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**Clientelism in Thailand, Business Elites & Politics:**

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# 1 Introduction

Around the world economic development is at risk as soon as clientelist behaviour arises and with it monopolistic structures, rent seeking and capital flow. Thailand is known for its strong bureaucracy and a relationship based society. Why has Thailand had a history of successful economic development even in light of patron-client relationships?

This essay will take a closer look at the special conditions of clientelism in Thailand. Based on Doner & Ramsay(1997) I will examine *competitive clientelism*. The first section will provide a definition of clientelism and thereby mention Clapham's (1982) *Necessary Conditions for Clientelism*. The second section is solely focused on the idea of competitive clientelism and its influence on Thailand's path of development. The third section looks at changes in Thai politics and the rising participation of business elites.

## 2 Clientelism – definition and perception

The history of clientelism goes back to medieval times, and according to Roniger (1994, p. 5) patron-client relations have been central to societies in the Mediterranean, Latin America and Southeast Asia for a long period of time. The term clientelism was initially used to describe the hierarchical social relations in peasant societies (Brinkerhoff & Goldsmith, 2002, p. 2) between “peasant cultivators and local notables or landowners” (Clapham, 1982, p. 2). The underlying concept was a reciprocal exchange of services, delivered by the client, and security or protection, delivered by the patron. From that perception it developed towards the modern day understanding of clientelism, or as Kobayashi (2006, p. 2) put's it, from traditional clientelism to neo-clientelism.

Clapham (1982, p. 2) introduces the term, public politics, which are politics in favour of and for the public, the opposite takes place in a state with weak institutions. Thereby, politicians and bureaucrats make use of the state to fulfil their personal interests and gain benefits. Nevertheless, the patron is in need of legitimacy for his actions, therefore he is dependent upon support from the client. As the relationship is solely based on economic gains and security provided (Brinkerhoff & Goldsmith, 2002, p. 3), the client needs to be served by the patron if not he will chose to follow another patron who satisfies his needs. This mode of politics is classified as politics of private exchange (Clapham, 1982, p. 2).

Historically patron-client relations have been described as dyad relationships (Kobayashi, 2006, p. 3), but it is important to add, that these days, most of the patrons act as middlemen, and therefore often are part of a broader network and clients themselves (Brinkerhoff & Goldsmith, 2002, p. 2).

Before the 1970s (Kobayashi, 2006, p. 3; Roniger, 1994, p. 3) scholars expected clientelism to vanish over time, as it was first recognized in pre-modern societies. Nevertheless, it might be challenged by contemporary social forces (Roniger, 1994, p. 10), but instead of disappearing it adapts to modern society. Kobayashi (2006, p. 3) describes the evolution as the development from dyad exchange to a holistic exchange theory.

There are a few standardised conditions found in every patron-client relation, Clapham (1982, p. 4) describes them as the key elements of inequality and exchange: The patron always has a superior position in relation to the client; whether it is in regard of power, money or status. Exchange is the key element, the patron himself offers what the client needs, but the patron could not exist without provision by the client. The relationship is based on the principle of reciprocity (Kaufmann, 1974, p. 285 cited in Brinkerhoff & Goldsmith, 2002, p. 3) and is also chosen freely, as the client supplies what is needed (Clapham, 1982, p. 4).

In analyzing the influence of clientelism within the process of development, it is useful to consider from two perspectives, first, the necessary conditions for clientelism presented by Clapham (Clapham, 1982, p. 7f) and second rent-seeking activity (Brinkerhoff & Goldsmith, 2002, p. 12f). Clapham (1982) makes four points: The first, access to critical resources must be controlled by one (united) group, along with it patrons have to be able to deliver their guarded resource. Secondly patrons need to demand (supply) the critical amount of services provided (asked) by the clients, if not their investment will not pay-off or in a reverse set-up they will gain no personal benefits. It is obvious that a situation of competition among patrons challenges this situation. Thirdly, clients need to be prevented to organise themselves, gain access to resources and finally to render the patron unnecessary. And finally, clientelism is at risk as soon public politics, allocation based on rational criteria, comes into favour. Economic rents occur if the allocation of prices does not work properly; a rent is the difference between the optimal price and the real market price. Rent-seeking finally is the action, of an intentional market disturbance to create above market prices out of the interest to increase the personal welfare. State intervention creates economic rents in every country, but within a competitive democratic state, political institutions and economic actors create an environment that will minimize profits through rents. A weak state, with concentrated power and clientelist structures is at risk, to experience high emphasis of rent-seeking by its decision makers and bureaucrats.

### **3 Competitive Clientelism in Thailand**

The article "Competitive Clientelism and Economic Governance: The Case of Thailand" by Doner and Ramsay (1997) presents the case of Thailand's development during the 20<sup>th</sup> century focusing

specifically on the years before the mid-1970s. The author's argue that Thailand's special form of clientelism did not support monopolistic and rent-seeking structures.

Traditionally, through the migration of Chinese, Thai society experienced a division of classes and labour. On the one side there are ethnic Thai's who generate their income through small scale farming, on the other side there are Chinese merchants and tax farmers (Doner & Ramsay, 1997, p. 243). These structures have been continued, even if the distinction are not as clear as they were in the past. Furthermore this division could not only be found in regard to labour, but ethnic Chinese also had no access to government, bureaucratic or military posts. It is there where the intersection takes place between clients and patrons.

Clientelist behaviour could be justified with regard to two aspects, first of all the relationships have been *particularistic* (Doner & Ramsay, 1997, p. 243) or dyad and secondly as Clapham describes it inequality is fulfilled, as a matter of differential status. As already mentioned, Thailand has been in a special position in regard to patron-client relations. Therefore it would be useful to answer the question where this competitive clientelism came from, before examining the ideas of competitive clientelism as discussed previously.

First of all Chinese merchants needed their interests represented in Thai politics, they therefore sought access to the political elite in order to enhance their business activities. Practically, during the 1930s and later on, the system of patronage was expressed in a dualistic mode; state officials were members on boards of Sino-Thai companies and vice versa, Sino-Thai managers were put in charge of state-owned enterprises (Doner & Ramsay, 1997, p. 246). However the patron's point of view was slightly different. As described above, the ethnic Thai's were limited in their activities and left the field of doing business almost solely to the Sino-Thai minority. Therefore their ability to generate income, through business activities was limited. The only opportunity this left to generate surplus income, was through the patronising of Chinese businessmen. This situation created a high dependence on their clients, and in combination with intra-elite rivalries (Doner & Ramsay, 1997, p. 246f) the so called competitive clientelism emerged.

Looking at Clapham's framework, it is obvious why pure clientelism was never really established in Thailand. His first condition could best be described as monopoly of power or resources (Clapham, 1982, p. 7) was not fulfilled in Thailand. One example given, is that at a certain point in time four agencies were in charge of Thailand's trade policy (Doner & Ramsay, 1997, p. 252). Therefore no single faction of the elites had a large enough stake to solely gain or create profits through decisions on the field of trade. His second condition comes close to a self-fulfilling prophecy in the case of Thailand. Whereby the patron has to deliver support for the client, to generate income through his

relationship, giving the circumstance of a competitive environment; the patron needs to deliver more than his competitor and therefore enhances competition.

The interplay of Thailand elites, business structures and clientelism resulted in growth, competition and diminishing protectionism and not in capital flight and monopolistic structures which other developing economies experienced.

#### **4 Decline of Clientelism in Thailand and new Forms of Influence**

The further development of clientelism in Thailand experienced two major shocks, one in 1973 when the then ruling military government was overthrown through public uprisings and in 1997 through the political change which followed the Asian Financial Crisis.

The political system in Thailand until 1973 is generally described as “bureaucratic polity” a term coined by Fred Riggs in 1966. Even if Okey (2004) comes to the conclusion that it is a misconstrued term, it still best presents the discretionary dominance of bureaucrats (military and civilian) in pre-1973 Thai politics. In 1973 the Thai government was overthrown by an *extra-bureaucratic* non-clientelist movement, who demanded a democratic constitution (Okey, 2004, p. 144). The new role of businessmen became obvious during the 1980s (Case, 1996, p. 454). An example can be seen in the number of elected businessmen to the House during 1983 and 1986 when they outnumbered the bureaucrats by three to one (Anek, 1988, p. 453). Active participation in politics by businessmen from then on was common in Thai politics, climaxing with Thaksin Shinawatra’s election as Prime Minister in 2001. A brief look on a methods applied during the 1970s and 80s should give a better understanding of the situation. One observation is that Thailand’s ruling parties in the 1980s, have been increasingly ruled by big businesses. Furthermore the tycoon families have placed their offspring’s at the top of them and successfully participated in elections (Anek, 1988, p. 453). Another way of influencing the political landscape was through funding candidates. The sponsors preferred a personal approach, rather than candidates receiving funding through the company; they received their funding from individual businessmen or tycoon families (Doner & Ramsay, 1997, p. 267). In this context it is interesting to see, that businessmen in Thai politics fought for their particularistic interest rather than those of their industry. Anek (1988, p. 453) mentions the case of an attempted merge through state officials, where the affected family successfully placed two members in the House. Even though interest groups emerged and took part in Thai politics over the years<sup>1</sup>, it is still questionable to what extent some of them are based on personal bonds and are vehicles to represent particularistic interests (Anek, 1988, p. 468).

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<sup>1</sup> More in Anek (1988, p. 456f)

The second event in Thai politics was the 1997 financial crisis, and the new constitution that arose out of the situation. New institutions, like the Election Commission or the National Counter Corruption Commission were created with the objective of reducing corruption. Another measure was the directive that cabinet members were only allowed to hold 5 percent of a private company. The success of the new regulations is questionable, and a prominent case of by-passing them was the later Prime Minister Thaksin Shinawatra (Imai, 2006, p. 243f).

In light of Clapham's framework, it was already explained, that the situation in Thailand was counterproductive in regard of the first two conditions. But as the development from the mid-1970s shows, condition 3 and 4 have also been violated. At the core we see that businessmen succeeded in organising themselves to become part of the political establishment and therefore had the ability to place direct influence on laws and directives concerning their corporation's. Furthermore, during 1973 and 1997 there have been clear signs for a more public policy. In these circumstances, it is interesting to see, that clientelist behaviour has not disappeared in Thailand. It might look different even if the circumstances changed, not only Anek (1988), but also more recently Ockey (2004) make this recognition.

## 5 Summary

In the end it is important to admit, that the above only presents a small **segment** of how Thailand's business elite gets involved in politics. Nevertheless there are two things to remember. Even if clientelism has experienced a decline in Thailand, it is still part of everyday politics. Furthermore, it is clear to see how Thailand's economic development was shaped through intra-elite rivalries and their limited resources. This fact opened the door for the so-called competitive clientelism, and as Clapham's framework reflects it was the weakness of Thailand's clientelism that created strength in light of economic development.

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