural sciences, how political systems do operate." The focus should be on policy processes, and one "should avoid making evaluative and prescriptive statements about public policies." Believers in activism, on the other hand, "should concern themselves with how political systems should operate and . . . [they] should prescribe both policy processes and contents."[17] This research was conducted in a scientism framework and it is hoped that its normative or prescriptive aspects are minimal. This writer discovered that while it is difficult enough to conduct research in an unfamiliar culture, one should not compound the problem by trying to tell representatives of the host country what is best for them. Rather, an attempt to objectively gather and order all the facts to lay before decision-makers is the most beneficial way the researcher can aid the host government. Nevertheless, even facts and the analysis of them are selectively

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[16]Lee J. Cronbach and Patrick Suppes, eds., Research for Tomorrow's Schools (New York: Macmillan Company, 1969).

[17]Albert Somit and Joseph Tanenhaus, The Development of American Political Science: From Burgess to Behavioralism (Boston: Allyn and Bacon, Inc., 1967), pp. 27-29.

perceived by each individual researcher. To ignore or deny this basic postulate presupposes a righteous arrogance on the part of the researcher.

Finally, the daily demands on government decision-makers are great. Often, the implementation of one policy can only occur at the expense of another policy. The oft-heard "guns vs. butter" debate illustrates this trade-off. Because of this perceived "zero-sum" nature[18] of various conflicting policies in the public arena, no single public policy can or should be studied in a vacuum. Surely, while there may be consensus that a certain public policy (such as employment generation) is desirable, it may never be implemented due to lack of funds that go to support policies with a higher priority. Therefore this research will take into account those other policies that directly affect job generation policy in Thailand (see Chapter 11). However, by the same token, it is important to isolate this policy from the system in which it interacts in order to dissect it and gain a full understanding of its inputs and outputs.

Employment Generation Policy in Thailand as a Case Study: Rationale and Relevance

The decision to study employment generation policy in one country rather than in several countries was made because employment

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[18]This idea comes from Riker's contribution to coalition theory. See William H. Riker, The Theory of Political Coalitions (New Haven: Yale University Press, 1962). Some would argue that a condition of zero-sumness exists only in economic theory as most every policy with noneconomic content is variable-sum.

generation has never been a clearly defined and implemented policy of some governments, and an in-depth analysis of its sources and effects in one of these countries will help to explain why this is the case. Surely, it cannot be because unemployment is not a major problem throughout Asia. An Economic Commission for Asia and the Far East (ECAFE) conference in 1970 emphasized the need for employment policies throughout the region:

> Realizing the great magnitude and grave implications of the challenge posed by mounting unemployment and underemployment, most of the Asian countries are quite anxious to evolve and pursue, as a major goal, a policy designed to promote economically sound, socially desirable and production-oriented employment. The industrial planners and policy-makers are, therefore, anxious to formulate and implement employment-oriented industrial policies that could bring about mutually reinforcing increases in industrial output, employment, incomes, levels of living, social services and social welfare.[19]

The problems associated with unemployment which arise, in part, from the lack of effective job generation policies in Southeast Asia have been the topic of several Southeast Asia Development Advisory Group (SEADAG) conferences. The urgency of rising unemployment was expressed in the summary of one of these proceedings in 1973:

> Over the past few years the employment problem in its various manifestations has come to attract major attention in all the Southeast Asian countries. Overpopulated monsoon rice growing areas in Java, Luzon, and elsewhere had long suffered from a surplus of available manhours, at least outside the peak transplanting and harvest seasons. More recently, several factors--the lagged effects of the post-World War II demographic upsurge, the rapid spread of post-primary education, and the relatively low rates of labor absorption in the more capital intensive sectors of the

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[19] M. M. Metha, "Employment Aspects of Industrialization (with Special Reference to Asia and the Far East)," Proceedings of the Asian Conference on Industrialization, Second Session (Tokyo: n.p., September 8-21, 1970), p. 48. In late 1974 the name of the Economic Commission for Asia and the Far East (ECAFE) was changed to Economic and Social Commission for Asia and the Pacific (ESCAP).

> region's economies--have combined to cause the employment problem to worsen and take on some new dimensions. Historically, underpopulated countries such as Thailand and Malaysia have begun to experience extensive unemployment among the young for the first time.[20]

If the necessity for implementing employment generation policies does not impress Asian leaders presently, they can take little solace from the prediction that the employment picture will further deteriorate in the future. Unemployment and underemployment, which exist in both rural and urban areas, will become worse as the children of the unprecedented population boom enter the labor force.[21] For example, the United Nations' Food and Agriculture Organization (FAO) Medium Term Plan (1972-1977) states clearly that "un- and under-employment, linked with an increasing disparity between the earnings of rich and poor, may well become the most disruptive social force in developing nations in the 1970's."[22] Even Robert McNamara, in a speech in May, 1974, felt that the current dilemma facing Thailand centers around employment and similar human needs.[23] The International Labour Organisation (ILO) has been emphatic that employment policy should be ". . . an objective in its own

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[20]SEADAG Report, "Ad Hoc Seminar on Labor Strategies" (Baguio, Philippines: SEADAG, August 21-24, 1973), p. 1.

[21]Latin America, presently the world's fastest growing region, also does not pay sufficient attention to implementing employment generation strategies. For example, Thiesenhusen found that the Rockefeller Report on Latin America (1969) and the Peterson Commission (1970) both failed to mention unemployment as a major problem. See William C. Thiesenhusen, "Latin America's Employment Problem," Science, March 5, 1971, pp. 868-873.

[22]International Labour Office, Employment Policy in the Second Development Decade (Geneva: International Labour Organisation, 1973), p. 6.

[23]Business in Thailand, May 1974, p. 7.

right [and] . . . it would not be possible to attain this objective unless it were made a major separate goal of development strategy."[24]

In addition to normal patterns of growth and change, extraordinary factors will further exacerbate the unemployment problem in the developing world. For instance, to supply the power needed for the future, huge hydroelectric projects will have to be constructed. This undertaking will necessitate the resettlement of large numbers of people who would be flooded out by the reservoirs of the proposed dams. Similarly, as natural resources become depleted, people whose livelihoods were dependent on these resources will be forced to move elsewhere to engage in new occupations. Finally, the large-scale migration from rural to urban areas is placing (and will continue to place) a very great pressure on policymakers to formulate workable job generation policies. In short, additional (not supplemental) job opportunities for many people will have to be created if these pressures are to be relieved. The traditional approach by political decision-makers throughout the world of waiting until the problem becomes very large and then making ad hoc "response-set" policy decisions will not significantly reduce under- and unemployment.[25]

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[24]International Labour Office, Employment Policy in the Second Development Decade, p. 4.

[25]There are indications that the unemployment and underemployment problems have already reached alarming levels in Thailand. Goodman reported that Department of Labour surveys found that up to half of the agricultural labor force and up to twenty-one percent of the nonagricultural work force did not work during part of the year. The National Longitudinal Study carried out by Chulalongkorn University's Population Institute found that nearly one of every seven rural household heads did not work during March and April. Goodman concluded that: "Unemployment estimates in other countries of Asia, with similar economies, are

The Concept of Unemployment and Its Palliative, Job Generation, as Applied to Thailand

"Unemployment" is basically a Western concept. As such, it is not a totally valid term to use in describing the Thai labor picture.[26] There are very few people in Thailand who are jobless over long periods of time. However, as their productivity approaches zero (especially for farmers during the dry season), these people actually are not producing and earning much more than their jobless counterparts in other countries. Even though the concepts of "underemployment" and "seasonal unemployment" and somewhat more appropriate to describe marginally productive laborers,[27] the reader should be cautioned against accepting conventional measures of un- and underemployment as true indicators of the demand in Thailand for job generation policies.

Furthermore, in Thailand, these definitional problems have been compounded by the difficulty of obtaining reliable and consistent employment data over time. While the census in 1947 made no attempt to measure the extent of unemployment in Thailand, the 1960 census counted

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substantially higher than Thailand's." See F. V. S. Goodman, Manpower Utilization in Thailand: Report of a Study of the Government's Labour Force Survey (Bangkok: Manpower Planning Division, National Economic and Social Development Board, April 1973), p. 3.

[26]The difficulty of applying Western concepts of unemployment has been widely acknowledged in recent years. See, for instance: Theodore W. Schultz, Transformation of Traditional Agriculture (New Haven: Yale University Press, 1964); David G. Davies, "An Essay on Employment Concepts: The Definition of Labor Forces in Terms of Socialization," SEADAG Papers on Problems of Development in Southeast Asia (New York: The Asia Society--SEADAG, 1968); Gunnar Myrdal, Asian Drama (New York: Pantheon, 1968); and David Turnham, The Employment Problem in Less Developed Countries (Paris: Organization of Economic Cooperation and Development, 1971). In this research, unemployment will be used to mean conditions of both unemployment and underemployment.

[27]See SEADAG Report, "Ad Hoc Seminar on Labor Strategies," p. 7.

anyone who had worked for at least one day, on the day of the census or the seven days preceding it as an employed person. The several Labour Force Surveys of the 1960's further altered the definition of unemployment.[28] Yamada found that "the condition of the available data is now much better" than in the early 1960's.[29] However, in a recent review of unemployment in Thailand, the Bangkok Bank concluded that "suitable means of measuring unemployment are still lacking."[30] There is no single set of criteria for distinguishing an employed from a jobless person. What is most unsuitable is the frequent altering of definitions of employment which make time series comparisons impossible. Dr. Phisit Pakkasem, in his research on regional development in Northeast Thailand, found that "the existing state of the Northeast regional data bank, both in terms of quality and quantity, prevents the selection of many regional analytic techniques and models." He goes on to state that "in the field of regional growth theory and regional planning, a gap does exist between theory and practice, and this is frequently due to limited availability of relevant and required regional data."[31] Therefore, in

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[28] Nyle Spoelstra and Chirayu Issrangbul, "Some Aspects of Labour Use in Thailand," Conference on Manpower Problems in East and Southeast Asia (Singapore: n.p., May 22-28, 1971), pp. 35-38.

[29] Saburo Yamada, Report to the Royal Government of Thailand, National Economic Development Board, on the Measurement and Promotion of Productivity for the Third Economic and Social Development Plan of Thailand: 1972-1976 (Bangkok: Manpower Planning Division, National Economic Development Board, Government of Thailand, 1971), p. 2.

[30] "Unemployment in Thailand," Bangkok Bank Monthly Review, May 1973, quoted in The Investor, June 1973, p. 197.

[31] Phisit Pakkasem, "Thailand's Northeast Development Planning: A Case Study in Regional Planning" (Ph.D. dissertation, University of Pittsburgh, 1972), pp. 78-79.

examining employment generation policies in Thailand, one should not be surprised if they are unclear or deficient. After all, if it is difficult to determine the extent of the unemployment problem, obviously it will be difficult to formulate policies to rectify this situation.

Rather than needlessly waste time trying to decide how unemployment is defined and whose labor statistics are most reliable, this research will concentrate exclusively upon a special type of jobseeker. These people are those who are in search of employment as a result of being resettled from their previous homes and jobs. Resettlement projects are defined as those ". . . involving the planned and controlled transfer of population from one area to another."[32] Most past resettlement has stemmed from wars or public works construction. In nearly all cases, it has been handled by government authorities. The emphasis in past resettlement schemes has been more on the physical movement or transfer of people than on the longer term adjustment or settlement phase. However, as Brokensha and Scudder observe, ". . . with millions of people being relocated throughout the world every year, there is a tremendous need for what one of us has called 'a sociology of resettlement.'"[33]

An additional, and often critical problem encountered by government planners in their efforts to formulate employment policies for

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[32] D. G. R. Belshaw, "An Outline of Resettlement Policy in Uganda: 1945-63," in Raymond Apthorpe, ed., Land Settlement and Rural Development in East Africa (Kampala: Transition Books, 1968).

[33] David Brokensha and Thayer Scudder, "Chapter III - 'Resettlement,'" in William H. Warren and Neville Rubin, eds., Dams in Africa (London: Frank Cass and Company, Ltd., 1968), p. 57.

resettlees is that these people are unable to continue in their former occupations. In some instances, they were farmers and there simply is not enough agricultural land to absorb them. These people must not only face the trauma of relocation, but they also must overcome the problem of finding employment for which they are qualified and from which they can derive an "acceptable" income.[34] The focus of this research will be on those resettlees who must take on new jobs in or around urban areas.[35] Most of these people have little previous

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[34]Wide disagreement exists over what constitutes an acceptable resettlement income. While policies to the effect that "no household will be worse off" (United Nations resettlement guidelines) are laudable objectives, they are difficult to operationalize. This difficulty is compounded when the people to be resettled are compelled to change from their former agricultural occupations to nonagricultural jobs in or near urban centers. Our objectives here will focus on job generation programs which have as a goal the replacement of former income levels. Subsistence income is converted into monetary values.

[35]The idea of relocating rural people in urban occupations when there is not adequate farmland in the same region is not new in Thailand. Thomas and Block (M. Ladd Thomas and Edward L. Block, "Land Resettlement in Northeast Thailand Attendant Upon the Projected Pa Mong Dam: A Final Report of Research Results" [DeKalb, Illinois: SEADAG, 1970]) found years ago that Northeast Thailand could only support a limited number of farmers who would be relocated in their agricultural occupations. Many of these people would have to find nonagricultural jobs. Based on these and other findings, Gosling proposed an "urban alternative" with urban based occupations for this group (L. A. Peter Gosling, "The Urban Alternative: Comments on Rural-Urban Migration in Northeast Thailand," preliminary notes for presentation at a meeting of the Southeast Asia Development Advisory Group's Mekong Committee Seminar, Washington, D.C., May 24-25, 1971). Earlier, Ingersoll had proposed resettling people displaced by the Nam Pong Reservoir in Northeast Thailand into nonagricultural (presumably urban based) jobs. (Jasper Ingersoll, "Human Dimensions of Mekong River Basin Development: A Case Study of the Nam Pong Project, Northeast Thailand 1967-68" [n.p., Agency for International Development, n.d.], p. 182.) The Malayan Emergency (1948-1960) demonstrated that one half million people could be gathered from dispersed rural areas and resettled into new villages and towns. Many of these people who became squatters on the urban fringe were also laborers and ceased to be engaged in farming. (E. H. G. Dobby,

vocational or urban experience. In many ways, this group would face the greatest degree of dislocation and change of all relocatees. If successful job generation policies could be formulated to help this particular group, surely the programs needed for other lesser displaced resettlees would be easier to implement.[36]

The Goals of Job Generation Policies

Stated simply, Thailand and other developing nations have been and may soon again be confronted with the very real problem of finding employment for their citizenry who lose their jobs as a result of the construction of public works projects. This is one of the trade-offs involved in economic development. Until now, there has not been any comprehensive set of policies to create employment for the jobless in Thailand who are affected by large-scale planned resettlement projects.

"Resettlement Transforms Malaya: A Case History of Relocating the Population of an Asian Plural Society," Economic Development and Cultural Change [1952-1953], p. 166.) Even the Ranis-Fei model of surplus labor economies supports the idea of generating employment in urban areas. Ranis and Fei posited that since disguised unemployment exists in rural areas, a policy of transferring the surplus labor to urban industries would raise the productivity per worker in both agriculture (because fewer numbers of workers are producing the same or nearly the same output) and in industry. (Harry Oshima, "A Labor-Intensive Strategy for Southeast Asia and Priorities," SEADAG Papers on Problems of Development in Southeast Asia [New York: The Asia Society - SEADAG, 1973], p. 4.)

[36]The need for a specialized set of policies to accommodate people who would be compelled to adopt new occupations was not dealt with in one proposed Thai-Lao dam project which would have forced the relocatee to switch occupations. See United States Department of the Interior, Bureau of Reclamation, Pa Mong: Phase II, Appendix VI; Economic, Agricultural, Social and Financial Analysis (Bangkok: The Committee for Coordination of Investigations of the Lower Mekong Basin and the Agency for International Development, 1972), pp. II-15, II-16.

There will most definitely be such a need in the future. However, to adopt a piecemeal approach by formulating programs just for this specific population would represent a dangerously narrow-minded approach because it would neglect the side-effects that a certain program to generate jobs would have on the population that was already employed. Rather, any envisioned employment generation policies in Thailand should take into account the effects on the entire Thai citizenry.[37]

Therefore, while the advent of large-scale resettlement has brought the need for employment generation policies to the fore, these policies will affect a much larger population than just those who are to be physically relocated. In some ways, it is fortuitous that a planned resettlement program has focused so much attention on the need for job generation policies in Thailand. The processes of growth occurring in all developing nations necessitate that job generation policies be adopted as soon as possible anyway. As Goodman states:

> This concern [for increasing employment] arises from the massive increases in population and labour force and the recognition that high rates of economic growth, though necessary, are not a sufficient condition to provide jobs in the numbers required in the places they are needed.[38]

Successful job generation policies necessitate that several objectives be met. It is not enough merely to create jobs for the

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[37]Dr. Chirayu Issrangbul, a lecturer in economic development at the National Institute for Economic Development (NIDA) in Bangkok, felt that the fate of any relocatee population is tied to the entire employment problem in Thailand. He felt that it would be a serious error and represent narrow thinking to develop job generation policies aimed just at specific populations. Chirayu Issrangbul, Minutes of Seminar on Employment Generation, NIDA, Bangkok, August 7, 1974.

[38]Goodman, Manpower Utilization in Thailand: Report of a Study of the Government's Labour Force Survey, p. 1.

unemployed as an alternative to a huge welfare subsidy or no help at all. Norbye felt that any jobs created must be productive by adding to the national income.[39] In addition, the Kenyan experiment of creating jobs through short-term labor-intensive construction projects demonstrated the necessity for creating employment that is permanent in nature.[40] Otherwise, stop-gap measures to temporarily alleviate a serious unemployment problem may prove to be disastrous because they fail to address a long-run problem. One other goal in any job generation program should seek to improve the standard of living of the target population. Obviously, income from working where there was no income before will measurably elevate the living standard. The Uganda government's "Report of the Minimum Wages Advisory Board" addressed the question of what is an adequate wage level. It felt that a "stable, modern, urban labour force requires that the lowest paid workers be able to maintain themselves and their families at a 'living wage' or what is necessary to provide a man and his family 'a minimum standard of health and decency.'"[41]

At the same time, inputs can be introduced along with a job generation program to improve the family's welfare indirectly. Family planning, health, and education programs have been introduced in concert

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[39]Ole David Koht Norbye, "Long-Term Employment Prospects and the Need for Large-Scale Rural Works Programmes," in James R. Sheffield, ed., Education, Employment, and Rural Development (Nairobi, Kenya: East Asian Publishing House, 1967), pp. 239-266.

[40]Ibid., p. 242.

[41]C. R. Frank, Jr., "Urban Unemployment and Economic Growth in Africa," Oxford Economic Papers, July 1968, p. 265.

with job creation programs in several African settlement schemes and also in Indonesia.[42] An Indian participant of the International Labour Organisation's World Employment Programme cautioned that one must be aware of all the feedback and side effects of any job generation program. For instance, the creation of additional employment in one sector of the economy will affect not only that sector but other sectors as well. Similarly, public resources used to create jobs represent funds that cannot be spent in other programs.[43]

Yet another goal of any public job generation policy should be to create additional employment opportunities that do not deprive present jobholders of their occupations. Road construction and other public works projects which provide employment for many resettlees also undoubtedly deprive those previously contracted to work on such projects of their livelihoods.

Finally, any successful job generation policy should consider the environmental and social milieu of the target population. Is a certain policy successful if it creates jobs at certain high income levels but causes the household head to live apart from his family? Perhaps such a program would be economically beneficial but, from a sociological point of view, it would be unsuccessful. Similarly, where regional customs and habits differ greatly in a country, planners must remain

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[42]Apthorpe, "A Tentative Checklist of Questions about Settlement Scheme," in Apthorpe, ed., Land Settlement and Rural Development in East Africa, p. 96, and Belshaw, "An Outline of Resettlement Policy in Uganda."

[43]Louis Emmerij, "Research Priorities of the World Employment Programme," International Labour Review 105 (May 1972): 42..

sensitive toward altering the spatial distribution of population groups. ILO researchers found that Northeastern Thais had a difficult time adjusting to working in Bangkok. The Northeasterners, who are mainly of Lao (and some Khmer) descent, have a cultural background and tradition unlike that of the Bangkok employers to the extent that misunderstandings easily arise between management and labour. The ILO report concluded that: "The migrant laborers from the north-east are reputed to be unstable. They often leave their job without any notice, breaking their contract--commonly verbal--with their employer."[44] Certain of these employers pay subsistence wages to reduce their costs. They also have been known to cheat the workers or exert pressure on them by compelling them to buy goods from the factory store. The mutual distrust and tension between Northeastern laborers and Bangkok entrepreneurs is a result of the spatial dislocation of the Northeasterners. Any policy to create job opportunities must carefully weigh the trade-off of finding jobs for the unemployed versus taking the risk that adjustment problems will be so serious as to hinder retention of the job that is created.

In addition to the aforementioned objectives that public policy planners should keep in mind when formulating job generation policies, they should also strive to keep any program as <u>parsimonious</u> as possible. Government programs invariably tend toward complexity while the operational world runs best on simplicity. It is wise to recall the advice of Evsey D. Domar who wrote in his book on model-building that it is

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[44]International Labour Office, <u>Report to the Government of Thailand on Internal Migration</u> (Geneva: International Labour Organisation, 1965), pp. 125-126.

easy enough to add a few more variables and the results may turn out unmanageable.[45] Furthermore, Bruce Ross, in his research on Thai resettlement, suggested that government sponsored programs should follow the path of least resistance. Often an expensive program has fallen flat because it has failed to take into account traditional cultural and behavioral norms.[46] This suggests the need to have people who are familiar with the target population's culture participate in employment generation policy planning. It also suggests that all efforts should be made to generate the type and location of jobs which cause minimal dislocation for the target group. In particular, the spatial and cultural distance that the jobseeker must travel to find employment should be minimized.

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[45]Evsey D. Domar, Essays in the Theory of Economic Growth (New York: Oxford University Press, 1957), p. 33, quoted in Phisit Pakkasem, "Thailand's Northeast Development Planning: A Case Study in Regional Planning," p. 77.

[46]Bruce A. Ross, "Resettlement Planning: A Systems Approach," unpublished paper for School of Natural Resources course: "Urban and Regional Theory," The University of Michigan, December 19, 1972, p. 12.

CHAPTER II

PUBLIC SECTOR INPUTS TOWARD EMPLOYMENT GENERATION: THE THAI TRACK RECORD

Methodology

Data used in this chapter are derived primarily from two types of sources: (1) bibliographic material and (2) interviews conducted by this writer and his assistants in Thailand. These interviews, which took place during the April-August 1974 period, were with Thai government officials, academicians, bankers, and others familiar with Thai employment generation policy. This group is not intended to represent a sample of any particular population. Rather, the individuals interviewed were selected on the basis of two criteria: (1) their knowledge of employment generation policy and (2) their accessiblity. Prior to the interviews, this writer had originally compiled a list of people familiar with employment policy who were felt to be preferred interviewees. This list was arrived at only after several months' research in Thailand. From time to time, deletions and additions were made. The intent was to select respondents who would view employment generation policy from three distinct perspectives: (1) government officials who are usually thought to be entrusted with formulating and implementing the policy, (2) academicians and researchers who study the policy and have varying degrees of input into the policy process, and

(3) representatives from credit institutions whose primary motivation is to utilize the policy to maximize the economic gain of their own institutions. It was originally felt that such a balanced perspective was needed to discount any incomplete, biased, or evasive responses from members of one particular group. Actually, while uncooperative respondents were occasionally encountered, they did not cluster in any one group. In general, this writer received a high degree of cooperation from all three groups.

Those actually interviewed were all drawn from the original list. The typical interviewee was a first or special grade official[1] who was a department or division head. This person usually had a great deal of local autonomy and his job level enabled him to be aware of the day-to-day operations of his branch in addition to being well versed in the "big picture" or overall policy of his organization. These upper-middle level people were particularly helpful in identifying and explaining the relatively ambiguous Thai employment generation policy. Therefore, in this chapter, the respondents were valuable primarily as information sources to both challenge and support the known published materials. The degree to which there was consensus in their answers was used as a preliminary yardstick to evaluate the workings of job generation policy.

The format of the interviews ranged from formal meetings to ad hoc, off-the-cuff sessions. This format was usually determined

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[1]Even academicians have these ranks as they are technically government employees. The civil service system in Thailand has the following ranks (from highest to lowest): special, first, second, third, and fourth grades.

beforehand by the respondent's status in Thai society and/or by the respondent's attitude during the course of the interview. The length of the interviews ranged from one to four-and-a-half hours and nearly all of them were conducted in English. Occasionally, a respondent felt it necessary to clarify his thoughts in the Thai language. A Thai translator was present on these few instances to assure that linguistic misinterpretations or ambiguities were minimized.

Generally, the respondents were quite helpful in answering the questions. All but one of them willingly gave the time that was required to complete the interview. These officials were accustomed to being interviewed and were thoroughly relaxed during our discussions. Since both the wording and content of the questions were basically non-controversial, the respondents were rarely evasive. As a group, they seemed to understand the purpose of our research and many of them were eager to examine our findings.

Altogether, 28 interviews were conducted with 35 people.[2] (In several instances, more than one person from the same organization was interviewed during the same session.) On seven occasions, the interviews had to be continued into a second or even third session.

In most (although not all) cases, the conduct of the interview followed a familiar pattern: The respondent would be given a brief explanation of the purpose and relevance of our research and then he would be asked questions from the "Public Policy Checklist," a copy of

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[2]For a list of the people interviewed, see Appendix A.

which he had before him.[3] This checklist was not intended to be a formal questionnaire, but rather, its pupose was to provide a general framework and structure to the interview. Some of the questions on the checklist were appropriate only for particular respondents. In interviews with respondents from credit institutions, the checklist was discarded and more appropriate questions were substituted.

Fixing Responsibility for Government Employment Generation Policy

In any society, some of the goods and services offered by the government are shared by all its citizens regardless of whether the citizens have an equal input. National defense would be an example of this type of benefit, which is commonly called a "public good." "Private goods," on the other hand, are those which are shared only by those individuals who contribute some input. The division of the benefits of a private good is often in proportion to the input of each contributor.[4] The stockholders of a corporation who invest their capital with the intention of increasing this capital in direct proportion to their original investment are enjoying the benefits of a private good. Employment generation policy in Thailand is essentially a public good. Resources expended by the government (public) sector to generate employment opportunities would be expected to come from the general revenues and not from any specific population. These monies are collected from

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[3] See Appendix B.

[4] These ideas come, in part, from Mancur Olson, Jr., The Logic of Collective Action (Cambridge, Mass.: Harvard University Press, 1965), especially Chapter IV.

all members of the society even though, theoretically, the tax burden falls more heavily on the wealthy.[5] Also, the benefits of employment generation policy are usually enjoyed by any members of the population who are out of jobs in certain geographic and economic sectors. This recipient population, due to its lower economic and social status as well as lack of organization, typically has a very minimal input into the decision-making process regarding job generation policy. This minimal input into the policy formation process by the unemployed may be one reason why employment generation policy has not been as effectively formulated and implemented in Thailand as is possible. After all, if they had some input into the policy process, these jobless individuals could relate their own experiences and directly communicate their needs to policy-makers in order to give employment generation policy a more optimistic prognosis of success. We will now turn to an examination of the present state of the Thai government policy toward creating jobs for its unemployed citizenry.

There is consensus that Thailand needs policies to create more jobs. A recent Bangkok Post economic survey conservatively estimated that there will be a net increase in the labor force of 3.5 million persons during the next decade as opposed to a supply of only 2.5-2.7 million new jobs. This will leave up to one million nonproductive and effectively jobless people. Land shortages limit the absorptive capacity of the agricultural sector. The Post concluded that

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[5]In Thailand, the income tax is not the major source of tax revenue. Even though collection of income taxes and enforcement of tax laws have tightened up in recent years, a progressive tax base that is enforced (through the income tax) is far in the future.

". . . government programs to combat this dangerous employment situation are badly needed."[6] Similarly, McCleary predicted that Thailand's unemployment problem would worsen in the future.[7] Even projections from the Third Economic and Social Development Plan of Thailand (1972-1976), which were based on alternative productivity growth rates, showed that the additional employment generated in the 1971-1976 period will fall short of alleviating the unemployment problem.[8] In other words, present practices in Thailand to create additional jobs are not adequate to meet present and future labor force pressures.

Given this pessimistic outlook for the labor absorptive capacity of the Thai economy, one may ask why more has not been done in the past to create additional jobs. There are several possible explanations which will be dealt with extensively in this chapter. One additional possibility is that some government policy-makers have been misled by reports that there is virutally no unemployment problem in Thailand. In the 1969 Labour Force Survey, statistics showed that only 0.2 percent of Thailand's labor force was openly unemployed. What this number really means, however, is that during the survey week nearly everyone did at least a little work. It does not establish either the number of hours worked or remuneration received for this work. A similar survey conducted at about the same time found that sixteen percent of those

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[6]"Finding Work for the Growing Labour Force," Bangkok Post, June 29, 1974, p. 11.

[7]William A. McCleary, "Foreign Aid and the Choice of Technique in Road Construction in Thailand," SEADAG Papers on Problems of Development in Southeast Asia (New York: Asia Society, 1974), p. 2.

[8]Saburo Yamada, Report to the Royal Government of Thailand, follows p. 22 (not numbered).

employed worked less than ten hours a week.[9] Two other studies reported that the average farmer spent only 87-100 days every year productively employed.[10] Thus, those who argue that Thailand does not need job generation policies because it has virtually no unemployment problem are deceived by misleading statistics.

Within most parts of the Thai bureaucracy there is a recognition that unemployment is a serious problem which warrants closer attention in the future than it has received in the past. Among those interviewed in this study, the need for employment generation policies had a higher priority than minimum wage legislation, which is a highly salient issue in Thai society today. It ranked slightly below helping depressed regions and a more equitable distribution of income on a list of national priorities. When asked to ordinally rank these four national goals in relation to how important they were for the respondent's organization and for the nation, employment generation policy held its own among the other three goals (Table 1). It is interesting that the creation of work opportunities for the unemployed ranked higher as a national goal than as an organizational objective. On the other hand, the income redistribution and regional development goals were viewed as more of organizational than national goals. The implication of this finding

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[9]United States Operations Mission, "The Employment Problem in Thailand" (Bangkok: Economic Analysis Division, USOM, 1972), p. 2.

[10]Udhis Nakswasdi, "A Study of the Socio-Economic Conditions of the People in the Development Areas of the Northeast" (Bangkok: Research and Evaluations Division, Department of Community Development, 1966), p. 115; and Manpower Planning Division, National Economic Development Board, "The Utilization of Excess Human Resources in Rural Areas," Manpower Resources Journal 2 (May 1968): ?

TABLE 1

Respondents' Views of the Importance of Selected National Goals[a] (mean scores)

Goal	Priority for Own Organization	Priority for Nation
1. Help Certain Depressed Regions in Thailand Develop Economically	2.50	2.10
2. Guarantee More Equal Distribution of Income Among Citizens	2.66	2.09
3. Create Employment Opportunities for All Those Who Need Work	2.66	2.73
4. Guarantee Adequate Minimum Wage for All	3.16	3.55

[a]The other three goals were selected because they were most often found in the printed media, past national development plans, and in conversations with knowledgeable Thai officials. Other goals felt to be important by at least some of the respondents included: improve the efficiency of the market mechanism, increase the growth rate of national income, and develop investment and industry.

confirms the contention that, while employment generation is considered an important national objective, responsibility among specific government organizations for its implementation is unclear. The small number of respondents prevents us from performing any statistical analysis to draw more definitive conclusions.

A subjective feeling that employment generation policy may be important not only as a national, but also as an organizational goal, does not necessarily imply that the organization will actively promote

this policy. In fact, among those interviewed, there was not even any agreement regarding which governmental body should be primarily entrusted with the formulation and implementation of job generation policy. While several informants stated that they thought it was the responsibility of the Labour Department (Ministry of Interior) to develop employment generation policy, two high level Labour Department officials responded that their function was only to link jobseekers with existing employment opportunities. The creation of new job opportunities, they claimed, was beyond their responsibility. Similarly, high-level employees of the Board of Investment, various departments within the Ministry of Industry, and several private and public credit institutions disavowed any direct responsibility for employment generation policy.

In fact, the only respondents who felt that their organization had any responsibility in either the formulation or implementation of job generation policy were those who worked at the National Economic and Social Development Board (NESDB). NESDB is the Thai government's central planning agency and is charged with reviewing the work of all ministries and departments to make sure that this work is in conformance with the national development plan NESDB formulates every five years. The Third National Economic and Social Development Plan of Thailand (1972-1976) stressed that the Thai government has a major policy to promote employment generation in order to decrease manpower and unemployment problems.[11] Along with NESDB's policy to create employment opportunities

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[11]See "Employment Service of Government," Labor and Industrial Journal (September 1973): 3-6, and National Economic and Social Development Board, Office of the Prime Minister, Summary of the Third Five-Year Plan (1972-1976) (Bangkok: NEDB, 1972), pp. 1-2. (Thai)

is one to increase the income levels of the people. This is the first plan that seriously recognizes that a substantial portion of employment generation will have to occur in the nonagricultural sector.[12] It is also the first plan that seeks to implement its objectives by creating local and national level committes for job generation and promoting policies with a primary aim of increasing the number of jobs in Thailand.[13]

The Board of investment (BOI) is charged with creating a favorable investment climate for both Thai and foreign enterprises. In this role, it can award economic incentives to induce various types of firms to locate in Thailand.[14] The type of firm to which it awards privileges depends upon development objectives established by NESDB. However, the BOI has not viewed the employment aspects of an investment with the same high priority accorded it by NESDB. Analysis by Spoelstra and Chirayu found that:

> At present, the [BOI] Promotion Scheme, while paying lip-service to the importance of job creation, contains no special privileges or benefits which labour-intensive industries can derive.[15]

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[12]Ibid., pp. 22-23. Employment objectives were mentioned in previous development plans but little was done to implement these goals. See Prom Panichpakdi, "Manpower Assessment and Planning" (Bangkok: Manpower Planning Division, NEDB, September 19, 1968), p. 7 (Thai).

[13]Vatik ?, "The Third NESDP: Labour," Labour Journal (Bangkok: Department of Labour, December 1973), pp. 75-86 (Thai); and _____, "Third NESDP (1972-1976)" (Bangkok: NESDB, 1972), p. ? (Thai).

[14]For a full list of these privileges, see The Investor, January 1974, p. 61.

[15]Spoelstra and Chirayu, "Some Aspects of Labour Use in Thailand," p. 56. Silcock agreed with their view when he argued that one of the BOI's main faults lies in its choice of the type of industries it promotes. While conceding the difficulty of adopting production techniques, he stated, ". . . if the most recent techniques are to be used, it is essential at least to select industries in which the latest techniques are not too capital intensive." T. H. Silcock, "Promotion of

They later explain that since many industries in Thailand do not have alternative choices of production technique available to them (i.e., they must use capital-intensive techniques of production), the BOI cannot award privileges based upon a firm's willingness to change to more labor-intensive techniques.[16] This explanation does not entirely free the BOI of its responsibility for employment generation policy, however, as it could give priority in promoting those industries that are naturally highly labor-intensive.[17]

Clearly, the Board of Investment, through its selective awarding of promotional privileges, could have a major impact on employment generation policy in Thailand. However, the BOI is somewhat handicapped by its own unique position. The range of criteria for qualifying for privileges is so broad that the BOI cannot be charged with the primary responsibility for any major policy. For example, even though the BOI can alter the tax structure for promoted firms, tax policy must still remain under control of the Ministry of Finance. Similarly, while the BOI must consider the environmental ramifications in awarding privileges, the Ministry of Industry has primary responsibility for pollution-related policy issues. With employment, the BOI requires firms to list the numbers and types of jobs in the firm, but it feels that employment

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Industry," in T. H. Silcock, ed., Thailand: Social and Economic Studies in Development (Canberra: Australian National University Press, 1967), p. 269, cited by Spoelstra and Chirayu, "Some Aspects of Labour Use in Thailand," pp. 54-55.

[16]Ibid., p. 51.

[17]A recent publication stating that the BOI was going to pursue a policy of promoting firms in order to "generate labor forces" has not produced any follow-up action. See Chakrit Burana-Sombat, "Coordination Between Employed and Employers" (Seminar Report) (Bangkok: Rungruangrat Print Shop, May 1974), 62 pp. (Thai).

generation is more the concern of NESDB, the Labour Department, or even the investor than the BOI.[18]

The Department of Labour was thought by most of those interviewed to be the logical organization to handle employment generation policy. This body has often recognized the need for a clear program to alleviate present and future unemployment problems. For instance, in its "Statement of Policies and Principles . . . ," the Labour Department saw the need for an employment generation policy to handle urban growth, but it failed to specify what that policy should be:

> Another aspect [of policy] relates to the migration of workers from rural to urban areas which will assume a larger dimension in the future as the availability of land for cultivation is relatively limited. A substantial proportion of the population will, therefore, find it necessary to migrate permanently to urban areas. Even the number of persons who migrate on a temporary basis will not be small. Necessary measures to deal with these problems and to prevent undesirable social effects will, therefore, require attention.[19]

However, in its day-to-day operation, the Labour Department does little to create additional employment opportunities. Rather, its work is primarily directed toward regulating hour and wage levels, enforcing child and female labor legislation, settling labor disputes, bettering working conditions, improving worker skill levels, and connecting existing job vacancies with the unemployed.[20] A proposal was recently submitted

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[18]Pramote Permpanich (Chief, Project Analysis Division, Board of Investment), Interview with Tom Miller, Bangkok, August 6, 1974.

[19]Department of Labour, Ministry of Interior, Statement of Policies and Principles and Five Year Plan of Operation (1967-1971) (Bangkok: Department of Labor, March 1969), p. 2.

[20]Ibid., pp. 11, 15, 16; Nikom Chantaravitool (Director-General, Department of Labour), Labour and Industrial Journal (March 1974), pp. 5-18 (Thai); Vichitra Promponthum (Chief, Research Branch, Labour

to the Cabinet to create jobs for unskilled workers in rural areas. These people would be natives of the area in which they are employed and work on such public works projects as construction and repair of roads, ditches, and dikes. The success of this project appears to be somewhat doubtful, however, as it demands the cooperation of several powerful government bodies and an alteration in public works production techniques.

NESDB, the BOI, and the Labour Department were those organizations most often mentioned in interviews as responsible for formulating job generation policy in Thailand. They, in fact, have played the largest part in policy formulation and implementation to date. The Thai government, realizing the growing importance of labor related problems, recently established a high-level National Labour Committee composed of representatives from various government agencies and academicians. One of its several working subcommittees is specially entrusted with handling employment promotion. Its functions closely coincide with the creation of additional job opportunities. In fact, the Employment Promotion Subcommittee of the National Labour Committee formulated twenty-three recommendations to create additional employment opportunities in

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Department), Interview with Tom Miller, Bangkok, July 31, 1974; and Vichit Sangthong (Deputy Director-General, Labour Department), Interview with Tom Miller, Bangkok, August 8, 1974.

[21]Vichitra Prompunthum, Interview with Tom Miller, July 31, 1974. Organizations involved include the Royal Irrigation Department (RID), Accelerated Rural Development (ARD) Department, the Community Development (CD) Department, the Ministry of Agriculture, NESDB, and the Budget Department. Presently, due to the low cost and easy availability of capital equipment for public works construction, a switch to a more labor-intensive production strategy would encounter political and economic problems.

Thailand. These recommendations are listed below because they represent the most comprehensive set of employment generation policy statements in Thailand to date:

(1) The import of unnecessary machines should be limited.

(2) Tax exemptions for firms which run machinery at full capacity should be increased.

(3) Labor-intensive firms should be given tax and other investment privileges.

(4) Public works projects should use labor- rather than capital-intensive production methods.

(5) A committee to consider job creation projects in rural areas should be established.

(6) The production of spare parts and light machinery, particularly for agriculture, should be promoted.

(7) Labor should be used to construct export substitution factories.

(8) The labor needed in the construction sector should be determined.

(9) Both the method and type of agricultural production systems (including cattle raising and fisheries) should be modernized.

(10) Fees should be collected from those who cut trees, in order to hire labor for a reforestation program.

(11) Labor should be used to upgrade the national park system, which would in turn create more jobs in the tourist industry.

(12) The immigration of unnecessary foreign workers and technicians should be restricted.

(13) Corporate profits should be in proportion to intended future

investment (if the firm has excess profits, it should be compelled to loan the money or construct housing for its workers).

(14) Labor-intensive methods should be used to upgrade recreation places.

(15) The import of goods that are in competition with domestically produced products should be limited.

(16) Employment for unskilled laborers should be found in other countries.

(17) Surplus labor should be used to maintain regional water sources, roads, irrigation facilities and public buildings.

(18) Labor should be used to produce light, economical vehicles for domestic use.

(19) Labor should be used to improve water transportation facilities.

(20) Small-scale industries, which use local labor and materials and which produce exportable products, should be promoted.

(21) Previous research and vocational training programs should be utilized to find the most productive and most highly labor-intensive methods.

(22) Tax relief should be given to firms which create jobs in rural areas.

(23) No service or trade which is capital-intensive should be promoted.[22]

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[22]Porn U-Dompong (Deputy Director-General, Department of Labour, Ministry of Interior) "Considerations to Generate Jobs: Employment Promotion Subcommittee" (submitted to National Labour Committee) (n.p: n.p. 1974[?] [Thai]). Unfortunately, this writer was unable to ascertain whether more detailed explanations of these goals exist. Although neither a publication source nor place was found, the author is convinced

Despite its ambitious professed goals, at this point in time (1974) the Employment Promotion Subcommittee is not felt to be one of the principal organizations responsible for employment generation policy in Thailand for several reasons. First, it functions only in an advisory capacity and has no real power of its own (other than persuasion) to implement these 23 recommendations.[23] To get most of these goals implemented, the approval of the Labour Department, NESDB, BOI, Ministry of Industry, Ministry of Finance, and/or the Prime Minister's Office would be needed. Second, most of its membership owes primary allegiance to another government or private body. For instance, the Chairman and Vice-chairman of the Employment Promotion Subcommittee are the Deputy Secretary-General of NESDB and the Deputy Director-General of the Labour Department, respectively.[24] Nine of the remaining 15 subcommittee members were selected because of their function in the Thai bureaucracy rather than because of personal qualifications.[25] These people would naturally be bound to follow the policies of their parent organizations when conflicts arose. Finally, the Employment Promotion

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that the above material was published by the Department of Labour in Bangkok.

[23]Ibid., p. ? (Thai).

[24]National Labour Committee, The Announcement of the National Labour Committee--Subject: The Appointment of the Employment Promotion Subcommittee, 1 (February 25, 1974) (Thai).

[25]Ibid. Representatives from various departments in the Ministry of Interior, the Prime Minister's Office, Department of Public Works, Department of Labour, NESDB and other government bodies are represented on this subcommittee.

Subcommittee is less than two years old.[26] Although it might become a force in future Thai employment generation policy, the Employment Promotion Subcommittee presently has done little to implement its stated objectives. The members of this subcommittee must return to their parent organizations now when they want policy changes instituted. It would be misleading if this research included the National Labour Committee or its constituent elements as organizations worthy of detailed analysis in Thai job generation policy at the present time because of their limited and as yet indeterminant role. Just the same, any future research should closely examine the role of these organizations.

The Record of Direct Government Efforts to Generate Jobs

In this section, the bits and pieces of policies made by several organizations in the Thai bureaucracy that, taken together, form Thai employment generation policy will be traced. In analyzing these disparate policies, the reader should be sensitive to the fact that the cultural and economic context of Thailand is vastly different from traditional Western practices. To the Westerner what may seem to be an absence of any policy may be construed by a Thai as preserving maximum flexibility. A recent article in Business Review, one of Thailand's leading English language business weeklies, made this contrast clear:

> Differences in business styles also play a part in fomenting confusion. In general, the western-oriented style of business demands some certainty among its variables and a flow of

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[26] Ibid., p. ? (Thai). The members of this body were appointed on February 25, 1974.

> information, in order to programme its operations into the future. However, the Thai government has thrived on a policy of response to changed conditions. Government actions are framed for infinite adjustability. Western-type minds may find vagueness intolerable; but to the Thai mind, flexibility is a virtue.[27]

Employment generation policy formulated by NESDB is channelled primarily through the Population and Manpower Planning and the Regional and Urban Planning Divisions. Each of these divisions contributes to the five year national development plan for the country. While the first three development plans have specified only manpower projections, the proposed Fourth National Economic and Social Development Plan (1977-1981) is the first national plan that suggests as a main target reducing the ranks of the unemployed.[28]

More specifically, the Population and Manpower Planning Division recently circulated a working paper which raised major policy issues to be dealt with in the Fourth Five Year Plan. While it clearly acknowledged that employment generation must be a major policy issue in the future, this office offered no definitive methods for implementing this policy:

> Equally or even more important [than the present employment picture] is how to provide adequate job opportunities for future labor market entrants. To deal with the question effectively, employment generation must be an integral part of development planning and considered together with other important policy consideration [sic], namely, investment policy, regional development strategies, agricultural and non-agricultural development and so on. Priorities will have to be established, and possible trade-off effects will have to be considered. The issue seems clear, but an effective policy to deal with it is not so easy to see.[29] [Underlining in the original.]

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[27] Business Review, October 1973, p. 751.

[28] Phisit Pakkasem (Head, Regional and Urban Planning Division, NESDB), Interview with Tom Miller, Bangkok, August 5, 1974.

[29] Population and Manpower Planning Division, NESDB, "Policy

The small size and scarce resources of this division limits its role in formulating employment generation policy. The head of the Population and Manpower Planning Division viewed his organization as most effective in a coordinating role with other bodies both within and outside NESDB. In particular, he depicted his division as working closely with the Regional and Urban Planning Division in "Employment and Social Planning Development" and with the Economic Projects Division of NESDB in specific projects in the agricultural and industrial sector. Two particular areas of focus have aimed at reducing rural un- and under-employment in order to relieve migration pressures on Bangkok and creating employment opportunities for the educated unemployed.[30] As will be pointed out in Chapter III, the scarcity of trained manpower and resources at NESDB appeared to be a substantial impediment to the successful implementation of these job generation policies in Thailand.

The actual policies and programs of other organizations within the Thai bureaucracy that directly[31] generate additional employment opportunities are virtually nonexistent. One of the few direct efforts to create jobs was the Alien Occupations Bill enacted by the National Assembly in 1973. It was designed to create more jobs for Thai secondary school and university graduates at the expense of foreign

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Issues on Population, Manpower, and Employment," (Bangkok: NESDB, October 1974), p. 5.

[30]Vira Osatananda, Interview with Tom Miller, July 1, 1974.

[31]"Directly" is defined as those policies with a principal intent of creating jobs. A later section of this chapter will deal with indirect employment generation policies in which jobs are created as a side or incidental effect of some other government program.

personnel presently working in Thailand.[32] In a more circuitous fashion, the Alien Business Law, which limited foreign ownership of firms in Thailand, was instituted to discourage foreign entrepreneurs from bringing in non-Thai labor.[33] The effectiveness of both these laws has been questionable as they have run into opposition within the Thai government because they run counter to other national development objectives (e.g., promoting foreign investment to stimulate the economy and earn foreign exchange). Also, the Alien Occupation Bill mainly protects members of the Thai middle and upper classes but offers little for the more numerous unskilled laborers who constitute the bulk of the under- and unemployed in Thailand.

Even though little evidence of direct job generation programs could be found within the Thai government, in-depth interviews with middle and high-level officials of organizations which were thought to be concerned with employment generation policy yielded indications of their sensitivity toward job creation considerations in future policy-making. In other words, to what degree are the employment generation elements of a policy examined when that policy is being considered?[34]

Even though an interview with an official from the Ministry of Industry indicated that none of the departments within this Ministry had

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[32] The Investor, November 1973, p. 509.

[33] Business Review, October 1973, p. 509.

[34] The following observations are intuitive in nature and, therefore, are not to be construed as indisputable indicators of the thinking of every decision-maker in the organization. Rather, the attempt was made to interview key individuals who are closely apprised of the work of their body.

any direct responsibility for generating jobs, this official did display a deep sensitivity toward the creation of jobs. The Ministry's Small Industries Finance Office (SIFO) with the cooperation of the semi-public Krung Thai Bank extends small-scale loans to private business. While SIFO must technically adhere to analyzing the firm's technical, economic, marketing, financial, and managerial conditions,[35] this official indicated that SIFO is flexible with these objective criteria by favorably viewing projects that create a large number of employment opportunities.[36]

Similarly, the Industrial Finance Corporation of Thailand (IFCT) has no direct responsibility for generating employment in Thailand.[37] It is a semi-official government enterprise which usually gives low interest loans of one million baht ($50,000) or more to businesses. In theory, IFCT and SIFO of the Ministry of Industry are equipped to give loans of all sizes to firms in Thailand. While IFCT must support potentially profitable operations, it also is bound to consider national objectives in granting loans due to its government support. A high official in IFCT volunteered that these national objectives include evaluating the employment potential of the project.[38]

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[35]Small Industries Finance Office, Industrial Promotion Department, Ministry of Industry, Loan Terms and Conditions (SIFO 1972 Annual Report) (Bangkok: Bumrungnokoolkit Print Shop, 1974), 30 pp.

[36]Sivavong Changkasiri (Special Grade Engineer, Department of Industrial Promotion, Ministry of Industry), Interview with Tom Miller, July 10, 1974.

[37]Industrial Finance Corporation of Thailand, IFCT's Future Prospects--Annual Report, 1971 (Bangkok: Siam Publications, 1972), p. 24.

[38]Other criteria include assessing the value-added and

Within the last few years, even members of the BOI have indicated that they favor the employment creation aspects of projects applying for promotional privileges. In 1973, Chira Panupong, then Deputy Director of the BOI, stated, "Labour-intensive investment is desirable in so far as it leads to more efficient allocation of resources."[39] This pronouncement, while by no means radical in the Thai context, is significant because it was part of a speech by a high public official which called for a reevaluation of the heavy emphasis shown toward capital- over labor-intensive industrial projects. The statements from all these organizations show a growing awareness of the job creation aspects of policies they were considering. Even though these statements cannot be construed as necessarily representative of organizational policy, the fact that employment generation is being discussed publicly is a relatively recent and hopeful sign.

Statements by public officials in any country do not always indicate those programs that they actually plan to undertake. Often these public statements are primarily intended to serve propaganda purposes and there is no intention to implement what is promised. In Thailand, the gulf between promised and implemented policy is probably as wide as in any democracy where the public can make demands on the

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exportability of the product. Tos Pantumasen (General Manager, Operations Department, Industrial Finance Corporation of Thailand), Interview with Tom Miller, August 19, 1974.

[39]Chira Panupong (Deputy Director-General of the BOI), "A Dilemma in Investment," paper presented at the SEADAG Development Administration Panel Seminar, Singapore, July 23-27, 1973; reprint ed., Business in Thailand, August 1973, p. 23. Part of the "dilemma" to which he referred in the speech was centered around not effectively utilizing Thailand's vast labor surplus.

government. However, until October of 1973 (when the military-dominated government in Thailand was overthrown), the public demand for employment generation programs was muted. Therefore, any suggestions to implement a job creation program most likely were not a response to public pressure (because it was lacking) for such programs.

The Effect of Other Government Policies in Promoting Employment Generation Policy

As has been demonstrated, the Thai government has done little to date with the expressed and primary purpose of creating more jobs for large numbers[40] of its unemployed citizenry. Thailand is not unlike its Asian neighbors in this respect, as an ILO review of employment policies in the 1960's found that

> . . . there is little factual evidence to show that, in the determination of the over-all rate of economic growth or sectoral pattern of investment of choice of production techniques, the economic planners and policy makers were much influenced by employment considerations. In fact, employment creation was primarily looked

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[40]Direct programs to create jobs have been made in a few instances by the government. However, these efforts are focused on small populations with problems that make their situation unique. For instance, a project under royal patronage is seeking to provide alternative sources of employment for Northern hill tribes that have traditionally grown opium for a living (see Colin Relf [ARTEP Team, ILO], Interview with Tom Miller, June 28, 1974; and Sivavong Changkasiri, Interview with Tom Miller, July 10, 1974). Similarly, the Labour Department has initiated efforts to find jobs for the many Thai veterans who, in 1974, returned from the conflict in Laos. It also is working with the Joint United States Military Advisory Group (JUSMAG) to find new jobs for Thais who have been laid off at American air bases in Thailand. To the extent possible, these people will be absorbed into existing job vacancies. However, a high-level Labour Department official conceded that, even though the former U.S. military employees will have to expect a lower wage level, newly created job opportunities will have to be found for some of them as well as for a good portion of the former mercenary soldiers. To date, no job creation program has been formulated for either of these groups. (Vichit Sangthong, Interview with Tom Miller, August 8, 1974).

> upon as a by-product of general economic growth.[41] [Underlining added for emphasis.]

However, many of the public policies and projects that the Thai government has pursued have had an indirect effect on the creation or diminution of job opportunities in Thailand. None of these policies has a primary purpose of affecting employment generation policy. In some instances, the employment effects may be evaluated by policy-makers as secondary benefits or liabilities. In other cases, the effect on the number of available jobs that a certain policy will have is scarcely considered. To a large extent, the Thai government's present job generation policy is an amalgam of the spillover and side effects of these other policies. This section will bring together some of the more important policies[42] that affect employment generation policy in Thailand. The number and type of public policies in all fields pursued by the Thai government that affect the generation of jobs is virtually inexhaustible. It is not the purpose of this analysis to try to go through this list. Rather, the intent here is to discuss those policies that, taken together, form the remainder of the government's policy toward job generation.

Both the Third and (proposed) Fourth National Development Plans formulated by the NESDB, if successfully implemented, would indirectly

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[41] M. M. Metha, "Employment Problems, Prospects, and Policies in Asia During the Second Development Decade (1970-1980)," paper delivered at the Fifth Inter-Regional Seminar on Development Planning entitled "Development Prospects and Planning for the Coming Decade (with special reference to Asia)," Bangkok, September 15-26, 1969, pp. 24-25.

[42] "Important" is defined in terms of the effect that a policy has on job generation policy.

foster the creation of many additional employment opportunities in Thailand. Even though these plans are macroeconomic in scope and do not directly aim at creating additional jobs, they contain several provisions which have employment creation as a side effect. For instance, the Third Plan contains goals of increasing the investment in permanent assets in industry by ฿25 billion.[43] From this investment (primarily in export, import-substitution, basic, high value-added, and hinterland industries), the number of industrial jobs would increase by 450,000 to a total of 1.2 million by 1976.[44] While investment promotion is the major policy here, employment generation is an important side effect. Furthermore, an informed economist recently stated that the Fourth Plan will place greater emphasis on achieving more equitable income distribution than on growth in the gross national product. He felt that these income redistributive goals could only be effected if more wage-paying employment opportunities were created.[45] However, with the multitude of specific national problems, the diversity of competing goals and objectives and the constant trade-offs confronting NESDB policy-makers in formulating their plans, their attention to employment generation policy is understandably limited.[46]

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[43]The baht (฿) is the standard monetary unit of Thailand. It is worth approximately U.S. $.05.

[44]Board of Investment, BOI Annual Report-1971 (Bangkok: Kurusapa Print Shop, September 15, 1972), p. ? (Thai), and National Economic and Social Development Board, Office of the Prime Minister, Summary of the Third Five-Year Plan, p. 8.

[45]Virabongsa Ramangkura (Senior Lecturer, Faculty of Economics, Chulalongkorn University), Interview with Tom Miller, Bangkok, July 8, 1974.

[46]Richard Zeckhauser, "Public Policy and Normative Economic

In addition to the indirect employment generation effects of NESDB policy, several pieces of legislation have also had peripheral spillover effects of creating jobs in Thailand. The Promotion of Industrial Investment Act, which provides general guidelines for the BOI in granting promotional privileges, was revised in 1972 and now includes special incentives to induce firms to locate outside the Bangkok metropolitan area.[47] This legislation also places a high premium on promoting import substitution industries.[48] The law's provision for inducing firms to be located outside of Bangkok has created employment opportunities in several areas. In some of these cases, the firms would have located outside Thailand if they had not been alerted to the availability of raw materials in the hinterland. Regarding the provisions of the Promotion of Industrial Investment Act that favor import substitution, Dr. Chirayu feels that it is merely a side effect of the Act that more jobs were generated. Without the Act, which created a favorable investment climate for certain types of industries, there would surely be fewer jobs. However, he explains that it is purely coincidental that

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Theory," in Raymond A. Bauer and Kenneth J. Gergen, eds., The Study of Policy Formation (New York: The Free Press, 1968), p. 51. Zeckhauser's characterization of organizations operating under overload conditions describes NESDB.

[47] Business in Thailand, June 1973, p. 44.

[48] Ibid., p. 43. While import substitution continues to be a major criterion the BOI, through the Third National Economic and Development Plan, also places some emphasis on the development of export industries (in particular those which are labor-intensive and utilize domestic resources).

import substitution industries in Thailand are also quite labor-intensive, thus generating an even greater number of jobs.[49]

Even the previously mentioned Alien Business and Occupation Laws, which are primarily concerned with foreign ownership and the employment of aliens and not job creation, still do have the effect of creating additional employment. These laws preserve certain businesses and professions exclusively for Thai citizens which previously were occupied by foreigners working in Thailand.[50] Even though the number of jobs created for Thais as a result of this legislation is relatively small and by no means aimed at unemployed unskilled laborers (the target population of resettlement schemes), nevertheless, high income producing employment opportunities for some Thais do result from these laws.

Unfortunately, often the intent of one policy will sometimes come into conflict with another equally important program. In Thailand, this is the case between those laws reserving certain types of businesses and occupations for Thais and those policies aimed at encouraging foreign investment. Any foreign entrepreneur must carefully evaluate the future investment climate in Thailand before he commits his capital. Interviews with managers of several foreign firms indicated that they are

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[49]Chirayu Issrangbul, Interview with Tom Miller, July 12, 1974. Van der Laan found the future of import substitution industry in Thailand to be limited. He concluded that "It is possible that most of the imported items are of too small a quantity to make it profitable for a factory of that product to be established in Thailand itself." J. G. Vand der Laan, Industries in Thailand (Bangkok: ARPA Research and Development Center, Thailand, 1970), p. 18.

[50]Examples of these protected professions include: internal trade in local agricultural products, law, accounting, and architecture. See Business in Thailand, June 1973, p. 44.

apprehensive that, in the future, the Thai government will hurt their firms by restricting the immigration of non-Thai technicians and specialists. They also fear that, even though there is presently no law requiring Thais to control all domestic business enterprises, the government has an attitude of encouraging joint ventures. This attitude may soon be institutionalized to become official policy and then later changed to further restrict foreign ownership.[51] With Thailand's neighbors (Malaysia, Singapore, and Taiwan) having liberal foreign investment policies, potential non-Thai investors may be lured to look elsewhere where they would not have these constant fears. An outflow or slowing down in the pace of foreign investment would surely reduce the number of Thais employed in the industrial sector.[52]

In coordination with the BOI, the Small Industries Finance Office (SIFO) and the Department of Industrial Promotion of the Ministry of

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[51]Van der Laan, Industries in Thailand, p. 20.

[52]Even though employment data for foreign firms were unavailable, the registered capital of Thailand's larger firms (those enjoying BOI privileges) indicates the importance of outside investment to the Thai labor force:

Nationality of Owner	Registered Capital Solely Owned by One Nationality		Registered Capital of Joint Ventures		Total Registered Capital	
	฿	%	฿	%	฿	%
Thai	2,480,268,243	90.15	3,438,800,527	57.86	5,919,068,770	68.08
Foreign	271,122,000	9.85	2,504,608,473	42.14	2,775,730,473	31.92
TOTAL	2,751,390,243	100.00	5,943-409,000	100.00	8,694,799,243	100.00

See the Bangkok Post, September 19, 1973, supplement, p. 11.

Industry have several programs to encourage investment which also generate additional jobs. SIFO's low interest loan program to help firms start or expand has undoubtedly aided some firms which could not find alternate financing at attractive terms. In 1971 alone, loans given to 67 firms created 1818 new jobs.[53] Surely, many of these jobs would not have been created if there were no government-supported credit program to private enterprise. The Department of Industrial Promotion has a primary responsibility for helping firms become viable economic units. It has concentrated particularly on introducing new products and/or production methods among industrial firms in rural areas.[54] In some instances, this assistance has allowed firms to continue operations and therefore preserve the jobs of their employees. In other cases, the firms have learned to adapt more labor-intensive production techniques in order to utilize cheap, surplus labor. The result of these moderately successful programs has been the creation of more employment opportunities.[55]

Support for enterprises using labor-intensive production methods is widespread throughout Thailand.[56] With many types of production, a

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[53]Small Industries Finance Office, Ministry of Industry, Small Industries Finance Office Annual Report, 1971 (Bangkok: Bumrungkit Printers, 1973), pp. 7-9 (Thai). Since 1964, 686 loans for ฿185,019,000 have been given by SIFO. See The Investor, July 1973, p. 291.

[54]The development of a handicraft industry in Northeast Thailand is a result of these efforts by the Department of Industrial Promotion. Sivavong Changkasiri, Interview with Tom Miller, July 10, 1974.

[55]In evaluating the impact of a program on employment generation policy, this writer has tried to utilize quantitative data (e.g., number of full-time jobs provided or wages paid). Unfortunately, this type of hard evidence is quite limited in Thailand. However, where it does exist, it is provided.

[56]See, for example, excerpts from a speech by the well-known

comparative cost-benefit analysis will often favor labor over capital technology because of the cheap and plentiful supply of Thai labor. However, because the reasons for supporting a labor-intensive approach are primarily economic and only secondarily because of the additional jobs, this production strategy will have a marked, but indirect effect on job generation in Thailand. The effect will be indirect as long as the primary goal of the employer in using labor-intensive techniques is for economic gain and not to generate more jobs. For example, the BOI is interested in promoting industries that will be viable and foster economic development. From industries that qualify under these criteria, it has further selected some industries (e.g., food canning) that are labor-intensive to which promotional privileges are awarded.[57] Using this approach, some highly labor-intensive industries that might not generate substantial foreign-exchange earnings or have import-substitutionally effects may not qualify for BOI privileges.

The experience of other countries seeking to support labor-intensive industry may be instructive for Thai planners in formulating a comprehensive employment generation policy. Frank, in his work in sub-Saharan Africa, suggested direct government controls, a system of taxes and subsidies to encourage the use of labor, and a policy of wage restraint as mechanisms within the government's control to encourage more labor-intensive production in the private industrial sector.[58]

Thai banker, Boonchu Rosanasathian, that strongly called for adapting protection techniques to favor manpower over labor-saving machinery. Bangkok Post, May 20, 1974, p. 9.

[57]Pramote Permpanich, Interview with Tom Miller, August 6, 1974.

[58]He cautioned, however, that the first two policies may have the

Metha, who has done research mainly in Asia, wrote of a variety of measures the government could use to promote labor-intensity. They included:

(a) Direct control over the choice of techniques used in public industrial enterprises. . . .

(b) Fiscal measures: tax concessions varying with the ratio of wages to added value; tax on machinery, together with a subsidy on wages; selective duties on imports of certain types of labour-saving equipment; payment of social security benefits from public revenue to relieve employers of their contribution.

(c) Financial measures: higher official interest rates on capital investment to raise the cost of capital as compared with labour; qualitative credit controls providing lower interest rates for approved projects with relatively low capital-labour ratios and higher interest rates for projects with unnecessarily high capital-labour ratios.

(d) Licensing, after careful scrutiny of the techniques they propose to employ, of industrial projects, preferably limited to the larger ones, to ensure that the projects approved are not excessively capital-intensive.

(e) Placing greater emphasis on productive employment as one of criteria guiding the formulation of wage policy.[59]

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simultaneous effect of discouraging or reducing investment while there would be social and political obstacles to wage restraint. C. R. Frank, "Urban Unemployment and Economic Growth in Africa," p. 266.

[59]Metha, "Employment Aspects of Industrialization (with Special Reference to Asia and the Far East)," p. 68.

Obviously, some of these measures are inappropriate in Thailand (e.g., the payment of social security benefits from public revenue, as there is no Thai social security system), and others are only well-suited to a more industrialized economy. Furthermore, tax concessions have already been tried with varying degrees of success in Colombia and Turkey (see Chapter IV) while the feasibility of the wage subsidy concept (which has never been tried in Thailand) will be tested in a later chapter of this research.

Frank found that the most successful method of raising the labor-intensity of a given investment is "to give every encouragement, or probably more important, avoid every discouragement to the growth of the traditional small-scale sector." He found that the level of employment generated per unit of investment in this sector is much greater than in the large-scale, modern sector. For instance, in Nigeria, the investment per worker in small-scale industry is £100-200 as contrasted with an average investment of £2000-3000 per worker in the modern large-scale sector.[60] While more jobs can be generated by injecting government capital into small-scale rather than large-scale enterprises, it is highly impractical to expect government aid to have a more labor-intensifying effect on the small-scale firm. In fact, Harbison concluded that aid to small-scale enterprises in the form of loans or training schemes does <u>not</u> increase the labor absorptive capacity of the firm. Often this aid will induce greater efficiency which, in turn, will lead to less employment than before.[61] The central point here is that most

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[60]Frank, "Urban Unemployment and Economic Growth in Africa," p. 268.

[61]Frederick H. Harbison, "The Generation of Employment in Newly

firms in a free enterprise system stay in business only as long as they are profitable. In turn, they stay profitable only as long as they use the most efficient capital/labor production mix. To try to alter a firm's production methods in favor of labor-intensity will reduce its optimal profit level. Therefore, government inputs to favor labor-intensive firms should not seek to alter the firm's production techniques but rather should only concentrate on those firms which are already most labor-intensive. Finally, an ILO report of employment in Columbia found that such basic essentials as food and clothing are those goods which can be produced with highly labor-intensive techniques.[62] These are commodities used by both rich and poor. In contrast, luxury goods exclusively for the rich require a much higher degree of capital-intensity to produce. Therefore, by using government inputs to stimulate the production of basic consumer goods, additional employment opportunities as well as a rise in the general standard of living will be realized.

While there is potential for private credit institutions to have an indirect role in the formulation of job generation policy in Thailand, they have done little to date. The conservative loan policies of the Bangkok Bank, Thailand's largest bank, illustrate that the failure to create many new employment opportunities in Thailand may be directly linked to the difficulty of securing adequate credit.[63] Ten years ago,

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Developing Countries," in James R. Sheffield, ed., Education, Employment, and Rural Development (Nairobi, Kenya: East African Publishing House, 1967), p. 182.

[62]International Labour Office, Employment Policy in the Second Development Decade, p. 12.

[63]Because most Thai investors are currently heavily dependent on

one study noted that the Bangkok Bank had embarked upon a program to provide loans to agriculturally-based businesses in Northeast Thailand.[64] The potential for many new jobs seemed bright as the non-Bangkok agriculturally-based industries, which are highly labor-intensive, had previously been mainly excluded from institutional credit markets. However, in recent interviews with Bangkok Bank officials, it was apparent that there had been no follow-through with this policy. The Vice-President and Manager of Domestic Credit explained that agricultural processing firms are presently excluded from the eligible recipients under Bangkok Bank loan policy in the Northeast. He said other banks are even more restrictive in extending credit to this group.[65] The extension of sufficient credit to these more labor-intensive types of firms would undoubtedly have the effect of creating many more employment opportunities in Thailand that could not be created even by direct

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credit from suppliers for financing, they must buy the capital-intensive equipment offered by the supplier. Chira, formerly Deputy Director-General at the BOI, advocated that "alternative sources of finance . . . should be sought to enable the purchase of a plant which is suited to a labour-intensive process rather than to accept the application of a process borrowed outright from an advanced country." (See Chira Panupong, "A Dilemma in Investment," p. 25.) However, the problem is circular because this needed capital must come from sources outside Thailand. In the early 1960's, Ayal pinpointed a development problem that still plagues Thailand today when he noted that ". . . a major bottleneck to greater industrialization [is] . . . the paucity of local capital." (See Eliezer B. Ayal, "Thailand's Six Year National Economic Development Plan," Asian Survey, reprint from early 1960's, pp. 9-10.)

[64]Checchi and Company, "Potential for Private Agribusiness Investment in Northeast Thailand" (Bangkok: Office of Rural Affairs, United States Operations Mission, 1965), p. 25.

[65]Opas Seriniyom (Vice-President and Manager, Domestic Credit Department [Provincial Areas], Bangkok Bank), Interview with Tom Miller, July 17, 1974.

government legislation. However, the granting of credit, which is a powerful tool for generating jobs, is executed with little regard for the employment effects it may have.

Finally, in the past several years there has been a government movement in Thailand to develop large tracts of land to induce many factories to locate in that country. One of the impediments to the development of a Thai industrial base has been an inadequate infrastructure (transportation, communications, water, power) and the scarcity of credit at reasonable terms. The idea of an industrial estate was thought to provide an effective counter to these problems. Briefly, an industrial estate is a "tract of land which is subdivided and developed [usually by the government] according to a comprehensive plan for the use of a community of industrial enterprises."[66] Necessary infrastructure amenities are provided by the government at a nominal cost. The Industrial Estate Authority of Thailand (IEAT) was established to help develop industrial estates in Thailand. Like the BOI, the primary goals of IEAT are to stimulate industrial investment from both foreign and domestic sources. However, an important linkage effect of this increased investment will be an upsurge in the available number of wage-labor jobs.

Without the necessary infrastructure provided by an industrial estate, many potential investors would locate in other Asian countries that have industrial estates and where labor is also inexpensive.[67]

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[66]Eugene Staley, "Development of Small-Industry Programmes," reprinted in Development Digest, July 1966, p. 107.

[67]The very successful Kaohsiung export processing zone is an

Therefore, the present Bang Chan Industrial Estate (located outside Bangkok) as well as two more that were on the drawing board in late 1973[68] represent yet another type of policy in which employment creation can be an important potential secondary effect.

As stated earlier, this section, which deals with the effect of other government programs and policies on employment generation in Thailand, is intended only to illustrate the range and effect that these other policies can have on job creation. It is not practical to detail the employment effect of every major government initiative in the last decade. Rather, the focus has been on the programs of several organizations most closely connected with employment generation policy in Thailand today.

Besides programs of these groups that have had an indirect effect on job generation, there have been two additional types of government initiatives with job generation as a secondary purpose. The purpose of this first type of program has been military defense and not primarily the fulfillment of economic or social goals. Because of its perceived vulnerability to both domestic and foreign elements, Thailand has found it expedient to maintain a substantial military posture as well as to invite American air protection. Many young rural Thais join the military as an escape from their previous livelihoods. A good number of these young soldiers would have been un- or underemployed during

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industrial estate started in southern Taiwan in 1965. See Van der Laan, Industries in Thailand, p. 11. Also, the Pulo Gadung area outside Jakarta promises to draw considerable foreign investment when it is completed. See Bangkok Post, August 17, 1973, supplement, p. 9.

[68] Business in Thailand, November 1973, p. 31.

part of the year if they had remained at home. In addition, the American military presence has created thousands of new, high-paying support jobs.[69] These military expenditures have also built up an economic infrastructure to support nonmilitary jobs for those who would normally emigrate to Bangkok during the dry season.[70] Surely, Thailand's defense policies have been compatible with goals of creating more employment opportunities. However, recent American military withdrawals as well as cutbacks in the Thai military[71] will no doubt have dampening effects on future job generation policy in Thailand.

The second type of policy that has had a secondary effect of generating more jobs was promulgated by the Ministry of the Interior prior to the October 1973 revolution. Like the military policies, it is illustrative of a type of policy that, when implemented, was aimed at neither social nor economic objectives. The intent of this particular policy was to raise crop productivity while secondarily providing jobs for underemployed farmers. All nai amphurs (district officers) were instructed actively to promote double cropping (two crops annually) in

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[69]Waldorf calculated that in 1972 there were about 13,400 Thais employed on the four U.S. airbases and more than half of this total were highly trained personnel. Those on the bases earned substantially more than their fellow Thais working elsewhere. See William H. Waldorf, "Effects of United States Military Withdrawal on Northeast Thailand and Possible Compensatory Role of Construction Projects: Summary and Conclusions" (Bangkok: Asian Regional Team for Employment Promotion, n.d.), p. i.

[70]International Labour Office, Report to the Government of Thailand on Internal Migration, p. 104.

[71]For example, 12,000 Thai military personnel lost their jobs when Thailand withdrew its mercenary force from Laos in mid-1974. On March 17, 1975, Premier Kukrit Pramoj called for the withdrawal of all 25,000 American military personnel in Thailand within one year. "U.S. Withdrawal Sought by Thais," New York Times, March 18, 1975, sec. 1, p. 1, 21.

their districts. Those nai amphurs who reported a great increase of double cropping were rewarded with "two-level" promotions.[72] This incentive caused (1) fictitious reports of extensive double-cropping to be commonplace, and (2) the nai amphurs forced farmers to try to "double crop" on land where there was inadequate irrigation.[73] Needless to say, the scheme ended in failure. While thousands of additional jobs were created (by providing work for unemployed farmers in the dry season), they were essentially nonproductive as the lack of irrigation in many areas made it impossible to support two crops annually. This type of policy illustrated that the high premium placed on promotion in the Thai bureaucracy caused an impractical idea to be instituted without first being critically evaluated as to its feasibility. In the long run, the employment generation effects of this program may actually turn out to be negative as farmers will be more reluctant to cooperate with government employment policies in the future.

Some of the policies of other nations that have had the secondary effect of generating jobs may be appropriately applied to Thailand. In sub-Saharan Africa, legislated wage restraint in the public sector, which had a primary purpose of retarding inflation, was also viewed as an employment-stimulating device. If government labor expenditures increased five percent annually and wage rates also increased by that amount, no additional jobs could be generated in the public sector. However, by raising wage levels only two percent, employment could be raised

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[72]Normally, promotions are awarded one level at a time.

[73]Virabongsa Ramangkura, Interview with Tom Miller, July 8, 1974.

by 2.9 percent. Alternatively, the savings in wages could be used to generate additional investment activity which would have both direct and indirect stimulative effects on employment.[74] While Thailand has had no experience with legislated wage restraint, such a policy may be feasible for government employees.

Kenya's abortive "Tripartite Agreement" of 1964 represented a more direct government initiative to create jobs. However, this voluntary agreement among employers, trade unions, and government, in which each party was called upon to give up something, failed because, in the end, each placed its own self-interests above the common good.[75] A voluntary pact such as this between the three groups in Thailand would appear to be highly unlikely at the present time due to the strained relationship between unions and employers and the uncertain future of the national government. However, Thailand has enjoyed a history of harmonious labor relations and strong, centralized government. A return to this state, coupled with the Thai premium on consensus in reaching decisions, could prompt optimism for such a voluntary initiative in the future.

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[74]Frank, "Urban Unemployment and Economic Growth in Africa," p. 262. This policy of wage restraint could only work in Thailand for government employment because most Thai industrial enterprises have relatively low labor costs. For instance, in our survey of 212 manufacturing firms of differing sizes in Northeast Thailand, the percentage of wages to total expenditures was 18.81 percent. For larger firms (i.e., those with total expenditures in excess of one million baht annually), the ratio dropped to 10.19 percent.

[75]For more details of this program, see J. R. Harris and M. Todaro, "Urban Unemployment in East Africa: An Economic Analysis of Policy Alternatives," East Africa Economic Review 4 (December 1968): 18.

Finally, the popular notion that employment creation is incompatible with other economic objectives such as income maximization or promotion of investment in capital-intensive industry has been proven false by studies in other nations. An ILO field team in Pakistan found that "greater utilisation of the labour force in production employment . . . is not necessarily in conflict with the economic goal of maximisation of income, but may [actually] foster it."[76] Interestingly, these researchers ran into the same attitude of neglect of employment generation policy in Pakistan. They concluded:

> The necessary integration of employment considerations into economic planning requires a basic change in the approach to planning in many developing countries. In the author's view emphasis on budgetary and fiscal aspects and long-term development in plans should partly give way to greater attention to short-run employment generation as an important goal in itself and not just as a by-product of other development targets and outlays.[77]

Furthermore, investment in capital-intensive industry need not always be incompatible with a policy to generate more employment. Oshima notes that such investment could actually stimulate employment if the following conditions were met:

- machines and intermediate basic material inputs for the capital-intensive industries were produced within the industrializing countries instead of being imported.
- the products of the capital-intensive industries did not displace the products of the labour-intensive, traditional industries and were largely exported.
- capital-intensive industrialization tended to generate employment in the tertiary sectors.

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[76] International Labour Organisation, Problems of Employment Promotion in Pakistan (Geneva: International Labour Organisation, 1971), pp. 48-49.

[77] Ibid., p. 49.

- the incomes created in the new industries were spent locally instead of leaked out as remittance property incomes transferred abroad, and purchases of Western consumer goods.[78]

Of course, these are all big "ifs" and the type of industrialization evident to date in most Asian countries suggests that the likelihood of all these conditions being met in Thailand is problematic.

Thai Government Policies That Are in Opposition to Employment Generation

In Thailand there are several types of government policies and programs which have a side effect of reducing the growth in the labor force. As in the previous section, this research will not deal with the employment-diminishing effect of every public policy in Thailand. Rather a brief analysis of several of those more important government policies which hinder the generation of jobs will be offered. The intricate linkages between these policies and employment creation will enable one to better determine the status of present Thai government employment generation policy.

In Thailand, as in all countries, there are often conflicts between different sets of development objectives. Metha found that the dual goals of maximizing the rate of economic growth and maximizing the increase in employment were incompatible in several Asian countries in

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[78]Harry T. Oshima, "Labor Force 'Explosion' and the Labor-Intensive Sector in Asian Growth," Economic Development and Cultural Change, January 1971, pp. 163-164. Harbison suggests that high levels of investment in capital equipment in newly developing nations "cannot be relied upon to eliminate unemployment." See Harbison, "The Generation of Employment in Newly Developing Countries," p. 177.

the 1960's.[79] Lewis similarly noted that ". . . unemployment in the newly developing countries . . . appears to be associated with rapidly rising investments."[80]

In Thailand, it was found that in the 1950-1970 period, employment income elasticities declined in nearly every employment sector.[81] This means that increasingly greater amounts of growth in output were needed to maintain a fixed rate of increase in the labor force. With the possibility that future Thai job generation policies will have to take account of not only new entrants into the labor force but also large shifts in occupational groupings (resulting from resettlement projects and urban immigration), this decline in employment income elasticities is not encouraging. In this case, economic growth is becoming increasingly concentrated in capital-intensive activities. Thus, continued growth in gross domestic product can very likely be associated with a slowdown in the labor force growth rate. The task of economic planners is to reconcile the incompatibility between growth in output and employment. In the 1960's, Thailand dealt with these conflicting objectives by placing priority on economic growth and achieving a

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[79] Metha, "Employment Problems, Prospects, and Policies in Asia During the Second Development Decade," p. 26.

[80] Arthur W. Lewis, Development Planning (New York: Harper and Row, 1966), pp. 76-87. Reynolds's research in Puerto Rico substantiates Lewis's statement. See Lloyd G. Reynolds, "Wages and Employment in a Labour Surplus Economy," American Economic Review LV (March 1965).

[81] Spoelstra and Chirayu, "Some Aspects of Labour Use in Thailand," pp. 23-26. For example, in the 1951-1960 period, the overall employment income elasticity was .36. This declined to .25 in the 1960 decade. These figures mean that in 1960, for every .25 percent growth in employment, national output had to increase by one percent.

favorable balance of trade while relegating employment generation to a lower priority. Its neighbors handled the situation similarly as evidenced by Metha's report for the ILO:

> The review of employment policies during the 1960's also suggests that although the Asian countries accorded high priority to employment objectives in economic and social development planning, there is little factual evidence to show [that it was considered in] the determination of the over-all rate of economic growth or [the] sectoral pattern of investment or [the] choice of production techniques. . . . In fact, employment creation was primarily looked upon as a by-product of general economic growth. There appeared to be inadequate realization of the fact that economic development may succeed in raising output but not necessarily in increasing employment opportunities. The result was, that despite sizeable increases in national income and significant advances on several development fronts, the problem of unemployment and underemployment continued to assume increasingly serious proportions, and cause considerable measure of concern to the planners and policy-makers.[82] [Underlining added for emphasis.]

Explanations for why policies to generate employment opportunities have always been accorded a low priority are many. Postwar economists and decision-makers for many years placed the primary emphasis on increasing per capita output in the developing nations. Davies explains that ". . . development plans and [the] policies which they contained were aimed at this objective [raising per capita output], with considerable faith either implied or expressed that employment and income distribution problems would take care of themselves."[83] While recently a greater number of key policy-makers have realized that unemployment is a serious problem, other demands on the social service portion of the government budget have increased tremendously. For those millions who

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[82]Ibid., pp. 24-25.

[83]Davies, "An Essay on Employment Concepts: The Definition of the Labour Force in Terms of Socialization," p. 4.

have migrated to cities and are unable to find work, hard policy choices must be made as to whether to provide jobs, housing, sewerage, lighting, roads, or police and fire protection--all of which are in great demand.[84] Thus, due to the scarcity of resources for many needed programs, Thailand shares the dilemma of many developing nations of relegating employment generation policy to a secondary role where it does not receive adequate attention (in terms of both time and resources).

Perhaps the most obvious set of government policies which work against promoting employment generation in Thailand are those which encourage the use of capital-intensive production techniques where alternative more labor-intensive methods are available. The Board of Investment, by granting tax exemptions on imported machinery, component parts, and accessories, as well as having generous depreciation policies, has made the use of capital equipment more advantageous than hiring additional labor.[85] One economist noted that such a policy can be counterproductive in the long run with firms that can only stay in business as long as they retain these privileges. Once the tax exemption or depreciation allowance expires, the firm, which is already committed to capital-intensive production methods, will find that its profit margins have been greatly reduced.[86] Thus, those BOI incentives encourage

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[84]Frank deals with this conflict of priorities in the policy process in sub-Sahara Africa. See Frank, "Urban Unemployment and Economic Growth," p. 250.

[85]The Investor, January 1974, p. 61. This point was raised in interviews with both Supachai Manuspiboon and Sivavong Changkasiri (see Appendix A for details of interviews). Also, Spoelstra and Chirayu point out that the BOI has had a "capital intensifying" effect on Thai manufacturing on the whole since 1961. See Spoelstra and Chirayu, "Some Aspects of Labour Use in Thailand," pp. 25-26.

[86]Virabongsa Ramangkura, Interview with Tom Miller, July 8, 1974.

artificial "economies" which are also incompatible with policies to create additional employment opportunities in Thailand.

Similarly, Thailand's acceptance of foreign aid has indicated a heavy bias in favor of capital-intensive projects. Both road and building construction are good cases in point. Contracts for these projects which are financed by donor countries nearly always are awarded to Thai construction firms which employ the most capital-intensive production techniques. There are two possible explanations for this bias. First, for the past few hundred years, man has equated efficiency with the use of machinery over labor. However, the cheap cost of labor relative to capital equipment would invalidate this contention in a country like Thailand.[87] Second, very rarely is foreign aid given without any strings or conditions attached. Since all nations are concerned about their balance of payments, the donor country may seek to help itself while aiding the recipient by attaching the condition that the recipient must use machinery produced by the donor nation. Road and building construction projects in Thailand illustrate both of these rationales.[88]

In his work with large-scale resettlement schemes in Africa, Moris found that mechanization makes heavy claims on scarce capital and

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[87]Chira, the former Deputy Director-General of the BOI, supported the use of cheap labor over expensive capital when he stated, ". . . the abundance of labor at low cost compared to the paucity of capital at high cost tends to encourage an investor to seek a more labor-intensive production process." See Chira Panupong, "A Dilemma in Investment," p. 23.

[88]I am indebted to Hans Weerstra for his ideas on the capital/labor mix of road construction in Thailand. See Weerstra, Interview with Tom Miller, July 11, 1974. Also see McCleary, "Foreign Aid and the Choice of Technique in Road Construction in Thailand."

does not increase opportunities for employment.[89] On what grounds then, does Thailand justify its capital-intensive bias while recognizing the importance of generating employment opportunities? Spoelstra and Chirayu offer several explanations for this apparent policy contradiction:

> Firstly, it is not clear to us that there are sufficient opportunities in more labour-intensive industries whose total created employment would replace the number of jobs created by existing industries. Second, by attempting to insist only on the promotion of more labour-intensive industries, a substantial part of the foreign investment might be lost to Thailand together with its direct as well as indirect benefits. Third, employment creation is but one of the desirable social benefits being sought; we need to consider other factors, such as linkages, growth potential, foreign exchange, and savings. Taking all these factors together, we suspect that too much insistence on more labour-intensive techniques may not be economically beneficial to Thailand and might even result in a smaller volume of employment creation over time.

However, Spoelstra and Chirayu do concede that the present government provides no benefits to labor-intensive industries.[90] Chirayu believes that it is simply easier, both administratively and politically, for the government to stimulate capital-intensive rather than labor-intensive projects.[91] A review of present BOI policies, in particular, supports this statement.

Thai labor unions have been in the forefront of the drive to adopt minimum wage legislation in the past few years. Paradoxically,

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[89] J. Moris, "The Evaluation of Settlement Schemes Performance: A Sociological Appraisal," in Raymond Apthorpe, ed., Land Settlement and Rural Development in East Africa (Kampala: Transition Books, 1968), p. 84.

[90] Spoelstra and Chirayu, "Some Aspects of Labour Use in Thailand," p. 55.

[91] Chira Panupong, "A Dilemma in Investment," p. 23.

their success may actually have a detrimental effect on the creation of additional job opportunities in the nonagricultural sector. The law originally established a minimum daily wage of 12 baht for about 100,000 workers in certain types of industrial enterprises in the Bangkok-Thonburi metropolitan area.[92] This minimum was later increased to 16 and then to 20 baht and the geographic coverage was broadened beyond the Bangkok-Thonburi metropolitan region.[93] Those who fear that a strictly enforced minimum wage in Thailand will slow down the growth in job opportunities base these fears on the contention that, as labor costs rise, employers will either select more capital-intensive production methods or choose not to expand. Our survey results indicating that labor costs were as high as 18.81 percent of the total expenditures for 212 Northeast manufacturing firms are concrete evidence that labor costs can be quite a significant portion of the firm's expenditures. If one considers that even in the more affluent Bangkok-Thonburi areas (relative to other parts of the country), where many workers were receiving as little as five or eight baht daily,[94] it is apparent that an enforced minimum wage law can significantly decrease the firm's profits. It was noted in The Investor last year that the 12 baht figure had been a compromise because it was feared that any higher figure ". . . could result in massive retrenchments only serving to

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[92] The Investor, May 1973, p. 123.

[93] Vichitra Prompunthum, Interview with Tom Miller. For instance, a wage of 16 baht daily is proposed for the Northeast.

[94] The Investor, May 1973, p. 123.

aggravate the already grave unemployment problem."[95] Since the minimum wage has been raised 25 percent in the last year, one cannot but wonder what effect this increase has had on employment.

Experiments with minimum wage legislation in other developing nations have produced negligible results. Nigeria (in 1968) and Ghana (before 1960) introduced minimum wage laws which had little impact on wage scales for two reasons: (1) The government was the main employer in both nations and paid well above these legislated rates. (2) Because the larger private employers wanted to maintain their reputations as "progressive employers," they too paid well above the minimum standard.[96] One inherent problem with minimum wage legislation is that, if it is set at either too high or too low a level, it disregards the importance of the market mechanism which automatically regulates the balance between the demand and supply of labor. The resulting artificialities can seriously curtail employment. On the other hand, if the minimum wage is in harmony with the prevailing supply and demand price for labor, then there is really no need for it in the first place.

Even without a minimum wage law, artificialities in the normal supply and demand curves of labor may have an employment-diminishing effect. One of these artificialities may be a great disparity between urban and rural wages. In some countries, government policies which

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[95] Ibid., p. 123. The problems of enforcing the minimum wage in Thailand are not as great as one may think. While the Labour Department clearly lacks the personnel needed to enforce the minimum wage in all industrial establishments throughout Thailand the growing power of labor unions suggests that these unions will perform this policing function.

[96] Frank, Jr., "Urban Unemployment and Economic Growth in Africa," p. 264.

promote industrialization over agricultural development have the effect of making jobs in certain employment sectors and geographic areas more attractive than in others. People in several sub-Saharan African countries have left their rural homes in search of a higher income in the towns.[97] Governments, failing to recognize this problem, indirectly aggravate the situation further by favoring urban areas in the distribution of public goods and services. These goods and services can take the form of low-cost housing, public welfare, unemployment assistance and other amenities not available to rural dwellers who may be similarly impoverished. The effect of this well-intentioned government aid is to supplement the "private social security system" of support by friends and relatives and thus to swell the ranks of the urban unemployed even further.[98] Frank summed up the causes of unemployment in this part of Africa when he wrote that "neither high rates of growth in the modern urban sector nor an attempt to resort to labour-intensive techniques in that sector is likely to have much effect on the magnitude of the urban unemployment problem." Instead he believed that:

> The answer, if one exists, to the problem of urban unemployment must be sought through examination of urban-rural differentials and the distribution of public goods and services to the urban and rural areas.[99]

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[97] Ibid., p. 270.

[98] Harbison, "The Generation of Employment in Newly Developing Countries," p. 184. Among rural-to-urban migrants in Northeast Thailand, the "private social security system" of friends and relatives was found to provide substantial assistance until the migrant could become self-supporting. See Thomas J. Miller, "Sponsorship and Acculturation of Rural to Urban Migrants: Some Insights to Aid Pa Mong Resettlement Planners" (Ann Arbor and Bangkok: Regional Research Associates, 1972).

[99] Ibid., p. 251.

Urban-rural wage differentials do exist throughout Thailand but are perhaps not as pronounced as in Africa. However, disparities in the wages of those who work in different sectors of employment (i.e., manufacturing, transportation, service, etc.) may be large. To the extent that Thai government policies and programs favor certain of these sectors, they are indirectly causing these disparities which result in an oversupply of labor that the higher paying sectors cannot absorb.[100] This writer and his enumerators have talked with both unemployed laborers in Northeast Thai towns who had given up jobs to search for higher paying work they heard existed (but was already filled) in these urban areas, and with former students whose university training was of no help in securing employment.

In addition to minimum wage legislation, other recently passed laws in Thailand have had a detrimental effect on employment generation policy. Paul Sithi-Amnuai, a noted economist with the Bangkok Bank, summed up the attitude of the Thai investor toward regulatory legislation:

> Now the trend in economic policy has been to legislate: factory laws, safety laws, permits for construction, minimum wage laws, etc. Such legislation is detrimental to marginal firms and the growth of employment. Legislation kills any kind of mushrooming industry. The less you legislate, the better.[101] [Underlining my emphasis.]

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[100] Even Thai government policies which promote a liberal arts university curriculum for students are of little value to these students when they look for jobs. This great deal of emphasis which is placed on a liberal arts education is illustrative of policies that encourage an oversupply of labor in certain sectors while leaving an unfilled demand in other sectors of the economy.

[101] Business in Thailand, June 1973, p. 43.

Chira Panupong of the BOI voiced similar misgivings that various pieces of legislation intended to better the lot of the worker may also curtail the growth of employment opportunities in Thailand. Mentioning minimum wage legislation and other legal requirements concerning the living and working conditions of laborers, in particular, he admitted that while ". . . such measures are adopted to serve social objectives, which is commendable, they can tend to slow down the wider use of labour as an input to a significant degree."[102]

Two laws to which Chira was referring may very likely have been the Alien Business Law and Alien Occupation Law. An NESDB official candidly admitted that the latter bill has had the effect of scaring away foreign investors whose capital could have provided many new employment opportunities in Thailand.[103] The Alien Business Law has had a similar effect. One foreign chamber of commerce president (nationality unspecified) claimed in late 1973 that Thailand had lost $25 million worth of foreign investment in that year due to the restrictions imposed by the Alien Business Law. Another investor noted that, because of this law, Thailand lost a $14 million European glass and plastic product factory which eventually located in Korea.[104] Counterclaimants have argued

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[102]Chira Panupong, "A Dilemma in Investment," p. 34.

[103]Vira Osatananda (Head, Manpower and Population Planning Division, NESDB), Interview with Tom Miller, July 1, 1974.

[104]Business Review, October 1973, p. 750. Japanese investment (the largest and most obvious of all foreign funding in Thailand) appeared to be little affected by these laws. Only when labor demonstrations against Japanese firms started and the unfriendly welcome accorded Prime Minister Tanaka occurred did Japanese investment show evidence of slowing down.

that these laws open up jobs to Thais that were previously restricted to foreigners. It seems more likely, however, that the overall impact of this legislation has been employment-diminishing as the few higher level jobs gained by Thais cannot nearly offset the many industrial jobs lost when foreign investors went elsewhere.

Thailand's unemployment problems are aggravated by conditions common to most developing countries. The combination of the near-universal spread of life-saving medical technology and a slow acceptance of population-control programs has given Thailand an unprecedented population growth rate of 3.1 percent annually.[105] In addition, Thailand is for the first time experiencing the phenomenon of a large number of unemployed university graduates.[106] These two conditions contribute to growing unemployment as the labor supply is outstripping the demand for workers and training is increasingly ill-suited to the types of jobs in demand. Solutions to these problems go well beyond evolving a new employment generation policy but they must be found if job creation efforts have any hope of success.[107]

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[105]William Petersen, ed., Population (New York: Macmillan Publishing Company, 1969). This figure would be considered conservative by most.

[106]Sivavong Changkasiri, who is with the Department of Industrial Promotion of the Ministry of Industry and an expert in the vocational educational field, noted that this particular unemployed group is a result of the Thai value system. A high premium has always been placed on diplomas and degrees in Thailand while lesser emphasis has been placed on the acquisition of needed skills through vocational education and job training programs. He noted, in particular, that there is a lack of labor supply for skilled jobs at the lower levels because university graduates are not equipped for and/or are unwilling to work in such positions. See Sivavong Changkasiri, Interview with Tom Miller, July 10, 1974.

[107]Most of the developing nations share the problems of

Finally, Thailand is currently under one additional handicap which acts in opposition to policies to generate jobs. This handicap is the loss of employment for many well-paid Thais who are being terminated by United States armed forces which are withdrawing from Thailand. Based on 1972 figures, a complete withdrawal of American forces in Northeast Thailand would result in a loss of approximately 51,000 nonagricultural jobs to this region alone.[108] The loss of jobs for Thais that is presently occurring as American forces are reduced means that these people must be absorbed in other sectors of the economy. Due to their relatively high skill levels, some of these workers may displace other currently employed Thais. Regardless, given present job creation policies in Thailand, the withdrawal of the American presence will undoubtedly further aggravate the unemployment situation as many jobs directly dependent on the American military will be lost and an even greater number of jobs indirectly affected by this pullout will be adversely affected.

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unprecedented population growth and a cadre of unemployed university graduates. See Harbison, "The Generation of Employment in Newly Developing Countries," pp. 191-192.

[108]This estimate is derived from Waldorf, "Effects of United States Military Withdrawal on Northeast Thailand and Possible Compensatory Role of Construction Projects: Summary and Conclusions," p. 1. Waldorf noted that, in 1972, there were 13,400 Thais employed at United States military bases in the Northeast (p. i). Another estimate of Thais employed by American military forces throughout Thailand was 31,000. See Business Review, October 1973, p. 753. Hence, it is conceivable that over 100,000 Thais would lose their jobs if all the American military personnel present in 1972 were withdrawn. This latter figure would represent Thais who are employed in sectors of the economy which indirectly support the American military.

Public Sector Employment: Employment Creation Considerations in Public Works Projects and State Enterprises

In several of the earlier interviews done in Thailand, the respondents complained that some of the questions asked were inappropriate because Thailand is basically a free enterprise system where non-agricultural wage-paying jobs that have the greatest potential for being increased are found primarily in the private (and not in the public) sector.[109] They stated that the government can only have a limited role in generating these jobs because it does not exercise direct control over them. Even though this writer disagrees with this view (and will show why in a later section), an examination of the potential for increasing employment in appropriate public sectors was undertaken.

The intent of this study was to ascertain Thai government policy toward job creation within those parts of the governmental sector that can absorb more labor. Here, by focusing on the employment record of road construction projects and state-owned enterprises, it was felt that Thai official policy could be established. These are two areas under government control where employment has been a manipulatable variable. The danger with such an approach is assuming that the employment records of these types of projects and enterprises intentionally parallel stated government policy. After all, to an extent, these organizations function as autonomous units where employment decisions are reached independently. This assumption of organizational autonomy is acceptable

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[109] Increases in government employment are fixed over a stated time period. To create more job opportunities in the various ministries, departments, and armed forces than presently exist would be counter-productive as they already are heavily labor-intensive sectors.

because within these government units, there is a potential to create many additional job opportunities. Therefore, this analysis should be viewed on two levels: the employment records of these government organizations (1) as governmental subunits representative of a public policy toward job generation that pervades the government, and (2) as autonomous governmental bodies which, in and of themselves, offer substantial potential employment opportunities. In short, to understand Thai policy toward job generation, we must look not only at what the government has said, but also at what it has done in its own backyard. Raw employment statistics in these government sectors alone are difficult to interpret. Rather, the views of people who are most familiar with labor policies in road construction projects and state enterprises will provide us with an understanding of the importance that the government attaches to generating jobs.

The Labour Department is aware of the great potential of road construction projects in providing jobs. A recent Department of Labour publication mentioned that, after a devastating storm in the Philippines, the Filipino government gave jobs to thousands of people to clean up the destruction and construct new facilities.[110] The implication behind the

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[110]Prasit Chaveewua, "Storm and Job Generation in the Philippines," Labour and Industrial Journal, December 1973, p. 78 (Thai). The Philippines public works programs from 1967 to 1970 served as an effective instrument in providing employment opportunities. For a further discussion of these programs, see International Labour Office, Employment Problems and Policies in the Philippines (Geneva: International Labour Office), pp. 129-134. Similarly, the governments of Indonesia and Kenya have experimented with public works programs (mainly rural based) which have had an effect of reducing unemployment. See SEADAG Reports, "Ad Hoc Seminar on Labor Strategies," p. 22, for a summary of the Kabupaten program in Indonesia and Norbye, "Long-Term Employment

article was that dual goals were served: (1) the devastation was cleaned up and new facilities constructed at a low cost, and (2) jobs were provided for the unemployed.

Among those interviewed, there was nearly unanimous agreement that public works projects are undertaken with goals other than their employment potential. For example, one primary reason for road construction projects undertaken by the Accelerated Rural Development (ARD) Department has been to provide quick and efficient transportation to the military to combat perceived Communist insurgency.[111] The emphasis by ARD has always been on constructing road networks as efficiently and quickly as possible. To this end, road construction has been a highly capital-intensive exercise. Heavy machinery which is imported at low costs (often at no cost through foreign aid programs) has been substituted for human labor.[112] There was disagreement among those interviewed that capital-intensive production techniques, even at their present

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Prospects and the Need for Large-Scale Rural Works Programmes," pp. 260-261, for the details of the Kenyan experience.

[111]This was mentioned in interviews with Dr. Narongchai Ukkaserani (June 19, 1974), members of the ARTEP team (June 28, 1974), and Virabongsa Ramangkura (July 8, 1974). Obviously, there are spillover effects such as providing easier access to wider markets for farmers. In this way, road construction would indirectly create a multiplier effect on the number of jobs generated.

[112]McCleary's "Foreign Aid and the Choice of Technique in Road Construction in Thailand" details the substitution of machinery for manpower in these projects. In fact, in seeking to compare the efficiency of labor over capital-intensive techniques in road construction, McCleary could not even find a sample of labor-intensive road projects in Thailand. One respondent mentioned that as the American AID profile is reduced in the future, heavy-duty machinery will become more expensive relative to labor and a shift to more labor-intensive techniques is possible. (ARTEP Team, Interview with Tom Miller, June 28, 1974).

artificially low cost, were more efficient than labor-intensive methods. One respondent, who was an engineer, argued that labor-intensive projects would not only provide more jobs, but they would also be more efficient. He cited his own experience with two foreign aid road construction projects in Nepal. One network was built by the British using capital-intensive technology and the other by the Chinese relying on labor-intensive techniques. The latter project provided many more jobs and was more efficient. As with the case of Nepal, he felt that a more labor-intensive technology was most appropriate to Thailand's particular economic conditions.[113]

Yet another indication that public works projects such as road construction have little direct intention of alleviating unemployment is provided: The wages paid to the unskilled laborers working on these projects averaged about 20 baht daily which was higher than the prevailing market wage. This means that fewer workers are hired for projects than could be employed if a lower, more realistic wage was paid. When pressed, the same respondent conceded that, as far as he knew, there was no program on any level in the public sector (municipal or national), which combined the goals of production and employment.[114] A high-level Labour Department official, concurring with this statement, explained that public works projects of a labor-intensive nature are simply beyond the government's present resources.[115]

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[113]Sivavong Changkasiri, Interview with Tom Miller, July 10, 1974.

[114]Hans Weerstra, Interview with Tom Miller, July 11, 1974.

[115]Vichit Sangthong, Interview with Tom Miller, August 8, 1974.

The Thai government, primarily through the Ministries of Finance and Industry, owns industrial facilities throughout Thailand.[116] It would seem obvious that, if employment creation was a high priority policy, before the government tried to convince privately-owned firms to hire more workers, it should set an example through the hiring practices of its state-owned enterprises. However, present governmental policy places an emphasis on disengaging from ownership of manufacturing firms.[117] Under these conditions, a positive program to generate more job opportunities in government-owned factories is quite difficult.

Other nonmanufacturing government facilities that employ large numbers of people present a somewhat more mixed attitude toward the importance of providing jobs. One study recently completed in Bangkok and Thonburi demonstrated that, on certain projects, officials of the Housing Authority, the Express Transport Organization, and the Telephone Organization all said that they were aware of the unemployment problems in the area and that a part of their function was to help solve this problem. Even though the researcher was a bit skeptical of their sincerity because the same projects would have been undertaken if there were no unemployment problem, this researcher did point out that at least there was an awareness toward creating jobs.[118] It appears that this type of response exemplifies the present public attitude toward the

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[116]These facilities range from the government tobacco monopoly to a large gunny bag and cement factory.

[117]Ibid.

[118]The study (title unknown) was undertaken by Dr. Chirayu Issrangbul and was verbally related to the author in an interview on July 12, 1974.

unemployment problem in Thailand. Most government officials are aware that there is serious un- and underemployment in Thailand and they admit that effective job generation policies are needed immediately to combat this problem. The massive influx of seasonal jobseekers into Bangkok and other large towns every year is glaring evidence of the unemployment problem. Added to this present situation will be the possible future resettlement of large numbers of people who will need jobs throughout the year. However, they seem to be stuck at this juncture as the formulation and implementation of such policies have not been forthcoming.

Finally, the employment situation of the Port Authority of Thailand presents an interesting and perplexing illustration of a problem for planners who must eventually reconcile employment generation goals and other objectives of state enterprises. The Port Authority employs 6000 people but it does not need nearly this number to operate efficiently. However, its managers are reluctant to fire the surplus workers because they fear the public outcry that would result, as many of these workers live in the Klong Toey slum area around the port. Instead, they have opted for a more conciliatory and uneconomical policy of reducing the work force gradually by not hiring replacements for those who leave their jobs.[119] So, while the reason for keeping laborers in this case is more out of a fear of negative consequences than any type of positive policy-oriented approach, it still has the same result of creating jobs. However, this dilemma illustrates the existing dichotomy between efficiency and job generation. When policies to create

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[119]Chirayu Issrangbul, Interview with Tom Miller, July 12, 1974.

employment begin to assume welfare functions because the jobs created are redundant and nonproductive, these policies can no longer be classified as acceptable outcomes of job generation policy.

Employment Generation Policies in the Developing World: A Cross-National Analysis

As has been shown in the pages of this chapter, policies to generate employment opportunities have not received a great amount of attention from government policy-makers in Thailand. Although the need for job creation programs has been articulated at high levels within the bureaucracy, little has been done to implement suggested innovations. Rather, most of Thai employment generation policy at the present time consists of the positive and negative side effects of other policies which were detailed in the preceding sections. However, when comparing the status of its job generation policies with those of other developing countries, Thailand gives about an average amount of attention to these policies.

Like Thailand, most developing nations have at least articulated the need for policies to generate job opportunities. A review of employment policies in Asia during the 1960's showed that the Draft Fourth Five Year Plan of India (1969-74), the Fourth National Development Plan of Iran (1968-72), the Second Five Year Plan of Korea (1966-70), the Four Year Economic Program for the Philippines (1967-70), the Third Five Year Plan of Pakistan (1965-70), the First Malaysian Plan (1966-70), the Fourth Four Year Plan of the Republic of China (1965-68), the Third Five Year Plan of Nepal (1966-71), and the Ten Year Plan of Ceylon

(1959-68) all emphasized the need and urgency for increasing employment opportunities.[120]

A closer analysis of the policies of three countries will demonstrate the diversity of government responses toward job generation in developing nations. The Philippines went from a passive policy toward the creation of jobs in the late 1950's to a much more active posture when the unemployment situation worsened in the early 1690's. The Industrial Priority System in force from 1957 through 1961 was the primary mechanism by which scarce resources were allocated. All projects were evaluated on the basis of five criteria and then those with the highest scores were selected. Even though the number of jobs generated was one of these five criteria, it never ranked as high as other goals with the result that labor-intensive projects were often not selected.[121] However, by the early 1960's, the population boom and other circumstances were causing record numbers of Filipinos to enter the labor force each year. With a projected growth in the labor force of 360,000 annually by

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[120]Some of these plans specify in quantitative terms the additional jobs to be created during the planning period. The number of jobs by country include: (1) Pakistan--5.5 million man year jobs, of which 3 million will be outside agriculture (reference: Third Five Year Plan of Pakistan [1965-70], p. 153), (2) Malaysia--460,000 new employment opportunities of which 228,000 will be in nonagricultural sectors (reference: First Malaysian Plan [1966-70], p. 80), (3) Korea--1.8 million additional jobs of which 1.2 million will be in nonagricultural fields (reference: Second Five Year Plan of the Republic of Korea [1967-71], p. 69), (4) Republic of China--610,000 new jobs (reference: Fourth Four Year Plan of the Republic of China [1965-68], p. 29), (5) the Philippines--1.78 million new positions (reference: Four Year Economic Program for the Philippines [1967-70], p. 12), and (6) Iran--nearly one million employment opportunities (reference: Fourth National Development Plan [1968-72], p. 69). See Metha, "Employment Problems, Prospects, and Policies in Asia During the Second Development Decade (1970-1980)," pp. 18-20.

[121]International Labour Office, Employment Problems and Policies in the Philippines, pp. 29-30.

the 1962-67 period, Filipino planners realized that they had to sacrifice some of their other economic objectives to bring unemployment under control. They therefore embarked on a program to deliberately curtail labor productivity in all but the agricultural sector in order to bring this sector more in line with the other sectors. They also relied upon tariff protection, tax exemptions, public works projects, and a revised government purchasing policy to specifically encourage more labor-intensity.[122] However, as will be shown in a later section, because the granting of tax exemptions is inherently biased in favor of capital-intensive production techniques, it was counterproductive. This entire program, labeled the Emergency Employment Act, had employment creation as its primary goal, as was enunciated in its opening sections:

> It is hereby declared to be the continuing policy and responsibility of the State to utilise every possible means to create maximum employment opportunities for all who are able, willing and seeking to work but cannot find employment. . . .[123]

It was difficult to evaluate the success of these efforts at job creation because the actual cost of the program was far below the cost that would have resulted had the indicated wage scales been paid.[124]

Finally, in contrast with its great concern over employment generation policy in the early 1960's, by the late 1960's the Philippine

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[122]Ibid., p. 35.

[123]Fifth Congress of the Republic of the Philippines (First Session, January 22, 1962): Republic Act No. 3466 (mimeographed document H. No. 1667), quoted in ibid., pp. 48-49.

[124]Ibid., pp. 53-54. The program would have cost 287.2 million pesos (based on a rate of 2.5 pesos daily for unskilled and four pesos a day for skilled workers) while only 49.7 million pesos were spent.

government had adopted a less active posture based somewhat on the experiences of previous plans. For instance, where there were expectations for generating many new jobs in the industrial sector that were found in previous plans, the Four Year Economic Program for the Philippines (1967-70) emphasized the tendency of allowing most job increases to take place in the larger agricultural sector. Furthermore, where previous plans had projected a decrease in labor productivity in the industrial sector, this plan anticipated an increase which was more in line with economic realities.[125] Thus, in the past 15 years, the Philippines has gone from a posture of relegating employment generation to a low priority, to according it great importance, and finally, back to middle ground where it must compete with other economic goals. In comparison, the priority accorded employment generation policy in Thailand at the present time roughly parallels that of the Four Year Economic Program for the Philippines.

The experience of several East African countries provides another interesting example of how developing nations cope with their unemployment problems. A well-publicized government effort to create employment opportunities was the Tripartite Agreement undertaken in Kenya in 1964. This agreement, which was between the government, employers, and labor unions, was intended to create 40,000 new jobs in a short time period in order to make up for the 90,000 jobs that had been lost in the 1960-1964 period. Under the terms of this pact, each of the three groups agreed to forego promoting some of its special interests in

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[125]Ibid., pp. 127, 129, 130.

order to improve the country's unemployment profile. For its part, the government agreed to increase public service employment by 15 percent while private industry promised to increase its work force by 10 percent and labor sanctioned a one year moratorium on wage increases and strikes. This Tripartite Agreement, however, met with little success because, after the agreement ended, the employers just hired fewer people to compensate for the "over-hiring" it had agreed to under the terms of the pact.[126] As the recent inflationary rise in prices and wages after controls were lifted in the United States would indicate, "it is doubtful that any agreement . . . which attempts to bypass the dictates of economic forces is likely to meet with more than very limited sucess."[127]

Despite its earlier failure, the Tripartite Agreement was again tried by Kenya in 1970. Once again, it failed to lower unemployment over the long run. Researchers who studied these two attempts offered sanguine advice to planners of other developing nations who seek to solve their unemployment problems overnight:

> Decrees requiring that more labor be hired by private employers (of which the "Tripartite Agreements" of 1964 and 1970 in Kenya are examples) are questionable means of increasing employment. Although they may have a positive initial effect, they provide powerful disincentives to hiring in the somewhat longer run and can cause deterioration in the industrial relations environment. Restrictions on firing, a milder version of the same kind of measure, pose similar difficulties.[128]

Thailand has yet to experiment with a "Tripartite Agreement" type of

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[126]Harris and Todaro, "Urban Unemployment in East Africa: An Economic Analysis of Policy Alternatives," p. 24.

[127]Ibid., p. 24.

[128]SEADAG Report, "Ad Hoc Seminar on Labor Strategies," p. 10.

program. It is doubtful whether the present constituencies of these three groups would allow such a move if it were suggested. However, this experience can be instructive for Thai planners by showing them that the economic system in which they operate places real constraints on their range of policy alternatives.

The East African nations of Kenya, Tanzania, and Uganda have also experienced the feedback effects of other economic policies on employment generation. For instance, during the late 1950's and early 1960's a negative relatioship was observed between employment and output in manufacturing in these countries. This occurred, despite the fact that rapid industrialization was creating many new jobs, because the influx of rural migrants coming to urban areas outbalanced the number of jobs available.[129]

Pakistan has recognized the need for employment generation programs and has written this need into its national development plans.[130] However, other than according highest priority to income maximization, there is no comparative ranking of other development objectives. Therefore, because employment creation is but one of many goals, Pakistan's plan had no guidelines for resolving the inevitable conflicts that would develop between employment generation and other national objectives.[131]

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[129]Harris and Todaro, "Urban Unemployment in East Africa: An Economic Analysis of Policy Alternatives," p. 25.

[130]Government of Pakistan, The Third Five-Year Plan, 1965-70, p. 219, quoted in International Labour Office, Problems of Employment Promotion in Pakistan, p. 27.

[131]Late in the Second Plan, a Rural Works Program was included which was intended to generate higher levels of employment. This indicates that employment creation considerations were accorded

Consequently, "the employment targets of Pakistan's Plans have in effect been only forecasts of expected developments in employment deriving from the implementation of a strategy in which the employment aspects have only been of minor importance."[132]

Many other developing nations follow one of the three postures described above in formulating and implementing policies to create additional employment opportunities. At a minimum, nearly all countries with a central planning system make projections of the rates of employment increase to be expected over a specified period. These projections may be based on factors ranging from unfounded optimism to a combination of past growth rates and future projected sectoral investment. In either case, they usually represent policies which have no independent base but are dependent on other higher priority policies. Under these conditions, if targeted employment growth correlates highly with actual employment growth, one should not be misled into thinking that this high correlation is always the result of a high priority employment policy in the country.[133] In some ways, Thailand appears to be ahead of other

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higher priority in later years. See Akhter Hameed Khan, "The Works Programme in East Pakistan: A Case Study," paper #10 submitted to the meeting on Productive Employment in Construction in Asia, Bangkok, October 28-November 8, 1968 (Geneva: International Labour Office, 1968). Also see Richard V. Gilbert, "The Works Programme in East Pakistan," International Labour Review 89, no. 3 (March 1964).

[132]Ibid., p. 27.

[133]The cases of Malaysia and Thailand illustrate the degree of error that can be found between planned and actual employment growth rates. In Malaysia during the 1962-67 period, the actual rate of employment increase annually was found to be 1.2 percent as against the planned target of 2.8 percent. In contrast, Thailand came much closer in the 1960-66 period of reaching its intended rate of 2.9 percent per annum with a figure of 2.6 percent. See Metha, "Employment Problems,

developing nations in that it has recognized the seriousness of its unemployment problem (although mostly with only words at this stage) and begun to establish the governmental mechanisms to cope with this problem. In addition, it does not appear as constricted by other more pressing developmental problems as are some other nations, and it can therefore be in a position to devote more time and resources toward developing a comprehensive employment generation policy to deal with both population increases and a structural change in the labor force resulting from migration and resettlement. However, if Thailand is going to utilize public works projects and/or enterprises to help generate employment opportunities, it should not use "efficiency" as the sole criterion in evaluating these projects. After all, these projects and enterprises also are a means of both redistributing income and creating employment. Furthermore, in a realistic sense, these types of projects often have the primary aim of securing the allegiance of some unemployed and discontented subgroup. It is the support of this subgroup (through finding its members jobs) at which these programs are aimed.[134]

Prospects, and Policies in Asia During the Second Development Decade (1970-1980)," p. 24.

[134]SEADAG Reports, "Ad Hoc Seminar on Labor Strategies," pp. 4, 17.

CHAPTER III

AN EXAMINATION OF THE CAPACITY OF SELECTED ORGANIZATIONS WITHIN THE THAI BUREAUCRACY TO DEAL WITH EMPLOYMENT GENERATION POLICY

Introduction

In a room filled with economic and social planners representing developing nations throughout the world, one would find little disagreement with the contention that more jobs are desperately needed in their countries. There probably would be a negative reaction from only a few of these representatives if it was further stated that policies to generate more jobs should be directed by the government. Why, then, is there so little that has been done to date to formulate programs that deal with unemployment in Thailand? Surely, with the comprehensive material resource planning that has been in practice for years in many of these countries, human resource planning should be of equal importance.

The previous chapter suggested one answer for why few solutions to the unemployment problem have been put forward: In competing for a finite amount of resources with other development goals, employment generation policy has been accorded a low priority. In conjunction with this "limited resource" explanation is another reason which is equally valid: There are a set of constraints which operate between and within organizations in the Thai bureaucracy that have worked against the

implementation of an effective employment generation policy. In other words, the explanation for the performance of a particular government policy is not only found in an examination of the attention accorded that policy, relative to other policies, but also may be traced to the operation of those organizations responsible for formulating and implementing that policy. It is the intent of this chapter to examine the organizational factors that have acted as constraints on job generation policy. This chapter will only focus on those subunits of the organizations that are, or should be, concerned with employment generation policy. Since (as was evident in Chapter II) this policy is still in a formative stage, this particular analysis will be brief. Taken together, Chapters II and III will present a summary of not only what the present government input into employment generation policy is, but they will also offer two reasons (competing demands for scarce resources and organizational constraints) that attempt to explain the failure of that policy to develop more fully.

Methodology

The same interview sources, bibliographic material, and narrative format used in Chapter II will also be utilized in this chapter. For details, please refer to the "Methodology" section in Chapter II.

Relevant Organizations and Their Roles in a Lasswellian Context

Harold Lasswell subdivided the entire process of any policy into a sequence of seven distinct operational phases: (1) intelligence, (2) promotion, (3) prescription, (4) invocation, (5) application,

(6) termination, and (7) appraisal.[1] Many public policies must go through this process in which governmental organizations are involved in the seven steps. Often, with a particular policy, not all of the seven steps are dealt with by government bodies. Such is the case with employment generation in Thailand. Since it has been established in the previous chapter that policies to generate more employment opportunities in Thailand are often ambiguous and sometimes even nonexistent, it was difficult to place those organizations in the Thai government which deal with employment generation policy into Lasswell's process model. As will be shown in the following pages, employment generation policy in Thailand is in its present state today because there are serious problems at the promotion stage of the policy process. Given problems in the promotion of job creation policy, the prescription, invocation, application, and termination stages remain uncrystallized and virtually nonexistent at the present time. By asking the officials who were

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[1]See Lasswell, A Pre-View of Policy Sciences, pp. 28-30, for a full explanation of each of these phases. Briefly he defines these steps as follows: (1) intelligence--". . . gathering, processing, and dissemination of information for the use of all who participate in the decision processes"; (2) promotion--". . . agitation to intensify the dissemination of the value demanded"; (This is public relations, propaganda and advertising.) (3) prescription--". . . stabilization of expectations concerning the norms to be severely sanctioned if challenged . . ."; (What are the norms in employment generation policy, if any, that have the force of law?) (4) invocation--". . . act of characterizing a situation in terms of its conformity or nonconformity to prescription"; (5) application--". . . final characterization of concrete circumstances in terms of prescriptions"; (whether a specific action is or is not in conformance with the policy) (6) termination--"cancels a prescription and deals with the claims put forward by those who acted in good faith when the prescriptions were in effect, and who stand to suffer value deprivation when they are ended"; (7) appraisal--"aggregate flow of decision according to the policy objectives of the body politic . . ." (Is the policy worthwhile on balance given a specific set of criteria?).

interviewed to characterize the functions of their own particular organizations, this writer's ideas regarding the roles of each organization analyzed were either confirmed or refuted with the final product representing a point of convergence between the interviews, bibliographic material and this author's impressions from his work in the field.

Table 2 (p. 96) is intended to illustrate the functional roles that organizations and institutions with an input into employment generation policy have in that process. It shows that there are great gaps and an unbalanced allocation of functions involved in this particular policy process.

While there are many organizations that perform the intelligence and appraisal functions, very few bodies are responsible for the intermediate steps which coordinate (promotion, prescription, and invocation) and implement (application and termination) that policy.[2] If employment generation policy is ever to receive a higher priority in Thailand, it will be necessary to institutionalize these relatively unorganized functions among government organizations in order to place greater emphasis on the intermediate stages of the policy process.

There are no simple solutions to this organizational problem. A restructuring of the functional roles of NESDB, BOI, the Labour Department, and other relevant organizations to enable them to deal more directly with employment generation policy may be helpful, but probably only at a cost to other policies. Many of the officials who were

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[2]The organizations listed in Table 2 by no means include all those government bodies which may be remotely connected with making or implementing employment generation policy. Those listed are, however, most responsible for this particular policy.

TABLE 2

The Role of Organizations in Thailand in the Job Generation Policy Process

	(1) Intelligence	(2) Promotion	(3) Prescription (How will other goals be affected by employment generation?)	(4) Invocation (How does this policy conform to present policy?)	(5) Application (How is policy implemented?)	(6) Termination	(7) Appraisal
A. Government Organizations							
1. NESDB[a]	X	X	X	X			X
2. Dept. of Labour (Ministry of Interior)	X[b]	X		X[c]	X	X	X[d]
3. Board of Investment	X[e]						X[e]
4. Dept. of Industrial Promotion (Ministry of Industry)		NONE					
B. Credit Organizations							
1. Small Industries Finance Office (Ministry of Industry)	X (minimal)						
2. Industrial Finance Corp. of Thailand	X (minimal)						
3. Bangkok Bank	?	(A program aimed at fostering industrial development in the regions [dealing slightly with employment] is underway.)					

TABLE 2--(continued)

	(1) Intelligence	(2) Promotion	(3) Prescription (How will other goals be affected by employment generation?)	(4) Invocation (How does this policy conform to present policy?)	(5) Application (How is policy implemented?)	(6) Termination	(7) Appraisal
C. Academic and Research Organizations							
1. National Inst. of Development Admin. (NIDA)	X						X
2. Chulalongkorn Univ.	X[f]	X[g]					X[f]
3. Thammasat Univ.	X						X[g]
4. Kasetsart Univ.	X (minimal)					(minimal)	X
5. Asian Regional Team for Employment Promotion (ARTEP)	X					(minimal)	X

[a]Done by Urban and Regional Planning and Manpower Planning Divisions.
[b]Done by Research Division.
[c]Includes coordinating function.
[d]Done by Planning Office.
[e]Done by Research Division.
[f]A member of Faculty of Economics holds seminar for labor leaders and employers, thus spreading information.

[g]The Labor Relations Secretary of Faculty of Economics helps generate support for decisions of Economic Advisors chaired by Dr. Puey.

interviewed felt that their organizations had specific functions that had to be carried out. Employment generation was viewed as a policy that should receive their attention (in time and resources) only after these more pressing obligations were fulfilled. In short, the respondents' thoughts on the role that their organizations would play in fostering job creation policy were conditioned by their perceptions that public policies operated in a "zero-sum" framework. The attention accorded employment generation programs would necessarily detract from the attention that could be given to their obligatory functions.

However, administrative steps could be taken which would improve organizational capability to deal with employment generation policy (and maybe other policies as well) if that policy is upgraded to a higher priority within the Thai government. For example, within the Thai bureaucracy, overlapping and conflicting responsibilities of many organizations for manpower planning have resulted in an abdication of responsibility of all these bodies in carrying out job creation programs. Planners in Thailand are concerned with promoting particular economic sectors, but it is ". . . difficult to achieve integrated sectoral plans (e.g., manpower planning) because there are so many agencies in the Thailand [sic] Government cutting across sectoral lines."[3] The need to make only one organization or individual at least nominally responsible for any major public policy was also articulated by a World Bank Team in Thailand a few years ago. Even though they were speaking of the lack of responsibility for the development of Northeast Thailand at the time,

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[3]C. E. Stonier, A Basic Framework for Planning Strategies in Northeast Thailand (n.p.: NEEDAG Staff Report #7-2, June 1, 1969), p. 4.

their warning was clear: No major policy competing for scarce public funds will succeed until the problem of the numerous ministries and departments, which have overlapping and often conflicting responsibility for the policy, is resolved.[4]

This lack of primary responsibility for employment generation policy can best be understood through reference to the promotion stage of the policy process. Since no organization has been clearly linked with job generation policy, it follows that none will promote it effectively. The task of those interested in promoting employment generation policy then becomes one of designating a responsible agency to foster this particular policy while convincing other agencies that the promotion of job generation programs will be in their own self interests. What will be needed in the program to convince others to cooperate will be an alteration in the present bureaucratic value system. This alteration can be effected if government organizations which support job generation programs can be rewarded not just with increased appropriations, but also with elevated status and prestige. They will then be more likely to cooperate with the agency responsible for this policy. In this way, the problem of promoting a policy (which is largely a prerequisite to the other stages of the policy process) will be eliminated.

However, even a resolution of interagency conflicts and a clarification of lines of responsibility would not guarantee a higher awareness toward job generation policies by the Thai bureaucracy. Jasper

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[4]International Bank for Reconstruction and Development, International Development Association, Current Economic Position and Prospects of Thailand (n.p.: n.p., January 24, 1972), Vol. V, annex 9: A Review of Development Priorities in Northeast Thailand, p. 4.

Ingersoll reported that assigning a project or policy to one ministry with one senior ministry official appointed as director on a part-time basis also has serious shortcomings. While this type of arrangement is helpful in securing annual government appropriations, its daily administration is usually conducted by subordinates who lack the full authority of the director. Because other organizations perceive a particular body as the exclusive agent of the policy and there is no strong authority figure around on a day-to-day basis, the responsible organization is unable to draw on the needed specialities of other ministries and departments. The only alternative open at this stage is for this organization to accumulate internally the trained staff it required.[5] This often is a long, resource-consuming process which takes more time than the life of a particular policy or program that it is intended to support. For example, the training of a doctoral student abroad will take at least four to five years and the specific reasons for his foreign study may no longer be operative when he completes his education.

An Analysis of Organizational Workload and Resources

In his examination of how rural works programs are selected, Kahnert distinguished among technical, administrative, political, and financial influences. He found that shortages in trained personnel often act as the "dominant constraint" on government programs.[6]

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[5]Ingersoll, "Human Dimensions of Mekong River Basin Development: A Case Study of the Nam Pong Project, Northeastern Thailand, 1967-68," p. 171. Experiences of Nam Pong resettlement planners in dealing with various government agencies provide us with an example of problems of interagency coordination in human resource planning.

[6]SEADAG Report, "Ad Hoc Seminar on Labor Strategies," p. 15.

Brokensha and Scudder similarly maintain that good administration is a necessary prerequisite to the implementation of any government program. They emphasize that a well trained staff, good working conditions, clearly delineated roles and functions, adequate financial support for the organization, continuity of staff, and a freedom from political interference are all needed.[7] The respondents representing organizations involved with job generation policy were asked to evaluate their organization based on the criteria defined by Brokensha and Scudder.

The output of any group is, in part, a function of the personnel in that body. An ILO team supported this contention when it noted that "the vast field of employment problems . . . has not been given sufficient attention in Thailand [because of the] . . . low status of the . . . Labour Bureau [and also because] other administrative units [whose] activities should have a strong impact on employment are also badly understaffed.[8] Even more importantly, many of the officials who were interviewed noted that manpower limitations posed a very real constraint on their organization's work. What is significant here are these officials' perceptions of the importance of personnel considerations in determining organizational output. These perceptions form the basis of the organization's capacity to function effectively. Therefore,

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[7]Brokensha and Scudder, "Chapter III: Resettlement," p. 32. Their work with resettlement projects in Africa is particularly appropriate because a large element of these projects involved finding employment for those displaced by dam reservoirs. Like the jobless of Thailand, these relocatees are usually those citizens with the least economic wherewithal and smallest voice in the policy process.

[8]International Labour Office, Report to the Government of Thailand on Internal Migration, p. 146.

it is crucial to examine personnel determinants as elements of policy constraint. In evaluating the personnel in NESDB, BOI, the Labour Department, academic institutions and other organizations with a responsibility for employment generation policy, it is not enough merely to note the aggregate numbers and training levels of the people involved in job creation policy. This does not tell us if there are enough, well trained people to perform their specific duties adequately. Rather, key individuals in these organizations are the best judges of the personnel strengths and deficiencies of their groups.[9]

In number of employees NESDB is a relatively small organization in the Thai bureaucracy. Traditionally, it has sought to recruit top economists and statisticians and it has been quite successful in hiring Thais who received doctoral-level training abroad. On an ordinal scale of one (highest) to five (lowest), one respondent evaluated the training of NESDB personnel charged with employment policy as one.[10] He mentioned that, because of the wide-ranging responsibility of NESDB vis-a-vis employment generation policy, NESDB must adopt an interdisciplinary

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[9]Because response rates were uniformly low, no attempt at statistical analysis is undertaken. An even lower response rate would have been obtained if the interviewees had not been guaranteed anonymity in their answers to certain questions about their organizations. In Thailand, the premium placed on "going along to get along" is even more strictly adhered to than in the United States. Thus, parts of this chapter will contain no specific source references to protect those who tried to give honest and frank responses.

[10]Apparently, this respondent's high esteem for the caliber of employee (at the division-level or higher) in NESDB was not shared by one critic of the Thai economy in an article in Business in Thailand when he wrote that ". . . trained administrator [sic] are not adequately developed or readily available in a relatively underdeveloped country like Thailand." See Prateep Sondysuvan, "Viewpoint: The Thai Economy: How to Grow Without Really Trying," Business in Thailand, April 1974, p. 37.

approach toward hiring by attracting experts in other fields than just economics and statistics.[11] He also mentioned that, by September, 1974, an in-service training program for all new recruits was to be instituted by NESDB. This program would coordinate the disparate backgrounds of these new employees with NESDB functions. One hoped-for output of such training would be to provide a more common frame of reference and understanding toward approaching employment generation policies.

Besides key personnel who are inadequately trained, other common reasons why many organizations fail to achieve their stated goals may be traced to: (1) a lack of understanding by the employee of his particular role or function, (2) high turnover of key personnel within the organization, and/or (3) inadequate financial resources of the organization to perform the policy functions assigned to it. These explanations were thought to be, in part, responsible for the lack of a clearly developed government policy to create employment for the jobless in Thailand. As before, respondents representing key organizations in Thailand that are concerned with job generation policy were asked to evaluate their own groups on the basis of these three above-mentioned criteria.

One respondent who is in a central position to evaluate the NESDB personnel who help formulate employment policy felt that the clarity of job roles and functions among those responsible for employment

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[11] Dr. Senoh Unakul, Secretary-General of NESDB, stressed the need for a more multidisciplinary staff to fit new planning methodologies and responsibilities when he said: "With all the new, additional aspects of our planning concepts, we also need new kinds of people such as systems analysts, engineers, environmentalists." He later stressed the role that he is playing as a recruiter of such personnel. See "Dr. Senoh: Shaking Up NESDB," Business in Thailand, May 1974, pp. 12-13.

policy was average or a little below average (a score of three to four on the one to five ordinal scale). He explained that, only at higher levels (where general policy is made) are employees certain of the roles and functions. The aforementioned in-service training program was instituted at NESDB to help lower level workers clarify their own functions within that body. Turnover of key personnel apparently did not serve as much of an impediment to the NESDB in formulating programs to create jobs. Even though presently few people actually leave their jobs for employment elsewhere, NESDB heads must constantly reallocate functional assignments, as many of their subordinates and colleagues go abroad for further training for short time periods.[12] Finally, it was difficult to obtain figures on the amount of resources allocated within NESDB for employment related projects and sectors. The small size (in terms of both office space and number of staff) of the Population and Manpower Planning Division indicates that employment policies have not been accorded high priority in the past. Furthermore, the latest available figures indicate that the total resources allocated to NESDB remained static from one year to the next.[13] This would suggest that, since

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[12]The departure of key NESDB personnel for other jobs used to be a major problem, as many staff members went on temporary duty with international agencies headquartered in Bangkok (e.g., ECAFE, ARTEP, etc.). The lure of salaries based on Western rather than Thai scales surely prompted this high level of temporary turnover. However, to combat this problem, now NESDB employees are no longer allowed to serve on temporary duty, but if they want to leave to work outside the government, they must make the move permanent. The respondent claimed that turnover is quite low now because NESDB has become known as "the joint where the action is." This writer's own observations tend to support this claim, as many senior officials at NESDB have an outside income to supplement their government salaries.

[13]The budget for NESDB was 8,959,250฿ in 1971. See

ongoing programs and policies are usually accorded a higher rank, there would be little money to develop the new programs needed to generate employment opportunities.

As with the case of NESDB, a fuller understanding of the state of employment generation policy can be gained through an examination of those organizations within the Labour Department which are concerned with job creation policy. While one Labour Department official felt that his department had an adequate number of people to handle their assigned responsibilities, another official complained that the Labour Department was grossly understaffed. This individual pointed out that, if the Labour Department is ever to be involved in any part of policies to create additional employment opportunities, it most likely will be charged with assuring that those who do find work receive "adequate" remuneration for their work.[14] As of mid-1974, there were only 20 inspectors working for the Labour Department to check on compliance with minimum wage standards among the 30,000 nonagricultural firms in the Bangkok metropolitan area. At most, they could visit 600 firms (or two percent of all nonagricultural firms) each month.

The training of key personnel in the Labour Department was evaluated as "satisfactory" (a rank of three on the one-to-five scale) by one respondent and "could be improved in some respects" (a lower rank of

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The Results of Government Works Report (Fiscal Years 1972 and 1973) (Bangkok: Karnsassana Print Shop, 1973), p. ? (Thai). Budget appropriations in 1973 and 1974 may have increased markedly as NESDB was increasingly recognized as having a central planning function in the Thai economy, but data for these years is not available.

[14]Presently, this is generally operationally defined as some level above the minimum wage.

two on the same scale) by the other individual. The latter respondent explained that his department is unable to attract the same number of trained employees as NESDB or the National Statistical Office (NSO) because the Labour Department was elevated to departmental status only nine years earlier. With increased responsibilities, its staff grew rapidly from 200 to 700 today and it was unable to be as selective as it wanted in recruiting personnel. Furthermore, both persons interviewed agreed that roles and functional responsibilities were clearly understood by people working in the Labour Department.[15] Finally, when asked to compare turnover rates of key personnel in their organization with other government bodies, one respondent said that turnover in the Labour Department was comparable with that of NESDB and most of the ministries. The other interviewee, however, felt that "far less than an average number" of people leave the Labour Department each year. In fact, in recent years, he volunteered that only one or two key people have left their jobs. Thus, in terms of the personnel needed to help implement an effective job generation program in Thailand, the Labour Department would most definitely need more well trained people if it is to have an input into job creation policy-making as it would most likely have a significant role in the application stage of this process. Apparently, once people are in their positions, they seem to understand their jobs well and are content to remain with this department.

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[15] On the ordinal scale, with five equivalent to excellent understanding and one equal to marginal understanding, they both agreed on a rank of four.

Finally, very few organizations within the Thai government bureaucracy are willing to initiate new programs or policies (e.g., employment generation) unless they have the financial wherewithal. After all, ongoing programs and policies usually receive a higher priority than new programs. Therefore, a sizable increase in annual appropriations would indicate that the Labour Department had the capability to handle such a new undertaking. The available evidence, however, indicates that the Labour Department is struggling to maintain its current level of funding. The two respondents judged the amount of appropriation granted the divisions of the Labour Department which would deal with job generation programs each year as "satisfactory" and "could be improved in some respects." Over all, the Labour Department budget was slashed from 19,024,684฿ in 1971 to 18,252,755฿ for 1972.[16] The Employment Service Division of the Labour Department, which is the subunit most directly responsible for connecting the jobseeker with a job vacancy and would play a large role in employment creation policies,[17] similarly has received erratic budget allocations in recent years.[18] In

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[16] The Results of Government Works Report (Fiscal Years 1972 and 1973), p. ?

[17] Functions of this division include: Reduce the duration of the worker's unemployment, bring prospective employers and workers together without charging a fee, provide vocational guidance and counseling, and provide special placement service for those groups (e.g., handicapped, youth, veterans) with unusual placement problems. See Department of Labour, Ministry of Interior, "Statement of Policies and Principles and Five Year Plan of Operation (1967-1971)," p. 11.

[18] Its budget for 1969, 1970 and 1971 was ฿1,105,900, ฿942,800 and ฿1,296,400 respectively. See Piroj Wongwipanon, A Study of and Suggestions for Public Employment Service in Thailand (Bangkok: Kurusapa Print Shop, December 14, 1972), p. ? (Thai).

early 1974, Nikom Chantaravitool, the Director-General of the Labour Department, approved a plan to open labor offices in 27 changwat (provinces) to alleviate unemployment in these areas. However, insufficient resources indefinitely delayed the implementation of this proposal.[19] It is clear that the present unpredictability of appropriations annually allocated to the Labour Department has contributed to the failure of this body in helping to develop programs to generate jobs. After all, it is overwhelmed merely trying to connect jobhunters with present vacancies.

The Board of Investment similarly has very real organizational and resource constraints acting against its ability to help in formulating employment creation programs in Thailand. For example, a high level employee of the BOI, when asked if a sufficient number of people were working for the BOI, responded in the negative. (The determination of what constituted "significant" was a subjectively-based judgment on the part of each respondent.) He gave his agency the lowest of five grades in this area. A sorely needed expansion (by 24 people) of the Project Development Division was still awaiting Civil Service Commission authorization at the time of this interview.[20] The interviewee further explained that only after enough people are found to help in performing

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[19]Nikom Chantaravitool, "Labor Policy in Thailand," pp. 5-18 (Thai).

[20]The hiring of additional workers beyond an authorized limit by any government agency requires the permission of the Civil Service Commission. Thus, like the Rules or Ways and Means Committees in the United States House of Representatives, the Civil Service Commission has a great amount of de facto power within the Thai bureaucracy.

the BOI's primary function of promoting investment in Thailand can people be hired to concentrate on coordinating other development goals such as employment creation with this main objective.

Regarding the training of BOI middle and upper level staff members, the respondent said that personnel in his organization were as well trained for their jobs as were civil servants in other Thai organizations. The BOI, in fact, sponsors training programs abroad to equip staff members with specific skills required for their jobs. However, if one uses the number of university graduates as a yardstick in comparing Thailand's Board of Investment with a similar body in Singapore, the Thai BOI fares poorly. In 1971, 48 employees of the BOI were college graduates while 150 graduates worked for the Singapore counterpart.[21] This is particularly significant if one notes that Thailand has a population roughly ten times that of Singapore. Thus, on a comparative basis within the Thai bureaucracy, BOI employees have an adequate amount of training, but their training level is marginal when compared with similar organizations in other Southeast Asian nations.[22]

The largest organizational impediment to the Board of Investment acting as a catalyst (or at least contributor) to the formation of employment creation programs in Thailand lies in its decision-making structure. Unlike NESDB, the Labour Department, and most other Thai government agencies, major decisions of the BOI are made by those with a primary decision-making body and must "assess all applications submitted

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[21]Board of Investment, BOI Annual Report - 1971, p. ?

[22]Besides Singapore, Malaysia too has a BOI-type of organization that employs a better trained staff than its Thai counterpart.

[for promotional privileges and] . . . review all general policy matters" that come to it from its various subcommittees.[23] This Board is chaired by the Minister of Industry and composed primarily of senior officials from other government organizations.[24] There are two ways in which this structural arrangement of the BOI affects any present or future role of the BOI in job generation policies in Thailand: (1) Each ministry and department has its own parochial interests and objectives and would be expected to promote that interest/objective through its representative to the Board. None of the organizations represented ranks employment creation policy as a high priority. (2) The Labour Department, which would have a large role in any program to create job opportunities, does not even have a representative sitting on the Board. This is in spite of the fact that one of the four main subcommittees of the Board deals with promotional privileges for land and labor.[25] Thus, the functional responsibilities of civil servants working for the BOI are limited to day-to-day operations and any impetus for greater attention being accorded job creation policies must come from representatives of other government bodies who sit on the BOI Board. Finally, the problem

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[23] Bangkok Post, September 19, 1973, supplement, p. 3.

[24] Members of the Board include, among others, the Deputy Ministers of Finance (who is Vice-Chairman of the Board), Agriculture and Cooperatives, Commerce, and Industry as well as the Secretaries of the Ministers Bureau, Economic and Social Development Program of Thailand, Judicial Council, the Director General of the Customs Department, the Managing Director of the Bank of Thailand, and the General Manager of the Industrial Investment Company of Thailand. In addition, the Ministers of Finance, Agriculture and Cooperatives, Commerce, Foreign Affairs, and Industry serve as advisors to the Board. Ibid., p. 3.

[25] Ibid., p. 7.

of turnover of key personnel was felt by the BOI representative to be less than that experienced by other government bodies.[26]

If past appropriations to run the Board of Investment are any indication of its projected future levels of funding, the BOI will have difficulty supporting its present activities. From 1970 to 1972, the annual budget of the BOI actually decreased from ฿3.45 million (1970) to ฿3.37 million (1971) to ฿3.34 million (1972).[27] These shrinking resources have prevented the Board of Investment from entering new fields of investment promotion. For instance, one source noted that because of its limited resources, the BOI can only carry out policy in private investment and must stay away from promoting any publicly-owned enterprises and projects.[28] Thus, many potential jobs that may have been created by the BOI's granting financial privileges to projects in the public sector have never been realized. Furthermore, the limited funds allocated to the BOI each year place it at an additional disadvantage regarding any inputs it may have in creating job opportunities in Thailand. This is due to the fact that, because investment promotion programs in other Southeast Asian countries operate on a much larger scale, the BOI loses potential foreign investment (and the thousands of jobs that go with it) to these other countries. For example, Malaysia's

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[26]He ranked turnover as four on a one-to-five ordinal scale with one representing "much more than average turnover" and five equated with "far less than average turnover."

[27]See Board of Investment, BOI Annual Report - 1971, p. ? for 1970-71 figures and The Results of Government Works Report (Fiscal Years 1972 and 1973), p. ?

[28]Board of Investment, BOI Annual Report - 1971, p. ?

฿5.7 million and Singapore's ฿10 million annual budgets dwarf the BOI appropriation.[29]

Since the Board of Investment only has an indirect input into job generation policy presently, its organizational and resource constraints were examined to attempt to predict what future policy-making role it may play. Surely, the potential exists for the BOI to be the moving force behind a program to create thousands of new jobs that are supported by foreign investment and local capital. However, it has been explained that the present decision-making structure is not conducive to placing a stronger emphasis on job generation policy. Furthermore, resource constraints (1) limit the BOI from expanding into other areas that could generate employment opportunities and also (2) place it at an increasing disadvantage vis-a-vis other investment promotion programs throughout Southeast Asia in the competition for additional capital to generate jobs.

The minimal role of government and private credit institutions in efforts to create more jobs in Thailand was best explained by the "competition for scarce resources" argument. While, when asked, high level officials of the Industrial Finance Corporation of Thailand, the Small Industries Finance Office and the Bangkok Bank all agreed that employment creation was a policy worth pursuing, they explained that other criteria must be placed ahead of the number of jobs of a particular project. Therefore, "organizational and resource constraints" are not large explanatory variables of the failure of credit institutions

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[29]Pramote Permpanich, Interview with Tom Miller, August 6, 1974.

in Thailand to become involved in employment generation policy. However, if a future directive from the highest levels of government compelled government-backed credit organizations to place a far greater emphasis on the employment potential of a project in considering that project for a loan, the resources available to these institutions could become important in determining the number of jobs generated.[30]

While presently, credit institutions are playing a minor intelligence function in the employment generation policy process, their greatest potential input lies in the application stage through the use of credit to generate jobs. The IFCT could surely have a substantial effect as it committed a total of ฿1,145,619,000 in loans during the 1960-1973 period. These loans have created 40,000 jobs despite the fact that their intent was not employment generation.[31] The SIFO, on the other hand,

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[30]As a corporation with private stockholders, and a primary motive of profit, the Bangkok Bank would legally be little affected by any change in government policy. IFCT (which is also a semi-private institution but has its source of capital guaranteed by the government) and SIFO (which is a part of the Ministry of Industry and makes credit available through the semi-public Krung Thai Bank) would be more sensitive in their lending patterns to any official change in government policy toward employment creation. In fact the Chairman of IFCT apparently was following recent NESDB policy of upgrading and emphasis on job creation when he wrote in the 1973 Annual Report of IFCT: "An important, possibly the most important feature of industrialization is its employment creation potential." The Industrial Finance Corporation of Thailand, Annual Report 1973 (n.p.: n.p., n.d.), p. 11. However, in a pamphlet given to prospective borrowers that came out in early 1973, the IFCT made no mention of any consideration given to the employment creation potential of a project in evaluating that project for a loan. See The Industrial Finance Corporation of Thailand, Introducing IFCT's Long Term Industrial Financing (n.p.: n.p., January 1973), "Loan Appraisal Procedures" (no page numbers).

[31]The Industrial Finance Corporation of Thailand, Annual Report 1973, pp. 11 and 12.

does not have nearly the amount of credit-lending funds as does the IFCT. For instance, in the 1964-1972 period, loans totaling ฿174,495,000 were committed to small-scale projects. Granted that the labor-intensity of these smaller scale projects may be higher than those projects funded by the IFCT, but still the relative job creation potential of credit extended by SIFO is limited.[32]

Finally, like the credit institutions, the primary role of research organizations and academic institutions in the Thai employment generation policy process has been that of intelligence and appraisal. The main problem with the intelligence function was alluded to in Chapter II. With not only universities, but also government bodies (e.g., NESDB, Labour Department, BOI, and NSO) and even credit institutions collecting data on manpower, there is difficulty in agreeing on basic methods of data collection and analysis. What may be a high level of unemployment to one group would be viewed as moderate or even low joblessness to another group. Until one standardized method for collecting and analyzing employment data is instituted, it will be difficult for those organizations responsible for the intelligence function to coordinate their activities. These bodies also have a potential for taking part in the prescription and invocation functions as they are

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[32]If we use Board of Investment figures which state that it took ฿359,000 in privileges awarded to create each job or the IFCT figure that a little under ฿358,000 in loans was needed to create one job, the total employment directly generated by SIFO in the 1964-1973 period is 458 jobs. Ibid., p. 11. In addition, SIFO's budget has declined markedly in recent years. From a high of ฿10 million in 1965, the budget to run SIFO's operations was ฿3 million by 1971. See Small Industries Finance Office, Small Industries Finance Office Annual Report, 1971, pp. 7-9 (Thai).

uniquely equipped to determine how well employment generation policy would fit with Thai economic development plans and existing legislation. Academic and research institutions are particularly important because they give researchers the flexibility to analyze employment related subjects that are beyond the pressing day-to-day concerns of government civil servants. However, as of June 1974, there was no evidence that any of the major Thai universities (NIDA, Chulalongkorn, Thammasat, Kasetsart) had launched a major research effort aimed at studying employment creation policy in Thailand. For instance, at Chulalongkorn, the Faculty of Economics has placed a much greater emphasis on labor relations than employment generation topics.[33] Similarly, a lecturer in economics and business at Kasetsart University reported that his (and his department's) focus is on labor relations. Apparently, the research of academicians has emphasized labor relations (as opposed to employment generation) because of the growing power of labor unions in Thailand and the resulting increase in the frequency of employer-employee confrontations.[34] Even the faculty of economics at Thammasat University has paid little direct attention to such a specific topic as employment generation, preferring instead to concentrate on the more generalized area of economic development.

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[33]As evidence of this emphasis on labor relations in March, 1973, the Asia Foundation awarded Chulalongkorn University a grant of ฿40,000 to conduct research in the labor relations field.

[34]This is an impressionistic generalization gained from interviews with several knowledgeable academicians. There are always exceptions to any general statement as Ruangdej Srivardhana's cogent paper entitled "Urban Unemployment: The Thai Case" (Bangkok: Department of Economics, Kasetsart University, November 1973), demonstrates that the unemployment problem is accorded some attention.

One research body working in Thailand which does have a primary concern for the intelligence and appraisal functions of employment creation policy is the Asian Regional Team for Employment Promotion (ARTEP). This ARTEP group, which is a subunit of the International Labour Organization, has as its primary objectives employment generation and income distribution rather than the more common national goal of economic growth.[35] It has produced several useful studies which deal with the unemployment situation in Thailand and suggest ways to ameliorate this problem.[36] However, ARTEP is handicapped in that it has only 10-15 full-time staff members and it is responsible for analyzing employment programs in all Asian countries. Consequently, while the group is physically headquartered in Bangkok, its members spend a considerable amount of time working in other countries. (At least two ARTEP members interviewed by this writer confessed that they knew more about the employment situation in Nepal than in Thailand). Strangely, ARTEP has never been called upon to do an exhaustive country analysis in Thailand as it has done in other Asian countries. The major portion of ARTEP's work on a continuing basis in Thailand now consists of evaluating job training programs.[37]

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[35]Hans Weerstra, Interview with Tom Miller, July 11, 1974.

[36]See, for instance: International Labour Office--Asian Regional Team for Employment Promotion, "Construction, Employment and the North East Secondary Cities Urban Development Programme" (Bangkok: ARTEP, December 1973); William Waldorf, "Effects of United States Military Withdrawal on Northeast Thailand and Possible Compensatory Role of Construction Projects"; and Sivavong Changkasiri, "Potential Industrial Development in Northeast Thailand" (Bangkok: Asian Regional Team for Employment Promotion, January 1974).

[37]Hans Weerstra, Interview with Tom Miller, July 11, 1974. An

Interorganizational Coordination and Conflict

Even if employment generation policy were accorded higher priority in national planning and relevant government organizations were assured of adequate resources to carry out this policy, there is no guarantee that job creation programs would prove successful in Thailand. A recent article in Business in Thailand pointed out yet another impediment to the adoption of employment creation programs in Thailand:

> It must be remembered that planning is one thing while implementation is another. The Thai experience has shown that, first, the costs of operating and maintaining development projects are high due to the lack of coordination among the government departments involved.[38]

This subsection will explore the effects that coordination between government organizations and conflict among these bodies over different policies can have on employment generation policy.

As the functional task of each government organization has become more specific due to its increased complexity, these bodies have had to become increasingly dependent upon each other. Even with employment creation policy, which is in such an embryonic state of development, this need for mutual interdependence is clear. Respondents from key

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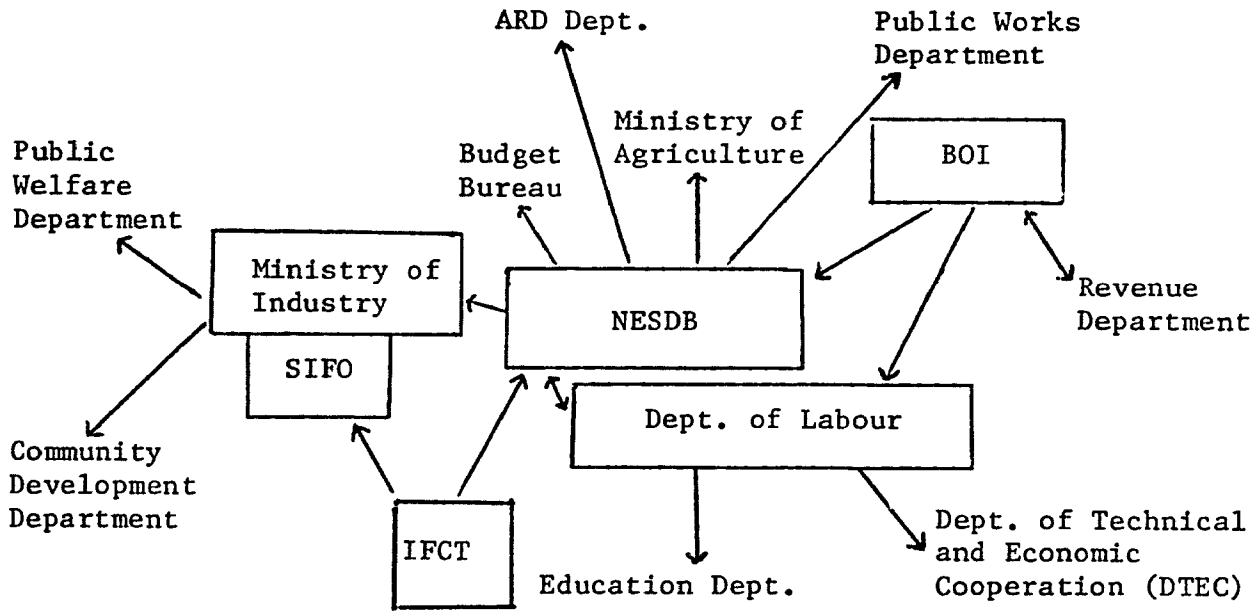
early product of ARTEP's involvement with evaluating job training scheme schemes in Thailand was Arthur Hennessey's "Preliminary Study of the Status of Vocational Training in Thailand" (Bangkok: International Labour Office--Asian Regional Team for Employment Promotion, 1970).

[38] Business in Thailand, April 1974, p. 37. Jasper Ingersoll provided some insight into how large a problem poor coordination can pose in a development project. From his experience at Nam Pong in Northeast Thailand, he listed several powerful factors which act as restraints on the amount of coordination between government bodies. See Ingersoll, "Human Dimensions of Mekong River Basic Development: A Case Study of the Nam Pong Project, Northeastern Thailand, 1967-68," pp. 144-146.

organizations responsible for employment creation policy were quizzed regarding the degree to which their body works with other government organizations in promoting job creation programs. An interesting picture, as shown in Figure 1, emerged.

Figure 1

Coordination Linkages Among Organizations in the Thai Bureaucracy Aimed at Promoting Employment Generation Policy[a]



☐ = interviewed officials from these organizations (NOTE: All arrows originate from organization with primary responsibility).

[a]This chart is not intended to show all the linkage between government bodies in promoting employment generation policy. If more individuals had been interviewed, surely a more complex picture involving more organizations would emerge. Rather, the intent here is (1) to demonstrate the central position of a few key bodies, (2) to show the variability of interdependence needed among organizations and (3) to show the potential complexities involved in dealing with this policy.

As expected, NESDB has the largest role of any agency in coordinating various aspects of job creation programs with other government agencies. This agency's motivation stems primarily from its functional role of coordinating all development programs in Thailand. NESDB also comes into conflict with a number of these same agencies over employment generation policy. For instance, for a considerable period of time, NESDB, through its Manpower and Population Planning Division, has been trying to create a heightened awareness among the Public Works, Labour and the Accelerated Rural Development (ARD) Departments as well as the Ministry of Industry that employment should be a major consideration in their projects. Similarly, officials at NESDB have been trying to convince project directors of the Budget Bureau (in the Prime Minister's Office) that they should ask questions about the kinds of manpower needed and the locale of these potential labor sources in evaluating budgetary requests. It is not sufficient to evaluate a project solely on its economic growth potential. Finally, NESDB has been working closely with the Civil Service Commission in broadening the regional penetration of the Ministry of Agriculture. The Manpower and Population Planning Division of NESDB, in particular, sees regional agricultural research centers staffed by officials of the Ministry of Agriculture as optimal agents of change for Manpower Planning policies. However, such a regional level approach through the Ministry of Agriculture is not possible due to government organizational restrictions which prevent the Ministry of Agriculture from having a large presence at the regional and changwat levels. Presently, any impetus for establishing research centers on a regional level must come from the Office of the

Undersecretary of State which cannot assure the degree of specialization required for agricultural research centers. Without specialized regional research centers, a consistently ignored policy like employment generation will be accorded little attention in the future.

The Labour Department interacts with several organizations in its role in the employment generation policy process. On occasion this interaction takes the form of conflict which may inhibit the furtherance of an effective job creation policy. For instance, both the Labour Department and the Ministry of Education operate skill training facilities. The Labour Department sees itself in a "middleman" role between jobseeker and employer regardless of where they are located. Its stated policy, therefore, is to move skilled and trained labor from one section of the country to fill the demand for workers in other areas. In opposition to this tactic, the Ministry of Education believes that it is more preferable to train those people already living in the area to do the work required than to bring in skilled outsiders.

The Labour Department must closely coordinate its activities related to job generation with other government and private bodies. Like all government agencies, Labour Department officials must meet with their NESDB counterparts from time to time to obtain advice and approval of their programs. One high ranking Labour Department employee explained that employment generation can occupy a higher priority only when NESDB is a stronger organization. While he had no doubts about the sincerity of the NESDB hierarchy in supporting employment generation policies, he did feel that by mid-1974 NESDB was not strong enough to turn down other

programs with which it did not fully agree and that competed for limited resources with job creation policies.

The Labour Department's National Institute of Skill Development, which operates a skill training center in Bangkok, has a primary goal of equipping unemployed people with the necessary training to compete for jobs where there is an unfilled labor demand.[39] Even though its limited capacity precludes the Institute from playing a major role toward bettering un- and underemployment conditions in Thailand, its function still is one of generating jobs.[40] In its role as a major center in Thailand for skill training, the Skill Institute receives financial support from several sources other than government budgetary allocations. For instance, the Department of Technical and Economic Cooperation (DTEC)[41] must work with the Department of Labour through the Skill Institute to allocate funds donated by the International Labour Organization and other groups for skill development programs. Difficulties of coordination occasionally arise when DTEC receives funds for a specific skill

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[39]For a fuller explanation of how the Labour Department's Skill Institute operates, see Vichitra Prompunthum, "Department of Labour Skilled [sic] Training," Labor and Industrial Journal 15 (January 1973).

[40]Up until now, employment generation has been defined as the creation of new jobs that previously did not exist. However, if a job vacancy remains open for a long time because there is no qualified worker to fill it, then the job really doesn't exist given the condition of the available labor force. When a worker acquires the skills needed to fill this position, then it can be concluded that the acquisition of this training was the catalyst to generate the job.

[41]The Department of Technical and Economic Cooperation is the government agency that oversees all foreign aid received by Thailand and channels it to the proper recipients.

training purpose which may not be in accord with the primary needs of the Skill Institute. For example, private foreign employers in the Bangkok area will donate fellowships and equipment under the condition that their employees be enrolled in the training program even though the Labour Department places a relatively low premium on training people who already have jobs. While closer lines of communication between DTEC and Labour Department officials may lessen the restrictions under which funds are received, the granting of funds for specific purposes ("tied" funds) has always been an element in private foreign aid programs and it is doubtful that this situation will disappear in the future. Therefore, it is likely that the fit between the requirements of the Skill Institute and available funds will continue to be less than perfect.

The Board of Investment must work closely with NESDB, the Labour Department and the Revenue Department in its limited input into employment creation policy. The BOI has a representative presently working on rural employment planning with NESDB officials. The Board of Investment also implements general NESDB planning directives which are appropriate to BOI functions. For example, in recent years, national planning policy has been directed toward increasing industrial development in areas outside Bangkok. The BOI has operationalized this particular policy by establishing ten investment promotion zones outside the Bangkok metropolitan area.[42] There appear to be no major conflicts between the two bodies over employment generation policy planning.

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[42]Somporn Punyagupta, "Explanation from the Board of Investment on the Investment Promotion Zones" (Bangkok: The Board of Investment, December 4, 1973) (mimeo).

There are points of conflict, however, between the BOI and both the Labour and the Revenue Departments over various elements of job generation policy. Like its relationship with NESDB, the BOI must work closely with the Labour Department. A representative from the BOI is presently on the Job Classification Committee of the Labour Department and he also helps draft labor related legislation. The conflict between the BOI and the Labour Department concerns their different attitudes toward allowing foreign workers to remain in Thailand. The Labour Department, which is interested in ensuring that no non-Thai works at a job that a Thai can do, seeks to limit the number of non-Thais working in the country. The previously-mentioned Alien Occupation Bill was intended to bar non-Thais from competing with Thais in various professions. The BOI takes an opposing posture by encouraging foreign technicians to work in particular industries where their absence might influence these industries to locate in other countries. In fact, one of its privileges specifically grants promoted firms "permission to bring skilled workers or experts, who are aliens, into the country for the purpose of the industrial activity."[43] The BOI justifies this position as creating more jobs over the long term by explaining that, without a provision to allow non-Thais to work in certain industries, there would have been fewer firms which chose to locate in Thailand. These firms employ many Thais at lower levels and, if the firm had located elsewhere, these Thais would never have obtained their jobs.[44] An employee

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[43] The Investor, May 1974, p. 341.

[44] The Board of Investment estimated that the number of Thai employees in all the firms it has promoted from 1960 through June 1974

of the BOI confided that this particular interagency conflict surfaces only infrequently as the Immigration Department cooperates closely with the BOI in allowing aliens with needed skills to remain in Thailand.

Another point of conflict which has an effect on job generation policy is between the BOI and the Revenue Department. For its part, the Revenue Department argues that when the Board of Investment grants tax holidays to lure investors, it is reducing the available funds to provide essential government services. Job creation and training programs would be included in this package of essential services. The BOI justifies its granting of tax concessions by stating that, without these privileges, firms would locate elsewhere. Not only would the Revenue Department lose potential income once the privileges expire, but many Thais would have to find other jobs. Conflict over similar basic interests exists between the BOI and the Customs Department. In this case the BOI grants import duty exemptions on machinery and materials thus depriving the Customs Department of a portion of its revenues.

The Ministry of Industry has coordinated its efforts with both the Public Welfare and Community Development (CD) Departments to have an input into job creation policies in Thailand. Its work with the Public Welfare Department has consisted of helping to develop programs to supplement the income of people living at planned resettlement sites (nikkoms).[45] In theory these supplemental income programs are geared

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have been 210,352. Its argument would follow that many of these jobs would have never been created if the firms did not receive promotional privileges. Board of Investment, "Activity Report for the Month of June 1974" (Bangkok: Board of Investment, 1974), p. 1.

[45]These resettlement sites, or nikkoms, are spread throughout

to the needs of each particular nikkom. The respondent mentioned a pottery training program as an example of these attempts. Such nonagricultural programs represent efforts to provide farmers with productive work during the dry season when they are often unemployed.

The Ministry of Industry works with the Community Development Department in developing mechanisms to elevate the income of people throughout Thailand. According to one respondent familiar with the work of both organizations, the record of CD extension agents in creating nonagricultural jobs has been mediocre. This official complained that Community Development Workers promise much to their Ministry of Industry counterparts, but sometimes fall short in fulfilling these promises. He gave the example of a large pottery village in Amphur Muang, Changwat Chaiyapoom where a training program to upgrade the skills (and incomes) of the people failed because the CD worker was not an effective instructor. On the other hand, a similar program in Changwat Yala worked well because the CD agent in charge was a good teacher. Since it is quite likely that the Ministry of Industry (along with the Labour Department) will have an important input into nonagricultural job training programs in Thailand in the future, it is important to review the work it does with other agencies in this field. If these job training programs can be made more successful and widespread, many Thais who must presently live at subsistence levels will be able to acquire the necessary skills for jobs which would keep them employed throughout the year.

Thailand. To date, they have been the only government-sponsored resettlement alternative for people forced to evacuate their homes as a result of public works construction.

Without available credit, many firms presently operating in Thailand would have never started and nonagricultural employment would be lower. The Industrial Finance Corporation of Thailand (IFCT) and the Small Industries Finance Office (SIFO) of the Ministry of Industry are government-backed institutions which make low interest loans available to to firms of all sizes. Both bodies must work closely with NESDB and must practice lending in accordance with NESDB national and regional plans. They also must carefully coordinate their activities to complement each other. In the event that IFCT gets an applicant asking for credit of less than one million baht, the applicant is referred to SIFO.[46] Similarly, potential borrowers of over one million baht are sent to IFCT. Without a close working relationship between these two organizations, many factory owners may not have been alerted to this easy source of credit, thereby eliminating countless jobs which presently exist.[47] In addition, IFCT coordinates its activities closely with the Board of Investment. The General Manager of IFCT is an automatic member of the BOI's Board and he has a voice in all major BOI policy matters. IFCT also contacts all firms who receive promotional privileges from the Board of Investment to offer them its financial services. No major conflicts which inhibit job generation policy exist between either IFCT or SIFO and other government organizations.

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[46] A high-ranking IFCT official confided to me that, in exceptional cases, IFCT will grant loans of less than one million baht.

[47] This statement does not necessarily imply that entrepreneurs would not know of IFCT and/or SIFO if there were no arrangement of cross-referrals. Both bodies have an extensive public relations campaign in the printed media to publicize their activities.

This section has traced coordination and conflict that exists between relevant organizations concerned with employment generation policy in Thailand. The attempt was not to do an exhaustive analysis by describing every interorganizational linkage, but rather to show that the degree of interdependence between these bodies is great. Much can be learned from studying the separate activities of NESDB, the Labour Department, BOI and other groups. However, the total picture of any organization's input into the employment generation policy process only emerges when that organization is analyzed in relation to those other bodies with which it interacts. Dr. Senoh, the Secretary-General of NESDB, expressed the reasons for examining not just each organization separately, but also as it relates to other bodies in Thailand:

> . . . the economic and social system has become much more interdependent and much more interrelated and that you need to have a stronger integrated approach to whatever problems are of a fundamental nature, because they will involve more than just one Ministry.[48]

Increased interorganizational interactions will inevitably produce some of the conflict discussed in the previous pages. Conflict is a relatively alien concept in Thai decision-making. Senoh presents the dilemma resulting from this increased propensity toward interorganizational conflict:

> In the past, the piece of cake was big enough; there were fewer people with fewer demands, so people could make room for the others politely. But now there are different groups expressing different demands vocally, so the problem of trade-off is inevitable and this is a little new for our cultural system. We don't like making trade-offs. Our system is usually to provide for everyone more or

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[48]"Dr. Senoh: Shaking Up NESDB," p. 15.

> less, and not to trade-off in the modern sense. So the ability to come to terms with the necessity to really trade-off and to build a system so that we can handle trade-off peacefully, effectively, and efficiently, is really a crucial problem. The difficulty is that trade-off implies that one group will have to get less than what it demands and this is the big question--how to achieve a satisfactory solution.[49]

According to one veteran observer of the Thai political process, the resolution of any conflict becomes more difficult when these disagreements are largely a function of personality differences between organization leaders. This individual noted that, in Thailand, once someone disagrees with another's policy, it is interpreted as "you disagree with me not because my policy is bad, but because you don't like me."[50] Until this culture-bound more can be overcome, it will be no easy task to resolve interorganization conflicts over employment generation policy in Thailand.

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[49] Ibid.

[50] Chirayu Issrangbul, Interview with Tom Miller. Several others quite familiar with the Thai political system confirmed this view, but asked not to be quoted.

CHAPTER IV

THE PRIVATE AND PUBLIC SECTORS AS PARTNERS: A SUGGESTED APPROACH TOWARD GENERATING NEW EMPLOYMENT OPPORTUNITIES IN THAILAND

Background to the Incentive Approach

As has been shown in the preceding two chapters, efforts which have come exclusively from the public sector to generate jobs in Thailand have been lacking. With increasing numbers of people voluntarily moving to urban areas and the real possibility of large-scale planned resettlement in Thailand's future, many people with an agricultural vocational background will be in need of nonagricultural jobs. Therefore, the necessity of public sector involvement in job creation policy-making will be even more critical in the future than it is presently.

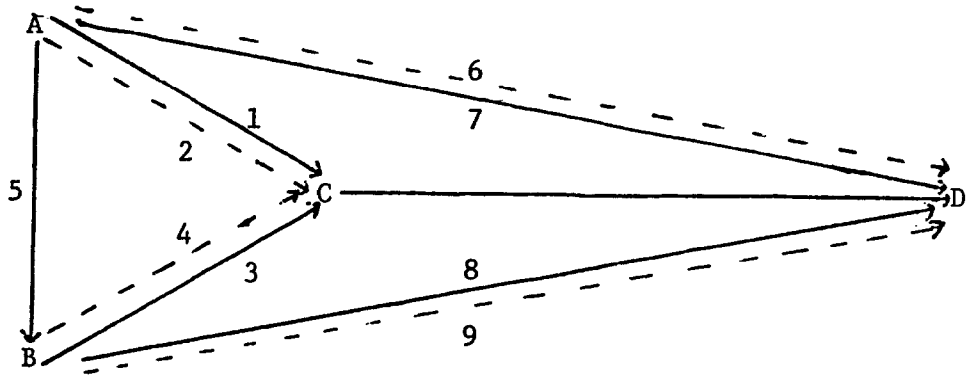
The government, however, cannot be expected to be the sole actor in employment generation planning and implementation. Simply to create many more civil service jobs would be essentially nonproductive and, in reality, a form of welfare. Any jobs that are created must be productive forms of employment which, over the long term, will be self-sustaining. The most obvious examples of productive employment are those jobs where the worker produces, repairs or maintains a tangible article or provides an essential service.[1] In Thailand, most of these

[1]"Productive" employment is defined as any job that adds to the gross domestic product.

productive jobs which have a nonagricultural base are under the control of private enterprises. The principal goal of the owners of these firms is profit maximization. Given this situation, there are several possible ways in which the public and private sectors and individual jobseeker can interact to formulate a job generation program. The causal diagram in Figure 2 traces and illustrates interactions and assesses their likely occurrence.

Figure 2

Possible Methods to Generate Nonagricultural Employment in Thailand



A = inputs from the public sector
B = inputs from the private sector
C = characteristics of individual jobseeker
D = mechanisms to formulate optimal employment generation program
Effect on creating jobs:

_____ = positive

-------- = negative

Example of hypothesized linkages:	Likelihood:
1. The government provides direct assistance to the jobseeker to give this individual a comparative advantage in the job market. For example, the government could provide some of these people with job training to upgrade their skill levels, thus making them more attractive to potential employers.	Likely (Such training programs are presently underway in Thailand, but are limited to only relatively small numbers of people.)
2. The government does nothing. People who must look for jobs in fields with which they are unfamiliar will most likely be at a comparative disadvantage in the job market because they lack the necessary skills and have suffered economic dislocation.	Likely
3. The private sector would want to hire the unemployed because of their high skill levels, needed expertise, and high labor demand.	Unlikely
4. The private sector refuses to hire the unemployed because of their low skill level and training as compared with people who are familiar with jobs in	Likely

	the particular field. Also, labor demand is slack.	
5.	The public sector subsidizes the private sector through the selective granting of economic incentives to firms that increase their labor force. These public efforts can be aimed either at a specific segment of the unemployed population (e.g., people forced to resettle as a result of public works projects) or at all jobless citizens.	Likely[2] (Such a program could be instituted through such existing Thai government organizations as the BOI, NESDB, the Labour Department and other bodies.)
6.	Public sector policies of giving financial incentives may have no effect or even a negative impact on increasing the number of employment opportunities. They could possibly have no effect if employers chose not to hire the incremental labor inputs	Unlikely

[2]Another way in which the government could increase employment in the private sector is through the selective granting of licenses to operate to those firms that fostered employment objectives. Such a tactic may be successful with large businesses, but it would be difficult to restrict the entrance of smaller concerns into different industries based solely on their employment practices because the manpower to insure compliance with licensing regulations would be limited. Furthermore, other Thai economic and social goals which may be viewed by policy-makers as being as important as employment generation would have to be sacrificed. This may not be acceptable to them. For a fuller discussion on the implications of using government licensing as a tool of public policy, see Ripley, ed., Public Policies and Their Politics (Introduction especially).

	as the marginal price of labor still remained above a specified profitable level. (This level would vary among firms.) A negative response of the private sector where employers actually reduce their work force could occur if an incentive program failed and private employer disillusionment/lack of confidence with this government effort prompted a reduction in the private sector labor force.	
7.	Public sector policies directly create more employment opportunities in the public sector. An increase in civil service rolls that is primarily intended to alleviate unemployment and is essentially nonproductive would be an example of this policy. Also, public works employment would be included in the public sector.	Unlikely (except in case of widespread unemployment and even then, only over a short time period).
8.	The private employer directly increases the number of jobs in his factory by switching to more labor-intensive production techniques.	Unlikely (Employers attempt to operate at their most expedient capital/labor mix and any attempt to

	artificially alter this balance would lower profits. Of course, this attempt to operate at the most efficient mix is based on perfect knowledge of the firm's constraints and resources. Since this perfect knowledge is rare, the optimal level is seldom attained.
9. The private employer directly decreases the number of jobs in his factory through reliance on more capital-intensive production techniques.	Likely (If the firm is operating at the optimal capital/ labor ratio, any disruption of this mix would decrease efficiency and profits. However, the prestige of owning modern machinery may induce the employer to accept slightly lower profits. Also perfect knowledge of exactly what constitutes the optimal mix is rare).

As pointed out, some of the nine possible linkages are highly unlikely to occur while others are probable given existing conditions in Thailand. Unfortunately, three of the five hypothesized linkages that are evaluated as "likely" would have a negative effect on employment creation. A fourth "likely" linkage (labeled as number 5) involves a substantial input from the public sector into the private sector, which in turn, generates jobs. However, it would appear that we are presented with a dilemma. On the one hand, the public sector has a responsibility for assuring that all its citizenry have the full-time employment to provide an adequate income, but it does not have the jobs available for those who need them. On the other hand, the private sector, which is the potential source of many of these jobs, has no incentive to create more jobs unless such an action would give it higher profits. It is to the profit demand of the private sector that the government must appeal, even though every attempt should be made to take advantage of such other intangibles as the firm owner's sense of patriotism and willingness to help his fellow man.

Fortunately, Thailand recognized this basic dilemma between the public and private sectors long ago.[3] In order to induce the private sector of the economy to make economic decisions in the national interest, the government established special economic incentives for those firms that followed specific government guidelines. In short, it

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[3]Governments at all levels face the task of representing the interests of all citizens in the face of individuals who place their own self-interest as top priority. This is a variant of the "collective versus individual goods" argument alluded to in Chapter I. See Olson, The Logic of Collective Action.

resolved the dilemma by merging the interests of the public and private sectors. The approach used by the government involved providing the individual firm with sufficient incentives (primarily of an economic nature) to induce that firm to conduct its business in concert with stated government policy. Government policy in this case involved increasing foreign and domestic investment in Thailand. The Board of Investment was created with the primary purpose of inducing firms to begin operations in Thailand. It has used a package of economic incentives and privileges as its principal tool to attract investment in Thailand.[4] Also, as national economic objectives have changed over the years, the BOI has altered the types, sizes and locales of firms to which it has awarded promotional privileges.[5] Therefore, in Thailand

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[4]For a clearer understanding of the overall function and responsibilities of the Board of Investment, see Board of Investment, Promotion of Industrial Investment Act, (No. 2) B.E. 2508 (1965) (Bangkok: Board of Investment, 1966). The original BOI functions have been altered several times. See, for instance, Office of the Board of Investment, "Decree of the National Executive Council No. 227" (Bangkok: Board of Investment, February 22, 1973). (English translation of original Thai version published October 18, 1973).

[5]For a recent list of types and minimum sizes of industries promoted by the BOI, see Board of Investment, Investment Services Division, "Announcement of the Board of Investment No. 1/2516--Subject: Activities Eligible for Promotion (List No. 1/25-6--As Amended Up to June 30, 1973)" (Bangkok: Board of Investment, n.d.) (English translation of original Thai version published July 19, 1973). Several years ago the Board of Investment included firm location as an additional criterion in determining eligibility for promotional privileges. This move was prompted by the increased congestion and pollution resulting from the overcrowding of industry in the Bangkok metropolitan area. The BOI gave special consideration to firms that located in ten "investment zones" outside the Bangkok metropolitan area. See Somporn Punyagupta, "Explanation from the Board of Investment on the Investment Promotion Zones," 5 pp. and map. At least one knowledgeable observer doubted that the privileges to firms in investment zones would have much effect. He wrote: "The Government has at last issued incentives to firms to move upcountry but

there is a possibility of utilizing an incentive approach whereby the public sector provides the economic inducement for the private sector to hire additional workers. The organizational infrastructure needed to implement such a program already exists. This chapter will explore in depth the feasibility of public-private sector interaction to generate more employment opportunities through an incentive approach. Whereas the emphasis in the previous three chapters has been job generation policy directed toward all unemployed citizens in Thailand, the focus will narrow in this chapter to examine people who are forced to look for new jobs as a result of government resettlement programs. These people represent a special group of the unemployed because many of them are without work for the first time and many of them will also be forced to find a new livelihood.[6]

The Effectiveness of Using Economic Incentives to Generate Additional Employment

How effective has an approach of selectively awarding economic inducements to firms which agree to employ more workers been in the past? There are no available data to indicate that an incentive-based program

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they will have to be greatly strengthened if they are to have any significant effect on the pattern of industrial investment. For a few tax privileges will do little to lessen the monopoly of advantages that Bangkok enjoys and which the highly centralised Government itself has been unable to resist." "How Democracy Will Be Won or Lost," Financial Post, weekly supplement to the Bangkok Post, December 29, 1973, p. 16.

[6]The reason why a substantial number of the people who relocate in urban areas cannot return to their former occupations is because they were farmers before resettlement but only nonagricultural employment is available in the towns.

with a primary goal of generating jobs has ever been attempted in Thailand.[7] It is then necessary to find instances of how well economic incentive programs have worked in other developing nations. The feasibility of using these programs as employment generation devices will be examined. Two studies exist showing the effects of the government granting financial inducements to private enterprises in Turkey and Colombia. In Turkey, research was conducted to determine which of two match factories that differed only in their degree of labor-intensity was more profitable (and thus, the preferred pattern of future investment).[8] As the table below indicates, the labor-intensive factory generated a much higher return on investment if no incentives were available. However, the comparative profitability of the two firms reversed when incentives were introduced as the capital-intensive plant became a more preferred source for investment funds (Table 3).

The relevance of this research in Turkey to Thai government efforts to generate jobs through an incentive approach is clear. Most but not all incentives have an inherent capital-intensive bias. The nature of the incentive itself, whether it is an exemption from customs

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[7]While the approach has not been attempted, it has been suggested by at least one high government official. Chira Panupong was Deputy Director-General of the Board of Investment when he suggested in a speech that the BOI should "vary the investment incentive according to the labor-intensity of the program." He mentioned that "some countries have already employed such an approach, but not yet to its fullest potential." See Chira Panupong, "A Dilemma in Investment," p. 25. When this writer wrote Chira on two occasions to inquire as to which nations had awarded incentives based on the labor intensity of the project, no reply was ever received.

[8]The factories were both owned by the same individual with one being 15 years old and employing 600 workers and the other being newer, containing much more capital equipment and having 106 workers.

TABLE 3

Effects of Awarding Government Privileges on Return to Investment: A Comparison of Two Turkish Match Factories[a]

	Present Value of Projects (million Turkish Lire)	
	Capital-Intensive Factory	Labor-Intensive Factory
1. Excluding incentives and at constant wages (assuming the supply curve of unskilled labor is infinitely inelastic)	5.38	9.75
2. All incentives (income tax and customs duties exemptions over 5 years)		
a. Not including income tax exemption in amount equal to investment in fixed assets from equity	5.23	4.45
b. Not including payment of customs duties over 5 years	4.91	4.37

[a]Ibrahim Ongust, "Economic Policies, Investment Decisions and Employment in Turkish Industry" in ed. by Ronald G. Ridker and Harold Lubell, Employment and Underemployment Problems of the Near East and South Asia, Volume II (Delhi: Vikas Publications, 1971), pp. 675-680.

duties, an income tax exemption for investment in fixed assets or an accelerated depreciation allowance on capital equipment, makes machinery less expensive relative to additional labor inputs. The author of the Turkish study addressed this problem when he spoke of the effects of using an interest subsidy (low interest loan) as an incentive:

> . . . to the extent that the interest subsidy is associated with and increases in relation to investment in fixed capital there would be a bias in favor of the capital intensive technologies, as in the case of payment of import duties in installments, which in fact is an interest free loan. The same is true for loans from the Industrial Development Bank of Turkey which are available only for investment in fixed assets. In these cases, an enterprise which chooses a more capital intensive technology also takes advantage of a larger [amount of] credit on concessionary terms.[9]

There are two possible ways to resolve the problem where most incentives are biased in favor of promoting greater capital-intensity. On the one hand, a search could be undertaken to find those few incentives which would make labor cheaper relative to capital. A form of wage subsidy or special additional tax on new capital equipment might accomplish this end. Also, a tax credit for the number of workers added within a specified time period would favor labor-intensive technologies. On the other hand, a more pragmatic approach would involve admitting that most incentives do favor capital over labor technology. However, the selective awarding of these incentives would be conditional upon the employer's acceptance of more labor inputs. In other words, if he is to derive the additional profit resulting from the incentives, the employer must be willing to forego a portion of this profit by hiring additional workers over and above those who will run the new machinery. In the end, his profit picture would still be brighter even with the incremental labor inputs than if he had never accepted the incentives in the first place.[10] There would be substantial problems of enforcement involved

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[9]Ibrahim Ongust, "Economic Policies, Investment Decisions and Employment in Turkish Industry," in Ronald G. Ridker and Harold Lubell, eds., Employment and Underemployment Problems of the Near East and South Asia, Volume II (Delhi: Vikas Publications, 1971), p. 673.

[10]This second approach does not necessary imply that the firm

with this approach. Both approaches will be explored in this chapter.

In Colombia, a program to exempt 100 different firms (which entered "basic" sectors of the economy or produced goods "complementary" to the production of iron and steel) from paying major corporate taxes in the 1960-1969 period was tried. The program was judged by one researcher to have "not been very effective" in increasing investment or employment even though there is disagreement on whether its failure was due to poor administration or flaws in the basic incentive approach itself.[11] An updated version of the same research pointed out the reaction of the affected firms toward the Colombian tax exemption. From conversations with and letters from the firm owners, the researchers found that many of the companies had initiated operations in response to the hope of tax savings. They also found that somewhat less than

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would have to hire so many additional workers that the last ones hired would have a marginal productivity approaching zero. While, over the short run, excess labor supply may have to be tolerated, over the longer run, these excess workers would be needed. Chira Panupong explained that incentives which improve the relative attractiveness of capital to labor ". . . however capital-intensive investments induced may . . . still generate employment and can, in the long run, lead to even higher levels of employment." Chira Panupong, "A Dilemma in Investment," p. 25. Also, Billsborrow and Porter, in writing of the Colombian tax exemption experience, explained why the firm should be willing to give up something in exchange for the tax break. They wrote: "Since the tax exemption is presumably a reward for doing something other than only making profits, the recipient firm should be subjected to conditions beyond type of product . . . [i.e., like employment practices]." Richard E. Billsborrow and Richard C. Porter, "The Effects of Tax Exemption on Investment by Industrial Firms in Columbia," Center for Research on Economic Development (CRED) Reprints (New Series), number 32 (Ann Arbor, Michigan: CRED, 1972), p. 49.

[11]Richard C. Porter, "The Effectiveness of Tax Exemption in Columbia," Discussion Paper #8 (Ann Arbor: Center for Research on Economic Development, July 1969), pp. 1-21.

one-third of the firms were able to expand more rapidly through reinvesting their profits once they began receiving the exemption.[12]

Thus, while the granting of special economic concessions by government to private enterprise in order to generate employment in the private sector has not been practiced on a widespread scale, the available evidence from the Turkish and Colombian experiments show that it has been far less effective than they could have been. As an argument favoring this approach, it has already been noted that Thailand does have the necessary administrative apparatus to implement such an incentive program.

In fact, to gauge how effective the present incentive program of the BOI has been, a survey was undertaken among firms which had already received BOI promotional privileges. The survey, which was administered by mail, took place during the July-October period of 1974. The population of firms receiving the questionnaire included all those who at some time had received BOI promotional privileges and were considered to be in industries that could prosper in Northeast Thailand.[13] Even though the response rate was lower than expected (54 completed questionnaires out of 255 possible), this is not unusual for a mail survey undertaken in a developing nation.[14] Fortunately, no major selective biases in

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[12]Billsborrow and Porter, "The Effects of Tax Exemption on Investment by Industrial Firms in Columbia," pp. 403, 417.

[13]See Appendix C for an explanation of the mechanics of the survey and a sample questionnaire.

[14]The response rate of 21.2 percent would be poor when compared with personal interviews. However, Kerlinger warns that responses to mail questionnaires are generally quite low and that returns of less

reporting were observed. In other words, the 54 respondents did not differ from the 201 nonrespondents in any major areas.

Several subjective questions were asked which sought to gauge the effect of the incentives on major investment decisions of the employer. Apparently, most firm owners knew before they started operations that they would receive promotional privileges from the BOI. They were asked to rank on a scale of one (no knowledge at all that incentives would be granted) to ten (were positive that privileges would be received) the certainty with which they thought they would receive BOI incentives. Of 52 valid replies, a mean score of 8.77 was obtained, indicating a great degree of certainty about being promoted even before the firms had commenced operations. The respondents were then asked to evaluate how great an effect the receipt of BOI promotional privileges had on their decision to start in business. Again using a one to ten scale (one meaning "no effect" and ten being "great effect"), the mean answer of 49 employers was 8.16. This indicates that BOI incentives were reported to be a very important consideration in their decision to invest funds in a business. Because we stressed that our survey was not conducted or sponsored by the Thai government the firm owners had no real reason to be trapped by the "positive response set" fallacy.

However, the evidence that the BOI plays a crucial role as an incentive granting government agency is somewhat contradicted by responses to a question about future promotional privileges the firms

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than 40 to 50 percent are common. Fred N. Kerlinger, Foundations of Behavioral Research, 2nd ed. (New York: Holt, Rinehart, and Winston, Inc., 1973), p. 414.

may receive. The firm owners were posed with a hypothetical question asking if they would be interested in extensions of their promotional privileges for a specified period once they expired. In return for this extension (which would save tax monies, enable them to import capital equipment more cheaply, and generate additional savings) the firms would have to increase employment by a specified percentage. The question had three forms in which only the length of time that the privileges would be extended and the expected labor force increase were varied. One-third of the respondents were asked if they would agree to increase their work force by 25 percent in return for an extension of promotional privileges equal to 50 percent of the time of their original privileges. The second and third groups were posed with a similar question with only the employment increase requirement being 50 and 75 percent in exchange for time extensions of 100 and 150 percent respectively. The intent of this question was twofold: (1) to determine the extent to which there would be a relationship between the importance attached to initially securing BOI privileges and keeping them in the future and (2) to ascertain if there was a discernible threshold level above which such a trade-off was viewed as desirable by the employer.

As can be seen from Table 5, just over half of the firm owners were willing to extend their promoted status beyond the expiration date. Follow-up questions indicated that some were hesitant because of the mandated employment increase. However, others felt that the BOI privileges they enjoyed had not had as positive an impact on the firm's profits as originally anticipated. In this latter instance, perhaps other incentives not offered by the BOI might have had a more

TABLE 4

Firms' Willingness to Extend BOI Promotional Privileges in Return for Employment Increase

Time Extension/Employment Requirement Package	Will Extend Privileges		
	Yes	No	Total
1. Increase employment by 25 percent in return for an extension of privileges by 50 percent of the original time.	13 (61.9%)	8 (38.1%)	21 (100.00%)
2. Increase employment by 50 percent in return for an extension of privileges by 100 percent of the original time.	10 (52.6%)	9 (47.4%)	19 (100.00%)
3. Increase employment by 75 percent in return for an extension of privileges by 150 percent of the original time.	6 (55.0%)	5 (45.0%)	11 (100.00%)
TOTAL	29 (56.9%)	22 (43.1%)	N = 51 (100.00%)

^{2} = 51.4 - 51.0 = 0.4

(missing responses = 3)

degrees of freedom = 2

significant effect. In this chapter, firm owners' reactions to some other incentives not presently offered by the BOI will be explored.

Also, there were no significant differences between the set of responses to the three time extension/additional worker requirement packages. It had been hypothesized that the respondents would favor a certain level of benefit and requirement over the others because they

saw their own interests as maximized at this level. However, with a chi-square of 0.4, the relationship observed was not significant even at the .10 level. The purpose of this question was not so much to measure the response of firms that had already received BOI privileges to an extension of these privileges as it was to determine how acceptable these privileges would be to the firm if it had to give up something (i.e., increase employment to a specified level) to secure them. This quid pro quo type of arrangement will be extremely important in any program to generate jobs in the private sector.

The Incentive Approach as Applied to a Specific Unemployed Population in Northeast Thailand

Conditions of un- and underemployment exist in all of Thailand's four major geographical regions. The Northeast, which has traditionally been the poorest of these regions, is particularly handicapped by an excess labor supply. In fact, every year during the dry season, thousands of Northeastern farmers must temporarily migrate to Bangkok and the Southern region to find employment. In addition, the BOI has had a minimum input in promoting firms in the Northeast which could lead to increased employment opportunities.[15] Therefore, a publicly-sponsored

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[15]From October 1960 until January 1974, the Board of Investment had granted promotional privileges to only 17 firms in the Northeast out of a total of 512 (or 3.3% of the total) that have been promoted throughout the country. Office of the Board of Investment, "Statistics in Summary--December 31, 1973" (Bangkok: Office of the Board of Investment, Research Division, December 31, 1973), p. 3. A specialist in the economy of the Northeast supported this view that the BOI has had little input into the Northeast. He noted:

> "Current promotional policies appear to be most effective as far as the Bangkok industrial belt is concerned. It is however questionable whether this exclusive reliance on private initiatives

program involving the incentive approach to create additional jobs in the Northeast would surely be a formidable challenge for policy-makers to implement. Its success would enable one to generalize with a reasonable degree of certainty that such a job generation program could be successfully instituted in the other regions of Thailand. Furthermore, an incentive-based program which is localized within one particular region precludes the necessity for people migrating from one region to another to find jobs. After all, unemployed persons must undergo enough trauma and dislocation in looking for new jobs that they should not also have to be moved over long distances to find employment.

In the March to June period of 1974 a survey was undertaken of 212 firms in the Northeast.[16] The principal decision-maker of each firm was interviewed in order to determine how receptive he would be to an arrangement whereby the firm would employ more workers in exchange for certain financial privileges or incentives from the government.[17]

Since many Northeast firms are from industries which have little potential to absorb additional labor, only those firms which were classified as members of "growth industries" were included in the population

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will lead to a rapid emergence in the Northeast of a more extensive industrial system that takes processing of available crops beyond the "satellite" processing stage, and that is characterized by the operation of a number of interlocking plants that utilize by-products and wastes as become available in industrial production." W. Van Warmelo, "Development of Agro-Industries in Northeast Thailand" (Bangkok: Mekong Secretariat, ECAFE, October 1973), p. 17.

[16]For details of this survey, see Appendix D.

[17]The principal firm owner was defined as that person who makes major decisions relating to output and employment.

to be surveyed.[18] Also, even though most manufacturing firms in the Northeast were located in or near urban centers, the survey population was restricted to firms only in towns that had shown a good economic growth record over many years or demonstrated a promise of future growth.[19] After all, an incentive program to generate jobs should be aimed at specific firms and geographic areas best equipped to receive such an approach. Even if ten thousand jobs were needed, it would be necessary to secure the cooperation of only several hundred firm owners to generate these jobs. The locations of the survey towns are noted in Figure 3.

Out of the 212 firms interviewed, only nine had any previous experience in receiving privileges from any government agency. Of these nine, five businesses had been promoted by the BOI, two by the changwat governor, and the other two by the Ministries of Industry and Finance. This meager experience and indications during conversations with firm

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[18] See Appendix E for an explanation of how growth industries were selected.

[19] Twelve urban areas in seven changwat (provinces) were selected. The attempt was made to evenly distribute this group over large and small towns. Therefore, the survey included firms from the changwat (provincial capitals) towns of Khon Kaen, Nongkhai, Chaiyapoom, Nakornratsima (also known as Korat), and Petchaboon and the amphur (district) towns of Chumpae and Ban Phai (both in changwat Chaiyapoom), Wang Saphung (in changwat Loei), Nong Bua Lamphu and Kumpawapi (in changwat Udornthani), and Lomsak (in changwat Petchaboon). In order to be included in the survey, firms had to fall within a specified distance of the municipal (for changwat towns) and sanitary (for amphur towns) districts which normally demarcated the business areas of the towns. For the criteria by which "growth towns" were determined, see Appendix D. For changwat towns, the firms had to be located within 25 kilometers of the municipal boundaries and amphur towns, the allowable distance was within 15 kilometers of the sanitary district borders. Appendix D lists a breakdown of the firms surveyed in each town.

Figure 3

MAP OF NORTHEAST THAILAND



owners that they knew little about government incentive programs made it necessary to take a great deal of time to explain thoroughly how a government-backed program would work. The owners were told that a list of nine different financial incentives would be read and then they would be asked to respond as to their willingness to hire more workers in return for receiving any single incentive. (They had a list of the incentives to refer to throughout the interview.) The incentives included:

(1) exemption from paying taxes on corporate income for two years.

(2) exemption from paying taxes on corporate income for five years. (This time period differs from the two years above to determine if a threshold level of acceptance was evident.)

(3) a wage subsidy for all new workers hired equal to 25 percent of their wages for the first year. (The employer would agree not to fire the worker once the term of this subsidy (for a period up to two years) expired except for good reason. The mechanism to enforce this agreement would have to be carefully worked out beforehand.

(4) a wage subsidy for all new workers hired equal to 50 percent of their wages for the first six months. (As above, the employer would be bound to employ the workers after the subsidy expired.)

(5) an exemption from paying duty on the import of machinery for five years. If equipment became less expensive, production could be expanded at a lower cost and additional workers would be needed.

(6) a low interest loan to expand production facilities or start a new business. As compared with a mean interest rate of 13.103

percent available from banks that was found in our survey and a rate in the 8-9 percent range from SIFO and IFCT, our rate was pegged at three percent. The amount of funds available to each firm could not exceed its annual sales volume.

(7) a high protective tariff to guard against cheaper foreign competition. By raising the tariff on similar foreign goods by 50 percent, Thai products would be cheaper. This would have the effect of increasing sales which would necessitate higher production and employment.

(8) a decrease of 50 percent in the overall costs of electricity used by the firm. Since the sale of electricity is a government monopoly, it is conceivable that an incentive reducing electrical power costs could be undertaken by the government. Lower power costs could amount to savings which could be used to increase capacity by hiring more workers.

(9) a cut of 50 percent in the overall costs of transporting the firm's raw materials and finished product. This cost is usually paid to private transport companies or borne by the firm's own trucking fleet. This incentive would take the form of a subsidy but would surely be more difficult to operationalize than the incentive reducing power costs.

This list of incentives is actually a mix of reality and untested proposals in Thailand.[20] The income tax holidays and exemption from

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[20]These particular economic inducements were selected from a much larger list because they were thought to have the greatest chance of acceptability among both firm owners and government agencies. The

paying taxes on imported machinery are variants of privileges already offered by the Board of Investment. Low interest loans are already offered by IFCT and SIFO (even though they do not lend funds at as low a rate as three percent) and the Customs Department regulates protective tariffs similar to those suggested above in incentive number seven.

On the other hand, the idea of a wage subsidy has never been attempted in Thailand to stimulate employment. However, it seems promising because, unlike some of the other incentives which favor increased mechanization, a wage subsidy is directly biased in favor of additional labor inputs. Chira Panupong, former Deputy Director-General of the BOI, stressed the logic behind a wage subsidy to reduce unemployment. Rather than initiate expensive job training programs that may or may not provide workers with the skills needed to fill labor demand, he thought that workers should receive on-the-job training directly from employers. This training would be subsidized by the government in the form of a wage subsidy for a period of six months to a year until the workers were fully trained.[21]

A reduction in the firm's costs was viewed by several experts as the best mechanism to stimulate employment. Two major costs to most firms (besides wages and the purchase of raw materials) are power and transport. It was felt that, to attain a substantial reduction in

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original list from which they were chosen included all those privileges currently offered by the BOI, a variant of the low interest loans offered by SIFO and IFCT, and ideas supplied by those knowledgeable with public policy and the business climate in Thailand.

[21]Chira Panupong, "A Dilemma in Investment," p. 25.

either or both of these expenditures, the firm would be willing to hire additional workers.

Each of these nine incentives was a relatively new idea to the firm owners and managers questioned. The incentives were thoroughly explained to the respondents and then they were asked to specify the maximum number of workers they would be willing to hire to obtain the particular incentive. It is important to keep in mind that some of the incentives were new ideas to many of the respondents. Therefore, because the employers were occasionally put in a difficult analytical position of being asked to evaluate new ideas, the results which are reported in this chapter should not be treated as a final or absolute product. Surely, if the employers had had more time to consider how the incentives would affect their particular firms, the responses might have been different.

Merely knowing that one incentive may be more popular than another is of little value in a program to generate jobs. Of critical concern to planners is the cost to the government (in the form of outright grants of foregone revenue) of generating one job with reference to each of the nine incentives offered. The response of firm owners and managers and the costs of creating jobs are listed in Table 5.

The firm owners and managers overwhelmingly favored the low interest loan over the other eight incentives. One hundred fifty respondents would have agreed to participate in a program of hiring additional workers in exchange for access to low interest credit. Less than half as many were favorably inclined toward the next most popular incentives (the two forms of wage subsidy and income tax exemption for

TABLE 5

Reaction of Firm Owners and Managers Toward Nine Proposed Incentives and Their Costs[a]

Incentive	Attitude Toward Incentive: Would Accept N	Would Accept %	Would Reject N	Would Reject %	Rank (1=highest 9=lowest)	Additional Workers to Be Hired*	Cost of Incentive per Job (฿) Created
1) 3 percent loan	150	73.2	55	26.8	$\bar{x}$ = 1.324 s = 0.928 N = 185	T = 8,460 $\bar{x}$ = 46.112 s = 118.256 r = 1-800	= 8,195 s = 11,456 r = 100-90,000 N = 150
2) 50 percent wage subsidy for 6 months	72	35.3	132	64.7	$\bar{x}$ = 4.247 s = 1.598 N = 154	T = 1,599 $\bar{x}$ = 7.838 s = 22.980 r = 1-200	= 1,186 s = 583 r = 0-2,800 N = 71
3) 25 percent wage subsidy for one year	72	35.3	132	64.7	$\bar{x}$ = 3.981 s = 1.502 N = 154	T = 1,599 $\bar{x}$ = 7.838 s = 22.980 r = 1-200	= 1,199 s = 580 r = 0-2,800 N = 71
4) income tax exemption for five years	70	35.2	129	64.8	$\bar{x}$ = 3.061 s = 1.533 N = 165	T = 1,147 $\bar{x}$ = 5.764 s = 19,466 r = 1-200	= 6,492 s = 9,058 r = 100-48,000 N = 63
5) income tax exemption for two years	47	23.3	155	76.7	$\bar{x}$ = 4.236 s = 1.541 N = 157	T = 511 $\bar{x}$ = 3.025 s = 11.821 r = 1-100	= 5,398 s = 14,833 r = 100-99,000 N = 45
6) duty exemption on imported machinery for five years	32	22.1	113	77.9	$\bar{x}$ = 5.253 s = 2.738 N = 79	T = 684 $\bar{x}$ = 4.717 s = 17.148 r = 1-146	= 29,487 s = 27,027 r = 600-93,300 N = 15

TABLE 5--(continued)

Incentive	Attitude Toward Incentive: Would Accept N	Would Accept %	Would Reject N	Would Reject %	Rank (1=highest 9=lowest)	Additional Workers to Be Hired*	Cost of Incentive per Job (฿) Created
7) 50 percent reduction in transport costs	31	16.5	157	83.5	$\bar{x}$ = 4.352 s = 2.072 N = 128	T = 80 $\bar{x}$ = 0.426 s = 1.770 r = 1-20	= 7,468 s = 14,926 r = 100-97,800 N = 50
8) 50 percent reduction in electrical costs	17	8.9	174	91.1	$\bar{x}$ = 4.301 s = 1.933 N = 123	T = 50 $\bar{x}$ = 0.262 s = 1.216 r = 1-10	= 3,007 s = 3,934 r = 100-19,900 N = 41
9) protective tariff of 50 percent on foreign-made competitive goods	1	1.8	56	98.2	$\bar{x}$ = 7.000 s = 1.970 N = 18	T = 20 $\bar{x}$ = 0.351 s = 2.649 r = 20	figures meaningless due to small N

*Includes those who would reject this incentive--i.e., hire no additional workers.

[a] $\bar{x}$ = mean score, s = standard deviation, r = range of scores, N = total responses, and T = total number for all respondents.

[b] No response was not interpreted as a rejection of the incentive in this calculation even though it most often meant that the person interviewed did not think enough of the incentive to even respond to it.

five years). The remaining incentives attracted marginal interest. An oft-heard reason for the favorable response toward the low interest loan was that it involved minimal government intervention in the business of the firm. Many of those interviewed were skeptical of government programs in general. They had an overall negative impression of the government because they saw it as taking money from the firm in the form of taxes but providing few benefits to the firm.

The wage subsidy (in both forms) was preferred by those firms that were more labor-intensive and had a large wage bill relative to other expenses. Those who reacted negatively did so because they did not want government intervention. There was also frequent negative mention of recent legislation hiking the minimum wage and with improving mechanisms for enforcing these increases. Many employers thought that a wage subsidy was another government attempt to boost the firm's overall wage bill. They pointed out that, while they might save some money in the short run while receiving the subsidy, over the long run they would lose money because they were obligated to keep the workers once the subsidy expired.

The proposal for an income tax holiday to generate jobs was received more positively than had been originally expected. Since corporate income taxes are not a major source of revenue in Thailand and enforcement mechanisms need improvement, it was felt that employers would not perceive any great savings if they were awarded this incentive.[22] On the other hand, the reduced costs for electricity and

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[22]The head of the Research Division of the BOI provided

subsidy for transport costs, which were thought to represent substantial savings to the firm, were greeted with far less enthusiasm than expected. Unfortunately, to many these seemed to be "pie in the sky" proposals which had little chance of ever becoming reality. The protective tariff was almost totally ignored by the respondents. While this idea generated intellectual appeal among several economists, its success in the developing world has been less than spectacular. A study in seven developing nations found that protective tariffs had little effect on employment. They tended to restrict domestic competition which actually reduced the number of potential jobs. These tariffs also became difficult to eliminate even when their effectiveness was questioned because of the strong interest groups supporting their continuation.[23] In contrast, a government subsidized low interest loan aroused enthusiasm because it appeared to be within the employer's conceptual framework of possibility. Lack of confidence by the intended target population can defeat even the best planned government program. Surely, the employers' confidence in the loan concept would be important in ensuring its successful implementation. However, it is possible that some of these

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information to support this hypothesis. She mentioned that the Revenue Department once conducted research to determine the effect of the BOI incentive granting a tax holiday to promoted firms. It was discovered that, out of several hundred firms, only a handful were profitable and had to pay taxes during the period over which they enjoyed the exemption. (Because this study was not made available to the public, no exact figures are possible.) Vanee Lertdamrikarn, Interview with Tom Miller, April 8, 1974.

[23]Wilfred Malenbaum, "Review Article: Modern Development Activities in Poor Lands," Economic Development and Cultural Change (October 1972), pp. 177-178.

employer evaluations would change if they realized the comparative benefits of each incentive.

To have an additional check on the reaction of firm owners and managers toward the nine proposed incentives, they were asked to rank the incentives in order of preference. This method provides data for a comparative evaluation of the incentives. The employers were asked to rank as many incentives as they wished, including those in which they had no interest in a job generation program. The purpose of this was to get a better overall reaction to all nine incentives than could be provided by a simple "yes-no" answer.

The results of the rank-ordering closely parallel the previously discussed positive and negative responses toward the incentives. The three percent loan was ranked either in first or second place by 167 out of 185 respondents. Put another way, this incentive had a mean rank score of 1.324 with a fairly small standard deviation of 0.928, indicating that the scores were closely bunched near the top. There was a large gap between the rank of the loan and that of the five year income tax exemption which ranked second highest with a mean score of 3.061 and a larger standard deviation of 1.533. It is noteworthy that, while about an equal number of people responded favorably toward the wage subsidy and five year income tax exemption, the latter incentive was ranked much higher than the two forms of the wage subsidy. They had mean scores of 3.981 and 4.247 with standard deviations of 1.502 and 1.598 respectively.

From conversations with many of these employers it would appear that the five year income tax exemption was ranked higher than both wage

subsidy packages because they perceived that there would be less chance for government intervention in the firm with the former incentive. The other five incentives ranked quite low on the ordinal scale with mean scores ranging from 4.236 (for the two year income tax exemption) to 7.000 (for the protective tariff). Even though they were fully explained during the course of the interview, it is quite possible that some employers did not understand the potential benefits of either the protective tariff or exemption from paying duty on imported machinery. As a case in point, we interviewed one motor vehicle repair shop owner who used a good deal of foreign-made machinery in his trade. When we explained that an exemption from paying taxes on this machinery would substantially lower his capital equipment costs, he disagreed, saying that his costs would not change because he bought his equipment from a supplier in Bangkok. We then explained that, were this proposed incentive to take effect, it would not matter whether he imported the machinery directly or bought it through a Bangkok middleman. If the latter case held he would pay the regular asking price of the Bangkok importer and then be eligible for a rebate on the import taxes paid from the government. At this point the man was disenchanted about the import duty tax exemption incentive because he didn't fully understand it and it involved having faith in the promise of a government rebate about which he appeared skeptical.

The two questions of major interest to pragmatic planners regarding this incentive approach to job generation are: (1) What are the total number of jobs that would be generated by each incentive and (2) How much would each of them cost? The best measure of the intensity

with which the respondents reacted toward the nine proposed incentives is determined by the number of workers they were willing to hire. In terms of total number of jobs that would be created if any incentive were offered to these 212 firms, the low interest loan far outranked the other privileges with 8,460 jobs. If one assumes that each of these jobs would be taken by a household head, over 50,000 people would be supported by the additional employment generated.[24] Incidentally, the total number of jobs that would be created if all eight other incentives were made available to the survey firms totaled only 5,690. Either wage subsidy would generate 1,599 jobs while the five year income tax exemption followed with 1,147 employment opportunities. Extrapolating the survey results from the 212 firms to the entire Northeast or even to all of Thailand would yield tens of thousands of additional jobs if only the low interest loan incentive were employed. An even partially successful implementation of this particular approach would surely go far in reducing conditions of joblessness in Thailand. This assumes that the funds to create these additional jobs would not come from another program which supports employment in the public sector.

With any incentive program employed, it would be a major administrative task to supervise the program. Keeping track of each participating firm would involve employing many administrative personnel. (As a side effect, this influx into the bureaucracy would also create more jobs.) Ideally, from an administrative point of view, the number of firms involved should be minimized and the extent of involvement of

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[24]This assumes a conservative figure of 6.0 for the average family size in Thailand.

each firm should be maximized. If inspectors have to police many firms that add only a few additional employees in order to be eligible for the incentive offered, this will necessitate a large and costly administrative staff. On the other hand, a commitment to employ substantial numbers of workers by each firm would reduce the costs of supervising this program.[25]

The largest impact per firm of the nine incentives came from the low interest loan. Among all the firms responding (including those that reacted negatively toward the loan), an average of 46,112 additional workers would have been hired. Even with a large standard deviation of 118.256, a good number of firms would have a substantial involvement (and commitment) to this particular incentive program. The impact of the loan on a per firm basis becomes even more significant when the mean number of additional workers per firm for the other eight incentives are analyzed. Both wage subsidies had the next largest impact per firm with each company willing to add an average of 7.838 workers. Other incentives would involve even larger administrative costs because of the low number of additional workers each firm would agree to hire.

The major cost to the government of an incentive approach, however, is not administration but the actual cost of the incentive itself. A program that would generate a great deal of enthusiasm has little value if it is prohibitively expensive. In reality, it is a combination of the cost per job factored by the total number of jobs generated that

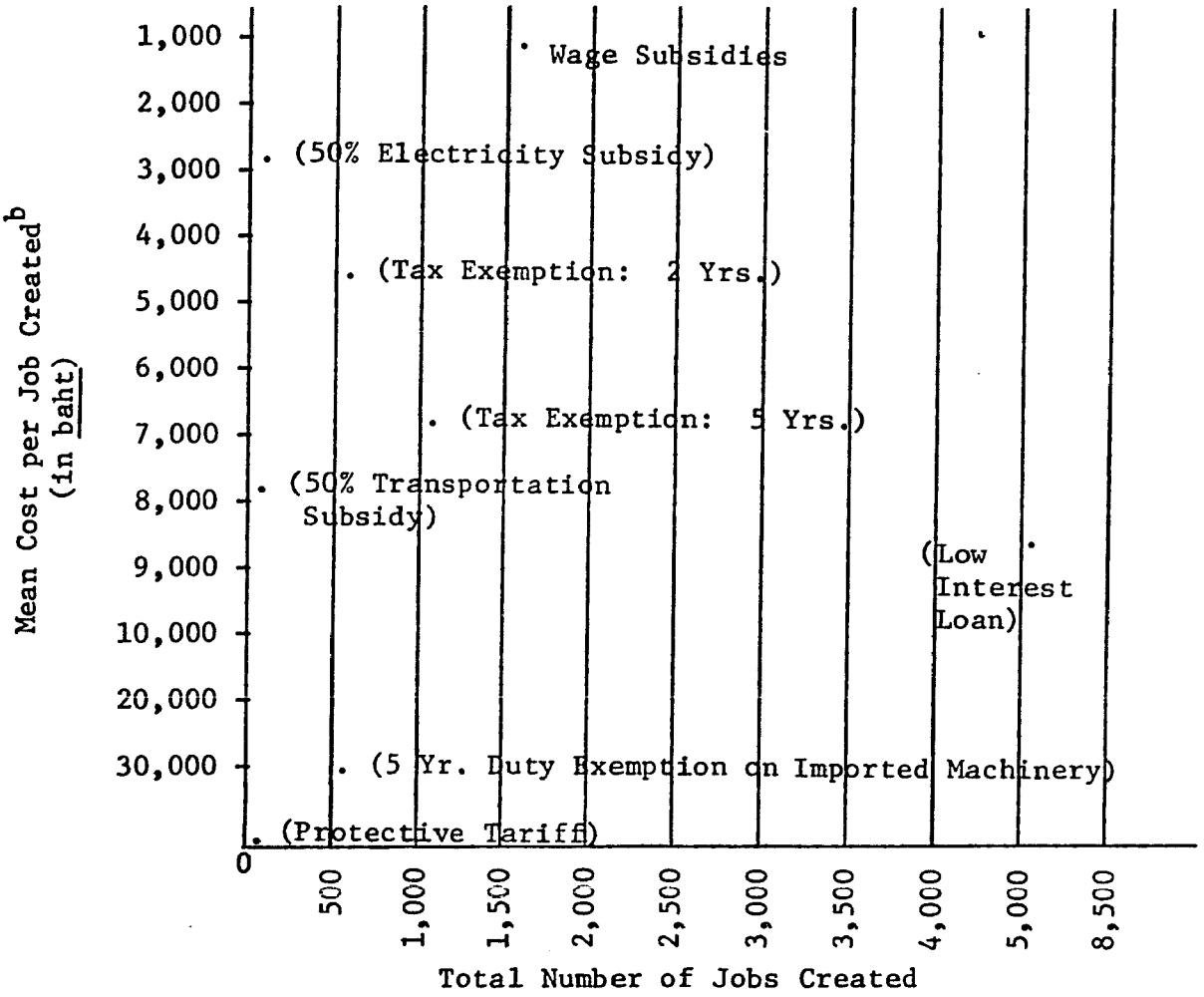
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[25]It is also felt that the greater the extent of involvement of each firm, the more committed that firm will be to insuring the success of the incentive program. This is an opinion of this writer and is not substantiated by empirical data.

determines the best incentive from a cost-benefit vantage point. Table 6 analyzes the incentives in regard to this optimal mix.

TABLE 6

Analysis of Optimality of Nine Proposed Incentives[a]



[a]There was an insufficient number of valid responses to calculate costs per job for the protective tariff.

[b]For the formula by which the costs per job for each incentive were calculated, see Question 21 of the Employer Questionnaire in Appendix D.

Where previously the low interest loan generated the greatest amount of support, on a "cost per job" basis, it now looks far less attractive. In particular, the loan is a more expensive way of creating manufacturing jobs than all but two of the other incentives. The cost of the wage subsidies per job is less than 15 percent the cost of the loan program. Put another way, if there were sufficient interest among employers in entering an arrangement with the government over a wage subsidy program, seven jobs could be created at the same cost as generating one job under the loan incentive. The two year income tax exemption was nearly half as expensive as the loan while the five year exemption was over $1,700 cheaper than the loan.

These comparative cost data raise a basic policy question for planners: Which incentive or set of incentives should be used in a program to generate jobs? The answer to that question depends on the priorities of policy-makers. From a strictly cost saving perspective, one might begin by offering the wage subsidies and then move on to the electricity subsidy, income tax exemptions and the low interest loan in that order. However, since each of the above incentives except the loan would only generate a limited number of jobs, they all would have to be used even if only a few thousand jobs were needed. With several incentive programs operating simultaneously, administrative costs would soar to the point where it might be more efficient (and cheaper when one includes administrative costs) to accept the higher price tag of the loan incentive. In short, even though a particular incentive may be more efficient on a cost per job basis, its effects may

be so minimal that it is more practical to use a more costly incentive which has a larger impact.

Regardless of which incentive or package of incentives is used, it is important to implement the incentive approach (or any other workable scheme) to generate jobs for the unemployed as quickly as possible because the government faces the alternative of massive unemployment (and its resulting welfare) over a long time period. The Volta resettlement program in Ghana subsidized a large population for at least two years at a cost three times the original estimate. In addition, Brokensha and Scudder found that ". . . if one adds up in the Ghanaian case the cost of . . . the loss of human productivity and motivation that is correlated with a relief programme, the amounts involved are even more substantial."[26] The lesson to be learned from the Volta resettlement experience is that, although a program to create jobs for the unemployed may involve large initial expenditures, in the long run it is preferable to government welfare from both a social and economic point of view.

Correlates of the Firms' Willingness to Engage in an Incentive-Based Employment Generation Program

The willingness of manufacturing firms to accept various government incentives in exchange for creating additional jobs is obviously a crucial determinant of the success of any of these programs. As was evidenced in the preceding pages, at least one and perhaps more of the

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[26]Brokensha and Scudder, "Chapter III: Resettlement," p. 31.

incentives show promise of being acceptable to employers as elements of a job generation program. At this point it is necessary to move one step further down the ladder towards specificity by asking such questions as: "Which specific types of firms are most receptive to the incentives?" and"Which firms are most able to absorb additional workers?" Answers to these questions will provide planners with not only the approach needed to generate jobs but also the target population upon which this approach will have the greatest impact.

Businesses differ from each other along many different lines. It is hypothesized that some of these differences may be important in indicating which types of firms would be best suited for an incentive approach to generate jobs. Therefore, each firm in the survey was "typed" according to the following categories:

(1) physical location
(2) principle business
(3) decision-making structure concerned with major decisions in the firm
(4) firm size (expressed both in terms of output and employees)
(5) incidence of ownership of other businesses by firm owner
(6) need for more labor at the present time
(7) length of ownership by the present owner

These variables were selected from a larger list of firm attributes because they were felt by this researcher to be distinguishing determinants of the firm's chances of acceptance of the incentive approach. Each of the seven sets of variables will be examined separately to ascertain the extent to which they are associated with the respondents'

expressed willingness to accept the more practical incentives.[27]

H_{1a}: It is hypothesized that the spatial location of a firm will condition the employer's response toward incentives. Firms in larger urban areas (changwat towns) will be more favorably inclined toward the incentives because they have greater access to the media to gain familiarity with past government programs which work with the private sector. (Alternatively, if these past relationships proved unsatisfactory to the firm owners and managers, they may show a greater degree of hostility toward the incentives.)

Chi-square tests were run to measure the association between town size and preference for the three incentives. The results are listed in Tables 7a, 7b, 7c, and 7d. With a score of 2.706 needed to attain significance at even the .10 level, all three of the separate relationships are rejected. Therefore, the hypothesis that town size is associated with acceptance of each of the incentives separately is rejected. However, the tables indicate that the rate of acceptance of all three incentives is significant at the .10 level. This higher score is, in part, traced to the higher response total for the three incentives taken together than for any single one of them. Also, for each of the separate incentives, the relative percentage rates of acceptance are

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[27]"Practical" is defined both in terms of popularity and cost. Using these criteria, the list of incentives under analysis has been narrowed to include the low interest loan, the wage subsidies, and the five year income tax exemption. Since the acceptance rate of the two different forms of the wage subsidy was identical, the two subsidies are treated as one package.

TABLE 7

Acceptance Rate per Firm of Selected Incentives by Town Size

(a) Five Year Income Tax Exemption

Town Size	Accept Incentive Yes	No	
Large (changwat)	61 (42.1%)	84 (57.9%)	145 (100.0%)
Small (amphur)	22 (32.8%)	45 (67.2%)	67 (100.0%)
	83 (39.2%)	139 (60.8%)	212 (100.0%)

$\chi^2 = 1.64$

(b) Wage Subsidies

Town Size	Accept Incentive Yes	No	
Large (changwat)	55 (37.9%)	90 (62.1%)	145 (100.0%)
Small (amphur)	18 (26.9%)	49 (73.1%)	67 (100.0%)
	73 (34.4%)	139 (65.5%)	212 (100.0%)

$\chi^2 = 0.25$

(c) Low Interest Loan

Town Size	Accept Incentive Yes	No	
Large (changwat)	110 (75.9%)	35 (24.1%)	145 (100.0%)
Small (amphur)	40 (59.7%)	27 (40.3%)	67 (100.0%)
	150 (70.8%)	62 (29.2%)	212 (100.0%)

$\chi^2 = 0.58$

(d) Total

Town Size	Accept Incentive Yes	No	
Large (changwat)	226 (52.0%)	209 (48.0%)	435 (100.0%)
Small (amphur)	80 (39.8%)	121 (60.2%)	201 (100.0%)
	306 (48.1%)	330 (51.9%)	636 (100.0%)

$\chi^2 = 2.71$

higher by from 9.3 to 16.2 percent and by 12.2 percent overall for the larger towns. Thus, when administrative requirements may necessitate that an incentive program to generate jobs be limited to a few urban locales, the above data suggest that firms in larger towns may be slightly more amenable toward such a program.[28]

H_{1b}: It is hypothesized that certain individual towns will exhibit a significantly higher or lower acceptance rate toward incentives than the average for the other survey towns. Our field research indicated that firm owners in certain towns may have more trust and confidence in programs like the incentive approach than is true in other towns. Since an effort was made to survey a cross-section of firms from different industries in each town, the possibility of there being a spurious relationship between town and acceptance (with industry being the intervening variable) is minimized.

The total number of acceptances of the five year tax exemption, wage subsidies and loan incentives in each town was calculated. This number was then divided into the number of firms interviewed in the town to arrive at a positive response rate per firm in each town. The purpose of this analysis is to determine if spatial considerations are

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[28]The responses toward each incentive are analyzed separately here while in later tables these responses will be grouped together. The reason for the change from a separate table for each incentive to one table for all incentives is primarily one of simplicity.

important elements in this plan to generate additional jobs (see Table 8).

TABLE 8

Acceptance Rate per Firm of Selected Incentives by Town in Northeast Thailand

Town	Number of Incentives Accepted				Total Number of Firms	Acceptances per Firm
	Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total		
1. Chaturat	2	2	3	7	3	2.33
2. Korat	32	30	53	115	67	1.72
3. Chaiya-poom	8	7	15	30	19	1.58
4. Khon Kaen	15	10	25	50	34	1.47
5. Petcha-boon	5	6	11	22	15	1.47
6. Kumpawapi	2	2	5	9	7	1.29
7. Lomsak	7	7	11	25	20	1.25
8. Wang Saphung	1	1	3	5	4	1.25
9. Ban Phai	6	3	12	21	17	1.24
10. Nong Bua Lamphu	1	1	1	3	3	1.00
11. Nongkhai	1	2	6	9	10	0.90
12. Chumpae	3	2	5	10	13	0.77
TOTAL	83	73	150	306	212	1.44

If one refers to the map of the Northeast on page 149, it is apparent that the five highest ranking towns are located within close proximity of each other. Two tentative explanations for this spatial relationship are possible. First, these four towns are physically

closer to Bangkok than the other eight towns.[29] Second, with the exception of Petchaboon, the five highest ranking towns are either located directly on a rail link or are very close to one (as in the case of Chaiyapoom). Both proximity to Bangkok and proximity to a railroad are variables which would tend to increase contact and communication with the outside world. Therefore, it is quite possible that greater contact with other people and ideas gave the respondents from the five high ranking towns more familiarity with the general concept of the incentive approach. This familiarity, in turn, led to a higher acceptance rate because there was less fear of the unknown (which is often the private sector's perception of government programs).

H_2: It is hypothesized that certain types of firms will exhibit a significantly higher or lower acceptance rate toward incentives than the average for all other firms.

In addition to establishing the preferred locale for a job generation program, it is important to know which industries will be most receptive to such a government initiative. This information will enable policy planners to target their efforts more efficiently toward industries which will have the greatest input into a job generation program. In Table 9 below, only industries where at least seven firms were surveyed were included.

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[29]The inverse relationship between spatial distance from Bangkok and rate of acceptance is almost perfect. Only Ban Phai (which had a low acceptance rate) is 43 km. closer to Bangkok than is Khon Kaen (which had a high acceptance level).

TABLE 9

Acceptance Rate per Firm of Selected Incentives by Industry in Northeast Thailand

Industry	Number of Incentives Accepted				Total Number of Firms	Acceptances per Firm
	Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total		
1. Manufacture of rice noodles	8	4	9	21	10	2.10
2. Spinning, weaving, dying and finishing silk	12	9	11	32	16	2.00
3. Cassava processing	12	10	18	40	21	1.90
4. Manufacture of furniture and fixtures	8	6	14	28	16	1.87
5. Manufacture of nonelectrical machinery	5	3	6	14	8	1.75
6. Bakery products	3	3	5	11	7	1.57
7. Repair of motor vehicles	13	8	22	43	29	1.48
8. Printing and publishing	4	1	10	15	11	1.36
9. Kenaf baling	4	5	15	24	18	1.33
10. Sawmills and planing mills	5	6	8	19	17	1.12
11. Rice mills	8	15	23	46	45	1.02
12. Manufacture of wearing apparel	0	1	3	4	7	0.57
13. Others	1	2	6	9	7	1.29
TOTAL	83	73	150	306	212	1.44

As can be seen from Table 9, the spread in rate of acceptance of the incentive approach is quite wide among the industries surveyed. It ranges from a high of 2.10 acceptances for each rice noodle plant to a low of 0.57 acceptances for each clothing manufacturer. Also, the six industries that were agri-business related exhibited a peculiar pattern in their acceptance rate. Three of them (rice noodle, silk and cassava processing) ranked as the highest accepters and the other three (kenaf baling, saw and planing mills, and rice mills) ranked near the bottom of the scale. This observation suggests that a selective approach toward agri-business related industries be adopted in planning an incentive program to generate additional jobs. Since nearly all of the industries made products or performed services for the population in their immediate area (exception: silk manufacture), there is no basis to conclude that industries which export products out of the Northeast are better or worse suited for this program. Similarly, there are no other obvious distinguishing characteristics which set one group of industries apart from another in terms of significant differences in their rate of acceptance.

H_{3a}: It is hypothesized that firms with a decision-making structure where a single individual makes all major decisions will be more amenable toward an incentive program than those firms where a consensus decision-making structure involving several people is found.

Since Thai culture places a high premium on reaching a consensus when more than one person is involved in the making of important

decisions and since inaction is not necessarily seen in a negative light, it is likely that the chances of acceptance would be lower with more than one person involved in the decision-making process. In Table 10, the first two rows of responses represent the individual as a decision-maker while the last two rows typify the consensus approach. Each of the respondents was asked who participates in major firm dicisions regarding employment and output.

TABLE 10

Acceptance Rate per Firm of Selected Incentives by Types of Decision-Making Structures in Northeast Thailand

Decision-Maker(s)	Number of Incentives Accepted				Total Number of Firms	Acceptances per Firm
	Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total		
1. Owner by self	61	53	113	227	149	1.52
2. Manager by self (if different from owner)	5	7	11	23	17	1.35
3. Owner and manager together	5	3	9	17	13	1.31
4. Owner and others	12	10	17	39	33	1.18
TOTAL	83	73	150	306	212	1.44

As can be seen in Table 10, there is a positive relationship between a high rate of acceptance and the individual as the sole decision-maker. Even though the differences are not strong between categories two and three above, the data do indicate that an incentive approach to generate jobs would receive the widest acceptances among firms which have only one person who makes major decisions. Among the individual decision-makers, the owner has much greater flexibility than the manager who still, in the final analysis, must answer to the owner. It is not surprising that in those cases where the owner made major decisions, there was a higher rate of acceptance of the incentives. After all, the owner need not worry about being responsible to any higher authority or about achieving a consensus among several other people in major decisions. This evidence indicates that for policy planners to have the greatest impact in using the incentive approach, they should concentrate on firms where owners are the sole actors in major decisions involving the firm.

H_{3b}: It is hypothesized that those major decision-makers of the firm who work at and live at or near the firm will be more receptive to the incentive approach than those who work elsewhere and/or live far away from the firm. For the firm to derive maximum benefit from these incentives it is important that the major decision-makers of the company keep closely abreast of firm operations and be in a position to alter firm decisions quickly. Therefore, those people who are closest to the day-to-day operations of the company will be in the best

position to take advantage of (and be most receptive to) the benefits offered under the incentive program.

Those decision-makers who work at and live at or near the firm are considered to be most involved in the day-to-day operations of their company. Also it is assumed that working at the firm signifies a higher degree of involvement than merely living at or near the firm. In Table 11, the hypothesis that the spatial distance of the decision-makers' place of work and habitat from the firm is negatively associated with his receptivity toward incentives is tested. The five categories of spatial distance are listed in order beginning with those who are closest to the firm (i.e., most involved) and ending with those furthest away from their companies (i.e., least involved).

There appears to be no relationship between the spatial distance of the decision-maker from the firm and receptivity toward the incentive program. Those who both worked at and lived at or near the firm reacted no more positively toward the incentives than did the individuals who were living and working at a greater distance from their firms. This finding is significant because it indicates to policy planners that their target population should not necessarily exclude absentee decision-makers who may be living and/or working in other areas of the country. In other words, a program to generate jobs that is aimed only at native Northeastern employers may have only limited success because it would neglect especially the many people who live and work in the Bangkok metropolitan area, but make major decisions for Northeast manufacturing firms.

TABLE 11

Acceptance Rate per Firm of Selected Incentives by Spatial Distance of Decision-Makers from Firm

Where Live[a]	Where Work	Number of Incentives Accepted				Total Number of Firms	Accept-ances per Firm
		Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total		
1. at/near firm	at firm	64	56	118	238	161	1.48
2. far away	at firm	11	12	22	35	35	1.00
3. at/near firm	elsewhere	2	1	2	5	3	1.67
4. far away	sometimes at firm	1	0	1	2	1	2.00
5. far away	elsewhere	5	4	7	16	11	1.45
TOTAL		83	73	150	306	212	1.44

[a]"Near" was defined as being within five kilometers.

H_{3c}: It is hypothesized that those major decision-makers of the firm who, via the mass media (radio or printed media), hear or read about major government decisions directly affecting their company's operations will show a higher acceptance level toward the incentives.

This hypothesis is based on the contention that exposure to the mass media would familiarize the employer with government programs. This familiarity, in turn, would breed receptivity toward the incentives because, in Thailand, it is often fear of the unknown that generates the greatest hostility and distrust. During our own pretest, the cold reception with which we were greeted was due to our failure to take the time to explain our research clearly to the respondent. Once we added five extra minutes to clarify our purposes and eliminate uncertainty, the initially negative reaction diminished. In fact, a majority of the respondents were enthusiastic in answering the questions that were asked (Table 12).

Two interesting pieces of information emerge from Table 12. First, it is surprising that as many as 25 employers (11.7 percent of the total) could not recall having read or heard of <u>any</u> government actions affecting their firms via the mass media.[30] This indicates that about one out of every nine individuals who participate in the firms' major decisions are outside of the most obvious and direct means through

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[30]"Any" was defined to include government actions affecting only their firm or those actions which affect the industry as a whole, their geographic locale, or even all manufacturing plants in Thailand. This was clearly explained to the respondents.

TABLE 12

Acceptance Rate per Firm of Selected Incentives by Decision-Makers' Exposure to Mass Media Concerning Their Firms

Have Ever Read or Heard of Government Decisions that Directly Affect Respondents' Business	Number of Incentives Accepted: Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total	Total Number of Firms	Acceptances per Firm
1. Yes	74	68	129	271	187	1.45
2. No	9	5	21	35	25	1.40
TOTAL	83	73	150	306	212	1.44

which the government communicates with employers. If these people are to be presented with an incentive approach program, they will have to be personally contacted or reached through some other means besides the mass media.

Second, the evidence in Table 12 indicates that these "isolated" employers would be nearly as receptive to the incentives offered as the respondents who had heard or read of government decisions affecting their firms. This finding again refutes the thesis that there is a strong positive relationship between exposure to the "modern world" (via the mass media or by living in larger towns) and acceptance of incentives.

H_4: It is hypothesized that larger firms will show a higher level of acceptance toward the incentives. The reason for this hypothesized relationship is that owners of large firms would derive a greater relative benefit from the incentives than smaller firms. For instance, large firms are more likely to have substantial tax savings from the income tax exemption. Similarly, large factories in Thailand employ a greater proportion of unskilled labor than small businesses and would benefit most in a competitive market for low cost labor from the wage subsidy. Finally, the maximum amount of the low interest loan available is dictated by the firms' output which would make larger sums available to the larger firms.

Two indicators of firm size were used: (1) total number of employees and (2) value of output produced in 1973. The results of the association between firm size and acceptance of incentives are summarized in Tables 13a and 13b.

With low correlation coefficients of .1672 between total workers and acceptance and .0738 between 1973 output and acceptance, it would appear that planners need not be overly concerned about concentrating only on firms of certain sizes. In fact, if planners are interested in predicted the firms' responses to the incentives, it may be wise for them actually to concentrate on smaller firms. As Table 14 graphically illustrates, the <u>variability</u> of response toward the incentive approach increases with firm size. The implication of a high response variability may cause policy-makers difficulty in their efforts efficiently to

TABLE 13a

Acceptance Rate per Firm of Selected Incentives
by Total Number of Workers

Total Workers in the Firm	Number of Incentives Accepted: Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total	Total Number of Firms	Acceptances per Firm
1. 7-9	10	5	29	44	38	1.16
2. 10-19	34	27	49	110	66	1.67
3. 20-29	14	15	20	49	34	1.44
4. 30-39	6	5	12	23	16	1.44
5. 40-59	4	4	9	17	13	1.31
6. 60-79	4	5	9	18	12	1.50
7. 80-99	1	1	4	6	6	1.00
8. 100-119	4	3	5	12	8	1.50
9. 120-149	2	3	4	9	4	2.25
10. 150-199	2	2	4	8	5	1.60
11. 200-309	1	1	1	3	3	1.00
12. 310-399	0	0	2	2	4	0.50
13. 400-9,998	1	2	2	5	3	1.67
TOTAL	83	73	150	306	212	1.44

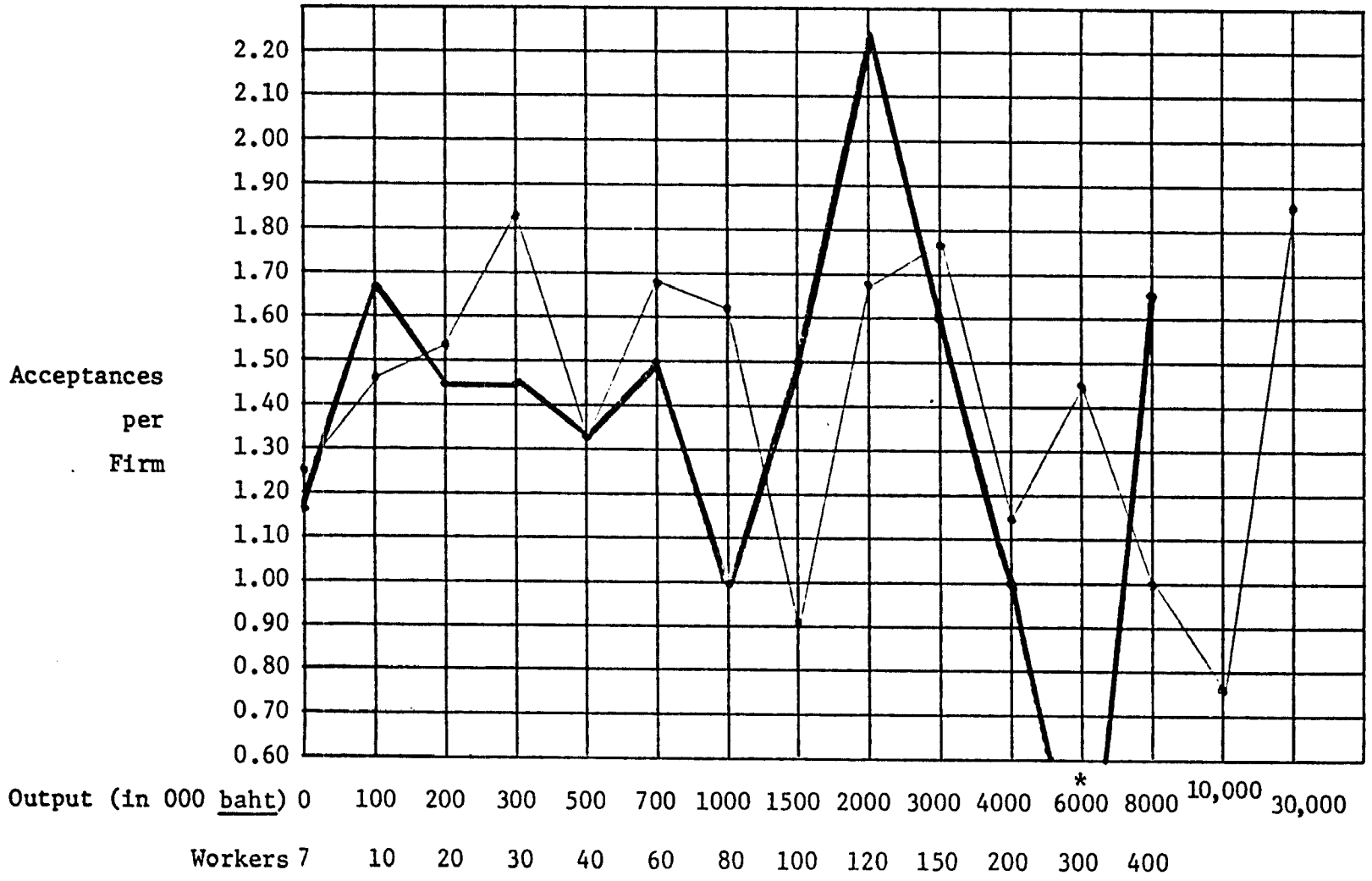
TABLE 13b

Acceptance Rate per Firm of Selected Incentives
by 1973 Output

1973 Output (in thousands of baht)	Number of Incentives Accepted				Total Number of Firms	Acceptances per Firm
	Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total		
1. 0-99	8	3	18	29	23	1.26
2. 100-199	13	6	15	34	23	1.48
3. 200-299	7	5	11	23	15	1.53
4. 300-499	12	8	13	33	18	1.83
5. 500-699	4	3	10	17	13	1.31
6. 700-999	6	5	11	22	13	1.69
7. 1,000-1,499	7	9	13	29	18	1.61
8. 1,500-1,999	0	4	8	12	13	0.92
9. 2,000-2,999	5	7	10	22	13	1.69
10. 3,000-3,999	7	7	11	25	14	1.79
11. 4,000-5,999	4	5	6	15	13	1.15
12. 6,000-7,999	5	4	7	16	11	1.45
13. 8,000-9,999	1	0	2	3	3	1.00
14. 10,000-29,999	1	2	7	10	13	0.77
15. 30,000-99,998	1	3	3	7	4	1.75
TOTAL	83	73	150	306	212	1.44

TABLE 14

Acceptance Rate per Firm of Selected Incentives by Total Number of Workers and 1973 Output



*This particular point falls below the graph to 0.00.

allocate resources toward the administration of an incentive program. If one cannot predict with a reasonable degree of certainty the responses of large firms (as is indicated by Table 14), it is likely that a substantial misallocation of administrative resources will be directed toward getting the support of nonparticipants in an incentive program.

H_5: It is hypothesized that those respondents who own other businesses will be more receptive toward an incentive program than those employers who own only the firm at which they were interviewed. This former group are entrepreneurs (with the exception of those who inherited their firms) who had to take risks and be innovative in order to expand to several firms. Innovativeness and entrepreneurship are qualities needed to be participants in a government-backed incentive program.

If this hypothesis is shown to be valid, it could lead to great savings for the designers of an incentive program to create jobs. By gaining the support of multiple owners, the program could secure the needed employment target at a lower cost of time and resources. After all, fewer <u>different</u> employers would be needed to generate the required number of jobs. Even if the multiple owners and single owners had identical reactions toward the incentives, it would still be advantageous to offer the program to the multiple owners first because they would represent a larger population of potential accepting firms (Table 15). The data indicate that multiple and single firm owners had exactly the same reaction toward the incentive package. However, to the extent that more

TABLE 15

Acceptance Rate per Firm of Selected Incentives
by Number of Firms Owned

Own Firms Other Than the One at Which Interview Was Conducted	Number of Incentives Accepted				Total Number of Firms	Accept-ances per Firm
	Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total		
Yes	25	26	41	92	64	1.44
No	58	47	109	214	148	1.44
TOTAL	83	73	150	306	212	1.44

than one firm owned by the multiple owners could sometimes be included in the responses, the optimal allocation of resources would dictate that these multiple owners be offered an incentive package first.

H_6: It is hypothesized that employers who state they need more labor at the time of the interview will respond more favorably toward the incentive approach than those who already have enough workers.

An incentive program is a quid pro quo arrangement whereby the employer can derive an economic gain in return for hiring additional workers, even if the marginal productivity of these additional workers is steady or declining.[31] Those employers who need workers anyway would have the most to gain from partaking in an incentive program because it is likely that their desire for more labor is associated with their perception that these additional workers will increase profitability (Table 16). The data indicate that there is a positive relationship between the need for more labor and acceptance of each of the three incentives. The relationship was quite weak for the income tax exemption and the wage subsidy which had chi-square scores that were rejected at the .20 level. The chi-square score of the loan was significant at the .05 level, indicating that the observed relationship between acceptance of the loan incentive and the need for more workers would only

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[31] An employer acting only on economically rational criteria would participate in the incentive program as long as the benefits outweighed the costs. Thus, he might find it profitable in the long run to agree to hire additional workers who had close to a zero marginal productivity just to be eligible for the incentives.

TABLE 16

Acceptance Rate per Firm of Selected Incentives by Present Labor Demand

(a) Five Year Income Tax Exemption

Presently Need More Labor	Accept Incentive Yes	No	
Yes	16 (44.7%)	19 (54.3%)	35 (100.0%)
No	67 (37.9%)	110 (62.1%)	177 (100.0%)
	83 (39.2%)	129 (60.8%)	212 (100.0%)

$\chi^2 = 1.10$

(b) Wage Subsidies

Presently Need More Labor	Accept Incentive Yes	No	
Yes	15 (42.9%)	20 (57.1%)	35 (100.0%)
No	58 (32.8%)	119 (67.2%)	177 (100.0%)
	(34.4%)	(65.5%)	(100.0%)

$\chi^2 = 1.32$

(c) Low Interest Loan

Presently Need More Labor	Accept Incentive Yes	No	
Yes	26 (74.3%)	9 (25.7%)	35 (100.0%)
No	124 (70.1%)	53 (29.9%)	177 (100.0%)
	150 (70.8%)	62 (29.2%)	212 (100.0%)

$\chi^2 = 3.96$

(d) Total

Presently Need More Labor	Accept Incentive Yes	No	
Yes	57 (54.3%)	48 (45.7%)	105 (100.0%)
No	349 (46.9%)	282 (53.1%)	531 (100.0%)
	306 (48.1%)	330 (51.9%)	636 (100.0%)

$\chi^2 = 1.92$

occur five out of one hundred times if there was, in reality, no relationship. The overall chi-square score for the sum of the three incentives was rejected at the .10 level. Therefore, if the low interest loan alone was offered in a program to generate jobs it would benefit planners to ascertain which firms were experiencing labor shortages and then to offer the loan to these firms first.

H_7: It is hypothesized that promoters of an incentive program will derive the most positive response from employers who have not owned their firms for a long period of time. This hypothesis is based on the assumption that employers who have owned their factories for a long time in Thailand become set in their ways and are least amenable to changing business practices. On the other hand, new employers who have not yet had the chance to establish overall policies in their firms would be more susceptible to embrace government inputs.

While the general case of this hypothesis may be applicable in many cultures, our field interviews showed it to be particularly valid in Thailand. Time after time, we encountered long term owners who ran their businesses on a pattern developed over many years. They seemed to be the most hostile to our inquiries as we were perceived as outsiders trying to influence firm decision-making. A strong negative relationship between the time that the firm was under the present ownership and acceptance of incentives would confirm hypothesis H_7 (see Table 17). Two separate correlation coefficients between incentive acceptance and time under present ownership were run with the data in

TABLE 17

Acceptance Rate per Firm of Selected Incentives
by Time Under Present Ownership

Time Under Present Ownership	Number of Incentives Accepted				Total Number of Firms	Acceptances per Firm
	Income Tax Exemption	Wage Subsidy	Low Interest Loan	Total		
1. within last 6 months	5	3	7	15	8	1.88
2. 7-12 months	13	11	26	50	29	1.72
3. 1-2 years	4	5	11	20	19	1.05
4. 3-5 years	18	16	32	66	42	1.57
5. 6-8 years	14	11	23	48	30	1.60
6. 9-12 years	15	11	20	46	31	1.48
7. 12-20 years	11	10	25	46	39	1.18
8. over 20 years	3	6	6	15	14	1.07
TOTAL	83	73	150	306	212	1.44

Table 17. One correlation, which used the midpoint of each of the "Time Under Present Ownership" categories, was -.6212 while the other correlation, which simply ordinally ranked the eight time categories, was -.6632. These correlations confirm the hypothesized negative

relationship.[32] Short term owners who have not had the time to establish routinzed patterns of decision-making are definitely more receptive toward the incentive approach. Tests were conducted to establish if these short term owners have certain background characteristics (i.e., absentee owners in Bangkok) that would make them more amenable to the incentives, but no intervening variable was found to compound the observed negative relationship.

The relationships discussed in this section indicate which types of firms may be most receptive to an incentive program to generate additional jobs in Northeast Thailand. Firms in large towns that are closer (and usually linked by railroad) to Bangkok exhibited a higher positive response rate toward the proposed government inputs. Preferred industry types were more difficult to distinguish as agri-business related firms were among both the most and least positive toward the incentive approach. Furthermore, it clearly would be to the advantage of planners to seek out certain types of decision-making arrangements in the firm. For instance, the employer unhampered by the need to consult with others and seek a consensus was found to be most receptive toward the incentives. Also absentee owners were just as receptive as those employers who live and work at the firm.

When initially spreading information about the incentive program, officials will be under two handicaps. Employers in the Northeast are

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[32]Although there was a strong negative correlation between time under present ownership and acceptance of incentives, the relationship was still rejected at the .05 level. With R = -.6215, a correlation coefficient of at least .7067 was needed to reject the full hypothesis at the .05 level.

generally unfamiliar with the concepts underlying this program and over ten percent of them are outside the mass media channels of communication. Good alternate information sources will have to be developed as this group of "outsiders" was found to be nearly as receptive toward the incentives as were the other employers.

Another surprising finding was that smaller firms may be the best initial target population to which the incentives should be offered. Planners will have to weigh two conflicting pieces of evidence in deciding to what size firm they will initially direct their efforts. On one hand, a given number of large firms which responded favorably toward the incentives would probably make available more jobs than a similar number of smaller firms who also reacted favorably toward the incentives. On the other hand, the large firms were found to have a more unpredictable response pattern than the small firms. These particular data indicate that the choice, therefore, is between directing one's efforts toward the large firms in the hopes of securing an occasional positive response which will yield many jobs or dealing with smaller businesses which will generate a more predictable number of jobs even though the per firm response rate may be lower. However, once again it is necessary to emphasize that this same survey should be replicated under different conditions to see if similar results are obtained.

Finally, the individual who owns several firms would generate more jobs because of the larger employment base of his holdings. Also, those respondents who at the present time have a need for more workers would be more receptive toward the incentives than those who do not presently need more labor inputs. Firm owners who had assumed control

over their businesses recently would be more amenable toward this program than those who had been running their firms for years.

All of the responses discussed in the preceding pages are based upon the state of information that the employers had about the incentive approach and their own firms at the time of the interview. Before an incentive approach is implemented, they will be better informed about the approach and how it affects their firms. Therefore, the data in this chapter should be interpreted as tentative and used to suggest to policy planners those further steps which need be taken to have an effective program.

It would be desirable to rank these correlates of acceptance of the incentive approach in order to establish specifically which type of firm would be most receptive toward the incentives. However, missing data for the 212 respondents were different for each of the seven variables. Therefore, the total number of valid responses dropped as each variable was added in the analysis. The results of multiple regression analysis or a similar exercise would not be appropriate to distinguish the optimal "type" of firm to receive the incentive package because of this differential response pattern.

The Private Employer as Policy-Maker in an Incentive Program

Until now, the thrust of this chapter has been to analyze the reactions of employers toward a specified list of government inputs. The list of incentives came from suggestions from public officials and had little input from the private sector. This one-way flow of communication was established intentionally as it is representative of the way

government decisions affecting the private sector are made in many countries. Suggestions from representatives of the private sector, which is the target of the given policy, are rarely solicited.[33]

However, the private employers involved in an incentive-based program occupy a unique vantage point from which to make inputs. They are in a good position to know just what will work as their positive reaction toward the incentives is a necessary prerequisite for the success of this program. Therefore, private employers were put in the position of policy-makers when they were asked to respond to two interrelated sets of questions. (1) How could the Thai government improve the effectiveness of awarding privileges to firms in order to generate more employment? and (2) What government incentives and programs would be needed to induce new manufacturing firms to locate in the Northeast in order to generate more employment?[34]

Initially, these two open-ended questions were to be asked of the 212 employers interviewed in the Northeast. However, the additional responses from these people was too long. Respondent fatigue rapidly set in toward the close of the interview and an open-ended question was

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[33]In Thailand, as in many other capitalistic nations, role differentiation between the private and public sectors is often blurred due to high occupational mobility. Frequently, corporate executives enter government service and public servants join the private corporate sector. Therefore, the socialization gained from this occupational mobility provides an indirect mechanism for input in certain policy decisions from the private sector.

[34]Only employers representing firms that were listed in our original "growth industries" list were interviewed. The interviews were conducted among firm owners in Bangkok who had begun operations after June 1972. The purpose of the survey was to use this group of owners as analogs for a future group of employers who might be persuaded to manufacture their products in the Northeast rather than Bangkok.

inappropriate. Therefore, these questions were asked in two other surveys done in the Bangkok metropolitan area. The question about improving the effectiveness of present incentives was asked among 54 representatives of firms enjoying BOI privileges at the time of the interview in 1974.[35] The other question was given to 101 new employers of firms which could be economically feasible in the Northeast. The responses to these questions should be carefully noted in an incentive program to create jobs. This tactic of eliciting input from the employers plays down the role of the government as an adversary by asking for suggestions.[36] At the same time, the employer suggestions should be tempered because the answers given were often not conditioned by the Thai government's manpower and resource limitations.

Respondents among the 54 firms with BOI privileges made 18 major suggestions for improving the awarding of BOI incentives in order to generate more employment.[37] While some of these suggestions could be implemented at little or no cost, the majority of them carried a price tag. Only those ideas which were mentioned by at least three employers (5.6 percent of the total) are discussed in this section.

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[35]For further details on the mechanics of this survey, see Appendix B.

[36]The positive reaction of the employers toward these open-ended questions indicates that the employers would be more than willing to suggest formally inputs into policy-making which affects them. The presence of an effective advisory panel representing a cross-section of employers could make a significant difference in whether the incentive approach succeeded or failed.

[37]Since the creation of additional jobs is only one of several BOI goals, the employers were asked to respond with <u>specific</u> suggestions which would increase employment.

A frequently suggested way to improve the incentive approach (mentioned by 11.1 percent of the employers) involved a more active government role in promoting foreign markets for Thai products. A decrease in the export tax on certain products and the establishment of commercial offices abroad were viewed as two ways to stimulate Thai exports. Several employers complained that while their companies could not afford to support their own overseas sales representatives, they were placed at a disadvantage because of strong foreign competition that was subsidized by their governments. While a more effective sales promotion effort may be feasible, an alteration in international trade tariffs would have great repercussions that policy-makers may be unwilling to risk.

The most widespread criticism of present incentives (from 29.6 percent of the respondents) dealt with present import policy. Nine of those owners surveyed called for a lowering in the import tax, in particular suggesting a lower duty on foreign-made spare parts and raw materials. In contrast to the call for a more laissez-faire policy toward imported goods, four respondents felt that quotas should be applied to imported raw materials in order to spur production of these raw materials domestically. Three other employers called for higher taxes on the import of foreign-produced products that could be made in Thailand. The message of these open-ended comments on import policy is clear: Each industry argues for its own parochial interests under conditions where conflicting interests are inevitable.[38] The only

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[38]Conflicts in a nation's import policy are found in nearly every country. Protectionist and "free trade" lobbies and interest

practical solution is for the government to formulate import policy based on its perception of what is best for the majority of Thai industries and the overall economy. The reason why the Bangkok employers were far more numerous than their Northeast counterparts in advocating a change in import policy is because their factories use imported products to a greater extent than do factories in the Northeast (which rely on indigenous products).

Yet another oft-heard complaint of employers who have had experience with an incentive program (by 10.8 percent of the total) is that the promotional privileges and rules governing them are too complicated and confusing for the average businessman to understand and there is often too much government "red tape." This comment should be taken quite seriously because it came from representatives of firms much larger than the average Northeast manufacturing plant. The Bangkok respondents also had more experience with the incentive approach than did the Northeast employers. If this group of Bangkok area owners had trouble in dealing with the incentive approach, it is likely that the Northeasterners' problems would be worse. One person that we interviewed gave an example of the confusion he experienced. He told of an instance where a decision reached by the BOI Finance Committee to reduce certain import duties was disavowed by the Ministry of Finance <u>despite</u> the fact that an official of the Ministry of Finance sat on that BOI

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groups in Washington, D.C. mount well organized and financed efforts to have their positions adopted. Advocates of a particular aspect of import policy in Thailand are far less conspicuous than their counterparts in the United States.

committee. The important message here deals not so much with facts but rather with the employer's perception of those facts. As long as employers feel that an incentive program is too complex or confusing, its acceptance will be limited. A more effective public relations campaign to explain the entire program combined with a simpler set of incentives may lessen these types of complaints in the future. In fact, a reduction in the amount of information overload given to each employer about the incentive approach may be another motive besides just profit for accepting the approach. After all, it is inevitable that the experiences of employers who previously were promoted by the BOI will have an effect on the acceptance rate of the incentive approach by Northeastern businessmen.

Two other unsolicited suggestions to improve the incentive approach involved labor policy and credit availability. Several of the employers (7.4 percent) mentioned that most of the incentives gave them little real economic gain because they did not pay enough income taxes to qualify for the tax exemption, import sufficient amounts of machinery to be eligible for the duty exemption, and/or were not eligible for other privileges. They said that, since their most pressing problem was securing adequate amounts of credit at reasonable rates, a program to generate low interest loans would be more helpful than any of the present privileges. (This idea did <u>not</u> appear anywhere on the questionnaire which was sent by mail.) The second group of suggestions concerned labor policy and was articulated by 11.1 percent of the owners. Three of them mentioned that more emphasis on formal job training programs was needed to upgrade the skill levels of the Thai labor force while one person

thought it was more advantageous to relax immigration restrictions in order to allow foreign technicians to fill certain technical and managerial positions. Also, there was a call for increased government research efforts to clarify the supply and demand functions of labor as well as support for government intervention to prevent labor unrest.

Clearly, some of these suggestions go well beyond just improving the present incentive program. The low interest loan, which had the greatest acceptance in the Northeast, was advocated by these Bangkok businessmen. Furthermore, government efforts to promote Thai exports were stressed. However, because the benefits of these efforts would most likely be shared by all firms and not just those who agreed to participate in an incentive program to create jobs, they could not be used in a program where incentives are awarded selectively. An exemption from paying taxes on imported raw materials and spare parts would surely save some Bangkok firms money, but it would have little effect among factories in the Northeast which use locally produced raw materials and (to a lesser extent) Thai-made capital equipment. Finally, workers could be given the job training to upgrade their skill levels. The employers would be paid for providing this training in the form of a wage subsidy.

The second group of employers (N=101) representing relatively new firms was asked to put themselves in the role of policy-makers to decide which government programs would succeed in inducing new manufacturing firms to locate in the Northeast. These respondents were uniquely qualified to give suggestions because (1) they could clearly

recall those factors which had been important in their location decision and (2) they represented only industries that were prospering in the Northeast.[39]

Incomplete information seemed to be a factor which caused three firms to locate in the Bangkok area rather than the Northeast. A manufacturer of high fashion knitwear for export said that she would have located her plant in the Northeast if she had been asked by government officials. Also, a textile manufacturer and a rattan furniture factory owner indicated that they were going to expand their operations into the Northeast in the near future. This three percent of the respondents was balanced by five percent of the new firm owners who were very pessimistic about any government program which would attempt to get firms to operate in the Northeast. Three owners mentioned that their previous experience with government "red tape" would discourage them from cooperating with any government program. Another two respondents felt that payment of "key money" (bribes) was a prerequisite to participation that they would rather avoid. As before, the important issue is not so much whether or not these beliefs accurately depict reality, but that they are part of the perceptual framework of the respondents.

The remaining 92 percent of the owners queried offered positive suggestions for stimulating the growth of manufacturing firms in the Northeast to generate jobs. Four percent of them said that the public sector must first establish pilot projects to show the private entrepreneurs that it would be profitable to invest in the Northeast. Another

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[39]For details of the mechanics of this survey, see Appendix F.

four percent of the respondents favored increased government sponsorship of agriculture which would lead to a development of agri-business in the Northeast. Representatives from several textile factories, a gunny bag plant and an animal feed manufacturer advocated this approach. Nearly 15 percent of these employers felt that for the Northeast to offer industrial infrastructure facilities comparable to those found in Bangkok, one or more industrial estates would have to be set up in the larger Northeastern towns to draw new factories. They frequently mentioned the Bang Chan Industrial Estate outside Bangkok as an example to be emulated in the Northeast. Another five percent alluded to the need for industrial infrastructure (but not specifically mentioning an industrial estate) as a prerequisite to strengthening the manufacturing sector in the Northeast. They called for government efforts to stimulate urban growth so factories would have ready markets for their products, a large pool of labor from which to draw, and the power, transport and water sources required.

The granting of specific incentives to individual firms was seen by 16 percent of the employers as the best way to stimulate jobs in the manufacturing sector in the Northeast. While three people stated that a general subsidy to any business locating in the Northeast would encourage firms to locate there, the others were more specific in stating exactly what type of subsidy was needed. Seven percent of those surveyed felt that the advantage of lower transportation costs in Bangkok would have to be offset by a transport subsidy for manufacturing firms in the Northeast. Two percent advocated a program of low interest, long term loans to businesses which agreed to locate in the Northeast, but could have started in

Bangkok. Two others mentioned lower telephone costs while an additional two percent of the employers felt that government-subsidized electrical power would have been enough incentive for them to have located in the Northeast rather than Bangkok. A major roadblock to implementing these suggested government subsidies is that the employers viewed them as permanent. Extending the privileges indefinitely into the future would make it impossible to calculate their costs.

A frequently mentioned impediment preventing more factories from locating in the Northeast is that this region is too far away from markets for most factory products. Sixteen percent of the 101 respondents felt that spatial proximity to markets was their major reason for locating in Bangkok rather than in the Northeast. Most of them were textile manufacturers. A solution to this problem would be difficult because Bangkok has traditionally been the commercial center for Thai products. However, manufacturers of low-bulk manufactured goods with minimal transportation costs may find it economically advantageous to accept a low interest loan, wage subsidy, income tax exemption, and/or other incentives in return for slightly higher transportation costs.

Nearly one-fourth (22 percent) of the new firm owners commented that problems of raw materials would have had to be solved before they would have considered locating in the Northeast. Seven percent of the employers (especially textile manufacturers) felt that the scarcity of water, water treatment, and drainage facilities made the Northeast an unattractive locale. Another 15 percent stated that, if they had started operations in the Northeast, their source of raw materials would have been too far away and/or too costly as compared with the Bangkok

area. Unfortunately, both of these problems would be beyond the range of any solutions offered by an incentive approach. The water situation necessitates a major and costly development effort while the raw material conflict stems from the historical poverty of the Northeast and the great emphasis placed on Bangkok's function as a commercial center.

Finally, concern over conditions of land prices and tenure as well as labor training and unrest were given as reasons preventing some firm owners from locating in the Northeast. Seven percent of the respondents (particularly owners of motor vehicle repair shops) would have been headquartered in the Northeast if they could have found cheaper land and buildings in the urban areas. Another person said that major land reforms would stimulate agricultural productivity which, in turn, would lead to an increase in the raw materials needed by agricultural processing plants. A curtailment of labor strikes and unrest, a guaranteed supply of semi-skilled labor throughout the entire year, and an increase in vocational training programs in the Northeast would have stimulated six owners to seriously consider locating in the Northeast rather than in Bangkok.

The purpose of asking employers the questions in this section was to test how well an incentive approach to generate jobs would ameliorate some of their major complaints and satisfy their proposals for change. The open-ended format elicited many suggestions that were well beyond the cost limits of any incentive-based program. Although the implementation of these ideas is surely desirable, planners must constantly work under the restriction that no program where cost is a factor can be everything to everyone. Therefore, the majority of the

54 firms enjoying BOI privileges made suggestions which could be implemented in an incentive-based program. The previously discussed low interest loan and wage subsidy to train workers which were popular among Northeastern employers also gained favor among this group. While most of the comments of the 101 new firm owners would necessitate major budget outlays and have multiple effects other than merely employment generation, their more economically feasible suggestions (e.g., low interest loan, skill training, subsidies of various types) clearly fall in the realm of an incentive approach provided that they can be implemented for a given (not indefinite) period of time.

CHAPTER V

THE INDIVIDUAL JOBSEEKER: HOW MUCH ASSISTANCE DOES HE NEED?

Introduction

An incentive-based program to generate jobs for the unemployed in Thailand has been presented in the preceding chapter. There can be little doubt that an organized program like this which originates from the public and/or private sectors will be necessary to absorb large numbers of unemployed people into the labor force. When many thousands of people suddenly lose their jobs as a result of being resettled to another locale, the need for an effective employment generation program becomes obvious.

This entire resettled population should not be depicted as helpless. Surely, a portion of those people who are forced to move would secure well paying jobs without outside assistance. Attempts to include these "self starters" in a publicly-sponsored program to generate jobs would be a needless waste of resources. However, it is difficult to estimate accurately what percentage of potential relocatees in a Northeast resettlement scheme would need help in finding employment. After all, these people have not yet been resettled. Because they possess unique cultural, social, economic, and ethnic characteristics and are

also influenced by situational variables,[1] their job finding capability would be different from that of other groups. Therefore, since experiments on the exact potential relocatee population in the Northeast are morally and logistically ill-advised, we must analyze other populations which are as analogous as possible to the resettlees.

Two different analog populations are examined in this chapter. The first group consists of 135 heads of households who had voluntarily migrated to urban areas in the Northeast during the 1969-1974 period and found factory jobs.[2] The employment experiences of this group are assumed to serve as analogs for future relocatees for several reasons. First, a substantial majority of these migrants came from rural backgrounds similar to those of the people to be resettled. Second, they all came to the type of urban areas in the Northeast that will absorb the relocatees into factory jobs if an incentive-based approach is undertaken. Third, they were all relatively recent arrivals to Northeast urban areas at the time the survey was taken. This is important because their initial employment experiences are likely to be similar to the experiences future relocatees would face in the absence of any government inputs.

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[1]Examples of situational variables are: the suddenness of the move, the trauma of relocation, the need (in most cases) to alter occupations, and (as is often the case with resettlement) the bitterness resulting from being evicted from one's home.

[2]This particular survey (hereafter referred to as the Migrant survey) was done by another team of our research project headed by Dr. Fariyal Ross-Sheriff. Rather than undertake a completely separate survey, this writer added 12 questions to the Migrant survey. Migrants were interviewed in the changwat capitals of Loei, Khon Kaen, and Chaiyapoom and in the amphur towns of Chumpae, Kumpawapi, and Yang Talad during 1974. The workers in this survey were all unskilled.

In order to provide for a check on the experiences of the 135 migrants, another survey was done of workers in the manufacturing sector. This particular survey included three workers from each of the 212 manufacturing firms visited in the employer interviews.[3] A total of 636 workers were questioned in this worker survey.

It is important to keep in mind that the two surveys were of analog populations and not of the actual group to be resettled. When any analog population must be substituted for the real subjects being studied, the degree of fit is less than perfect. In this research, the most glaring deficiency between the two analog survey groups and the anticipated resettlees involved a motivational factor. The individuals in both surveys were voluntary migrants to the urban area while a certain degree of compulsion is involved with any resettlement program. Those people who voluntarily migrated to the town most likely had more knowledge of job opportunities than did resettlees who must leave their homes within a specified time period. However, our interviews indicated that many people living in rural areas knew of employment opportunities in nearby towns. Therefore, if the resettlees are allowed the freedom to move to towns of their own choosing, they will not be so different

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[3]This Worker survey was conducted in accordance with the same procedures as the Employer survey. The respondents in the Worker survey had skill levels ranging from high to low. Whenever possible, the workers were selected on a random basis. However, on occasion the employer would select workers for us to interview. Thai custom and plain courtesy dictated that we interview those individuals who had been selected. Also, since the employees were working and we had already taken a great deal of the employer's time, the worker interview was very short. Therefore, since it was not possible to obtain some of the information we required in a five minute interview, the results of the Migrant survey are used alone in some sections of this chapter.

from the voluntary migrants because many of them will similarly know of job possibilities in these towns.

From these two surveys government planners will need answers to two major sets of questions before they implement an incentive approach to generate jobs for a specific relocatee population in Northeast Thailand. These questions are: (1) How do people with little previous urban experience find jobs in the manufacturing sector? What mechanisms of sponsorship are most discernible? Conversely, how do manufacturing firms find their labor force? (2) How well off are factory workers and recent rural-to-urban migrants in their jobs? Two separate indicators of success are used. One indicator measures economic well-being by focusing on income levels. The other indicator measures the migrant's subjective estimate of his own relative satisfaction by focusing on his responses to a series of questions asking him to compare his present urban status with his previous rural experience. Answers to these two sets of questions will indicate approximately what percentage of a given number of resettled people need not participate in a government-sponsored effort to generate jobs because they can find adequately remunerative employment on their own.[4] Also, a better understanding of the mechanisms by which job sponsorship operates will enable planners to link the

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[4]Adequately remunerative income is operationally defined as a household income above that of the mean income of a select group of well-to-do Northeast farmers. In other words, those urban workers with an adequate income earn more in the town than they would in the country. Those workers with a minimum household income above ฿15,000 annually would not need any government assistance because their jobs already yielded income above an adequate level. This figure represents a consensus of informed opinion about income levels in Northeastern rural areas. It is higher than government figures because it includes all production regardless of intended use.

unemployed with potential employers more effectively. After all, in Chapter IV, only a method for creating additional employment was discussed. Without the additional linkage of connecting jobseeker and job, it is possible that some of these newly created positions would go unfilled while some relocatees would remain unemployed.

Sponsorship: The Ways in Which the Unemployed Presently Find Jobs in Northeastern Thai Towns

By late 1974 there was no government program to create jobs for people migrating into urban areas in the Northeast. The regional offices of the Labour Department located in several changwat capitals of the Northeast played a very limited role in connecting jobseekers with the few vacancies that were reported to these offices. Less than two percent of the 212 employers relied upon these official channels as the means for hiring workers.[5]

However, even with little or no government help, most of the recently arrived urban migrants did find jobs through the assistance of sponsors. Sponsors are any people (usually friends and relatives) who helped the migrant in any way to find employment. This section will trace those specific sources of sponsorship that are so important in connecting the migrants with jobs. An incentive program to generate jobs in the Northeast must work through these sponsors in the same way it must work through the employers if it is to be effective in generating employment opportunities for a large resettled population. It is

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[5]Only 3 of the 212 firms (1.4 percent) reported asking for the help of the government labor offices to find additional workers.

not only possible that ongoing sponsors may save planners a great deal of money, but they might very well perform their function more efficiently and effectively than government sponsors.[6]

There are actually two distinct elements of job sponsorship: (1) the transmission of information and (2) physical assistance given to help find a job. The informational element consists of telling the prospective jobseeker that a specific job vacancy exists. It does not imply that any active help is given by the sponsor to secure the job. However, the physical assistance part of sponsorship does imply that active aid is given by the sponsor to help his client get a job. This assistance may be as slight a gesture as introducing the jobseeker to the employer or as overt an effort as promising that the job will be available.

An analysis of the ways in which both the 636 factory workers and 135 recent rural-to-urban migrants found their jobs will shed further light on how to evolve programs to connect prospective jobseekers with newly created jobs. C. R. Frank, Jr. found that in Africa a worker's ability to secure employment is a function of the amount of information he has about job vacancies. This information, in turn,

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[6]Several African resettlement schemes serve as excellent examples of costly government sponsorship efforts that were largely failures in the final analysis. See Moris, "The Evaluation of Settlement Schemes Performance: A Sociological Approach," p. 88. Moris details detrimental effects of too much government sponsorship: "Settlement households become, in time, more rather than less dependent on the central organization. They take increasing numbers of decisions to the management for action. They lose the sense of control over their own welfare. . . ." He pointed to Tanzania's "Village Settlement Project" as an excellent example of the problems that can arise when public authorities tend to usurp the sponsorship role in resettlement (p. 79).

increases with the number of contacts he forms in the area where he is looking for employment.[7] If it is found that past jobseekers have found employment through such formal means as middlemen (as is suggested by one study),[8] the mass media, or private or public labor offices, policy-makers will have to plan for an active intervening agent in a program to generate jobs. However, if it is apparent that very few of the factory workers reported that they heard about their jobs from professional labor contractors, then it might be advantageous to concentrate most public sector efforts in creating jobs while having minimal intervention in linking the new job with each individual (Table 18).

The responses of our two analog populations indicate that the middleman does not function as an informational source for employment opportunities to either factory workers or rural-to-urban migrants. Less than one percent of the 771 people interviewed (i.e., the "other" category) could possibly have obtained their jobs through the help of a middleman. Since an incentive-based employment creation program would direct a portion of the resettled population into factory jobs in urban areas, it is fair to conclude that there would be little need for planners to establish a formalized structure to link people with jobs. People learn of jobs either on their own or through the informal

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[7]Frank, "Urban Unemployment and Economic Growth in Africa," p. 267.

[8]This study, done in Northeast Thailand in the mid-1960's, suggests that many laborers looking for work will be helped by labor recruiters or contractors headquartered in Korat, Khon Kaen, and other major towns. Without these middlemen, the workers would have a difficult time locating jobs outside of their immediate locales. International Labour Office, Report to the Government of Thailand on Internal Migration, p. 131.

TABLE 18

Sponsorship of Factory Workers and Migrants:
Information about a Job Vacancy

Question: Who told you about your present/first job?	Source of Information about Factory Worker's Present Job		Source of Information about the Migrant's First Job After Coming to the Urban Area		Total Both Groups	
	#	%	#	%	#	%
1. Nobody	370	58.18	40	29.69	410	50.44
2. Friend in present town	76	11.95	33[a]	24.42	109	14.14
3. Friend or relative outside present town	44	6.92	--	--	44	5.71
4. Relative in present town	71	11.16	45[b]	33.33	126	16.34
5. Employer	56	8.80	15	11.10	71	9.21
6. Co-worker	16	2.52	0	0.00	16	2.08
7. Others	3	0.47	1	0.73	4	0.52
8. Rumor	0	0.00	1[c]	0.73	12	1.56
9. Missing data, no response	0	0.00	0	0.00	0	0.00
TOTAL	636	100.00	135	100.00	771	100.00

[a]This score of 33 represents all friends without respect to whether they live in the urban or rural area.

[b]This score of 45 family informants includes 15 immediate family members (parents and siblings) and 30 more distant relatives.

[c]It is possible that some of the respondents who said they received information from nobody heard of their jobs through rumors. This makes little difference as, in both cases, there was little outside help.

communications networks they have established. Of course, the role of the middleman as a job sponsor could become more significant in the future. Continued investigation of the sponsorship mechanism will alert planners of any changes. After all, over one-half of all the respondents did not require information about employment possibilities from anyone. The majority (36.19 percent of the total from both surveys) who did receive specific information about available jobs were told by contacts (friends and relatives) that they had established on their own. Some (9.21 percent) of the remaining workers in both surveys were given job information by their prospective employers.

Therefore, direct and large-scale government intervention in the informational stage of sponsorship would not be advised in a job generation program in the Northeast because, in the present context, it does not appear to be warranted. It would be important, however, that the jobseekers be given the opportunity to communicate with their friends and relatives in the urban area to which they will migrate. It is equally important that a sufficient number of jobs be created in these areas of in-migration. In addition to the geographic areas found to be most receptive to the incentive approach, planners may want to focus on those towns which appear to be the most likely recipients of the resettled population. Only with that residual population which needed jobs in the urban area but had no sponsors of its own might a government-sponsored intervention agent be helpful to supply information about employment opportunities. If these people could be identified before they are resettled, it may be advantageous for the government to set up

programs in the rural areas in order to stimulate the resettlees to utilize the informal sponsorship networks.

The large number of migrants who received job information from friends and relatives (57.75 percent) contrasts sharply with only 30.03 percent of those surveyed in the factories who received information from the same sources. This discrepancy can partially be explained by the fact that members of the former group voluntarily migrated to urban area of their choice. They could intentionally select those towns where they could be assured of assistance in looking for a job. The latter group, on the other hand, included people who were native to the urban area and needed little information about employment opportunities. Individuals who are resettled and looking for factory employment would be in a position similar to that of the migrant factory workers.

The second stage of the job sponsorship process, which involves active physical assistance given to the jobhunter, implies a greater effort by the sponsor. This stage also would be of great concern to resettlement planners because the help of a sponsor can often make the difference in whether or not a person actually obtains a job. Since, in this stage of sponsorship, more effort is required on the part of the sponsor, the number of total sponsors would be lower than in the informational stage. In Table 19, the extent of active help extended by employment sponsors was explored for both the factory workers and migrants.

The evidence shown in Table 19 indicates that, in the second and most crucial stage of sponsorship, the majority of the factory workers and migrants received no help in obtaining work. However, the incidence of self-sponsorship would not be expected to be as high for resettlees

TABLE 19

Sponsorship of Factory Workers and Migrants:
Help Given to Obtain a Specific Job

Question: Who helped you get your present/first job?	Source of Help for the Factory Worker's Present Job		Source of Help for the Migrant's First Job After Coming to the Urban Area		Total Both Groups	
	#	%	#	%	#	%
1. Nobody	466	73.27	52	38.52	518	67.17
2. Friend in present town	27	4.25	21[a]	15.55	48	6.23
3. Friend or relative	31	4.87	--	--	31	4.02
4. Relative in present town	66	10.38	43[b]	31.86	109	14.14
5. Employer	29	4.56	16	11.85	45	5.84
6. Co-worker	7	1.10	0	0.00	7	0.91
7. Others	6	0.94	0	0.00	6	0.78
8. Missing data, no response	4	0.63	3	2.22	7	0.91
TOTAL	636	100.00	135	100.00	771	100.00

[a]This score of 21 represents all friends without respect to whether they live in the urban or rural area.

[b]This score of 43 family respondents includes 15 immediate family members (parents and siblings) and 28 more distant relatives.

who came to the town from the rural area in search of factory employment because some of them would undoubtedly be unfamiliar with the urban area and might not know anyone in town. Similar to the informational stage of sponsorship, relatives and friends of the jobseeker were found to be the most frequent sponsors in this second stage. Also, as before, the migrant population required much more help than did the factory worker group.

In addition to family and friends acting as job sponsors, the prospective employer and/or co-workers of the respondents occasionally assisted them in finding jobs. Employers provided information that a position existed to 9.21 percent of the factory workers and migrants while they actively assisted 5.84 percent in finding jobs. Future co-workers of the jobseeker were less active as sponsors. They told 2.08 percent of the two populations surveyed that a specific employment opportunity existed in the urban area, but only helped 0.91 percent of them secure their jobs. Nothing has been said about the length of time it takes jobseekers to find their first positions. This time period, often referred to as "downtime," was investigated in the Migrant survey. However, the results obtained were not considered reliable enough for inclusion in this research.

Is the method of sponsorship that these factory workers used to find jobs unique? Do people who arrive in the urban area and obtain work in other sectors of the economy receive job information and assistance from the same sources? These questions are important if planners are to formulate an effective program to link newly created employment opportunities with individuals in need of them. If sources of

sponsorship are found to be similar across many different types of jobs, then the Labour Department and other government agencies could rely upon one program to find jobs for people in all nonagricultural sectors of the urban economy. However, if factory employees obtain their positions in ways different than other workers, then special packages would have to be developed to link people with jobs in each of these sectors of the economy effectively.

To test for differences in sponsorship between migrants who found factory jobs and migrants who found positions in other nonagricultural sectors,[9] a correlation was run between the percentages of migrants in each of these two groups who were sponsored by each source. A perfect score of 1.00 would mean that the migrants who found factory jobs and the migrants who found jobs in other sectors were assisted by exactly the same percentages of each of the sponsors found in Table 19. Actually, the correlation of 0.8791 between the two groups which measured similarity for informational sponsorship was a very close fit. The correlation for the active assistance part of sponsorship was even higher at 0.9154. Therefore, it appears that the types of sponsorship observed in Tables 18 and 19 are the norm for migrants coming to the urban area regardless of the types of job they find.

Given the central role that the employer would play in an incentive-based job generation program and the evidence cited above that employers have an input into the sponsorship function, a closer

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[9]Some of the other occupations include: salesman, merchant, samlor driver, bus driver, tractor operator, carpenter, mechanic, clerk, tailor, food vendor, teacher, and government official.

examination of how employers find their workers may be instructive. To support this examination, a section of one study which dealt with how labor is recruited in Thailand found:[10]

> Most . . . [labor] recruiters are simply workers sent back by their employers to their villages with the occasional mission of engaging more workers. Their task is facilitated by the confident relationship they have with their fellow-villagers and by their knowledge of the working conditions outside.

The same study found that job sponsorship by one's future co-workers can be the best type of sponsorship for not only the employer but also the jobseeker. Even though this part of the study was done in Bangkok, the comments noted below would seem to be applicable to Northeast urban areas as well.[11]

> Finding employment in Bangkok is greatly facilitated if the worker is introduced by a worker of the firm. Employers often like to engage relatives, friends or acquaintances of employees who act tacitly as warrantors for the newcomers. This fact is well known by any laborer who tries to be introduced to an employer by a native of his own region and thus to be sponsored by him.

The degree to which the employer relied on his factory workers to find new laborers is explored in Table 20. Also, other methods that the employer used to recruit workers are examined. As with the previous examination of how jobseekers were sponsored, the focus here is not so much on any specific type of sponsor. Rather, what would be important to employment generation planners is whether or not they are able and/or should try to intervene in the sponsorship process.

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[10] International Labour Office, Report to the Government of Thailand on Internal Migration, p. 101.

[11] Ibid., p. 117.

TABLE 20

Methods Used by Factories in Northeast Thailand to Recruit New Workers

	#	Percent of 212 Firms
1. New workers apply for jobs by themselves at the factory	128	60.38
2. Employer contacts former workers	102	48.11
3. Present workers find new laborers	89	41.98
4. Employer goes to the village to enlist workers	47	22.17
5. Employer posts signs advertising job vacancy	13	6.13
6. Employer goes downtown to enlist workers	3	1.42
7. Employer asks Labour Department office to find workers	3	1.42
8. Employer advertises for workers through radio and printed media	2	0.94
9. Employer asks private labor office to find workers	1	0.47
10. Employer contacts firms in Bangkok who are laying off workers	1	0.47
11. Employer's friends find workers for him	1	0.47
TOTAL	390	--

[a]Up to three responses were allowed per interview. However, the percentage scores are based upon a total of 212 firms. Therefore, the sum of the percentage scores far exceeds 100.00.

The evidence in Table 20 is consistent with the answers given by the migrants and factory workers. For instance, the employers substantiated the majority of the two groups' claims of receiving no outside assistance in securing employment. Three-fifths (60.38 percent) of the 212 employers reported that new workers applied for jobs by themselves at their factories.[12] Of great significance to planners of a program to create additional factory jobs in the Northeast is the fact that, like jobseekers, employers also utilized more traditional avenues (which do not require government intervention) to recruit workers. They relied heavily on contacting former workers, asking their present employees to find new laborers, and enlisting new labor from nearby villages.

The most common ways in which the public sector could aid employers in securing new laborers would be through labor offices, a recruitment campaign through the mass media, or by transporting surplus labor from other sections of the country into the Northeast. However, efforts in this direction would most likely meet with little success because they are largely alien to present recruitment patterns. Less than two percent of the employers relied upon Labour Department offices for help in finding workers. An even smaller number used the mass media to recruit additional labor. The idea of importing surplus labor from other regions into the Northeast would defeat the principal aim of

[12] Here is one point where the distinction between the informational and active assistance stages of sponsorship are important. Since the employers have little knowledge of the informational stage but do have active control over the assistance stage, we are focusing only on their role in the latter stage in this question.

generating employment for Northeasterners who should ideally be resettled within the region.

One significant difference between both of the populations examined above and a resettled population with a rural background is that members of the former groups had the time and connections to arrange job sponsorship while the resettlees will be in a less advantageous position to secure help in getting a job.[13] It is hypothesized that members of the resettled group will also be at a disadvantage compared to their urban counterparts in looking for employment due to their lack of familiarity with the urban environment and prejudice of employers against those with rural backgrounds. This hypothesis was strongly supported by conversations with many native Northeastern Thais.

It is hazardous to postulate how easily a resettled population will be able to secure nonagricultural employment in the urban Northeast several years hence. However, some evidence is available to assess how much employer prejudice against unskilled job applicants who are unfamiliar with the urban area (the resettlees) will be an impediment to hiring them.

Three separate surveys probed the effect that employer prejudice would have on an incentive program. Throughout many interviews we found that it was fair to assume that, given a fixed wage, employers would choose to hire qualified over unqualified workers and those who had

[13] For example, the migrants interviewed probably represented those ruralites best equipped to find urban employment because 80.07 percent of them claimed that they had known of a specific job before they had moved to the town while 77.92 percent were sure that they would get that job prior to their actual move.

lived in the urban area for a while over those who were recent arrivals to the town. However, the important question was: Would the employers be willing to hire the less qualified ruralites as a necessary condition for being a participant in an incentive program? The evidence in Table 21 explores this question.

Several tentative conclusions can be drawn from the data presented in Table 21. First, the expected widespread prejudice against less qualified and/or inexperienced workers was not apparent in any of the surveys. Perhaps this willingness to hire any workers is due, in part, to the requirements of most of the factories for unskilled or semi-skilled labor. Our interviews indicated that in many cases, acceptance of these workers signifies the employers' realization that they must pay some price to receive the incentives. What is most significant from this data, however, is that the public sector could select workers to fill jobs created through an incentive program. Control over the selection process would enable government officials to find jobs specifically for members of a resettled population.

Second, the group of individuals that would be concerned with an incentive-based program to create factory jobs for resettlees in the Northeast is drawn from the Employer survey. A higher percentage of this group reacted positively toward hiring less qualified rural workers than did those employers from the other two surveys. They had an acceptance rate of 91.48 percent compared to the acceptance scores of 86.49 percent for the New Firm survey and 71.43 percent for the Mail survey of BOI businesses. One possible explanation for these differences is that, because very few of the 212 respondents in the Employer

TABLE 21

Employers' Attitudes toward Hiring Unskilled Workers from Rural Areas

Name of Survey[a]	Question Asked	Would Agree to Hire Unskilled, Rural Population					
		Yes		No		Total[b]	
		#	%	#	%	#	%
1. Employer	(Asked only of those who agreed to increase employment to secure any of the above-listed privileges). If the workers came from rural areas and had a lower skill level, would you hire them as a condition for securing these privileges?	161	91.48	15	8.50	176	100.00
2. New Firms in Bangkok Area	Would you be willing to hire workers from a government-supplied list if that was a necessary condition to secure these privileges?	32	86.49	5	13.51	37	100.00
3. Firms in the Bangkok Area with BOI Privileges (Mail Survey)	If this extension of privileges were to be given only if you agreed to hire people from a list supplied to you by the government would you do so? (Note: These people would be relatively unskilled and from the Northeast)	20	71.43	8	28.57	28	100.00

[a]As noted earlier, the Employer, New Firm, and BOI Mail surveys were three separate surveys. In the Employer survey, 212 owners and/or managers of "growth industries" in the Northeast were interviewed. The New Firm survey involved questioning 101 owners and/or managers of firms that had begun operations within the past few years in the Bangkok area. These respondents represented the type of firms that had a potential for development in the Northeast. Finally, the BOI Mail survey involved 54 respondents from firms throughout Thailand that enjoyed BOI promotional privileges. Only those BOI promoted enterprises that engaged in manufacturing activities which could prosper in the Northeast were questioned.

[b]The questions in Table 21 were asked only to those employers who had earlier indicated that they would be willing to participate in an incentive program.

survey had had any previous experience with government incentives, they were more willing to let the public sector dictate hiring practices in order to obtain the incentives. A more optimistic explanation would be that, in the Bangkok metropolitan area (the locale of all the New Firm and many of the BOI interviews), rural unskilled laborers encounter more discrimination than they do in the Northeast.[14] Surely, the significant differences in the question asked to each group has a compounding effect on the responses. In monetary terms, the incentive package offered the BOI firms was relatively smaller than the program offered to the Employer group, which, in turn, was less generous than the package offered to the New Firm employers. It seems logical that there would be a direct relationship between value of the incentive package and acceptance rate. However, the Employer group (which had less to gain) was more willing to hire resettled jobseekers than the New Firm respondents.

The Quality of Employment Generated by the Incentive Approach

Thus far, the feasibility of creating jobs in the manufacturing sector for members of a displaced population in the Northeast has been explored. The sponsorship mechanisms by which individuals would be placed in these jobs has also been discussed. However, little has been said about how adequately remunerative these positions would be. In this section the income levels of factory jobs will be examined.[15] Also,

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[14]An ILO study reported that job discrimination by Bangkok employers against Northeasterners usually appears as low wages that are not paid on time. The practice of employers withholding wages is done ". . . in order to ensure more stability of their manpower and . . . to stop their employees [from] resigning without notice." Ibid., p. 117.

[15]Factory workers' income levels are derived just from the survey

those noneconomic, more subjectively-based factors which are often as important as income to the Northeast urban worker will be explored. Therefore, our definition of "quality of employment" takes into account both economic (i.e., income) and noneconomic (i.e., relative satisfaction) factors.

Many of the 636 factory workers interviewed received food, housing, medical care, loans, and/or other amenities from their employers in addition to their monthly wages. These benefits must be added to the mean annual monetary factory wage which was found to be ₱7,644.[16] After all, if food, shelter, and medical care are not provided by the employer, the worker would have to purchase these essentials out of his income.[17] Table 22 indicates the extent of each of the benefits received by the 636 workers. The far right column translates these benefits into real monetary value.

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of 636 factory employees. When speaking of factory jobs, managerial, technical, and supervisory positions are excluded from consideration. Skills required for the jobs surveyed vary greatly, ranging from a high level of skills for some furniture manufacturers, machinery operators, and motor vehicle repair workers to mainly unskilled labor needed in the kenaf baling and cassava processing plants. However, even if rural based people (such as a resettled population) were to look for such jobs in the urban area, they would not be severely handicapped because they lacked the requisite skills for the job. Our interviews found that out of the 300 workers who needed particular skills for their jobs, 286 or 95.33 percent acquired these skills through on the job training. As noted earlier, the incentive approach contains provisions for such training.

[16]This figure was derived from grouped income data. The midpoints of each ₱200 interval were taken to represent all of the cases within that interval. Because the intervals are small, it is felt that the mean score from grouped data is not much different than the true mean.

[17]The value of a loan and other benefits will not be added to the worker's income because their true value is difficult to estimate; they may be unessential items whose purchase the migrant would forego if he has to buy them himself, and/or they occurred infrequently.

TABLE 22

Benefits in Addition to Wage Income Received by Northeastern Factory Workers

Benefit Supplied Free of Charge by Employer	Yes	%	No	%	% of Total Household Expenditures[a]
1. Food for Worker and Family	329	51.73	307	48.27	29.0
2. Housing for Worker and Family	357	56.13	279	43.87	13.4
3. Medical Aid for Worker and Family	303	47.64	333	52.36	7.2
4. Loan from Employer to Worker	19	2.99	617	97.01	?
5. Other Benefits	25	3.93	611	96.07	?

[a]These figures were the relative household expenditures for Northeasterners in 1962. The 1962 data base would surely be an underestimate of the absolute consumption figures for 1975, but the relative figures are thought to be approximately equal to 1974 consumption patterns. These figures for the Northeast were not broken down into separate rural and urban categories. Throughout Thailand the urban-rural differences of these relative expenditures for food, housing, and medical care were not great. Expenditures for food and nonalcoholic beverages were 40.8 percent in the urban areas versus 42.0 percent in villages; for housing and household operations--14.5 percent in the towns versus 12.2 percent in the rural area; and for medical and personal care--7.2 percent in the urban areas versus 7.0 percent in the villages. See National Statistical Office, Office of the Prime Minister, Advance Report--Household Expenditure Survey B.E. 2506: Whole Kingdom (Bangkok: NSO, 1962?), chart 2.1 for food and shelter costs for Northeasterners and chart 2.2 for medical expenses.

The high level of benefits received by factory workers is not surprising. Pradit Chasombat, in a study done in 1973 of 737 urban workers throughout Thailand, reported that 91.18 percent of the Bangkok metropolitan area workers and 81.86 percent of the laborers outside the metropolitan area received at least one service from the employer. Included among the services Pradit surveyed were: medical aid, housing, food, clothing, and transportation.[18]

Based upon the household expenditure figures, if every worker was receiving food from his employer for himself and his family, he would be getting the equivalent of ฿1,983. However, since only 51.73 percent of those surveyed received food, we must take 51.73 percent of ฿1,983 to derive the monetary value of food for the average worker. This is equal to ฿1,026 per year. Using the same criteria, the monetary value of shelter was calculated at ฿504 annually and the value of medical costs at ฿234 per year. Adding the value of these amenities to the basic wage of ฿7,644, the average worker in the manufacturing sector in the Northeast receives ฿9,408 in wages and benefits annually. However, the distribution of wages and benefits by industries is quite wide, ranging from a high of ฿13,235 to a low of ฿4,911.

These income figures for workers in the manufacturing sector represent their present earnings. In many cases, these workers have been employed at the same firm for long periods of time. They have been

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[18]Pradit Chasombat, "Labor Migration from Agriculture to Other Production Sectors," Journal of Economics and Business Administration 4 (Kasetsart University, February 1974): 53-67. Of the 737 workers interviewed, 613 or 83.17 percent were formerly farmers.

rewarded with pay raises for their longevity and good performance on the job. Unfortunately, resettlees seeking employment in the manufacturing sector would not be able to command comparable wages. However, they would most likely get higher wages than the factory workers who were interviewed got when they started simply because of the inflationary wage spiral that has been increasing in intensity in Thai manufacturing in recent years. Nevertheless, it may be important for planners to know that the mean beginning wage of the 636 workers was ฿6,596 annually. Since the granting of the food, housing, and medical amenities is not a function of job tenure, the beginning worker would also receive them. Their value of ฿1,764 when added to the mean starting wage would yield a total income for the new worker of ฿8,360 annually. Thus, if a resettled individual was placed in a wage job in the manufacturing sector in Northeast Thailand under an incentive-based program, he could expect to receive equivalent income of between ฿8,360 and ฿9,408 per year.

These income figures are derived from a survey of fourteen major industry groups. The differences in wages and benefits between these industries are large. An analysis of these between-industry differences will indicate which types of jobs are the most remunerative (Table 23).

Several interesting pieces of information emerge from this table. First, the income received from jobs in the manufacturing sector varies widely by industry with positions in the nonelectrical machinery industry yielding 169.5 percent as much income as jobs in the wearing apparel sector. Second, those industries paying the highest wages do not necessarily give their employees the most benefits in food, housing, and

TABLE 23

Worker Income from Selected Industries in the Manufacturing Sector in Northeast Thailand (in ฿)

Industry	Workers Surveyed	Cash Income		Percent Annual Increase	Benefits						Total Present Income	Rank
		Beginning	Present		Food		Housing		Medical Aid			
					%	Value	%	Value	%	Value		
Manufacture of Nonelectrical Machinery	24	5,568	11,004	26.61	79.2	1,539	54.2	487	41.7	205	13,235	1
Repair of Motor Vehicles	87	5,616	8,894	24.95	96.6	1,916	73.6	661	67.8	333	11,804	2
Manufacture of Furniture and Fixtures	60	6,156	9,228	21.18	79.2	1,571	54.2	487	41.7	205	11,491	3
Sawmills and Planing Mills	51	6,324	9,384	11.10	37.3	740	64.7	581	64.7	318	11,023	4
Others: Manufacture of Cotton Yarn	6	6,000	8,400	49.38	66.7	1,323	66.7	599	100.0	491	10,813	5
Printing and Publishing	33	6,432	7,560	17.54	60.6	1,177	45.5	409	45.5	223	9,369	6
Rice Mill	135	6,324	7,704	10.70	43.7	867	63.7	572	45.9	225	9,368	7
Cassava Processing	60	6,720	7,476	16.07	52.1	1,033	33.3	299	31.3	154	8,962	8

TABLE 23--(continued)

Industry	#	Cash Income		Percent Annual Increase	Benefits						Total Present Income	Rank
					Food		Housing		Medical Aid			
		Beginning	Present		%	Value	%	Value	%	Value		
Kenaf Baling and Manufacture of Gunny Bags[a]	51	5,952	6,840	5.29	21.1	418	19.3	173	35.1	172	7,603	9
Manufacture of Miscellaneous Foods[b]	12	4,800	4,800	0.00	75.0	1,487	75.0	674	100.0	491	7,452	10
Manufacture of Rice Noodles	33	3,816	4,836	28.06	72.7	1,442	75.8	681	31.3	154	7,113	11
Producer of Bakery Products	21	2,460	4,056	26.87	100.0	1,983	85.7	770	57.1	280	7,089	12
Spinning, Weaving and Dying, and Finishing Silk	48	4,356	5,148	10.77	21.7	430	63.3	568	46.7	229	6,375	13
Manufacture of Wearing Apparel	21	2,460	4,512	47.94	4.8	95	28.6	257	9.5	47	4,911	14
	N= 636	$\bar{X}$= 6,596	$\bar{X}$= 7,132	$\bar{X}$= 21.18							$\bar{X}$= 9,408	

[a]Only three workers of a gunny bag manufacturer were surveyed. Even though the baling and sorting of kenaf fiber is largely labor-intensive while the production of gunny bags is highly capital-intensive, the two productive processes were grouped together because they are internationally accepted as part of the same productive process using kenaf fiber. The total percent income for the three gunny bag laborers was calculated at ฿9,371 annually.

[b]Miscellaneous foods include 9 laborers at a fish sauce (naam plaa) factory and three at a fish preserving factory.

medical aid. For instance, three of the four industries which ranked lowest in wage levels paid were found to be the first, third, and fifth most generous in granting these benefits. Perhaps laborers were willing to work for lower wages if they had a guarantee that the essentials of life would be given to them by their employers. Overall, after ordinally ranking each of the industries in average wages paid and mean benefit level, a correlation coefficient of 0.0330 was observed. This low correlation indicates that there is almost no relationship between the amount of wages and benefits received.

A third noteworthy observation from Table 23 is that the relative wage levels of these workers in 1974 may change a great deal in the next five to ten years. Minimum wage legislation coupled with stricter enforcement of this legislation will undoubtedly raise the pay of many of these factory workers. For example, a raise in the minimum wage to 20 baht a day which is strictly enforced would automatically increase the monetary income of workers from five of the 14 industries surveyed. If, hypothetically, the minimum wage were elevated 25 and 30 baht daily, five and nine of the 14 industries respectively would have to increase their workers' wages. Also, the wages of workers in the four lower paying industries appear to be rising at a faster pace than the norm for all industries. However, in future years the gap between the highest and lowest paying industries in the manufacturing sector will most likely not be narrowed but broadened. This is because industries presently in the middle to lower pay ranges are showing little growth in worker's wage. If present trends continue, they will become the lowest paying industries. Until these wage levels are raised above the

฿15,000 range, none of the factory workers will be earning what was earlier defined as "adequately remunerative employment" (see footnote 4).

Finally, there is a moderately positive correlation between 1974 worker income levels and the skills required to perform factory jobs by industry. Field observations indicated that more of the workers in the higher paying industries seemed to require a special skill for their vocations than did those in the lower paying industries.[19] Present income levels were correlated with a number representing the percent of skilled workers interviewed in each industry and a correlation coefficient of 0.3004 was derived. In a significance test, this coefficient would be rejected at the 0.9500 level because it falls far below the 0.5324 required. However, the moderately positive relationship between income and skill required indicates that planners of a job generation program for resettlees cannot expect to overload the higher paying industries unless they include some form of an on the job training incentive or other skill-acquisition substitute.

In addition to monetary income, the relative merits of a job can also be evaluated on the basis of noneconomic criteria. The 135 respondents in the migrant survey who also found factory positions were asked to evaluate various aspects of their jobs. Since the only referent most of them had for evaluating their jobs was to compare their present position with the employment they had in their former rural areas, they were

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[19] A skill was operationally defined as the expertise that came from a minimum of two weeks training necessary for the employee to perform satisfactorily in his job. The judgment of what constitutes "satisfactory" was made by each individual respondent.

asked to state whether they thought they were "better off," "worse off," or "about the same" in their present job. Altogether, there were ten separate areas they were asked to consider. Six of these questions were directly related to their employment status. They included satisfaction with: (1) co-workers, (2) income, (3) employer, (4) job security, (5) work schedule, and (6) how well suited the job requirements were to their ability. In addition, four other comparative questions were asked which probed beyond job satisfaction. They were felt to be intricately related to job satisfaction, however, because feelings about one's job often influence his general orientation toward his present environment. These four indicators which sought to measure a more general level of relative satisfaction included: (1) future outlook, (2) sabai (a Thai term translated as "comfort"), (3) saduak ("convenience"), and sanuk ("fun").[20]

For each of the ten categories, the number of "worse" evaluations was subtracted from the number of "better" scores and then divided by the total number of respondents to derive an overall satisfaction score. Using this method, the possible satisfaction scores could range from one (meaning everyone rated that particular category as "better") to negative one (signifying that every respondent felt himself to be "worse off" in the urban area).

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[20]The "sabai-saduak-sanuk" index (as we referred to these three indicators) is a very relevant measure in Thai culture as it taps three of the more valued criteria for evaluating any experience. The author thanks Dr. Fariyal Ross-Sheriff and others for developing the set of questions upon which this index and the other relative satisfaction questions are based.

As can be seen in Table 24, the scores for the 135 migrant factory workers in the ten categories were positive. This indicates that they perceived their standing to be better in the urban area for these criteria. However, a higher level of satisfaction with their present, rather than former, jobs is hardly surprising because they voluntarily moved to towns in the Northeast with the expectation of finding better positions.

What is interesting in Table 24 is a comparison of the relative satisfaction levels of the 135 migrants who became factory workers and the 421 migrants who engaged in other occupations in the Northeast towns. The nonfactory workers ranked higher than the factory workers in overall satisfaction with their jobs with a score of 0.51 as compared to the factory workers' score of 0.43. In fact, the only category in which factory workers were substantially more satisfied than their nonfactory counterparts was "Co-workers." They were less satisfied with income, job security, job suitability, and work schedule. One explanation for the observed comparative job satisfaction scores between the two groups is that 73 of the nonfactory workers were self-employed. They were able to establish their own work schedules and also had no need to worry about job suitability or job security. Paradoxically, the factory workers were more satisfied with their employers than any other criterion. This apparent conflict can be resolved with the explanation that, while the workers were quite satisfied with their particular employers, they were less happy with the degree of control a boss had over their jobs. An overall job satisfaction score of .43 for the factory workers does indicate that members of the group are content with their positions.

TABLE 24

Relative Job and General Satisfaction Levels of Rural-to-Urban Migrants in Northeast Thailand

Criteria Respondent Is Asked to Evaluate	Migrants Who Became Unskilled Factory Workers				Migrants Who Found Nonfactory Jobs in the Urban Area			
	Better	Same	Worse	Satisfaction Score (Better minus Worse/Total Number of Respondents)	Better	Same	Worse	Satisfaction Score
A. Job Satisfaction								
1. Employer	107 (79.3%)	9 (6.7%)	17 (12.6%)	.68	208 (77.9%)	29 (10.9%)	30 (11.2%)	.67
2. Income	106 (78.5%)	10 (7.4%)	17 (12.6%)	.67	298 (83.2%)	19 (15.3%)	41 (11.5%)	.72
3. Co-workers	80 (59.3%)	39 (28.9%)	15 (11.1%)	.49	212 (52.5%)	115 (28.5%)	77 (19.0%)	.33
4. Job Suited to Ability	85 (63.0%)	19 (14.1%)	31 (23.0%)	.40	275 (65.8%)	81 (19.4%)	62 (14.8%)	.51
5. Job Security	78 (57.8%)	8 (5.9%)	45 (33.3%)	.25	211 (61.7%)	47 (13.7%)	84 (24.6%)	.37
6. Work Schedule	65 (48.1%)	19 (14.1%)	50 (37.0%)	.11	218 (63.9%)	52 (15.2%)	71 (20.9%)	.43
Overall Job Satisfaction Score (mean of categories 1-6)				.43				.51

TABLE 24--(continued)

Criteria Respondent Is Asked to Evaluate	Migrants Who Became Unskilled Factory Workers				Migrants Who Found Nonfactory Jobs in the Urban Area			
	Better	Same	Worse	Satisfaction Score (Better minus Worse/Total Number of Respondents)	Better	Same	Worse	Satisfaction Score
B. General Satisfaction								
1. Sabai (comfort)	119 (88.1%)	6 (4.4%)	10 (7.4%)	.81	353 (84.7%)	20 (4.8%)	44 (10.5%)	.73
2. Saduak (convenience)	116 (85.9%)	7 (5.2%)	12 (8.9%)	.78	346 (82.4%)	18 (4.3%)	56 (13.3%)	.69
3. Sanuk (fun)	103 (76.3%)	18 (13.3%)	14 (10.4%)	.66	313 (74.9%)	49 (11.7%)	56 (13.4%)	.61
4. Future Outlook	75 (55.6%)	15 (11.1%)	34 (25.2%)	.33	272 (68.3%)	38 (9.6%)	88 (22.1%)	.46
Overall Satisfaction Score				.65				.62
Mean of Job and General Satisfaction Scores				.52				.55

The higher score for the nonfactory workers shows that the factory workers could have found greater satisfaction with other types of jobs.

While the factory workers ranked lower in job satisfaction than the nonfactory employees, they exhibited a slightly higher overall level of satisfaction on the "sabai-saduak-sanuk" index and in their outlook toward the future. The mean score of the factory workers for these criteria was .65 as opposed to a score of .62 for the nonfactory laborers. These four criteria, which measure the respondent's general attitude toward his present environment, certainly take into account the individual's satisfaction with his job. They also measure many other dimensions of satisfaction with life in the urban area over and above the job. When viewed in concert with the six job satisfaction indicators, one can derive an estimate of the noneconomic well-being of factory workers who came from rural backgrounds. Overall, the factory workers had a score of .518 for all ten subjective measures which was slightly lower than the nonfactory migrants group which scored .552 for all ten indicators.

As a group, the migrants who secured factory employment were far more satisfied with their present jobs and lifestyle than they had been with their previous experiences in the rural area. It would be unrealistically optimistic to assume that a resettled population could be as content with urban factory jobs and life in general as was this survey group because their motivation for moving to the town would not be entirely voluntary. However, if we select any number greater than zero as an acceptable overall index of satisfaction,[21] then a resettled

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[21]This subjectively-based level was chosen because it represents

population would have to differ radically from the group surveyed to rank as failures on this index. One advantage to policy planners of this method of measuring satisfaction is that they could work through private employers to raise those particular satisfaction indices which had lower scores. For example, a more flexible work schedule and an incentive program that would subsidize increased job security (such as the previously suggested wage subsidy) are two areas, in particular, that warrant closer attention by planners.

When the satisfaction index is combined with income figures, a general picture of the merits of factory employment for resettled people emerges. The mean income level of ฿9,408 in wages and benefits for the factory workers in our survey compares unfavorably with the wages of industrial workers in the Northeast in 1968. Adjusting for an annual wage growth rate of five percent over the 1968-1974 period, the wages of industrial employees in the Northeast in 1968 would be ฿8,622 annually in 1974.[22] Assuming that these workers received the same ฿1,764 in benefits that the factory workers in our survey got, their total income would be ฿10,386. This is ฿978 or 10.4 percent more than the factory laborers in our worker survey received.

Another way of evaluating the ฿9,408 income of factory workers is to compare it to the income of other urban occupations. The total

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the point at which more people are satisfied than dissatisfied with their jobs and environment.

[22]National Economic Development Board, Department of National Accounts, The Improvement of the National Gross-Income Statistics (Bangkok: n.p., 1970), pp. 22, 23. This growth rate is not at all unrealistic as it would not even keep up with the rate of inflation in Thailand.

incomes of respondents in the migrant survey were calculated and factory wages ranked below salesmen, merchants (฿16,225); bus and tractor drivers (฿12,800); workers (i.e., carpenters, mechanics, electricians) (฿12,440); semi-skilled workers (i.e., barbers, clerks, tailors) (฿11,760); professional and government workers (฿11,520); and food vendors (฿9,960). In fact, the only major occupational categories with average income levels ranking behind factory labor were coolies and construction workers (฿7,800) and samlor drivers (฿8,720).[23] Thus, in comparison to other urban occupations, factory labor is quite low paying.

Might it be better for an incentive-based employment generation program to create jobs in more remunerative sectors of the urban economy? Certainly, if it was possible. After all, our field observations indicate that there is little evidence that an increase in the supply of labor for higher paying jobs would generate a downward pressure on wages. But the manufacturing sector was analyzed as the optimal area in which to create a large number of employment opportunities because it provides the best vehicle for government cooperation with the private sector. Also, manufacturing is the largest nonagricultural sector in terms of employment in Northeast Thailand.[24] Many of the higher

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[23]The mean annual incomes of these groups appear in parentheses. They are approximations because they were calculated from grouped (and not the raw) data.

[24]In the 1970 census by the National Statistical Office there were 35,453 laborers in the manufacturing sector in the Northeast who were not related to their employers. These workers, classified as "private employees" (as opposed to "unpaid family" or "own account" employees), represented 45.3 percent of the 78,332 workers in the manufacturing sector. "Private employees" represent that number of workers in the entire sector who are wage laborers. There were only 13,606

paying fields cited above have a limited absorptive capacity which would be overwhelmed by any large-scale resettlement program. Finally, the manufacturing sector is most appropriate as the target for an incentive-based employment generation program because it would be open to virtually all resettlees regardless of their previous skills or training. Therefore, the answer to the question posed earlier in this paragraph is that the lower wage levels of workers in this sector of the urban economy must be accepted even though they are a definite drawback to the entire incentive approach. This only reinforces the statement made earlier that people should first be allowed to look for employment on their own. Only among those who are unable to find employment should this employment generation approach be utilized.

The lower relative income levels are somewhat mitigated by the scores of migrant factory workers which showed a high positive affect for their jobs and their present environment. Elements other than income condition a person's attitude toward his job and environment. The factory workers were, as a group, content with their present existence. Even though it is impossible to measure the subjectively-based satisfaction index on the same scale as income to derive a single overall measure describing the quality of employment, an intuitive impression is that jobs created in the manufacturing sector would

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private employees in the construction, repair, and demolition fields, 10,795 people engaged in commerce and retail trade, and 21,042 wage laborers working in transportation, storage, and communication. See National Statistical Office, Office of the Prime Minister, 1970 Population and Housing Census: Northeastern Region (Bangkok: Cooperative Marketing and Purchasing Facilities of Bangkok, Ltd., n.d.), pp. 93, 97-107.

provide satisfactory employment for many members of a resettled population. It is beyond the scope of this analysis to detail ways to raise income levels even though a direct subsidy to the worker over the short term and enforced minimum wage legislation which still remains at a relatively low level over the long term are suggested methods to accomplish this goal.

CHAPTER VI

CONCLUSION

The Incentive Approach to Generate Employment Opportunities: A Synopsis

The intent of this research has been to investigate the potential for using the previously untested incentive approach in Thailand to generate job opportunities for a resettled population. No claim is made that this approach represents either the only or the best method for creating jobs in every setting. However, an incentive approach was investigated because it appeared to be well-suited to the Thai context. It involves less direct government intervention than would be necessary if public works, government-owned industrial or many other types of employment had to be created. This indirect public role is in harmony with Thai policies which favor a strong private enterprise system. By working through employers in the manufacturing sector, the incentive approach also includes a far greater number of potential jobs than the public sector could generate on its own. Furthermore, this particular approach takes advantage of traditionally used hiring and sponsorship practices and avoids making the target population overly dependent on the government.[1]

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[1]Moris found that with too active a government role, resettlees in East Africa tended to become more (rather than less) dependent on

Resource limitations prevented a fuller exploration of the practicality of utilizing this particular approach. For instance, in Chapters II and III, where the public sector input was surveyed, government organizations at the provincial and municipal levels were largely excluded from the analysis. The focus was almost entirely on public bodies which derived their authority at the national level. Local organizations have the potential to exercise a limited input into an incentive program to generate jobs. For instance, Ladd Thomas, Ronald Krannich and Chakrit Noranitipadungkarn suggested that government land in the urbanized part of Khon Kaen be made more readily available to construct manufacturing and commercial facilities. This land is under the jurisdiction of the provincial revenue office.[2] However, provincial revenue officers were not interviewed because land availability was not cited as a major criterion by businessmen in their decisions for locating in Northeast urban centers.[3]

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the government resettlement organization over time. He noted that the regulatory framework was supposed to be sensitive to any of the settler's problems. This structure encouraged the people to go to the government agency for jobs and also to rely on this agency to solve job related problems, thus making them less well equipped to solve their own employment related problems. See Moris, "The Evaluation of Settlement Schemes Performance: A Sociological Appraisal," pp. 88-89.

[2]Thomas and Chakrit Noranitipadungkarn, with assistance of Ronald Krannich, Administrative Capacity of Urban Centers in Northeast Thailand to Handle an Influx of Pa Mong Evacuees: Khon Kaen, A Case Study, pp. 10-12.

[3]In the New Firm survey, only 8 percent of the businessmen even mentioned land as a factor to be considered in locating the firm in the Northeast.

Two other areas where the local government could have a possible input into an incentive system are through its zoning and taxing power. A study by Louis Berger, Inc. suggested a tighter control over land use patterns in several Northeast towns through stricter application of local zoning ordinances.[4] Policies to make land available to potential large-scale employers at attractive prices could be implemented by local units of government. Also, a municipal tax structure that favored incoming industry would have at least some effect on stimulating employment in the urban area.[5] The possible input of local public bodies into the employment generation policy process was not discussed earlier because of their anticipated minimal effect in helping large numbers of job-seekers. Officials from each amphur and changwat would approach employment problems differently and any coordinated interchangwat effort would have to be directed by national level organizations. The important point of this example of possible local participation in the job creation policy process is that this research is not intended to be an all-inclusive plan to create jobs. Rather, it investigates several of the more important questions that policy planners might raise and provides

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[4]Louis Berger, Inc. (Development Economics Group, Systems Associates, Inc.), Northeast Thailand Economic Development Study, Vol. I: Recommended Development Budget and Foreign Assistance Projects 1972-1976 (Bangkok: Louis Berger, Inc., 1972), p. 16.

[5]Although the local business tax base is quite small, the municipalities in the Northeast are actually hurting themselves because new firms choose to locate outside of the municipal district to avoid local taxes. Unfortunately, this locale is also outside the range of many potential employees. An example of the effect of local tax policy discouraging prospective employers is found in Khon Kaen where the two largest manufacturers (the jute mill and the Coca-Cola factory) both located outside the municipality in recent years.

cues to these planners of the many possibilities for input into policies to create jobs.

Chapters II and III raised and discussed a number of questions which officials in the public sector would want to address in formulating job generation policies. Perhaps the most basic question asks why so little effort has been made to date to generate employment opportunities. Three explanations are offered in this research: First, not all officials recognize that a major unemployment problem exists in Thailand. In a Western sense, they are correct as there is no large-scale unemployment problem. However, if the phenomena of underemployment and seasonal unemployment are included as elements of unemployment, the magnitude of unemployment is much greater and must be taken seriously. Furthermore, since this research focuses specifically on generating employment in the nonagricultural sector for a group of resettled individuals, unemployment will be an unavoidable side effect of the resettlement process.

A second explanation which is discussed in Chapter II is that the public resources necessary to create additional jobs are presently committed to higher priority government programs. To date, most programs in Thailand which have created jobs have only done so as a side effect of other goals which were perceived by policy-makers as being more important. The previously-mentioned Promotion of Industrial Investment Act, low interest loan programs of both SIFO and IFCT, and large military budgets of both the United States and Thai governments are examples of programs and policies which have all had an employment stimulating effect in Thailand even though that was not their primary purpose.

In contrast, other policies and programs have had side effects of decreasing the number of nonagricultural jobs in Thailand. Previously cited examples of these programs include the heavy bias in favor of capital-intensive technology which is supported by foreign aid to Thailand and the Alien Business and Occupation Laws which discourage foreign investment in certain sectors. In addition, the high population growth rate in Thailand is widening the gap between labor demand and supply at a rate that would severely tax any job creation program. The government's past performance in formulating policies to directly employ large numbers of jobless people is less than encouraging to employment generation planners.

A third reason advanced to explain why so little has been done to generate jobs in Thailand is found in Chapter III. Inter- and intra-organizational constraints and conflicts are viewed as factors inhibiting the implementation of an effective job generation program. However, until the goal of creating jobs for the unemployed is accorded a higher priority in Thailand (through the commitment of more government resources), a rectification of these organizational impediments will matter little. Surely, when policy planners are faced with finding non-agricultural employment for an unprecedented number of people who are resettled, they will have to formulate programs to find jobs for these people. The task of aiding a resettled group will be easier if an effective government employment generation policy exists before the resettlement occurs.

While Chapters II and III contained a <u>general</u> discussion of the public sector's record toward employment generation policy, Chapter IV

focused on the central role that private employers would have in creating jobs for a specific population (resettlees) in a specific region (Northeast Thailand). Through government-supplied economic incentives, these employers would create additional jobs in the manufacturing sector for a portion of the resettled population. The low interest loan incentive would generate more jobs than the other eight incentives combined, but unfortunately, this particular incentive is also more expensive on a per job basis than most of the other incentives. Thus, planners are faced with a dilemma over which incentive(s) to select: (1) the loan with its higher job creation costs, but greater number of potential jobs available and ease of administration or (2) several incentives beginning with those which have the lowest per job cost.

A number of variables were tested to ascertain their association with employer acceptance of the incentives. Manufacturing firms in changwat over amphur towns and in towns closer to Bangkok were found to react most positively toward the incentive approach. Also, firms where the individual made major business decisions by himself (rather than seeking a consensus of several opinions) were more in favor of accepting economic incentives in return for raising employment. Two other variables which correlated positively with acceptance of the incentives were short (rather than long) term firm ownership by the present owner and present firm labor demand. In the case of the firm labor demand, the only observed strong association was with the low interest loan incentive. Variables which had either no or a low association with incentive acceptance included (1) locale where firm decision-makers lived and

worked, (2) firm size, and (3) incidence of ownership of firms other than the one surveyed. Finally, in Chapter III, suggestions to improve the awarding of incentives and stimulate the growth of industry in the Northeast were solicited from private employers. These open-ended responses sought to give the private sector an input into the employment generation policy-making process. Even though some of these responses were unrealistic given the constraints under which the government must operate, most of them represent valuable potential inputs into job generation policy. They are valuable because it is the cooperation of the employers which is needed for any incentive program to succeed. If the employers' suggestions are heeded, it will be easier to secure their support.

Chapter V focused on the third major group of actors who would be involved in the employment generation policy process. While Chapters II and III dealt with government actors and Chapter IV analyzed private employers, Chapter V focused on those jobless individuals who would be recipients of a job creation program. It was found that more traditional forms of job sponsorship (through friends and relatives) were widely used by workers in the manufacturing sector. Government intervention which disrupts the sponsorship process may be ill-advised in a job creation program. The income levels of these workers were less than wages paid for most other nonagricultural, urban occupations. Even when benefits given by the employer were included as real income, the average laborer still earned less than ₱10,000 annually. These relatively low income levels represent the most serious impediment to the successful

implementation of job generation policy for relocatees in Northeast Thailand in the manufacturing sector.

Evaluation of the Incentive Approach and Implications of This Research

Government decision-makers in any country are rarely afforded the luxury of experimenting with programs which have a questionable prognosis for success. They must decide whether or not to back the program based on their own criteria (or those criteria they may borrow from others) which they use to answer the question, "Will it work?" Invariably, an evaluation of the merits of a particular program is complicated by the evaluator's own biases. In other words, one can make any program look good if he resorts to certain criteria in his appraisal of that program. Ideally, the advocates and evaluators of a policy or program should be different groups and the evaluators should stand nothing to gain from the implementation of the policy.

This research is not exempt from the above considerations. Here the author acts in the conflicting roles of initiator and evaluator of a particular policy. However, to minimize bias, criteria for evaluating the incentive approach to generate jobs were proposed in late 1973 before the data in this research were collected. These criteria, which will be defined in the following paragraphs, include evaluations of the program in terms of effectiveness, efficiency, acceptability, and practicability. These four criteria are all treated as relative terms in which there is no single point at which a program becomes effective, efficient, acceptable, or practical. The author will attempt not to make any judgments about the absoluteness of these qualities, but rather,

he will point out certain major benefits and liabilities that may appear in a discussion of each of the four criteria.

A program is effective if it accomplishes its goals. In short, does it work? Since the use of the incentive approach with the primary purpose of generating jobs has yet to be tried in Thailand, it is not possible to measure its effectiveness. However, predictions about its workability which are based upon this research can be ventured. On one hand, the positive responses of employers in the Northeast toward certain incentives signify that there would likely be good cooperation from the private sector. On the other hand, in the past the public sector has traditionally accorded a low priority to employment generation policy. It is uncertain whether a resettlement project involving the movement of unprecedented numbers of people in Thailand would be sufficient impetus to cause decision-makers to upgrade the priority of job generation policy.[6]

The other major drawback of the effectiveness of the incentive approach is that the jobs that it would create in the manufacturing sector provide a comparatively low income. Other nonagricultural sectors of the urban economy which may yield a higher average income level are ill-suited to a job generation program because they would provide too few jobs and/or require skill levels which are too high. If

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[6]In many past resettlement projects, the relocatee population had a choice of either moving to the nikkom (agriculturally-based government resettlement site) or going elsewhere on its own. In the latter case, no special assistance from the government in locating employment was extended. Thus, past resettlement projects have had little effect on upgrading employment generation policy.

policy-makers were willing to accept a lower mean income level (by perhaps placing a greater emphasis on the relative satisfaction measures of well-being) or they were willing to subsidize the workers directly, this particular problem could be eliminated. On balance, it appears that the utilization of the incentive approach to generate jobs would be less than fully effective. Even if it is assumed that the program would enjoy the full support of the public sector, private employers, and affected workers, the output of the program (generating jobs at acceptable income levels) would be only partially achieved.

Once a program is found to be effective, it should then be evaluated in terms of its efficiency. Efficiency in this research is concerned with generating a given number of jobs in the manufacturing sector at as low a cost as possible. It also tries to satisfy the policy-makers' perceptions of what should be the balance between social and economic benefits to be derived from this program.[7] This balance, in turn, varies among each group of policy-makers.

An evaluation of how efficient the incentive approach would be vis à vis other programs to create jobs is difficult to do because comparative cost data from the other approaches is unavailable. Nevertheless, it is possible to consider the relative efficiency of each of the incentives. Based upon data from the Employer survey, the low interest

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[7]The need for examining the social as well as commercial "profitability" of a project was suggested in a 1972 report from the Netherlands Economic Institute. See Netherlands Economic Institute, Division of Balanced International Growth, A Quantitative Study of the Macro-Economic Impact of Private Foreign Investment in Less Developed Countries; Part IV: The Appraisal of Private Foreign Investment Projects--A Social Cost-Benefit Approach (Rotterdam: n.p., 1972), p. 13.

loan was the only incentive widely enough received to have an appreciable effect in generating jobs. However, it cost more to generate a single job by using the loan than with seven of the other eight incentives. In comparison to these other incentives, the low interest loan is clearly inefficient. But if a previously unemployed person can be given a job that will make him self-sufficient at a cost of approximately ₱8,195 (under US $410), then perhaps even the loan is efficient. To appreciate the efficiency of any of the incentives, it is only necessary to recall the previously cited African resettlement projects where people were dependent on government welfare for long time periods because they could not find employment.

For a program or policy to be acceptable, it must enjoy the support of all major parties involved in both its input and output functions. The government and private employers would provide the main input into employment generation policy while unemployed resettlees would be the recipients of output from this policy. The incentive approach cannot even be attempted without government promotion and it has no chance of success without the backing of the private sector. While our surveys indicated that well over a majority of the employers would participate in at least one of the incentives, predictions of major government support are more problematic. After all, the enthusiasm of government policy-makers toward any program is often more important to the success of the program than its economic or social merits.[8]

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[8]From his research in Ethiopia, Thomas concluded that ". . . where a regime does not set out to achieve [its] ends or where it is not sufficiently determined about them, they simply are not going to be achieved." See SEADAG Reports, "Ad Hoc Seminar on Labor Strategies," p. 17.

An increase in the political power of the labor movement coupled with a proliferation of the number of unemployed individuals (as a result of resettlement) may prompt the government to be more amenable toward a high priority employment generation policy in the future.

Finally, the incentive approach to create employment must be evaluated in terms of its practicality. There is a great deal of overlap between acceptability, effectiveness, and practicality as the latter criterion is defined as what is acceptable and effective in a given context. The context of this particular research involves a relocatee population in Northeast Thailand. One must ask how effective an incentive approach would be in this particular context. The awarding of economic incentives by the government has been a relatively rare phenomenon in the Northeast. However, in the Bangkok metropolitan area, hundreds of firms have participated in an incentive program sponsored by the Board of Investment. In terms of practicality, the more appropriate context for initiating an incentive program to generate jobs might not be the Northeast, but rather the Bangkok area. Conversely, employers in the Northeast were far more receptive toward the incentive approach than were employers in Bangkok. This evaluation of the practicality of the incentive approach raises a basic question: Is it possible to have a single program to create employment for the unemployed in all regions throughout Thailand and among individuals who have different backgrounds and skill levels? While commitment to job generation should be national policy, regional and individual differences must be taken into account as much as possible if the policy is to be effective. For instance, growth industries in the manufacturing sector in the Northeast in which

jobs would be created are vastly different from those in Bangkok. Also, employers' experience with and receptivity toward government programs are conditioned by the employer's home region. Thus, while the incentive approach may have a chance of success in one context, it may be doomed to failure in another environment.

This research should by no means be treated as a final product. Rather, it is intended to act as a stimulus to prompt more action toward implementing an effective publicly-backed employment creation program in Thailand. The intent is not to be critical of Thailand's present employment practices because many other developed and developing nations are similarly in need of employment generation policies. Few, if any, countries have adequate employment generation policies. For example, recently Senator Jacob K. Javits (Republican of New York) noted that the United States lacks effective programs to combat mass unemployment. He said:

> It has been patently obvious for some time that, notwithstanding the commitment to maximum employment in the Employment Act of 1946, this nation has not had at any time a full employment policy or anything approaching it.[9]

There are those who argue that because employment generation policy is accorded little attention in so many countries, it should be regarded as a moot subject and not really worthy of intensive study. However, there has recently been evidence that some nations are seeking to upgrade the employment creation aspects of national policies. For

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[9]"Senators Propose Agency to Seek Full Employment," New York Times, January 31, 1975, sec. 1, p. ?

instance, a model which accords high priority to employment considerations that Thailand could use to evaluate future development projects was suggested by the International Labour Office in its appraisal of the Emergency Employment Act in the Philippines. A rating system was devised with 100 points divided among the following items: employment opportunity (40 points), revenue-producing criterion (30 points), economic conditions criterion: score high if locale of project is in economically depressed region (10 points), economic side effects criterion (10 points), and local support criterion (10 points).[10]

Another intended implication of this research is that it will be useful to planners who are confronted with any large population which suddenly becomes jobless. Here the discussion focused on planned resettlement, but this research may also be appropriately applied to refugees who are victims of war or natural disasters as well. After all, both refugees and resettlees may be compelled to enter new nonagricultural occupations if they are unable to return to their fields. A successful program based on the incentive approach would make these people self-sufficient which is a far preferable condition (from both an economic and social point of view) to a perpetual welfare system. Of course, this does not imply that planners imply have a choice between self-help or welfare because, for the incentive approach to be effective, a strong private enterprise base as well as the cooperation of all major actors is necessary.

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[10]For an explanation of each of these criteria, see International Labour Office, Employment Problems and Policies in the Philippines, pp. 50-51.

It is intended that this research demonstrate the need for analyzing real world problems through reliance on several academic disciplines. The complexity of situations such as employment generation policy necessitates a multi-disciplinary approach. Furthermore, since each problem has unique characteristics, the researcher must always remain sensitive to the context of the particular investigation he is conducting. This research has examined employment generation policy in a specific context (among resettlees in the manufacturing sector in Northeast Thailand). The applicability of this analysis is naturally conditioned by the unique characteristics of the above-mentioned context.

Before this research can be applied to the Thai context generally and to resettlement specifically, planners will have to make several major decisions. They include: (1) Should jobs in the manufacturing sector be created (over jobs in other sectors of the economy) to absorb some of Thailand's unemployed people? (2) Should higher government priority be accorded to employment generation policies (realizing the trade-offs that this can have with other policies)? (3) Will planners decide whether or not to accept the relatively low income level generated by manufacturing jobs? If the income level is unacceptably low, a subsidy of similar program will be needed to raise worker income. Once these major questions have been addressed, the specific mechanisms necessary to generate jobs will have to be developed. This research has not attempted to provide answers to the major questions as this is the sole responsibility of Thai decision-makers. It has, however, attempted to investigate the mechanisms by which manufacturing jobs can be created.

APPENDIX A

LIST OF INDIVIDUALS INTERVIEWED IN THAILAND REGARDING EMPLOYMENT GENERATION POLICY

Organization and Person	Interview Date
A. Governmental Organizations	
1. National Economic and Social Development Board	
a. Vira Osatananda Head, Manpower Planning Division	July 1, 1974
b. Dr. Phisit Pakkasem Head, Regional and Urban Planning Division	July 15, 19, and August 5, 1974
c. Charit Tingsabadh Regional and Urban Planning Division	August 5, 1974
d. Utis Kaotien Regional and Urban Planning Division	" " "
e. Suta Chatcharalvongse Regional and Urban Planning Division	" " "
f. Karnchit Kantangkul Head, Khon Kaen Regional Planning Office, Regional and Urban Planning Division	May 10, 1974
2. Department of Labour (Ministry of Interior)	
a. Nikom Chantaravitool Director-General	July 31, 1974
b. (Mrs.) Vichitra Prompunthum Chief, Research Branch	July 31, 1974
c. Vichit Sangthong Deputy Director-General, and Director, National Institute for Skill Development	August 8, 1974

3. Ministry of Industry

Sivavong Changkasiri Special Grade Officer Department of Industrial Promotion	July 10, 1974

4. Board of Investment

a. Pramote Permpanich Chief, Project Analysis Division	August 6, 1974
b. (Mrs.) Vanee Lertdamikarn Chief, Research Division	April 8, 1974

5. Electrical Generating Authority of Thailand

Kasem Chatikavanij* General Manager	August 14, 1974

B. Research and Academic Organizations

1. National Institute for Development Administration

a. Dr. Somsakdi Xuto* Rector	July 3, 1974 and August 7, 1974
b. Dr. Chirayu Issrangbul Lecturer	July 12, 1974, and August 7, 1974
c. Dr. Titaya Sunanajala Acting Deputy Director, Research Center	August 7, 1974
d. Dr. Veeravet Kanchanadul Acting Associate Dean, School of Business Administration	" " "
e. Dr. Sriprina Ramakomud Vice-Rector for Academic Affairs	" " "
f. Dr. Wiwatchai Athakos Lecturer, Research Center	" " "
g. Dr. Vidhichai Chamnong Lecturer, School of Business Administration	" " "

*Also serving as member of National Assembly at the time interviewed (July-August 1974).

2. Chulalongkorn University

a. Dr. Virabongsa Ramangkura Senior Lecturer, Faculty of Economics	July 8, 1974
b. Supachai Manuspiboon** Lecturer and Director of Labor Relations, Faculty of Economics	June 18, 1974

3. Thammasat University

Dr. Narongchai Ukkaserani** Dean, Faculty of Economics	June 19, 1974

4. Kasetsart University

a. Chumnong Somprasong** First Class Lecturer, Faculty of Economics and Business	June 16, 1974
b. Ruangdej Srivardhana** Second Class Lecturer, Faculty of Economics and Business	June 20, 1974

5. Asian Regional Team for Employment Promotion (ARTEP), International Labour Organisation

a. P. J. Richards	June 28, 1974
b. Dr. W. H. Waldorf	" " "
c. Colin T. Relf	" " "
d. V. R. K. Tilak	" " "
e. Hans Weerstra	July 11, 1974

6. Economic Commission for Asia and the Far East (ECAFE)

Dr. Chinnawoot Soonthornsima	July 2, 1974

7. United States Operations Mission (U.S. Embassy, Bangkok)

Dr. Edgar Harrell	July 24, 1974

**These interviews were conducted in Thai by an associate, Trithep Panich. The responses were recorded in Thai during the interview and translated into Thai as soon as possible after the interview. The author was not present.

C. Banks and Credit Organizations

1. Industrial Finance Corporation of Thailand (IFCT)

Tos Pantumasen — August 16, 1974
General Manager, Operations Department

2. Bangkok Bank

a. Opas Seriniyom — July 17, 1974
Vice President
Manager, Domestic Credit Department

b. Dr. Sura Sanittanont — July 17, 1974 and August 2, 1974
Chief Economist

APPENDIX B

PUBLIC POLICY CHECKLIST

Introduction

We are part of an ECAFE team currently investigating resettlement alternatives for the population living in the reservoir area of the envisaged Pa Mong dam. If the dam is built, there will not be enough agricultural land on which to resettle all the people. Therefore, we are studying the feasibility of relocating some people in nonagricultural occupations in the Northeast.

In the following pages, I will ask you questions about the role that you and your organization currently play in government policies to generate employment opportunities for Thai people.

We must know current government policy and practice regarding job generation in order to put our research into a meaningful context. Please bear in mind that, throughout this interview, our concern is only with you and your organization as they relate to employment generation policy.

Your cooperation is greatly appreciated as are any comments you may have about this research.

Date of Interview: _____

Name of Interviewer: _____

PART I. Background Information

1. Name of Person Interviewed _____
2. Position in the Organization _____
3. Name of the Organization _____
4. How Long in Present Position _____years _____months
5. How Long with This Organization _____years _____months
6. Previous Positions Held in This Organization
   a. _____
   b. _____
   c. _____
   d. _____
   e. _____
7. Who makes important policy decisions for your organization (rank in order if more than one applicable)?

   _____ head of organization only
   _____ board of directors
   _____ people from other organizations make policy for this organization
   _____ informal means within organization
   _____ other (specify)
   _____ other (specify)
   _____ not sure/don't know

8. a. How would you best describe the type of work your organization does regarding policies toward employment? (Note: If it does more than one of these functions, please indicate by ranking which of them is more important)

   ____ gather, process, and disseminate information for use by those who participate in the decision-making process

   ____ help generate support for decisions already made either among the general public or among those within the government

____ actually make government policy decisions based upon all available information (Does your organization also make the decision to terminate/alter that policy?)

Yes No

____ coordinate the policies that are made to make sure they conform to existing laws and regulations as well as to other policies

____ responsible for seeing that policy decisions are implemented
(does your organization also make decisions to terminate/alter that policy?)

Yes No

____ responsible for evaluating the success or failure of the policy and making recommendations for future policy

b. If your organization is involved in more than one of these processes, do you feel this is too much work?

Yes (why? _____)

No (why? _____)

9. a. How important is employment policy (as compared with other national policies) for your organization?

5 = very important
1 = not at all important
x = no opinion/no answer

x———1———2———3———4———5

b. Please elaborate

10. How effective do you think this organization is with respect to employment policy? Please use the following rankings:

1 = marginal
2 = could be improved in some respects
3 = satisfactory
4 = good
5 = excellent
X = no opinion/no answer

(Note: if mark either 1, 2, 4 or 5, please elaborate)

a. Amount of Resources (Budget)

X———1———2———3———4———5

b. Number of Personnel (Are there enough people to do the job?)

X———1———2———3———4———5

c. Training of Personnel
(How well trained for their jobs are middle and top level employees of this organization?)

X———1———2———3———4———5

d. How clearly are roles and functions of people working in this organization defined?
(Do people understand what their job duties consist of?)

X———1———2———3———4———5

e. To what extent do the top level people in your organization get their jobs based upon previous experience in this field or based upon friends they may have/political considerations?

X———1———2———3———4———5

5 = previous experience is sole basis for selection

4 = previous experience most important but friends/political considerations often necessary

3 = both considerations operate at different times

2 = friendships/political considerations most important but previous experience necessary

1 = friendships/political considerations are sole basis for selection

f. How much turnover of personnel at middle and top levels is there in your organization (compared with other government organizations)?

X——1——2——3——4——5

5 = far less than average
4 = less than average
3 = average
2 = more than average
1 = very much

If 1 or 2, does this hinder the work of your organization?

1 2 3

3 = not at all
2 = occasionally
1 = very much

g. Please select the choice which best characterizes the origin of tasks done by your organization:

X——1——2——3——4——5

1 = all work that is done is initiated by another organization that tells your organization to do this work

2 = most of the work that is done is initiated by another organization that tells your organization to do this work

3 = sometimes work is initiated by another organization and sometimes your organization is the initiator of the task

4 = most work that is done is initiated by your organization

5 = all work that is done is initiated by your organization

Part II: Public Role in Job Generation Policy

A. Existence of a Policy

Please answer for your entire organization but specify when responsibility of another division within your organization

1. a. What evidence is there that your organization has a responsibility or obligation in helping to find jobs for those Thai people who need jobs or develop plans for

finding jobs? Please describe what this responsibility is.

_____ No responsibility

(Example of answer to Question 1a: One objective of the Third Five Year Plan is "To raise the level of employment and overcome the problems of existing unemployment.")

If answers affirmatively to 1a, go to 1b.

If answers negatively to 1a, go to 2 (ask re: other organizations)

b. How has this responsibility/obligation been articulated?

____ through statements by your organization leadership

____ by formal decision from higher level

____ people/organization (which one? _____)

____ through informal means (includes expectation of others that his organization should help in this area) that developed over time

____ other (specify _____)

____ other (specify _____)

____ not sure/don't know

c. Do any written statements exist about your organization's responsibility for helping to find jobs?

Yes No

d. If yes, where can I locate them?

e. Is this responsibility/obligation one that extends to all jobless people or does it include only specific populations?

____ covers all people in Thailand without jobs

____ covers only specific populations

(1) If it covers only some specific population, please specify which population.

____ those displaced by public works projects

____ those within some region only

____ those belonging to some particular ethnic or religious group

____ refugees of natural disaster

____

____

____

____ other (specify _____)

(2) If it only covers some specific population, how is it determined that these groups are to receive aid and who makes this determination?

How? Who?

(3) Specify the extent to which government resources have been spent on these specific populations.

Type of Service Amount of Resource

f. Is this obligation one that covers all types of jobs/ industries or are only certain jobs and industries included?

____ includes all types of jobs/industries

____ only includes certain types of jobs/industries

(1) If it covers only some specific jobs/industries, please specify which jobs/industries.

(2) If it covers only some specific jobs/industries, how is it determined that help is to be given in these areas only and who makes this decision?

How? Who?

(3) Specify the extent to which government resources have been spent on these specific populations.

Type of Service Amount of Resource

2. a. What evidence is there that other organizations have a responsibility or obligation in helping to find jobs for those Thai people who need jobs or develop plans for finding jobs? Please describe what this responsibility is.

(Example of answer to Question 1a: One objective of the Third Five Year Plan is "To raise the level of employment and overcome the problems of existing unemployment.")

b. How has this responsibility/obligation been articulated?

____ through statements by your organization leadership

____ by formal decision from higher level

____ people/organization (which one? _____)

____ through informal means (includes expectation of others that his organization should help in this area) that developed over time

____ other (specify _____)

____ other (specify _____)

____ not sure/don't know

c. Do any written statements exist about your organization's responsibility for helping to find jobs?

Yes No

d. If yes, where can I locate them?

e. Is this responsibility/obligation one that extends to all jobless people or does it include only specific populations?

____ covers all people in Thailand without jobs

____ covers only specific populations

(1) If it covers only some specific population, please specify which population.

____ those displaced by public works projects

____ those within some region only

____ those belonging to some particular ethnic or religious group

____ refugees of natural disaster

____

____

____ other (specify _____)

(2) If it only covers some specific population, how is it determined that these groups are to receive aid and who makes this determination?

How? Who?

(3) Specify the extent to which government resources have been spent on these specific populations.

Type of Service Amount of Resource

f. Is this obligation one that covers all types of jobs/industries or are only certain jobs and industries included?

____ includes all types of jobs/industries

____ only includes certain types of jobs/industries

(1) If it covers only some specific jobs/industries, please specify which jobs/industries.

(2) If it covers only some specific jobs/industries, how is it determined that help is to be given in these areas only and who makes this decision?

How? Who?

(3) Specify the extent to which government resources have been spent on these specific populations.

Type of Service Amount of Resource

3. In the future, what changes should be made in job generation policy (both within your organization and outside it)?

   This is:

   ____ own opinion

   ____ representative of organization opinion

   ____ other (specify _____)

4. Please rank in order of importance those general national policies which you think are most important for your organization to pursue and those which you think are the most important national goals.

   (1=most important, 2=second most important, etc.)

organization goals	national goals	
____	____	guaranteeing adequate minimum wage for all
____	____	guaranteeing more equal distribution of income (concentrates on individual)
____	____	helping certain depressed regions in Thailand develop economically
____	____	find employment opportunities for all who need work
____	____	other (specify _____)
____	____	other (specify _____)

5. a. What evidence exists that the government has expended resources to alleviate unemployment by creating jobs in the public sector (e.g., public works projects such as maintenance of public property, road construction, work at government-owned enterprises, or creation of additional civil service jobs)?

____ not intended to alleviate unemployment

____ one of the goals is to alleviate unemployment

b. If answered that one of the goals is to alleviate unemployment, please answer the following:

Type of Jobs Created	Number of Jobs Created	Location of Jobs	Organization That Created the Jobs

B. Coordination Between Government Bodies

1. a. Does your organization ever work with other government organizations or private organizations in any aspects of employment policy?

Yes No

b. If yes, please answer the following:

Name of Cooperating Organization	Work that Do with Them	Effect on Execution of Tasks/ Goals (A)	Need for Greater Coordination or Satisfactory at Present (B)	Ways to Improve Coordination

(A) effect on execution of tasks/goals

1 = helps much

2 = some help

3 = no/little help

(B) need for greater coordination or satisfactory at present

1 = need for greater coordination

2 = satisfactory at present

2. a. Does your organization ever find that one of its main tasks concerned with job generation policy is in conflict with a main task of another organization?

   Examples:

   1) BOI grants privileges reducing tax revenues and Revenue Dept. must raise revenues elsewhere.

   2) Minimum wage policy of National Assembly vs. reluctance of employers to hire more workers if must pay high wage (goal of Labor Dept.)

   Yes No

   b. If yes, what is your policy?

   c. What is the organization with which your policy conflicts?

   d. What is their policy?

   e. Where is the point of conflict?

C. Effect of Other Government Policies on Employment Generation Policy

Many important government policies are made every day. Sometimes they are formulated taking into account the effect that they will have on creating or diminishing jobs in Thailand. More often, the effect that they will have on jobs is largely ignored when a particular policy is formulated.

1. a. Can you think of any recent major policies/plans that your organization has formulated that create many more jobs?

Yes No

b. If yes, specify:

Policy	How Creates More Jobs	Number of Jobs Created	Type of Jobs Created

2. a. Can you think of any recent policies/plans that your organization has formulated that actually reduce the present number of jobs?

Yes No

b. If yes, specify:

Policy	How Reduces Number of Jobs	Number of Jobs Reduced	Type of Jobs Reduced

3. a. Can you think of any recent policies that other organization organizations have formulated that create many more jobs?

Yes No

b. If yes, specify:

Policy	How Creates More Jobs	Number of Jobs Created	Type of Jobs Created

4. a. Can you think of any recent policies that other organizations have formulated that actually reduce the present number of jobs?

Yes No

b. If yes, specify:

Policy	How Reduces Number of Jobs	Number of Jobs Reduced	Type of Jobs Reduced

D. Reaction toward proposed changes:

(circle the number if your organization has responsibility for advocating/making the change)

Ask: "Would these measures be successful?"

X = no opinion
1 = very favorable
2 = moderately favorable
3 = don't care
4 = moderately unfavorable
5 = very unfavorable

1. a. low interest loans to many firms in the Northeast that would agree to hire Pa Mong relocatees. These firms would employ a minimum of seven workers and the amount of the loan would be determined by the number of workers they agreed to hire.

X———1———2———3———4———5

b. If circled 1, 2, 4, or 5 please explain why.

2. a. exemption from paying taxes on income for 2 to 8 years to many firms in the Northeast that would agree to hire Pa Mong relocatees. These firms would employ a minimum of seven workers and the length of the exemption would be determined by the number of workers hired.

X———1———2———3———4———5

b. If circled 1, 2, 4, or 5 please explain why.

3. a. Construction of an agro-based industrial estate (like that at Bang Chan) in the Northeast (near Khon Kaen). Low electrical power would be provided to those factories that located here which agreed to have a certain percentage of its labor force be Pa Mong relocatees.

   (There "are two more on the 'drawing board' but it is not sure where they will be located." Spokesman for the IEAT in The Investor, November 1973.)

   X———1———2———3———4———5

   b. If circled 1, 2, 4 or 5 please explain why.

4. a. Instead of a formal job training program for Pa Mong relocatees who must find new jobs in manufacturing, the employers who agree to hire these people will receive a subsidy paying 25% of the worker's wages the first year if the employer agrees to hire the worker for at least two years.

   X———1———2———3———4———5

   b. If circled 1, 2, 4 or 5 please explain why.

5. a. Exemption from paying duty on imported machinery for a period of 5 to 10 years to manufacturing firms in the Northeast that would agree to hire Pa Mong relocatees. These firms would employ a minimum of seven workers and the length of exemption would be determined by the number of workers hired.

   X———1———2———3———4———5

   b. If circled 1, 2, 4 or 5 please explain why.

6. a. Presently different governmental organizations are responsible for each of the privileges we covered in the last five questions. How would you view one new agency being in charge of coordinating the awarding of all of these privileges for the Pa Mong population only?

X———1———2———3———4———5

b. If answered 1, 2, 4 or 5 please explain why.

7. a. Have as an explicit policy that state enterprises in the Northeast must give preference in hiring to Pa Mong relocatees in jobs for which they would be qualified (after a certain period of on the job training).

(Examples: Livestock Trading Corp., Government Cold Storage Organization, Tannery Organization, Thai Jute Company, Tobacco Monopoly, Public Warehouse Organization, Sugar Organization, etc.)

X———1———2———3———4———5

b. If circled 1, 2, 4 or 5 please explain why.

8. a. Any of the above promotional privileges to labor-intensive industries that located in the Northeast. A higher degree of privilege would be given to firms that agreed to employ Pa Mong relocatees.

(This idea comes from SEADAG speech by Chira Panupong, Deputy Director, BOI)

X———1———2———3———4———5

b. If circled 1, 2, 4 or 5 please explain why.

APPENDIX C

SAMPLING TECHNIQUES AND SURVEY MECHANICS OF MAIL SURVEY DONE OF BOI FIRMS

The Board of Investment supplied a list of all firms to which it has granted privileges. From this list 275 firms were selected. These firms were chosen because they came from industries that could prosper not only in Bangkok, but also in Northeast Thailand. Any effective job generation program must not be handicapped by spatial considerations. On July 3, 1974, the 275 questionnaires were mailed in Bangkok. The mail rather than personal interview as a medium of communication was dictated by time and resource limitations. The questionnaires had been randomly divided into three groups because one question had three different variations. Letters of reminder were sent out on August 6 to those firms that had not yet responded.

Up until January 1, 1975, 54 completed questionnaires had been returned. One additional questionnaire was completed but spoiled in the mail due to dampness. In addition, seven of the 275 firms had gone out of business and 13 had moved without leaving a forwarding address (it is possible that some of these 13 firms had also gone out of business).

There can be several reasons for the low number of replies. The inherent difficulties of mail surveys (see Fred Kerlinger, Foundations of Behavioral Research) limit the response rate. In addition, in

Thailand private employers are reluctant to provide information about their operations because they fear that such data may fall into the hands of government revenue agents who may try to seek more taxes from them on the basis of this new information. Also, mail surveys are relatively uncommon in Thailand and the most recent survey done of BOI firms was by the BOI (a government agency) itself. The suspicions that our survey too may have come from the government (despite disclaimers to the contrary) was not helpful in trying to assure a large response. Finally, while anonymity was promised, the respondent was asked to give the firm name in order to note to which firms reminders had to be sent.

On the positive side, the questionnaire was short and printed in both Thai and English to avoid linguistic difficulties. Most of the responses were written in Thai although branches of foreign firms operating in Thailand always used English. A stamped, self-addressed return envelope was included. We were clearly identified as working on a United Nations (not connected with the Thai government) project and the purposes of the research were clearly stated. Anonymity of responses was guaranteed. Also, the questionnaires were printed by offset process to give them a more professional look.

A sample questionnaire follows:

โครงการวิจัยการตั้งถิ่นฐานเขื่อนผามอง
ตู้ ป.ณ. 1
ขอนแก่น

เรียน ท่านผู้จัดการ

ข้าพเจ้าเป็นเจ้าหน้าที่ของโครงการ อีคาเฟ่ สหประชาชาติ ซึ่งขณะนี้ได้ดำเนินการศึกษาสำรวจภาวะแรงงานและตำแหน่งงานตามโรงงานอุตสาหกรรมต่างๆ ในประเทศไทย เพื่อวางแผนไว้สำหรับราษฎรที่จะต้องอพยพออกจากเขตน้ำท่วมอันเนื่องมาจากเขื่อนผามอง เพื่อรับสถานการณ์ที่จะเกิดขึ้นในอนาคต เนื่องจากการที่ราษฎรจะต้องอพยพออกจากบริเวณอ่างเก็บน้ำเขื่อนผามอง

วิธีหนึ่งซึ่งทางคณะสำรวจได้คำนึงถึง คือการเสนอสิทธิพิเศษบางอย่างแก่ทางโรงงาน ซึ่งจะขยายกิจการหรือรับคนงานเพิ่ม ทางคณะกรรมการต้องการทราบจากท่านว่า สิทธิพิเศษชนิดใดบ้างที่อาจจะมีผลดีต่อกิจการของท่านที่ตั้งอยู่

ผลการศึกษาและสำรวจนี้ ทางคณะสำรวจจะนำไปใช้ในงานวิจัยการตั้งถิ่นฐานโครงการผามองเท่านั้น และคำตอบของท่านมีความสำคัญต่องานวิจัยนี้มาก คณะสำรวจจึงใคร่ขอความกรุณาจากท่าน ช่วยให้คำตอบที่ท่านคิดว่าดีที่สุดด้วย เพื่อเป็นข้อมูลในการวางแผนการตั้งถิ่นฐานโครงการผามอง พร้อมนี้ทางคณะสำรวจได้แนบซองปิดแสตมป์มาด้วย เพื่อขอให้ท่านส่งคำตอบกลับมาให้ทางคณะสำรวจตามที่อยู่หน้าซอง

คณะสำรวจหวังเป็นอย่างยิ่งว่า จะได้รับความอนุเคราะห์และร่วมมือจากท่านด้วยดี ขอขอบคุณมา ณ โอกาสนี้ด้วย

ขอแสดงความนับถือ

ทอม มิลเล่อร์
(หัวหน้าคณะสำรวจ)

Pa Mong (ECAFE) Resettlement
Costing Project
P.O. Box 1
Khon Kaen, Thailand.

Dear Sir:

I am member of an ECAFE (United Nations) project which is currently investigating employment opportunities for people who would be relocated as a result of the construction of the Pa Mong Dam. One sector of our research is concerned with ascertaining the job potential of certain types of manufacturing firms in Thailand.

One method by which additional jobs have been generated has been through the offering of incentives or promotional privileges to firms such as yours. We are interested in finding out what the effect of these privileges has been on major decisions made by your firm, located in

The results of this short survey will be used for research purposes only. They will greatly aid us in planning for a successful resettlement program for the Pa Mong population in Thailand. A return, stamped, self-addressed envelope has been enclosed for your convenience.

Thank you very much.

Sincerely,

Tom Miller
(Research Supervisor)

หน้า 2

1. ก. ชื่อของผู้กรอกแบบสอบถามนี้ _____ ข. ตำแหน่ง (เจ้าของ, ผู้จัดการ) _____
(Name of person filling out questionnaire) (Position-must be owner or manager)

2. ธุรกิจหลัก _____
(Principal type of business)

3. ที่ตั้งของโรงงาน _____ _____ _____
(Factory location) ตำบล (tambon) อำเภอ (amphur) จังหวัด (changwad)

4. ก. จำนวนคนงานในปัจจุบัน _____ คน (persons)
(Number of employees at present time)

ข. ในระหว่างปีจำนวนคนงานเปลี่ยนแปลงหรือไม่
(Does this number vary throughout the year?)

เปลี่ยนแปลง _____ ไม่เปลี่ยนแปลง _____
(yes) (no)

ค. ถ้าเปลี่ยนแปลง อยู่ระหว่างจำนวนมากที่สุด _____ คน ถึงน้อยที่สุด _____ คน
(If yes, by how much?) (range: _____ to _____)

เพราะเหตุใดจำนวนคนงานจึงมีการเปลี่ยนแปลง ขึ้นๆ ลงๆ
(If yes, why?)

_____

(month) (year)

5. เคยได้รับสิทธิพิเศษจากคณะกรรมการส่งเสริมการลงทุน เมื่อ เดือน _____ พ.ศ. _____
(Date received promotional privilege from Board of Investment)

6. ก. มูลค่าสำหรับการลงทุนด้านเครื่องมือประมาณเท่าใด ถ้าท่านจะเปลี่ยนเครื่องจักรใหม่ในราคาปัจจุบัน?
(What is the value of your capital equipment if you were to replace it with new machinery at today's prices?)

_____

ข. มูลค่าของผลิตภัณฑ์ในปีที่แล้ว (บาท)? _____ บาท
(What was your output last year (in baht)? _____ Baht

ไม่สามารถจะตอบได้เพราะยังดำเนินธุรกิจไม่ครบ 1 ปี
ถ้าตอบคำตอบข้างบน โปรดประมาณราคาของผลิตภัณฑ์ที่ตั้งเป้าหมายไว้สำหรับปีนี้ _____บาท
(Can not answer because have not yet completed one year of business)
(If checked above, please estimate your projected output this year (in baht)
_____Baht.

ค. ท่านเคยคิดที่จะเปลี่ยนแปลงระบบการผลิตจากเครื่องจักรมาใช้แรงงานให้มากขึ้นกว่าที่ดำเนินการอยู่ขณะนี้หรือไม่
(Did you ever consider adopting more labor intensive production methods than you use now?)

เคย (yes) ไม่เคย (no)

ง. ถ้าเคยคิดท่านได้เปลี่ยนหรือยัง
(If answered no in "ค" did you change to these methods?)

เปลี่ยนแล้ว (yes) ยังไม่เปลี่ยน (no)

จ. ถ้าท่านยังไม่เปลี่ยน ทำไมถึงยังไม่เปลี่ยน?
(If answered no in "ค" why not?)

7. เมื่อเริ่มกิจการ ท่านทราบหรือไม่ว่าจะได้รับสิทธิพิเศษจากคณะกรรมการส่งเสริมการลงทุน
(When you started your business, did you know that you would receive BOI privileges?)

โปรดขีดเครื่องหมายตามเส้นข้างล่างนี้ ที่แสดงถึงระดับความใกล้เคียงของคำตอบที่ถูกต้องที่สุด
(Please put a check along the line below that records your best answer)

1 2 3 4 5 6 7 8 9 10

1 – ไม่ทราบว่าจะได้รับสิทธิพิเศษหรือไม่ได้ (ระหว่าง 1–3)
(Had no knowledge whether or not would receive privileges)

5 – คิดว่าจะได้รับสิทธิพิเศษ แต่ไม่แน่ใจ (ระหว่าง 3–7)
(Thought might receive privileges, but not sure)

10 – แน่ใจว่าจะได้รับสิทธิพิเศษ
(Positive that would receive privileges)

8. ก. การที่ท่านได้รับสิทธิพิเศษนี้มีผลต่อการตัดสินใจตั้งกิจการนี้หรือไม่ (ขีดเครื่องหมายถูกข้างหน้าข้อที่ถูกต้องหรือใกล้เคียงที่สุด)
(What effect did getting this privilege have on your decision to start this business? Check the most appropriate)

10 – มีผลต่อการตัดสินใจมากที่สุด (great effect) : ถ้าจะไม่ตั้งกิจการนี้เลยถ้าไม่ได้รับสิทธิพิเศษจากคณะกรรมการส่งเสริมการลงทุน (Would not have started this business without first securing BOI privileges)

7 – มีผลต่อการตัดสินใจบ้าง (some effect) : การได้รับสิทธิพิเศษช่วยให้มีการตัดสินใจตั้งกิจการนี้ (BOI privileges somewhat influenced decision to start this business)

4 – มีผลบ้างเล็กน้อย (little effect) : ถึงแม้ว่าจะไม่ได้รับสิทธิพิเศษจากทางคณะกรรมการส่งเสริมการลงทุน (Would probably have started this business without BOI privileges)

1 – ไม่มีผลเลย (no effect) : ตั้งกิจการอยู่แล้ว ได้รับสิทธิพิเศษภายหลัง (Business was already going at the time privileges were received and started business with no intention of getting privileges)

1 2 3 4 5 6 7 8 9 10

9. ถ้าตอบว่า "ไม่มีผลเลย" เพราะมีกิจการอยู่ก่อนแล้ว จึงได้รับสิทธิพิเศษภายหลัง
(If checked "no effect" above because business was already going when privileges were granted:)
การที่ท่านได้รับสิทธินี้ ทำให้ท่านขยายกิจการเพิ่มขึ้นหรือไม่
(Did the securing of privileges cause you to expand your firm?)

_____ใช่ (yes) : ถ้าไม่ได้รับสิทธินี้ จะไม่มีการขยายกิจการเพิ่มขึ้น (We would not have expanded if we didn't receive these privileges)

_____ไม่ใช่ (no) : ถึงแม้จะไม่ได้รับสิทธิพิเศษ ก็จะมีการขยายกิจการเพิ่มอยู่แล้ว (We would have expanded anyway whether or not we received these privileges)

_____ไม่ใช่ (no) : ไม่มีการขยายกิจการเพิ่มเลย (We did not expand)

9. ก. ถ้ามีการให้สิทธิพิเศษเพิ่มเติมจากที่ท่านได้รับอยู่แล้วในปัจจุบัน โดยที่มีข้อแม้ว่า ท่านต้องรับคนงานเพิ่มท่านจะรับหรือไม่?
(If you were offered an extension of your promotional privileges once they expired on the condition that you would agree to hire more workers, would you do so?)

หมายเหตุ : เปอร์เซ็นต์การรับคนงานเพิ่มนั้น จะเป็นสัดส่วนโดยตรงกับเวลาที่จะได้รับสิทธิพิเศษเพิ่ม ตัวอย่างเช่น:–

NOTE : The percentage of increase in employment would be directly proportional to the length of time for which these privileges were extended. Example.
ถ้าห้างหุ้นส่วน ก. จะได้รับสิทธิพิเศษเพิ่มเป็น 5 ปี จากสิทธิพิเศษเดิมที่ได้อยู่แล้ว

" " " 20% " " 150% " "

รับ_____ ไม่รับ_____
(yes) (no)

ข. ถ้าไม่รับ เพราะอะไร:
(If no, why not?)

ค. ถ้ารัฐบาลให้สิทธิพิเศษเพิ่มแก่ท่าน แต่มีวัตถุประสงค์ว่า ท่านต้องจ้างคนงานซึ่งรัฐบาลจัดหามาให้ ท่านจะจ้างหรือไม่ (หมายเหตุ: คนงานเหล่านี้อาจจะไม่มีความชำนาญงานมาก่อนและเป็นคนมาจากภาคอีสาน)

If this extension of privileges were to be given only if you agreed to hire people from a list supplied to you by the government, would you do so? (Note: These people would be relatively unskilled and from the Northeast).

จ้าง (yes) ไม่จ้าง (no)

ง. ถ้าไม่จ้าง เหตุผลที่ไม่จ้าง_____
(If no. why not?)

_____

10. ท่านมีความคิดเห็นส่วนตัวอย่างไรบ้างที่จะเสนอแนะในการให้สิทธิพิเศษแก่โรงงานอุตสาหกรรมต่างๆ (Are there any suggestions you could offer to improve the effectiveness of awarding privileges to firms in order to generate more employment?)

เพื่อว่าอาจจะมีผลดีต่อการที่โรงงานอุตสาหกรรมอาจจะขยายกิจการออกไป และรับคนงานเพิ่มได้

_____

_____

_____

APPENDIX D

SAMPLING TECHNIQUES AND SURVEY MECHANICS FOR 212 MANUFACTURING FIRMS OF GROWTH INDUSTRIES IN NORTHEAST THAILAND

A. Sampling Techniques

Originally a stratified random sample of the population of growth industry firms throughout Northeast Thailand was to be selected. However, logistical difficulties and the requirement that these firms had to be located in growth areas restricted the geographic parameters to a seven changwat area. During the pretest in Khon Kaen, it was found that our records of firm addresses that had been supplied to us by local government officials, the Department of Labour, and the Ministry of Industry were dated and of little help. Therefore, without an accurate population count, attempts to draw a stratified random sample were useless.

From the pretest, we did learn of an alternate method for drawing a sampling frame. Even the larger towns in the Northeast (e.g., Korat and Khon Kaen) are relatively small urban centers where one can find the location of all factories just by asking enough of the townspeople. As the total number of firms to be interviewed in each town and industry group had already been established, we were fortunate to fill our quota and did not need to worry about sampling a certain fraction of the firms in a given area or industry.

Sample towns were selected on the basis of three criteria:

(1) They had to be located in the Northeast.

(2) They had to show good potential for future growth. The method used to determine growth potential was a subjective one based on conversations with informed people.

(3) They had to be in close proximity to the population that would be looking for jobs. In this particular study, the geographic area included the northwestern section of the Korat plateau.

The number of firms surveyed in each town was a function of the relative number of industrial establishments in the town. Thus, since Korat had almost twice as many manufacturing establishments as Khon Kaen, nearly twice as many firm owners were interviewed there (i.e., N=67 in Korat versus N=34 in Khon Kaen). The number of each type of firm surveyed was determined by the relative sizes of the industries in the Northeast factored by a weighted formula. This weighting procedure was necessary because it was found that over half of all the manufacturing establishments in the Northeast were rice mills and/or processors. With such a small size of the survey (N=212), over 100 firms would have had to be rice mills if the number of firms chosen were based on their relative numbers in the Northeast. This method would prevent us from generalizing about any of the other industries surveyed because their number would be too small. Therefore, by oversampling some industries and undersampling others and then compensating for this unrepresentativeness by weighting the results obtained, we can speak with more assurance about the individual characteristics of more than just the rice milling industry. The steps of this selection process follow:

(1) Department of Labour census material of firms with at least seven employees in the seven changwat area, when compared with our work in these towns, indicates that there was serious under-enumeration in the census and/or there was a great growth in the number of firms since 1969 (the year of the census). The figures which appear below (counting all firms with one or more employee) represent a much truer approximation of the relative geographic distribution of growth industry firms in our sample towns. Therefore, even though we sampled those firms with a minimum of seven employees, we really relied on the percentage figures for one or more employees by geographic area to derive our percentage breakdown among our sample towns because they represent a much truer picture of what our pretest results and background knowledge indicates are the actual figures for these areas. These figures were drawn in 1969 and the situations in various towns could have been substantially altered in the intervening five year period.

Town	Number of "Growth" Firms with One or More Employees	%
1. Khon Kaen	323	17.10
2. Chaiyapoom	257	13.61
3. Korat	588	31.13
4. Nongkhai	90	4.76
5. Petchaboon	*	*
6. Ban Phai	156	8.26
7. Chumpae	125	6.62
8. Nong Bua Lamphu	31	1.64
9. Chaturat	98	5.18
10. Kumpawapi	146	7.73
11. Wang Saphung	75	3.97
12. Lomsak	*	*
	1,889	100.00

*Originally two other towns in the Northeast were to be surveyed instead of Petchaboon and Lomsak. However, security and logistical problems prevented us from working in these first two towns and necessitated the move to Petchaboon and Lomsak. Technically, both towns are outside of the Northeast, but a new highway connecting Lomsak with Chumpae will soon link both towns with the economy of the Northeast. In addition, they both qualify as growth towns, in large part spurred by their central geographic location and past economic growth.

Since the number of "growth" firms in these towns was not used in our original calculations, we had to approximate the number of firms to be surveyed by searching for a rough analog. After discussing this matter with knowledgeable informants and analyzing the latest census data, we concluded that Chaiyapoom was roughly equal in size to both towns. Thus, we strove to survey an equal number of firms from each of these towns as we interviewed in Chaiyapoom.

(2) Over an area which closely corresponds to our seven changwat survey region, the percentage representation of each type of growth industry was calculated. These figures were obtained from Department of Labour lists and are somewhat dated since they represented the situation in 1969:

Percentage Breakdown of Firms in Nine Changwat Area in 1969 by Industry Type

	Industry	% of Total Growth Firms	Revised % Excluding Firms 11-14
1.	Grain Mills	45	46
2.	Bakery Products	1	1
3.	Miscellaneous Food	4	4
4.	Spinning, Weaving and Finishing Textiles	5	5
5.	Manufacture of Wearing Apparel	17	18
6.	Sawmills and Planing Mills	8	8
7.	Manufacture of Furniture and Fixtures	2	2
8.	Printing and Publishing	3	3
9.	Manufacture of Machinery, not Electrical	4	4
10.	Repair of Motor Vehicles	9	9
*11.	Distilling, Rectifying and Blending of Spirits	0	--
*12.	Wood, Cane and Cork Products	0	--
*13.	Basic Chemicals, including Fertilizer	1	--
*14.	Manufacture of Electical Machinery	1	--
	TOTAL	100	100

*These industries were excluded from the survey because they could not be found in the sample towns.

(3) Thus, in trying to draw a population that was representative of both the geographic area and number of firms in each industry, the row and column totals desired were not far apart from what was actually sampled for the towns.

	Town	Desired (N=251)	Actual	Deviation
1.	Khon Kaen	34	34	--
2.	Chaiyapoom	27	19	-8
3.	Korat	62	67	+5
4.	Nongkhai	9	10	+1
5.	Petchaboon	27	15	-12
6.	Ban Phai	16	17	+1
7.	Chumpae	13	13	--
8.	Nong Bua Lamphu	3	3	--
9.	Kumpawapi	15	7	-8
10.	Chaturat	10	3	-7
11.	Wang Saphung	8	4	-4
12.	Lomsak	27	20	-7
	Σ =	251	212	-40

The deviations between desired and actual interviews for industry types were great. This can be explained by the unreliability of the census data with which we were working. The actual breakdown of firms surveyed closely parallels the relative number of firms for each industry group with the exception of grain mills. Over half of all firms were involved in either rice or cassava milling or the processing of other grains. However, to have drawn the proper proportion of this group would have left our other industry sizes too small to permit generalization by industry group.

	Industry Type	Desired (N=200)	Actual	Deviation
1.	Grain Mills	92	69	-23
2.	Bakery Products	2	7	+5
3.	Miscellaneous Food	8	11	+3
4.	Spinning, Weaving and Finishing Textiles	10	37	+27
5.	Manufacture of Wearing Apparent	36	7	-29
6.	Sawmills and Planing Mills	16	17	+1
7.	Manufacture of Furniture and Fixtures	4	16	+12
8.	Printing and Publishing	6	11	+5
9.	Manufacture of Machinery, not Electrical	8	8	--
10.	Repair of Motor Vehicles	18	29	+11
	Σ =	200	212	+12

Thus, from the actual survey we were finally left with a matrix of industry types and towns that was originally based on the statistical census data but altered somewhat to reflect the true breakdown of geographic locale and industry type in the Northeast:

Towns and Growth Industries in Northeast Thailand Actually Used in Survey of Firm Owners to Determine Their Reaction to Incentive Approach

	Town												
	Khon Kaen	Chaiyapoom	Korat	Nongkhai	Petchaboon	Ban Phai	Chumpae	Nong Bua Lamphu	Kumpawapi	Chaturat	Wang Saphung	Lomsak	Total
1. Grain Mills													
a. Rice Mills	3	6	9	2	5	3	4	2	4		1	6	45
b. Cassava	3	3	13		1	1	2						23
c. Grain (other)					1								1
2. Bakery Products			7										
3. Miscellaneous Food													
a. Vermicelli and Rice Noodle	3	1	1		2								7
b. Seafood Products	1												1
c. Meat and Meat Products	1												1
d. Soy Sauce	1											1	2
4. Spinning, Weaving and Finishing Textiles													
a. Kenaf Baling and Manufacture of Gunny Bags	6	2	2			5	1		1	2			19
b. Manufacture of Cotton Yarn											2		2
c. Spin, Weave, Dye, Finish Silk			10		1	3							14
d. Cotton Textiles	2												2

(cont.)

	Town												
	Khon Kaen	Chaiyapoom	Korat	Nongkhai	Petchaboon	Ban Phai	Chumpae	Nong Bua Lamphu	Kumpawapi	Chaturat	Wang Saphung	Lomsak	Total
5. Manufacture of Wearing Apparel	2			5									7
6. Sawmills and Planing Mills	2	1	5		1	1	1	1	2		1	2	17
7. Manufacture of Furniture and Fixtures	4	1	3	3		2	1					2	16
8. Printing and Publishing	2	1	6		1	1							11
9. Manufacture of Nonelectrical Machinery	2		2		2		1					1	8
10. Repair of Motor Vehicles	2	4	9		1	1	3			1		8	29
TOTAL	34	19	67	10	15	17	13	3	7	3	4	20	212

B. Sampling Problems

Unfortunately, the survey was not as easy a matter as visiting the twelve towns to fill in the number of boxes in the matrix. We repeatedly ran into three different sets of problems:

(1) inability to find a sufficient number of firms from the industries desired in the town

(2) the respondents' refusal to be interviewed

(3) poor or inadequate information supplied

From our pretest experience, we developed ways to cope with each of these handicaps. Regarding the first problem mentioned above, we tried to survey the smaller towns first because the range of industries we could visit would not be as restricted as if we had already visited our survey quota of any industry by previously going to the larger towns. We still met with less than complete success as evidenced by our obtaining good interviews with only three out of ten firms in Chaturat, seven out of fifteen firms desired in Kumpawapi and four out of our quota of eight establishments in Wang Saphung. However, without this temporal planning, our results would have been more disappointing.

Initially, we encountered nearly a 20 percent refusal rate from potential interviewees. This caused great concern because if it continued throughout the entire survey it would have been quite difficult to reach our target of 200 firms. After a number of refusals, Thai enumerators began to see that the reason for a cold reception was because the firm owners and managers thought the information they gave us would be turned over to government revenue officers who would use it to exact more income taxes. We rectified this problem by providing our

entire team with name cards to identify themselves and the project and taking five extra minutes to explain clearly the purpose of our research. Of the last six towns visited, we got only one refusal for an interview.

The third problem was more difficult to diagnose and ameliorate. To state that the financial information we received was entirely accurate would be laughed at by anyone who has done research in Thailand. There is an old saying that Thai businessmen keep two sets of books--one that states the accounts accurately and the other to show the government tax officer. We felt that it would only arouse suspicion and be in poor taste to prompt the employer to show us his written financial records. The opinion of the majority of the enumerators and myself is that we were given fairly accurate information from most of the businessmen. We employed a rating system to describe our subjective opinions of the validity of the information. At the end of each interview, the people doing the interview agreed upon a score from 0 to 100 percent. They used the following guideline:

90 - 100 percent = extremely reliable and consulted written record when necessary

80 - 89 percent = usually reliable and appeared willing to cooperate

70 - 79 percent = reliable sometimes and other times not, but appeared not threatened

60 - 69 percent = could not recall or did not know answers to no more than a few questions

below 60 percent = spotty answers, appeared hostile and uncooperative

Of 208 surveys (in two cases, the enumerators forgot to rate the quality

of the interview and in two others their ratings were not readable), the mean rated score was 86.918 percent with a standard deviation of 8.074. The surveys were rated as follows:

Rated Score (in percent)	Frequency	Percentage
50	1	0.481
60	1	0.481
70	17	8.173
75	10	4.808
80	19	9.135
85	27	12.961
87	1	0.481
90	85	40.865
95	43	20.673
97	2	0.962
98	1	0.481
100	1	0.481
TOTAL	208	100.00

A total of seventeen completed interviews were thrown away because their reliability was suspect. The enumerators were encouraged to be honest in their evaluation of the interview. They were told that a low rating would not reflect upon their ability as enumerators.

Overall, the responses elicited in this survey were felt to be fairly reliable. The final questionnaire did not contain any controversial questions that would have aroused the businessman's hostility. For example, after the pretest, we had to discard a question which asked how last year's disposable firm income was spent. These employers were

interesting subjects because most of them had never been interviewed before. They also showed their approval that the author's Thai was sufficient enough to enable him to participate in the interview.

C. Survey Mechanics

Since fluent Thai speakers were required to conduct the interviews, several Thai college students and graduates were employed as enumerators. Attempts were made to obtain enumerators with an Isan (Northeast Thai) background who spoke the local dialect. We were fortunate that one of our enumerators spoke Chinese fluently as it turned out that many of the firm owners were ethnically Chinese and spoke Chinese with their families and/or business associates during the interview. This one individual was able to solicit excellent information from his interviews with Chinese businessmen.

One enumerator translated the original English version into Thai and then a second enumerator was asked to retranslate that version back to English. This second individual did not have the benefit of looking at the original English version. The retranslated English version was then compared with the Thai version and reconciled where differences were noted. The enumerators were asked to critique the Thai language version of the questionnaire for questions with translation problems or those from which they thought it would be difficult to obtain a valid response. At that point the questionnaire was redrafted and the enumerators practiced by role playing the parts of interviewer and respondent over the next three days. They were divided into teams of three each (later two people to each team) and pretested the questionnaire for one

week in Khon Kaen. The teams proved to be a helpful device by giving the enumerators confidence. They were also valuable later on because one person was needed to record the responses while the other kept the interview moving at a rapid pace. The enumerators frequently interchanged roles of writer and interviewer but team integrity was maintained as certain enumerators worked well together. A high rate of personnel turnover necessitated that this entire training process be replicated for each new enumerator.

The questionnaire went through four major redrafts before it reached its final version. Several important questions had to be eliminated or changed when our pretest results showed we could get only a poor response. Drafting and redrafting of the questionnaire took place from early January to mid-March 1974. The questionnaire was pretested and revised in the second half of March and the actual survey lasted from the start of April until the end of June 1974.

A sample of the questionnaire follows:

แบบสอบถาม
Questionnaire
ใช้สำหรับทำการสำรวจข้อมูลจากผู้จ้างงาน
For Employer

1. ชื่อโรงงาน
Name of Firm _____

2. ที่อยู่: ก. จังหวัด
Firm Address a. Province _____

ข. เขตเทศบาล/สุขาภิบาล, อำเภอ
b. Municipal/Sanitary District _____

3. ใครเป็นคนให้สัมภาษณ์
Who are you interviewing?

○ ผู้จัดการ
Manager

○ เจ้าของโรงงาน
Owner

(ถ้าเจ้าของโรงงานเป็นผู้จัดการเองได้กาทั้งสอง)
If the owner of factory is manager too, please check both of them.

4. ประเภทของธุรกิจ :
Type of Business

ก. ธุรกิจหลัก
Main Business _____

ข. ธุรกิจรอง (ถ้ามี) ซึ่งอยู่ในที่ทำการเดียวกันกับธุรกิจหลัก
Secondary (If there is one which is in the same location as the main business)

5. การจ้างงาน (คนงาน หมายถึง ผู้ที่ทำงานอยู่ในโรงงานนี้มาแล้วตั้งแต่ 11 วันขึ้นไป)
Employment (employees = workers who work in the firm who are over 11 years)

ก. มีคนงานซึ่งเป็นสมาชิกในครอบครัวของเจ้าของกิจการทำงานอยู่กี่คน
a. How many workers who are members of the owner's family. _____ persons

ข. มีคนงานประจำกี่คน
b. How many permanent workers? _____ persons

ค. มีคนงานชั่วคราวกี่คน
c. How many temporary workers? _____ persons

ง. ท่านจ้างคนงานชั่วคราวในระหว่างเดือนหรือฤดูใด?
d. When do you hire your temporary workers? (during what month or season)

จ. รวมจำนวนคนงานทั้งหมด (ก + ข + ค) _____ คน
e. Total Workers (a + b + c)

ฉ. ถ้าท่านต้องการจ้างคนงานเพิ่มเติม ท่านหาจ้างได้อย่างไร?
f. If you want to hire more workers, how do you find them?

○ ให้คนงานของท่านหาให้
Workers get for you

○ ติดประกาศหน้าโรงงาน
Put a sign in front of the factory

○ ขอให้สำนักงานแรงงานของรัฐบาลหาให้
Through the government labor office

○ ขอให้สำนักงานจัดหางานของเอกชนหาให้
Through the private labor office

○ ติดต่อกับคนงานเก่า ๆ
Contact former workers

○ ประกาศทางหนังสือพิมพ์ วิทยุ และสื่อสารมวลชนอื่น ๆ
Through the newspapers, radio and other mass media

○ ไปคัดเลือกเอาเองจากหมู่บ้าน
Enlist from the village

○ ใช้วิธีอื่น (ระบุ) _____
Other (specify)

6. ก. ในปีหนึ่ง ๆ โรงงานของท่านเปิดทำการกี่เดือน เดือน
a. In each year, how many months does your firm operate?

ข. ถ้าโรงงานของท่านเปิดทำการน้อยกว่า 12 เดือนต่อปี เพราะ
b. If your firm operates less than 12 months per year, why?
จึงต้องปิดทำการระยะหนึ่ง _____

ก. ในปัจจุบันนี้ ท่านต้องการคนงานเพิ่มอีกหรือไม่?
c. At present, do you need more workers?

◯ ต้องการ Yes ◯ ไม่ต้องการ No

ง. ในปัจจุบันนี้ ท่านต้องการวัตถุดิบเพิ่มอีกหรือไม่
d. At present, do you need more raw materials?

◯ ต้องการ Yes ◯ ไม่ต้องการ No

จ. ถ้าต้องการคนงานเพิ่มหรือวัตถุดิบเพิ่มอย่างใดอย่างหนึ่ง ตามข้อ ก. หรือ ง. เป็นการต้องการตลอดปี หรือเพียงชั่วระยะเวลาหนึ่งเท่านั้น
e. If either need more workers or raw material in e. or d. do you need it for the whole year or just temporarily?

◯ ต้องการตลอดปี The whole year
◯ ต้องการเพียงระหว่างเดือน Temporarily, between what months? _____
◯ ถึงเดือน _____

ฉ. ถ้าท่านสามารถหาวัตถุดิบและคนงานเพื่อให้ทำงานได้ตลอดปี ท่านจะเปิดทำการตลอดปีไหม?
f. If you were able to get sufficient raw material and workers in order to operate all year, would you do so?

◯ ทำ Yes
◯ ไม่ทำ No

ช. ถ้าไม่ทำ, เพราะเหตุใด? _____
g. If no, why not?

7. ในปัจจุบันนี้ท่านใช้คนงานและเครื่องจักรอย่างเต็มที่หรือเปล่า?
Are you at the present utilizing all your workers and machinery?

◯ ใช้ทั้งหมด Yes
◯ ไม่ได้ใช้ทั้งหมด No

ถ้าไม่ได้ใช้ทั้งหมด, อะไรบ้างที่ไม่ได้ใช้? ทำไมจึงไม่ใช้?
If no, what is not utilized? Why not utilize

ก. เครื่องจักร (เครื่องทำอะไร _____) _____
a. Machinery (what type)
ข. คนงาน (จำนวนคนงานที่ว่างงาน _____ คน) _____
b. Workers (numbers)

8. ท่านเป็นเจ้าของกิจการนี้โดยอย่างไร? ตั้งแต่เมื่อไร?
How did you become the owner of this firm? Since when?

◯ รับมรดก Inherited _____
◯ ซื้อกิจการ Bought from soneone _____
◯ ตั้งขึ้นเอง Started yourself _____

9. ผลกำไรจากการลงทุน
Rate of Return in Investment

ก. ในฐานะที่ท่านเป็นนักธุรกิจซึ่งมีความคุ้นเคยกับธุรกิจประเภทนี้ ท่านคิดว่า
a. As a businessman who is familiar with this type of business, what do you think the acceptable rate of return should be for firms in this industry?
ควรจะได้ผลกำไรจากการลงทุนในอัตราเท่าใดจึงจะเป็นที่ยอมรับ?
_____ % ทุก ๆ ปีของการลงทุน
% of income, every year from investment

ข. ตามความคิดเห็นของท่าน ในการดำเนินธุรกิจประเภทนี้ได้กำไรสักเท่าใด?
b. What actually is the rate of return for firms in this industry?
- ○ ได้กำไรในอัตราที่สูงกว่าที่ท่านตอบในข้อ ก.
  Rate of return is higher than answered in 8a
- ○ ได้กำไรในอัตราที่ต่ำกว่าที่ท่านตอบในข้อ ก.
  Rate of return is lower than apswered in 8a
- ○ ได้กำไรในอัตราใกล้เคียงกับที่ท่านตอบในข้อ ก.
  Rate of return is about equal to that answered in 8a

ค. ท่านใช้เวลานานเท่าใดกว่าจะสามารถหากำไรได้ในอัตราที่เป็นที่พอใจ?
c. How many years after you started your business did it take before you reached an acceptable rate of return?
_____

ง. ถ้าหากช่วงเวลาที่ตอบมากกว่า 1 ปี ในการทำกำไรจากข้อ ก.
d. If the period in 8c was over 1 year
อะไรเป็นสาเหตุที่ท่านไม่สามารถทำกำไรได้ในช่วงระยะเวลาเพียง 1 ปี
what was the cause for it?
_____

เครดิตและความช่วยเหลือจากรัฐบาล
Credit and Assistance from the Government

10. ก. กิจการของท่านเคยได้รับสิทธิพิเศษในการส่งเสริมจากรัฐบาลหรือไม่ เช่น ได้รับการยกเว้นภาษี, ได้รับเงินช่วยเหลือค่าจ้างแรงงาน เป็นต้น?
a. Did your firm ever receive any promotional privileges from the government? (e.g. exemption from tax, wage subsidy to hire more workers, etc.)
- ○ เคย Yes
- ○ ไม่เคย No

ข. ถ้าเคย, โปรดกรอกข้อความต่อไปนี้
b. If yes, please answer the following.

ได้รับเป็นผู้ได้ Received Privileges from	ประเภทของสิทธิที่ได้ Type of Privileges	ผลของสิทธิเหล่านั้นต่อกิจการของท่าน Effect of these Privileges on your Business
	- ยกเว้นภาษีเงินได้ Tax Exemption - ยกเว้นภาษีเครื่องจักร Exemption from Duty on Imported Machinery - คิดดอกเบี้ยเงินกู้ในอัตราต่ำ Low Interest Loan - อื่น ๆ (ระบุ) Others (Specify)	○ ไม่มีผลอะไรเลยถึงแม้ไม่ได้ No Effect (would have started this business anyway even if did not get this privilege) ○ ช่วยให้ได้ผลกำไรในอัตราเป็นที่พอใจ Some Effect (helped in getting an acceptable rate of return) ○ ช่วยได้มาก, หากไม่ได้รับสิทธิเหล่านี้อาจไม่สามารถดำเนินธุรกิจนี้ได้ A Great Effect (if didn't have this privilege could not have started this business)

ค. เครื่องจักรที่ท่านซื้อมาใช้เนื่องจากได้รับสิทธิพิเศษนั้นเป็นเครื่องจักรใหม่ หรือเครื่องจักรเก่า
e. Was the machinery that you bought from using these privileges new or used?

- ◯ เครื่องจักรใหม่ New Machinery
- ◯ เครื่องจักรเก่า Old Machinery

ถ้าเป็นเครื่องจักรเก่าจะสามารถใช้งานไปได้อีกเป็นเวลานานเท่าใด จึงจะต้องเปลี่ยนเครื่องใหม่? _____ ปี Year _____ เดือน Month
If used machinery, estimate time when it will have to be replaced.

11. ท่านเคยกู้ยืมเงินจากธนาคารเอกชน หรือบริษัทเงินทุนต่าง ๆ เพื่อนำมาใช้ในการดำเนินธุรกิจนี้บ้างไหม?
Have you ever received any loans from private banks or finance compahies in order to finance your business?

- ◯ เคย Yes
- ◯ ไม่เคย No

ถ้าเคย, โปรดกรอกข้อความในตารางข้างล่างนี้
If yes, please answer the followings

ปีที่กู้ Year	ครั้งที่ Number (mention each loan separately)	จำนวนเงินกู้ Amount ฿ (บาท)	แหล่งที่กู้ Source	อัตราดอกเบี้ย Rate of Interest %	กำหนดการใช้คืน Years to repay (ปี)	O/D (เงินเบิกเกินบัญชี) Overdraft
1973	1					
	2					
1972	1					
	2					

โครงการขยายกิจการโดยไม่เพิ่มจำนวนการดำเนินงาน
Projected Expansion Plans

(การขยายกิจการในที่นี้หมายถึง การเพิ่มเครื่องจักร หรือจำนวนคนงานเพิ่มอย่างใดอย่างหนึ่งเท่านั้น)
(Expansion is defined as either an increase in machinery or workers)

12. ก. ในปัจจุบันนี้ ท่านมีโครงการที่จะขยายขนาดของกิจการออกไปอีกหรือไม่?
a. At the present are you planning to expand your business?

- ◯ มี Yes
- ◯ ไม่มี No

ถ้ามีโครงการที่จะขยาย
If yes,

ก. จะขยายเมื่อไร? เดือน _____ ปี พ.ศ. _____
a. When will you expand? Month Year

ข. จะขยายออกไปอีกมากน้อยเพียงใด?
b. By how much will you expand?
(จะเพิ่มความสามารถในการผลิต _____ เปอร์เซ็นต์)
Increase output by %

ค. จะว่าจ้างคนงานเพิ่มอีกกี่คน _____ คน
c. How many more workers will you hire? Persons

13. ท่านได้เคยขยายกิจการนี้มาแล้วใช่ไหม?
Have you ever expanded your firm in the past?

◯ เคย Yes
◯ ไม่เคย No

ถ้าเคยขยายกิจการนี้มาแล้ว โปรดกรอกข้อความในตารางข้างล่างนี้
If yes, please answer the following:

ครั้งที่ No	ปีที่ขยายกิจการ Year expanded firm	ผลผลิตที่เพิ่มขึ้นจากการขยาย Increase in output (กิโลหน่วย) after expanding the firm (กิโล)	การจ้างแรงงาน Employment (person)	
			ก่อนการขยาย Before expanding (คน)	หลังจากขยายแล้ว After (คน)
				Expanding
1				
2				
3				
4				
5				

14. ก. ปัจจุบันนี้ท่านมีแผนที่จะตั้งกิจการใหม่ขึ้นอีกหรือไม่?
a. Are you presently planning to start a new firm?

◯ มี Yes
◯ ไม่มี No

ข. ถ้ามีตามข้อ ก. โปรดกรอกข้อความในตารางข้างล่างนี้
b. If yes, please answer the followings

ประเภทของกิจการ Type of Business	ที่ตั้ง Location of the firm (changwat, amphur, tambon)	จำนวนคน Number of workers	จะเริ่มตั้งเมื่อไร When will Start

ค. ถ้าคำตอบในข้อ ข. เป็นกิจการต่างประเภทกับที่ท่านกำลังดำเนินการอยู่ โปรดแจ้งเหตุผล
d. If the answer above is a different type of firm, please give the reason why you would like to start a new firm rather than expand the present firm:

ท่านได้เคยขยายกิจการนี้มาแล้วใช่ไหม? ถ้าเคยขยายกิจการนี้มาแล้ว โปรดกรอกข้อความในตารางข้างล่างนี้ ... วาเหตุใดท่านจึงประสงค์จะดำเนินกิจการนั้น มากกว่าจะขยายกิจการเดิมให้ใหญ่โตยิ่งขึ้น

15. โปรดชี้แจงด้วยว่าทำไมท่านจึงดำเนินธุรกิจนี้.
Please explain why you decided to start this firm
(โปรดลำดับความสำคัญจากมากไปหาน้อย โดย หมายเลข 1=สำคัญที่สุด,
(Please rank from 1 = most important to
หมายเลข 7 = สำคัญน้อยที่สุด, ไม่จำเป็นจะต้องเรียงทุกข้อ)
7 = least important, and = N.A.)

- ◯ เพราะเป็นธุรกิจส่วนหนึ่งของครอบครัว
  A part of family business
- ◯ ตั้งอยู่ใกล้แหล่งวัตถุดิบ
  The firm is near raw material
- ◯ คิดว่าน่าจะได้กำไรดี
  Expect to have a good income
- ◯ อยู่ในแหล่งที่มีแรงงานราคาถูก
  Near cheap labour
- ◯ เพราะมีเงินเหลือพอที่จะลงทุน
  Inherited enough money to invest in this type of business
- ◯ เพราะเคยมีประสบการณ์ในธุรกิจนี้มาก่อน
  Have previous experience in this type of business
- ◯ อื่น ๆ (ระบุ)
  Others (Specify)

16. โปรดแจ้งมูลค่าทรัพย์สินที่ใช้ในการ ลงทุน (ไม่รวมราคาที่ดิน)
Cost of Investment (Do not include land cost)

รายการ Items	ในราคาที่ท่านได้ไว้ในระดับ Present Value (2) ปัจจุบันเท่าไหร่	ของนำเข้าจากต่างประเทศหรือไม่ Is it Imported? (3)	ถ้าใส่คำตอบในช่อง 2 If I have the answer in column two, please don't ask columns 4,5	ราคาเดิม Original Price (4)	วัน เดือน ปี ที่ซื้อ Day, Month, Year Purchased (5)
ก. อาคารโรงเรียน					
1.					
2.					
ข.					
1.					
2.					
3.					
4.					

If don't have the answer in column 2, please continue to columns 4 and 5.

17.

ปี Year	มูลค่าของผลิต Output, The value of Product (บาท) ฿	ทำในปีนี้เป็นปีที่ดี หรือ ไม่ดี Was it a good or bad year
1973		
1972		

18. ค่าใช้จ่ายเมื่อปีที่แล้ว:
Last Year's Expenditures (1973)

รายการ Items	จำนวนเงิน Amount (บาท) ฿	จำนวนเงินที่จ่ายให้แก่ประชากรในเขตจังหวัด/อำเภอ 25/15 km. (25 ก.ม./15 ก.ม.) Amount paid to people within of this town	จำนวนเงินที่จ่ายให้แก่ประชากรนอกเขตจังหวัด/อำเภอ (25 ก.ม./15 ก.ม.) Amount paid to people outside of (25/15 km.) from this town
1. ค่าจ้างแรงงาน Employment (wages)			
2. ค่าซื้อวัสดุใหม่, เครื่องมือ/เครื่องใช้ (เช่น ค่าไฟฟ้า, อุปกรณ์ในการทำงานต่างๆ) Paid for equipment and supply (Example electricity, instrument for output)			
3. วัตถุดิบที่ใช้ในการผลิต Raw materials			
4. ค่าเชื้อเพลิง (น้ำมัน ที่ใช้ในการทำงานของเครื่องจักร) Energy sources (the oil or solar which is used for the machine)			
5. ค่าขนส่งและวัสดุ (ค่าน้ำมันที่ใช้ในการขนส่ง, ค่าจ้างรถขนส่ง) Cost of transportation (cost of that gasoline used for transporting raw materials, finished product, and the workers)			
6. ค่าน้ำ Cost of water			
7. ภาษีบำรุงท้องที่ Local tax			
8. ภาษีเงินได้ National tax			
9. ค่าอาหารสำหรับคนงาน Food for the workers			
10. ค่าเงินโบนัสสำหรับคนงาน Bonus for the workers			
11. การบริการต่าง ๆ Charitable donations			
12. ค่าอื่น ๆ (ระบุ) Others (specify)			
รวม Total			

การบริหารกิจการ
Decision-Making in the Firm

19. ใครเป็นผู้ตัดสินใจในการเพิ่มหรือลดปริมาณผลผลิต และการว่าจ้างแรงงานของกิจการนี้?
Who makes the decision to increase or reduce the output and employment in this firm?

- ○ เจ้าของกิจการ
  Owner
- ○ ผู้จัดการ (ถ้าผู้จัดการไม่ใช่เป็นเจ้าของกิจการเอง)
  Manager (if the manager is not the owner himself)
- ○ ทั้งผู้จัดการและเจ้าของกิจการร่วมกันตัดสินใจ
  Both the owner and the manager
- ○ ผู้จัดการ และเจ้าของกิจการร่วมปรึกษาหารือกับบุคคลอื่น (ใคร?.....)
  Both the owner and the manager consult with someone (who?)
- ○ ไม่ทราบ
  Does not know

ผู้มีส่วนในการบริหารกิจการนี้ พักและทำงานอยู่ที่ไหน?
Where does the one who makes decisions live and work?

- ○ ทำงานในบริษัทนี้ และพักอยู่ใกล้ ๆ
  Works in this firm and lives nearby
- ○ ทำงานอยู่ที่อื่น แต่พักอยู่ใกล้ ๆ บริษัทนี้
  Works somewhere else but lives nearby
- ○ ทำงานอยู่ที่อื่น และพักอยู่ไกลจากบริษัทนี้ (ที่ไหน.....)
  Works somewhere else and lives far away from this firm (where?)
- ○ ทำงานในบริษัทนี้ แต่พักอยู่ไกลจากบริษัทนี้ (ที่ไหน.....)
  Works at firm but lives far away (where?)
- ○ อื่น ๆ (ระบุ).....)
  Others (specify)

ถ้าท่านเป็นผู้จัดการหรือเจ้าของกิจการ ท่านได้ทราบข่าวการเคลื่อนไหวของทางรัฐบาล
If you are an owner, or manager, have you ever heard any government
ที่จะทำให้กระทบกระเทือนต่อกิจการของท่านบ้างไหม?
actions that would effect your business?

- ○ ทราบ
  Yes
- ○ ไม่ทราบ
  No

ถ้าทราบ, ก. เป็นข่าวเกี่ยวกับอะไรบ้าง?
If yes, a. What have you heard about?

- ○ การควบคุมราคาก๊าซของรัฐบาล
  Government controlling price of gas
- ○ รัฐบาลควบคุมราคาสินค้าของท่านผลิต
  Government controlling price of your products
- ○ การให้สิทธิพิเศษจากรัฐบาลเป็นการส่งเสริม
  Government promotional privileges
- ○ รัฐบาลในการสนับสนุนโดยการวางแผนพัฒนา
  Government development planning
- ○ การสร้างถนนของรัฐบาล
  Government road construction
- ○ อื่น ๆ (ระบุ)
  Other (specify)
- ○ จำไม่ได้
  Can not remember

ข. ท่านทราบข่าวจากที่ไหน?
b. Where did you get this information?

- ○ ทราบจากเพื่อนนักธุรกิจ
  Businessmen
- ○ ทราบจากหนังสือพิมพ์
  Newspaper
- ○ ทราบจากวารสารธุรกิจหรืออุตสาหกรรม
  Business or industrial journal
- ○ ทราบจากข่าวลือ
  Rumors
- ○ ไม่แน่ใจ
  Not sure

20. ท่าน (เจ้าของโรงงาน) เป็นเจ้าของกิจการอย่างอื่นอีกหรือไม่?
Do you (the owner) own any other firms?

○ เป็น Yes — ถ้าเป็น, ประเภทของธุรกิจ If yes, what type of firms? _____

○ ไม่เป็น No

โครงการขยายกิจการ โดยเพิ่มปัจจัยการผลิตแรงงาน
Projected Expansion of business based on increasing input

ถ้าหากกิจการในปกครองของท่านได้รับสิทธิพิเศษบางอย่าง จากรัฐบาล (ปรดแจ้งความเห็นโดยประมาณ)
If your firm gets these privileges from the government, please estimate
แสดงผลประโยชน์ท่านอาจได้รับว่าการที่จะขยายกิจการในอนาคต
how much effect they will have on your decisions to expand this firm

21.

สิทธิที่อาจได้รับ Type of Privileges	จำนวนเงินที่สามารถประหยัดหลังจากได้รับสิทธิ How much saving after have the Privileges?		จ้างคนงานเพิ่ม (คน) How many More Workers Will Hire? (Number)	ไม่เปลี่ยนแปลงอะไร No Change (Hire None)	ลำดับก่อนหลังสุดท้าย Rank the order of preference
ก. ได้รับยกเว้นการเสียภาษี a. Exemption from paying income tax for 2 years	ภาษีรายได้ต่อปี Tax per year _____ บาท ฿	x 2 = ___ บาท ฿			
ข. ได้รับยกเว้นการเสียภาษี เป็นเวลา 5 ปี b. Exemption from paying income tax for 5 years		x 5 = ___ บาท ฿			
ค. รัฐบาลจ่ายค่าจ้างแรงงานให้ 1/4 ของค่าจ้างแรงงานของคนงานที่จ้างใหม่ในปีแรก และท่านต้องสัญญาว่าจะจ้างคนงานใหม่เหล่านั้นเป็นเวลา 2 ปี c. Government pays 1/4 of the workers for the first year and you have to promise to hire 2 years	ค่าจ้างแรงงานของคนงาน 1 คน ต่อปี Wages of the worker 1 for one year _____ บาท ฿	x 1/4 = ____ บาท ฿ x จำนวนคนงานที่จะจ้าง number of the workers to be hired = _____ บาท ฿			
ง. รัฐบาลจ่ายค่าจ้างแรงงานให้ 1/2 ของค่าจ้างแรงงานของคนงานที่จะจ้างใหม่ 6 เดือน และท่านต้องสัญญาว่าจ้างคนงานใหม่เหล่านั้นเป็นเวลา 2 ปี d. Government pays 1/2 of the wages of new workers the 6 months and you have to promise to hire them 2 years		x 1/4 = ____ บาท ฿ x จำนวนคนงานที่จะจ้าง number of the workers to be hired = _____ บาท ฿			

ข้อ 21. (ถ่อ)

สิทธิที่อาจได้รับ Type of Privilege	จำนวนเงินที่ลงทุนประหยัดได้ How much Saving after have the Privileges		จ้างคนงานเพิ่ม More workers will hire (คน) (Number)	ไม่เปลี่ยนแปลงจะไม่จ้าง No Change (Hire none)	กรุณาเรียงลำดับความสำคัญ Rank the order of preference
จ. ยกเว้นภาษีเครื่องจักรที่นำเข้าจากต่างประเทศเป็นเวลา 5 ปี e. Exemption from paying duty on imported machinery for 5 years	จะซื้อเครื่องจักรกี่เครื่อง How many machines will you buy?	ราคาเครื่องละเท่าไร At what cost each?			
ฉ. ให้กู้เงินบาทเพื่อขยายกิจการโดยคิดดอกเบี้ยเพียง 3% ต่อปี f. Low interest loans to expand your firm (rate of interest 3% per year)	จำนวนเงินที่จะขอกู้ Amount of money want to borrow (บาท) B จำนวนเงินที่จะต้องเสียดอกเบี้ยในอัตราปัจจุบัน Amount of money which must pay at present interest rates % per year = ... บาท B จำนวนเงินที่จะต้องเสียในดอกเบี้ย 3% ต่อปี Amount of money which must pay for the rate of interest at 3% per year ..... บาท B ประหยัดได้ Saving				
ช. ขึ้นกำแพงภาษีสินค้าต่างประเทศที่เป็นคู่แข่งเพิ่มขึ้น 50% g. Increase the tariff on competitive products by 50%					
ฌ. ลดราคาค่าพลังงานไฟฟ้าลง 50% h. Reduce the cost of electric power by 50%	ค่าพลังงานไฟฟ้าต่อปี Cost of electric power per year ..... บาท B	→ X 1/2 = ... บาท B			
ญ. ลดราคาค่าขนส่งลง 50% i. Reduce the cost of transportation by 50%	ค่าขนส่งต่อปี Cost of transportation per year ..... บาท B	→ X 1/2 = ... บาท B			

22. ถ้าต้องการเพิ่มคนงานในอัตราที่กล่าวมาแล้วเพื่อจะได้รับให้ถามข้อต่อไปนี้ ถ้าไม่ต้องการ ไม่ต้องถาม
If they agreed to increase employment to get any of the above listed privileges, ask
1. ถ้าคนงานเหล่านี้มาจากชนบทและมีฝีมือต่ำกว่าที่ต้องการ ท่านจะยังรับคนงานเหล่านี้ตามเงื่อนไขดังกล่าวหรือไม่
If these workers came from rural areas and had a lower skill level would you still hire them as a condition for securing these privileges?

○ จ้าง Yes ○ ไม่จ้าง No

23. วันที่สัมภาษณ์ Date of Interview .....

24. ชื่อผู้สัมภาษณ์ Interviewer .....

25. ความคิดเห็นของผู้สัมภาษณ์เกี่ยวกับข้อเท็จจริงที่ได้มา
Interviewer's Evaluation of Reliability of this Interview .....
(ข้อมูลที่ได้มานี้เชื่อถือได้แค่ไหน) .....

APPENDIX E

CRITERIA FOR DETERMINING GROWTH INDUSTRIES IN NORTHEAST THAILAND FOR USE IN DERIVING SURVEY POPULATION

In Thailand, there are 160 industries, 116 of which exist in the Northeast. Forty-nine of those in the Northeast have a value-added product of at least one million baht (฿). This was considered to be a minimum size for consideration as an industry-wide total of one million ฿ for the Northeast is actually quite small. However, conversations with experts and bibliographic research led to the inclusion of seven additional industries with value-added under one million ฿ to this list because either (1) they were agri-business related or (2) they had a much greater planned potential than present figures indicate.

By itself, each of the following criteria is an inadequate indicator of a future growth industry. However, by using five basic criteria and leaving room for additional recommendations from bibliographic sources and conversations with "experts," we derived a weighted formula for determining Northeast growth industries:

Criteria

1. Agri-Business: 30 percent weight

If there is one element of near unanimity among those I have spoken with about Northeast growth industries, it is that agri-business

related industries will be in the forefront of any Northeast growth. This is the area thought to have the greatest potential for generating additional jobs because of the lower transportation costs for both raw materials and finished product. Our method of determining which industries fell into agri-business categories was to consult many experts until we had total unanimity of opinion (where there were disagreements, we asked for reasons, checked out the validity of these reasons, and chose the best and most consistent reasoning). The industries were given one of three scores: (1) 2 if they would benefit by intensive irrigation (mainly rice and rice products, and vegetables), (2) 1 if they were agri-business and (3) 0 if they were not agri-business. Hence:

Scores	Missing Data (MD)	% Weight	Scoring
0, 1, 2	0	30	2=30 1=20 0=10

2. Value-Added Growth Rate: 22 percent weight

This measures value-added increase by Northeast industry on an annual basis from 1960-1972. Quite obviously, industries must be growing to have potential to generate additional jobs.

Scores	MD	% Weight	Scoring
ranked from 1 to 56*	0	20	1 = 22.00 2 = 21.60 3 = 21.20 . . 56 = 0

*Rankings instead of raw scores were chosen as the scores were found

3. Employment Growth Rate (absolute increase): 20 percent weight*

This measures the absolute growth in employment in each Northeast industry from 1960 to 1970 (these are the only two years of census information) as calculated from population census data (National Statistical Office or NSO). When used with value-added growth rate, this measure gives a good indication of the future labor-absorptive potential of the industries in the Northeast.

Scores	MD	% Weight	Scoring
ranked from 1 to 15	41	20	1 = 20.00 2 = 18.57 3 = 17.14 : 22 = 0

4. Cyclicity: 18 percent weight

This measures the amount of cyclical fluctuation in the growth of these Northeast industries. One should be cautious of those industries which exhibit a great amount of growth if this growth is of a cyclical (unpredictable) nature. If this factor were to be ignored, we may well be faced with the problem of creating jobs in industries that could not guarantee a steady rate of employment increase year after year. Our findings indicate that low value-added growth rate industries are

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to be fairly evenly distributed. The same reasoning for ranking over using raw scores is applicable throughout this analysis.

*In this criterion, over half the industries have missing data because NESDB and NSO used different ways of categorizing industry. Therefore we could only take those industries that were found in both censuses as we had chosen previously to use the NESDB list of industries as our referent. Because of this large amount of missing data, this category only received 20 percent weight.

quite stable while those with high growth rates can either be stable or unstable.

Scores	MD	% Weight	Scoring
ranked from 1 to 56	0	18	1 = 18.00 2 = 17.70 3 = 17.38 : 56 = 0

5. Labor-Intensity: 10 percent weight

This is another critical category as we are interested in concentrating on those industries utilizing labor-intensive techniques. However, we ran into the same problems as previously mentioned in employment growth rates that the NESDB and NSO each have their own ways of grouping industry types with less than 50 percent overlap. Also, because we were unable to find output for each industry, we used value-added figures as our denominator in calculating labor-intensity. This criterion was given relatively little weight because of (1) the method (admittedly far from perfect) of substituting value-added for output and (2) the large amount of missing data.

Scores	MD	% Weight	Scoring
ranked from 1 to 19	36	10	1 = 10.00 2 = 9.48 3 = 8.96 : 20 = 0

*In a few cases, data were only available for 1960. An analysis of the change in labor-intensity for each of the 20 industries was also made to ascertain how constant labor-intensive techniques were from 1960

Additional Criteria (to be used when applicable as positive or negative factors)

The recommendations of previous studies have generated a fair amount of controversy among those experts with whom I have spoken as to their reliability. They usually recommend those industries that have growth potential or (in a few cases) those that have a bleak future. Because they make no attempt to survey our entire population of industries in the Northeast (or even the 56 included in this study), they offer limited information at best. The relative weights below are based on suitability of criteria given for selecting the industry.

1. J. D. Drillon (International Bank for Reconstruction and Development consultant) study in 1972:* 7 percent (extra)

This is a study done by Drillon of the World Bank in 1972. The study is entitled, "Northeast Thailand--Identification of Industrial Projects: Industries to Be Encouraged and Suggested Location of Projects." He identified the type of industry, process of production, and likely locations for expansion. His criteria for selecting those industries were:

(1) raw material supply availability

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to 1970. We found that there were wide fluctuations during this period which led us to doubt the data and/or techniques used to calculate the data, thereby justifying our giving this criterion a percentage weighting of only 10 percent. For those cases with only 1960 data, we projected 1970 data from using the 1960 figures as a base and factoring by the percent change for all industries that have both 1960 and 1970 data. Actually, this figure measures labor productivity and not intensity. However, we found that usually those industries with high productivity per unit of labor also have highly capital-intensive methods and vice versa.

*J. D. Drillon, "Northeast Thailand--Identification of Industrial Projects" (n.p.: n.p., 1972), mimeo, one page only.

(2) raw material production and share of region in processing

(3) domestic and/or export market

(4) employment and income generation

(5) inter-regional competitiveness

The reaction I have heard thus far on this study is largely negative or no familiarity with it, but the criteria used to select these growth industries appear sound. We only have a summary of the study at the present time.

Scores	MD	% Weight	Scoring
1 = recommended 0 = not recommended	0 (either recommended or not)	7 (extra)	1 = 7 0 = 0

2. Northeast Thailand Economic Development Study: Recommended Development Budget and Foreign Assistance Projects 1972-1976 (Vol. 1)*

This study done by Louis Berger, Inc. (Development Economics Group) was completed in January 1972. It sketchily covers all aspects of economic development in the Northeast and in one small section mentions categories of industries that have expansion potential (e.g., agribusiness). However, it neither specifies the particular industries about which it is speaking nor gives any detailed rationale for recommending these groups as having growth potential. Therefore, it should not be given nearly the weight of the Drillon study.

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*Louis Berger, Inc. (Development Economics Group), Systems Associates, Inc., Northeast Thailand Economic Development Study, Vols. I, II, and Appendix.

Scores	MD	% Weight	Scoring
1 = recommended (all industries in the industry group specified)	0	2 (extra)	1 = 2 0 = 0

3. Recommendations by Others

This is the residual category used to include all other recommendations that have a limited geographic range (Thomas and Chakrit study of industrial growth potential in Khon Kaen).* This category is not to be confused with the agri-business category (30 percent weight) as the opinions of many experts caused us to give that category so much weight.

Scores	MD	% Weight	Scoring
1 = recommended as growth industry 0 = no mention -1 = poor growth potential	0	2 - 5%	1 = 2 to 5 0 = 0 -1 = -2 to -5

How Missing Data Are Handled in the Five Main Criteria

Where there is missing data (MD), as will be the case for certain industries with criteria #3 and #5, the relative weights of the remaining criteria must be adjusted to reflect this missing data.

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*M. Ladd Thomas and Chakrit Noranitipadungkarn (with assistance of Ronald Krannich), Administrative Capacity of Urban Centers in Northeast Thailand to Handle an Influx of Pa Mong Evacuees: Khon Kaen, A Case Study (n.p.: Southeast Asian Development Advisory Group, 1972).

(1) If there is MD on employment growth only (MD = 41) then the other criteria will be readjusted as follows:

Criteria #	Old % Weight	New % Weight
1	30	37.5 (scoring - 37.5, 25, 12.5)
2	22	27.5 .
4	18	22.5 .
5	10	12.5 .

(2) If there is MD on labor-intensity only (MD = 36), then the other criteria would be redistributed as follows:

Criteria #	Old % Weight	New % Weight
1	30	33.3 (scoring - 33.3, 22.2, 11.1)
2	22	24.5 .
3	20	22.2 .
4	18	20.0 .

(3) If there is MD on both employment growth (MD = 41) and labor-intensity (MD = 36), then the other criteria will be redistributed as follows:

Criteria #	Old % Weight	New % Weight
1	30	42.9 (scoring 42.9, 28.6, 14.3)
2	22	31.4 .
4	18	25.7 .

Based on these criteria, raw scores between 85.86 and 31.44 were calculated for industries in the Northeast. A growth industry was defined as any industry with a raw score at or above 54.09. This cut-off figure was derived by a visual inspection after all the scores were

plotted on a line. Except for many of the scores being bunched between 58.00 and 62.00, they were fairly regularly distributed along the line with a gap between 54.09 and those scores below this value.

APPENDIX F

SAMPLING TECHNIQUES AND SURVEY MECHANICS OF SURVEY DONE OF NEW FIRMS IN THE BANGKOK AREA AS ANALOGS FOR FIRMS THAT COULD GROW IN THE NORTHEAST

1. Sampling Techniques

Only firms from Northeast "growth industries" (see Appendix D) were sampled. Also, this population was limited to manufacturers who had started operations in the Bangkok metropolitan area after June 1, 1972. It excluded firms that had moved from elsewhere, changed their name, or recommenced operations after a prolonged shutdown or a bankruptcy. Also, the population was limited to firms which had seven or more employees.

All businesses of a minimal size (well below our requirements) are supposed to register with the Department of Commercial Registration of the Ministry of Commerce in Bangkok. We wanted a sample size of N=100. To assure that we reached this desired size, a list of 221 firms, with addresses, that had opened between June 1, 1972 and April 30, 1974, and that fit our criteria above was compiled. This size was necessary to allow for refusals of interviews, inaccessibility of owners, and poor quality of interviews. The 221 firm names were then randomly ranked and interviews were attempted in that rank order. When 101 valid interviews were completed, only 17 firms remained where no contact had been attempted.

2. Survey Mechanics

The survey was started on May 22, 1974, and completed on July 28, 1974. Coding the data and punching computer cards was done in August 1974. A pretest of nine firms was done in the last week of May. Only a few minor changes in the questionnaire were made as a result of this pretest. Two young Thai men who had previous experience with survey techniques conducted the interviews. This researcher accompanied these enumerators from time to time. The lack of private transportation, the great distance of many of these firms from each other and the difficulty of locating firms from the addresses we had made this particular survey difficult.

The two enumerators understood the thrust of the questionnaire immediately. Nevertheless, they role played the interview for several hours before going into the field. Their English was excellent so the survey instrument and responses were both recorded in English. The interview was conducted in Thai and occasionally in Chinese. On three occasions, English was the medium of communication.

A sample questionnaire follows:

Population: Select from list of new industries

Questionnaire for Section D

1. a. Firm Name _____

   b. Interviewed

   ____owner

   ____manager (If the manager only, make sure that he knew about the decisions involved in locating the firm. If he doesn't know, ask to speak to someone who was involved and interview that person.)

2. Location in Bangkok (number, street, district)

3. Principal Business _____

   Secondary Business (at same location as principal business)

   _____

   (If he is running two businesses at the same location, STOP HERE)

4. How long has this firm been located in the Bangkok area?

   ____months

5. Number of workers

   a. family members over 11 years of age working in this firm_____

   b. full time workers (other than family) _____

   c. temporary workers (other than family) _____

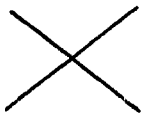
   d. total (add a, b, and c) _____

6. Why is this firm presently located in Bangkok?
   (rank in order of importance all of the reasons that apply;
   1=most important)

   ____close to source of raw material
   ____source of cheap labor
   ____source of skilled labor
   ____good transportation system available
   ____close to those who buy the product
   ____Bangkok area is a good place to live and provides good schools, housing, entertainment, etc. for myself and my family
   ____have friends/relatives in Bangkok area
   ____other (specify):_____

7. When the Pa Mong Dam is built, there may be many additional laborers available in several Northeast urban towns. The wages of these workers will probably be lower than those of workers you are presently employing. In our study, we are interested in finding out how willing employers like yourself would be to start a new firm in the Northeast. We will read some selected privileges and want to know if any of these privileges would have provided enough incentive to have induced you to have located your firm in the Northeast instead of in Bangkok when you were still deciding where to locate. In considering your answer, please bear in mind that we came to interview you because we know that firms in your industry that are presently in the Northeast are doing well there.

Privilege	Cost	Code	Rank
	*transportation costs= transporting workers, raw materials, and finished product either in own vehicles or by hire	1=would have started new firm in NE 2=no change; would have started new firm in Bangkok even if offered this privilege	8=no response 9=don't know
a. exemption from income tax: 5 years	How much income tax per average year _____ x 5 (years) = _____		
b. exemption from income tax: 10 years	How much income tax per average year _____ x 10 (years) = _____		
c. govt. pays 1/2 wages of workers for 3 years if you promise to hire them for 5 years	1/2 average wages per worker _____ x 3 (years) = _____ x total number of nonfamily workers hired when started this firm _____ = _____		
d. exemption from import duty for machinery for 5 years after started firm	amount of duty on machinery that would import per year _____ x 5 (years) = _____		

e.	3% loan (up to 5 million ฿)	amount of loan would want _____ x (____% interest rates presently paying -3% = ____%) = _____฿
f.	50% higher import duty for similar products made by foreign competition for 5 years	
g.	50% lower electric costs than presently pay for 5 years	1/2 annual electric expenses _____ x 5 (years) = _____
h.	50% lower transportation costs for 5 years	1/2 annual transportation expenses _____ x 5 (years) = _____

8. If you answered "no change" (#2) to all of the privileges in Question 7,

   a. Is there any <u>combination</u> of the above privileges that the government could have given you to have induced you to locate in the Northeast?

      ____Yes ____No

      Which privileges? (<u>minimum</u> number needed)

   b. Are there any other privileges that the government could have given you to have induced you to locate in the Northeast?

      ____Yes ____No

      Which privileges (please specify)?

9. If answered #1 to any of the privileges in Question 7,

   a. Where would you have located?

      changwat_____ town_____

   b. Would you be willing to hire workers from a government-supplied list if that was the necessary condition to secure these privileges?

      ____Yes ____No

   c. If no, why not?

10. a. Have you ever heard of the government giving any of these privileges before?

      ____Yes ____No

   b. If yes, do you know the name of the government body that gives these privileges?

      ____Yes ____No

      Name:_____

11. Interviewer's Name_____

12. Date of Interview_____

13. Comments:

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