

Budgeting System and Bureau of the Budget in Thailand

Kriangchai Pungprawat

Faculty of Political Science, Ramkhamhaeng University, Bangkok, Thailand

Corresponding author: pkriangchai@yahoo.com

Abstract

This article explains what factors determine the roles and behaviors of the Thai government as involves the budgeting system. To illustrate how the government's budget is formulated, the procedures for budget formulation processes are explored in detail. In addition, a comparative perspective on budget processes in Thailand and in the US is presented in order to point out the unique characteristics of Thai budgeting. This study finds that the bureaucracy, especially the Bureau of the Budget, dominates budget allocation, while the roles and power of elected politicians are minimal. Budget allocations are mainly determined by the departments that each department controls in the budget for areas within its jurisdiction. This finding explains that the Abhisit government needs to propose an additional budget in order to serve its political programs, because the Annual Budget, which was approved before the administration, was unresponsive to political initiatives.

Keywords: Budget Allocation, Budget Formulation Process

Introduction

Since the annual budget for fiscal year 2009, amounting to 1,835,000 million baht, was prepared by the previous government of the People's Power Party and approved in September 2008, the Abhisit government proposed an Additional Budget Bill in late January of 2009. The parliament approved this bill allowing the government to spend the extra budget amounting to 116,700 million baht (*Matichon*, January 29, 2009). It appears that the Abhisit government minimizes fiscal discipline, because the supplemental budget will increase the budget deficit for fiscal year 2009 over the 249,500 million baht (Bureau of the Budget, n.d.: 3) that was previously incurred.

According to the additional budget mentioned above, most of the allotted expenditures are aimed to be spent for the programs specified by the Abhisit government. It should ask that why the authorized budget already granted by the Annual Budget Act, which was enacted before Abhisit took the premiership, is unable to accommodate the demands of the government. In general, the interesting question is that what factors determine behaviors of the Thai government in dealing with the budgeting system? To answer these questions, this article focuses on the budgeting system of Thailand.

This article is composed of three parts. Part 1 will illustrate how the government's budget is formulated, and will explore the budget process in detail. Part 2 will demonstrate the remarkable features of the budget system in Thailand by explaining the power relations between the actors involved in the budget process by explaining the distinctive characters of this relationship. This section also presents a comparative perspective of the budget process practiced in Thailand with the budget process which is practiced in the United States. The last part of this study will explain to what extent the characteristics of the budgeting system creates constraints on budget spending within the Thai governments.

1. Thailand's Budget Process

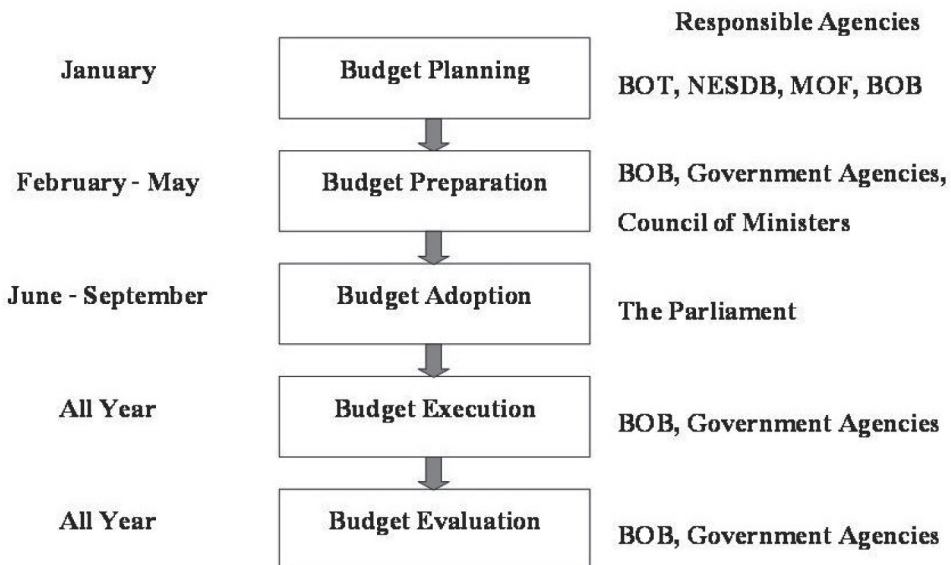
The budgetary system in Thailand was introduced in 1890. However, the modern budgeting system dates from the establishment of the Bureau of the Budget under Budget Procedure Act B.E. 2502. This establishment was part of the creation of four core agencies¹ in charge of macroeconomic management

¹ These four agencies are the Ministry of Finance, the Office of the National Economic and Social Development Board, the Bank of Thailand, and the Bureau of the Budget.

(Suehiro, 2005: 26-28) which aimed to create stability for the Thai economy. The Bureau of the Budget serves as the center of the budget formulation process and is responsible for coordinating with all government agencies involved in the budget formulation process.

The budget year or fiscal year in Thailand begins in October and ends in the September of the following calendar year:² for example, fiscal year 2009 begins on October 1, 2008 and ends on September 30, 2009. However, the budget formulation process starts about 10 or 11 months before the actual beginning of the fiscal year (Pallop, 2004: 115) because the budget must be prepared in advance. This budget formulation process recurs every year and consists of five steps (Worabut, 2004: 86-87), as shown in Figure 1: budget planning, budget preparation, budget adoption, budget execution, and budget evaluation.

Figure 1 The Budget Formulation Process



Note: BOT: Bank of Thailand; NESDB: Office of the National Economic and Social Development Board; MOF: Ministry of Finance; BOB: Bureau of the Budget

² This is stipulated by Article 4 of the Budget Procedure Act B.E. 2502.

The procedures governing the budget formulation process are primarily determined by Budget Procedure Act B.E. 2502, and these procedures have remained largely unchanged for almost 50 years. Budget Procedure Act B.E. 2502, which contains 33 articles, only stipulates the major procedures. When circumstances change, the Bureau of the Budget can enact subordinate laws in order to address changes on an ad hoc basis (Pallop, 2004: 41). Interestingly, the main procedures governing the budget formulation process in the late 1960s (Chai Anan, 1971: 70–75) are identical to the procedures practiced at present.

1.1 Budget Planning

The budget formulation process begins by determining a schedule for the activities involved in budget development. This calendar is organized by the Bureau of the Budget and approved by the Council of Ministers, and it helps government agencies to follow the procedures included in this complex process within designated time frames (Pallop, 2004: 106-107).

Around January, the four central agencies—the Ministry of Finance, the Bureau of the Budget, the Office of the National Economic and Social Development Board, and the Bank of Thailand hold a joint meeting for purposes of budget planning. In this conference, the implications of the annual budget and its underlying policies are calculated in terms of surplus, balance, or deficit. Such key macroeconomic data factors such as gross domestic product, economic growth rate, volumes of imports and exports, inflation rate, public debt, and the financial status of the government are considered (Pallop, 2004: 94).

The Bureau of the Budget compiles the proceedings of this meeting of the four agencies in the Guidelines on Annual Budget Allocation. These Guidelines are submitted to the Council of Ministers for consideration. After cabinet approval, the Guidelines are sent to all government agencies and, at the same time, the Bureau of the Budget asks these agencies to submit their budget requests according to the Guidelines (Pallop, 2004: 115).

1.2 Budget Preparation

Around February of the same year, all departments and budget-dependent state enterprises submit budget requests to the Bureau of the Budget through the Office of the Permanent Secretary of the ministries. In each department, a specific division is charged with submitting a budget request and coordinating with the Bureau of the Budget. In general, this division is referred to as the Division of Policy and Planning.

Budget requests require the completion of appropriate budget request forms designed by the Division of Budget Policy and Planning of the Bureau of the Budget. The Bureau of the Budget sends out a Handbook for Budget Request Making, which explains the methods for completing the budget request forms to all government agencies, along with the Guidelines on Annual Budget Allocation (Pallop, 2004: 115).

Between February and April, budget request forms from all government agencies are returned to the Bureau of the Budget. Many divisions are responsible for considering the budget requests of specific departments. In 2006, the Bureau of the Budget was comprised of 11 divisions (Bureau of the Budget, 2007: 18-19) that reflect budgetary distinctions (e.g., the Division of National Security Budget Preparation 1, the Division of Economic Sector Budget Preparation 1 and the Division of Social Sector Budget Preparation 1).

Usually, the total amount of funding requested in all governmental budget requests is approximately two to three times more than the available government income (Chalongpop, 2003: 151). To allocate budgets in line with the determined budget ceiling, the amount of the proposed budget of every agency is reduced by the Bureau of the Budget. The budget reduction is based on compromises and the negotiations between government agencies and the Bureau of the Budget (Chalongpop, 2003: 151-152).

Budget items are grouped into two main types for purposes of considering budget requests: entitlements and capital expenditures. The Bureau of the Budget usually makes allocations in accordance with departmental requests for entitlements, which are comprised primarily of salaries, wages, and public utility fees. This type of expenditure accounts for approximately 70% of the total budget. Ad hoc committees are appointed to make decisions about the remaining portion that is comprised of capital expenditures for equipment, land, and construction.³ These committees are chaired by the Deputy Director General of the Bureau of the Budget, who has authority for considering the budget requests of related government agencies. The committees also are joined by budget analysis officers who are responsible for coordinating with government agencies. Certain pre-determined criteria must be considered, such as the regulations of the Bureau of the Budget, the resolutions of the Council of Ministers, and the National Economic and Social Development Plan.⁴

³ Interview with Miss Niramom Panitchpongpan, Budget Analyst Level 8, Division of Economic Sector Budget Preparation 2, The Bureau of the Budget, February 28, 2008.

⁴ *Loc. Cit.*

The large gap between the requested and the allotted budget is addressed by a unique budgetary process in Thailand. A former Minister in the Office of the Prime Minister, interviewed by the author, mentioned that budget requests submitted to the Bureau of the Budget by departments are not arranged according to priority. Because budget requests are submitted by officers without the authority to prioritize the tasks of the agency, almost all project proposals submitted by the departments are categorized as far exceeding the available budget.⁵ For example, when the total requested budget equals 220, but the allocated budget is only 108, 112 will be eliminated by the Bureau of the Budget. The allocated budget, amounting to 108, implies that the total budget increased by 8% over the previous year. However, the major portion of the 108 is earmarked for salaries, current expenditures, and continuous projects, indicating that the Bureau of the Budget will determine these budgetary allocations for the foreseeable future.⁶

After considering the requests of all departments, the budgetary allocation for each department is combined in the Annual Budget Proposal, which is then considered by the Council of Ministers. The cabinet usually approves the Annual Budget Proposal in accord with the input from the Bureau of the Budget. Simultaneously, the cabinet also determines the criteria for adjusting allotments in the budget (Ruamporn n.d. (b), 14). Ministries are then notified about their budgets and, although ministers can adjust details, actual alterations of total budgets tend to be modest.

After each ministry corrects details, the Bureau of the Budget submits the adjusted Annual Budget Proposal to the Council of Ministers for final consideration. The approved Annual Budget Proposal becomes the Annual Budget Bill that is printed with the supplementary documents. The government then presents the Annual Budget Bill and supplementary documents to Parliament for consideration.

Although Article 15 of Budget Procedure Act B.E. 2502 stipulates that the government must propose the Annual Budget Bill two months before the beginning of the fiscal year, the Annual Budget Bill is actually proposed around the end of May or the beginning of June. As per constitutional provisions that specify a time frame for parliamentary consideration of the Annual Budget Bill, the House of Representatives and the Senate have 105 and 20 days,⁷ respectively, to consider the Annual Budget Bill. The introduction of the Annual Budget Bill by the beginning of June ensures that Parliament has sufficient time to consider and enact the bill by October 1.

⁵ Interview with Mr. Chaturon Chaisaeng, former Minister of the Prime Minister's Office, November 20, 2008.

⁶ *Loc. Cit.*

⁷ This is stipulated by Section 168 of the 2007 Constitution of Thailand.

1.3 Budget Adoption

The budget adoption process begins around the beginning of June with consideration by the House of Representatives. House consideration of the Annual Budget Bill proceeds in three stages: the first involves consideration of the bill in principle; the second involves consideration of the amendments; and the third represents the final consideration (Division of Legal and Regulations, Bureau of the Budget, 2004: 26-27).

The first reading of the bill is characterized by debate about its underlying principles, including the general administration of the government and the government's policies (Ruamporn n.d. (b): 33). Most MPs participating in this debate are from the opposition party. Voting occurs after the debate. This vote is crucial for the government because, according to the rules of the parliamentary system, if the Annual Budget Bill is defeated, the government must resign. However, this scenario has never occurred in Thailand.

After the approval of the Annual Budget Bill following the first reading, an ad hoc House committee, the scrutiny committee, is appointed to consider the bill in detail. The House regulations stipulate that the scrutiny committee is an extraordinary committee in that a non-MP can be appointed as a member. Thus, the scrutiny committee is comprised of both MPs and government appointees. MPs are elected to the scrutiny committee by the House in proportion to the partisan balance in this chamber (Ruamporn n.d. (b): 34). The Minister of Finance chairs this committee, and the Director General of the Bureau of the Budget serves as its secretary. Moreover, high-ranking government officers from the Ministry of Finance, the Office of the National Economic and Social Development Board, and the Bureau of the Budget are also appointed as members (Ruamporn n.d. (b): 34).

The scrutiny committee considers the budget bill during July and August at meetings attended by the heads of government agencies and the directors of budget-dependent state enterprises, including permanent secretaries of the ministries and general directors of the departments. Agency personnel responsible for submitting budget requests are also allowed to attend the meetings.

The scrutiny committee divides the Annual Budget Bill into articles and individually examines the budgets of government agencies as they are addressed in each article. Department heads are available to answer questions raised by the committee about the details of each department's budget. This dialogue between the scrutiny committee and the heads of departments is referred to as *Sonthana Tham*, or discussing Buddhist scripture, because discussing the details of departmental budgets

is a time-consuming process similar to discussing the many volumes that comprise Buddhist scripture.

The practice whereby the heads of government agencies themselves must be available to respond to inquiries by members of the scrutiny committee dates from the establishment of the 1978 Constitution (Rangsan, 1993: 145-148). Periodic general elections have strengthened the power of the MPs who sit on the scrutiny committee. At times, these MPs intimidate heads of departments, with the exception of those who are high-ranking military officers, into locating projects financed by the budget within their constituencies. The most powerful negotiating tool of the scrutiny committee vis-a-vis high-ranking government officers is suspending the session in which they are considering the latter's departmental budget.

At times, disputes arise between the scrutiny committee and the heads of departments. The scrutiny committee suspends consideration of the budget for that department as an expression of its greater negotiating strength. This punishment, referred to as *Kwaen Ngobpramarn*, entails the postponement of that department's budget until the end of the deliberations. As a result, the department head must waste time waiting for the last order of business, and more importantly, the budget of that department tends to be cut more severely than necessary. This power leads to aggressive behavior toward the government officers by some MPs on the scrutiny committee. Indeed, government officers appear to respect the scrutiny committee and try to follow its instructions, for instance, by introducing new projects to certain constituencies during the next fiscal year.

The extent to which the scrutiny committee considers budget proposals depends on whether the budget in question is to be cut. When the committee cuts a department budget, it also decides by how much the budget should be cut. Suggestions for cutting the budgets of departments come from both members of the scrutiny committee and MPs who are not members (Division of Legal and Regulations, Bureau of the Budget, 2004: 26).

When a consensus exists among members of the scrutiny committee about a particular article, that article passes without a vote. In the absence of consensus, a vote is taken, and a simple majority rule is applied. However, minority members who oppose the result of the vote reserve the right to bring their comments to a meeting of the House of the Representatives for discussion.

Funds that are cut are transferred to other government agencies. Before 1997, the scrutiny committee participated directly in allocating previously eliminated funds. Government agencies submitted requests for these additional funds to the scrutiny committee and the committee decided how to apportion the surplus amount. After the

establishment of the 1997 Constitution, which prohibits the scrutiny committee from directly or indirectly intervening in the budget allocation process, government agencies were required to submit requests for excess funds to the Bureau of the Budget in the same manner as during the regular budget process.⁸ The government then submits these requests to the scrutiny committee for consideration.

After the scrutiny committee finishes their deliberations, a report on the amendments to the Annual Budget Bill is submitted to the House of Representatives. The second reading, a consideration of the details of the Annual Budget Bill based on the amendments made by the scrutiny committee, occurs during the beginning of September.

Articles are considered according to numerical order (Division of Legal and Regulations, Bureau of the Budget, 2004: 27), and debate is permitted only when someone representing a minority opinion from the scrutiny committee requests that an article be discussed during a meeting of the House of Representatives. Votes are conducted on each article individually, and the House decides whether to support the amendment made by the scrutiny committee or the minority with regard to each article.

Before the vote on each article, debate about the reasons behind the proposed amendment occurs. Most MPs participating in the debates on second reading, like those participating in debates on the first reading, are drawn from the opposition. However, debate in response to the second reading is quite specific and only discussion concerning the amendment of the specific article is allowed. Debate on general issues and other articles is prohibited. When voting for all articles has concluded, deliberations on the second reading adjourn. The third reading, in which the House decides whether to approve the Annual Budget Bill as a whole, is the next step in this process.

Although most MPs realize that the debate following the second reading cannot change decisions made by the scrutiny committee (The Office of the General-Secretary of the House of Representatives, 1996: 218-219, 236), such debate provides prime opportunities for MPs to increase their popularity by underscoring how they are serving their constituents by bringing projects to their constituencies.

After the bill is approved by the House, it is submitted to the Senate. Usually, Senate deliberations occur around the middle of September. The Senate is charged only with approving or disapproving, without the right to amend, the Annual Budget

⁸ Interview with Miss Jiraporn Tantiwong, Budget Analyst Level 8, Division of Budget Policy and Planning, The Bureau of the Budget, February 27, 2008.

Bill approved by the House of Representatives. If the Senate approves the bill, it will be pronounced the Annual Budget Act by October 1. However, if the Senate rejects the bill, it will be returned to the House, which has a right to immediately reaffirm the bill. If more than half of all MPs vote in favor of the bill again, the bill is automatically considered as having been passed by Parliament (Division of Legal and Regulations, Bureau of the Budget, 2004: 29).

1.4 Budget Execution

Budget execution refers to disbursing funds according to the Annual Budget Act. Spending by all government agencies is controlled by the Bureau of the Budget. Before spending their budgets, government agencies must receive permission from the Bureau of the Budget. Only after such permission is granted does the Comptroller General's Department transfer money to the agencies.

The procedures governing budget execution are determined by the Regulations on Budget Administration stipulated by the Bureau of the Budget. Several Regulations on Budget Administration have governed the Thai budgeting system over the course of its history (Ruamporn n.d. (a): 10); regulations were enacted in 1964, 1968, 1981, 1982, 2002, 2003, and 2005. At present, the 2005 Regulations on Budget Administration are currently in force.

According to the 2005 Regulations on Budget Administration, departments must submit spending plans to the Bureau of the Budget at the beginning of each fiscal year. After approval by the Bureau of the Budget, funds are transferred from the Comptroller General's Department to departments for spending according to the Annual Budget Act. Heads of government agencies are empowered to transfer funds among categories and among the budgets for works or projects. However, this power is abrogated for projects implemented in multiple fiscal years; in these cases, funds disbursed for equipment, land, and construction must be approved by the Bureau of the Budget (Ruamporn n.d. (a): 33).

1.5 Budget evaluation

Budget evaluation refers to monitoring and assessing the spending of government agencies. At present, the Division of Evaluation of the Bureau of the Budget is charged with evaluating the budgets of government agencies. It uses two important indicators, the progress of spending and the output of spending (Bureau of the Budget, 2005: 6).

To monitor progress, the Bureau of the Budget asks all government agencies to report their progress in spending their budgets every three months.⁹ This information is used to help the government calibrate agency spending with the total budget specified in the Annual Budget Act. Since the Strategic Performance-Based Budgeting System was introduced in 2003, evaluation of the budget has also emphasized the outputs that represent the results of spending. Government agencies are also required to report on their performances by submitting appropriate forms to the Bureau of the Budget every three months. Furthermore, all government agencies must publicly release their annual reports within 60 days after the end of fiscal year (Bureau of the Budget, 2005: 6).

2. The Distinctive Characters of the Thai's Budgeting System

According to the details of the budget process described in Part 1, it may argue that the budget process of Thailand was primarily conducted as routine work under the responsibility of the bureaucracy. Comparing the roles of the actors involving in the budget process, the unique characters of the Thai's budgeting system can be found. On one hand, the Bureau of the Budget dominates budgetary allocations, while elected politicians hold minimal power involving the budget process.

2.1 The Dominant Roles of the Bureau of the Budget

The foremost evidence that suggests the dominant roles of the Thai bureaucracy over the budget process is that the magnitude of the annual budget is determined solely by a meeting among the four core agencies. This is because the determination of the annual budget's framework is based on macroeconomic data gathered under the aegis of the central agencies. The Ministry of Finance is charged with estimating government revenues. The Office of the National Economic and Social Development Board is charged with responsibility for the National Income Account, and the Bank of Thailand is charged with regulating inflation. Moreover, departmental budget allocations are determined primarily by the Bureau of the Budget after consideration of budget requests. The Bureau of the Budget decides what should be cut and what should be funded. This made the budgetary allocations depend on negotiations between government agencies. Since the 1960s, Directors General requesting additional funds for their departments has negotiated with the Director General of the Bureau of the Budget (Chai Anan, 1971: 110-111).

During the past 50 years, four budgeting systems have been used to develop the annual budget. From fiscal year 1961 to fiscal year 1981, the budget of Thailand

⁹ This is stipulated by Article 35 of the 2005 Regulations on Budget Administration.

was based on a line item budgeting system. From fiscal year 1982 to fiscal year 2000, the Program Budgeting System was used. The Strategic Performance-Based Budgeting System has been used since fiscal year 2003, when it was introduced as an improvement over the Performance-Based Budgeting System that was used between fiscal year 2001 and fiscal year 2002.

Due to the using of Line-Item Budgeting System, which focuses on input control, for 20 years, the Bureau of the Budget became accustomed to the role of supervising the spending of government agencies. Article 6 of the Budget Procedure Act B.E. 2502 gives the Director General of the Bureau of the Budget authority in four areas. First, the Director can ask all government agencies to use appropriate forms to submit budget proposals and details of budget requests. Second, the Bureau of the Budget is responsible for analyzing budget proposals submitted by government agencies. Third, the Director determines the amount periodically allocated for government agencies to disburse under the apportionment system. Fourth, the Director has the right to determine the time involved in each budgetary allowance under the apportionment system. The first and the second areas of authority involve budget preparation, whereas the third and the fourth involve budget execution.

Consequently, the Bureau of the Budget exercises its authority by controlling the spending of all government agencies. Beyond its main task as the coordinator for the budget formulation process, the Bureau of the Budget also has the authority to intervene in spending by government agencies. Regulations on budget administration have been enacted to secure this control. Before departments can spend budgetary allocations, they must receive permission from the Bureau of the Budget. Since the 1970s, this has been strictly controlled. Chai Anan has noted that details about the procurements made by government agencies, even regarding price, quality, and standards, had to be reported to the Bureau of the Budget (Chai Anan, 1971: 114).

As mentioned above, the Bureau of the Budget closely controlled each government agency by virtue of its role in the budgetary process. As a result, the workload of the Bureau of the Budget increased and its organizational structure expanded continuously. In the late 1950s, when the Bureau of the Budget was initially established, it had 66 officers (Chao, 2003: 114); in 2006, the number of staff had increased to 1,013, including 848 civil servants and 165 employees (Bureau of the Budget, 2007: 11). The functions of Bureau of the Budget have also diversified. In 2006, the Bureau of the Budget had 22 divisions, compared to the seven divisions it included when it was initially establishment. Eleven divisions are charged with budget preparation, and the remaining 11 divisions are supportive. At present, the Bureau of the Budget deals with a wide range of duties other than budget development, including

responsibility for determining the standard price of government procurements and assessing of the performances of government agencies.

2.2 The Minimal Roles of the Politicians

In contrast to the roles of the Bureau of the Budget, elected politicians have been excluded from the budget process, and elections have not been held during some periods. Even when elections have been allowed, the roles of MPs were subject to constitutional restrictions. Moreover, “the Parliament has played a very limited role in scrutinizing the administration (compared to that) practiced in other western parliamentary regimes” (Somboon, 1998: 55). The minimal involvement of the Thai Parliament in the budgetary process has consequently been explained in terms of this power relationship.

Owing to the history of Thai politics, including frequent coups d’ états, political power has been dominated by the military and the bureaucracy. Although new constitutions have been announced after coups, provisions in these constitutions have also tended to limit the power of the legislature.

The provisions of the 1978, 1991, and 1997 Constitutions restricted the power of the legislature to scrutinize the administration of the government and to issue laws. One clear example of the limited power of the legislature is the government policy statement. Before taking office, the new government must state its policies to the Parliament. On the one hand, this statement is intended only to notify Parliament, which has no right to approve or disapprove these policies. On the other hand, an individual MP has no right to propose a bill, which requires proposal by more than 20 MPs as well as approval from the political party. As a result, most legislation approved by the legislature has been proposed by the government itself.

The power of the legislature over the budgetary process is even more restricted. A bill involving financial affairs must be approved by the Prime Minister in addition to being proposed by more than 20 MPs, as mentioned above. This reserves the power to propose a bill involving the budget to the government. Legislative sessions in which the annual budget is considered are also restricted to fixed periods; if deadlines are not met, the bill passes by default. Moreover, MPs cannot amend the budget to increase expenditures over those in the Annual Budget Bill.

The budgetary power available to MPs is limited to decreasing allocations, excluding those allocated for debt repayment and entitlements. However, data in Table 1 indicates that, de facto, the budget cuts enacted by the House of Representatives are modest in comparison to the total budget. Moreover, the budget cuts are then transferred back to the other government agencies. As a result, the total

budget included in the final Annual Budget Act after approval by the House of Representatives usually equals the amount in the Annual Budget Bill proposed by the government.

Table 1 Budget Cuts Enacted by the House of Representatives between Fiscal Years 1997 and 2006 (million baht)

Fiscal Year	Total Budget (1)	Budget Cuts (2)	Percentage Cut (2):(1)
1997	984,000	12,419	1.3
1998*	982,000	61,685	6.3
1999	825,000	10,499	1.3
2000	860,000	14,844	1.7
2001	910,000	3,869	0.4
2002	1,023,000	6,249	0.6
2003	999,900	5,375	0.5
2004**	1,028,000	192,264	18.7
2005	1,200,000	17,705	1.5
2006	1,360,000	20,351	1.5

Note: * In fiscal year 1998, the budget cut could be divided into two parts. The first part consisted of typical budget cuts, amounting to 2,685 million baht or 0.27% of the total budget. The second part, amounting to 59,000 million baht, consisted of cuts made by the government due to the economic crisis.

** In fiscal year 2004, budget cuts could be divided into two parts. The first consisted of typical budget cuts which amounted to 8,297 million baht or 0.81% of the total budget. The second consisted of cuts in the budget which were submitted by the Ministry of Education, and amounted to 183,966 million baht. These cuts were restored to the budget of the Ministry of Education after it was restructured.

Source: Minutes of the House of Representatives

Political power of the governments established by elected politicians have not been strengthened well enough because regular elections have only been allowed only since 1979. When comparing the roles of elected politicians to military officers who have assumed political positions, it is noticeable that their roles differ with regard to power over budgetary allocations by virtue of differences in the ways in which each group came to power. On the one hand, elected politicians must deal with a range of people who support them, including capitalists, canvassers, and voters. On the other hand, soldiers and other unelected politicians rely primarily on support from the army.

Consequently, soldier Premiers primarily defer to the bureaucrats with regard to budgetary allocations, with the exception of the military budget, whereas elected Premiers and other ministers attempt to satisfy their constituencies with their budgetary allocations. On the one hand, interactions between soldier Premiers and bureaucrats in the Bureau of the Budget have been harmonious because both groups act as bureaucratic forces. On the other hand, elected Premiers and cabinet ministers, acting as extra-bureaucratic forces, have tried to access budget allocations to serve their needs, but these efforts have not been very effective. This is because the stipulated laws regulating the budget process restrict the role and power of elected politicians, but support the Bureau of the Budget with regard to budget allocation decisions.

The role of elected politicians in the budgetary process has become important owing to the increasing significance of general elections. They have reserved their most serious interest for consideration of which constituencies benefit from the projects that receive funding (Rangsan, 1993: 145-148). Since 1988, coalition governments led by elected Prime Ministers have attempted to allocate government funds to their constituencies. For instance, the Chatichai government established a new university, the Suranaree University of Technology,¹⁰ in Nakorn Ratchasima, the province of Prime Minister Chatichai. The Chuan government allocated funds for a rubber price support plan to be implemented in the southern provinces, the origin of most of the MPs affiliated with Democrat Party, the leading party within the coalition. This practice reached its climax during the Banharn government.

Budget allocation practices under the Banharn government were criticized as unfair because the government tried to maximize the budget allocated to the constituencies of its MPs. For example, Supan Buri, the constituency of Prime Minister Banharn, was given an enormous proportion of the total funds budgeted for nationwide road construction, receiving 15.9% of the total budgeted for road construction by the Department of Highways (The Office of the General-Secretary of the House of Representatives, 1996: 190). This allocation provoked many disputes between MPs from the governing coalition and those from the opposition during the second and the third readings of the 1997 Annual Budget Bill. In that year, the second and the third readings lasted five days, whereas they usually occupy only three days.

Nevertheless, the major rules governing the budget process has remained unchanged, and the government's budget is simply the sum of the departmental

¹⁰ This university was officially established by the Suranaree University of Technology Act B.E. 2533 in July 1990 under the Chatichai administration.

budgets that are determined primarily by the departments themselves. Therefore, elected politicians have to cooperate with the bureaucracy, and the departments responsible for the projects and the Bureau of the Budget, in order to allocate funds to their specific constituencies. The dispute over budget allocations mentioned above, is a good example of how Prime Minister Banharn had to cooperate with the Department of Highways and the Bureau of the Budget in order to channel money to his constituency.

2.3 Comparative Perspectives on Power Relationships in Budget Process

The modern budgeting system of Thailand originated from that of the US; however, the roles of actors in the budget process are very different. In 1959, the Bureau of the Budget was established by promoting the Division of the Budget from its status under the Comptroller General's Department to a new status as an independent department within the central agency, reporting directly to the Prime Minister. The notion of establishing a central agency was derived from a recommendation made by the Public Administration Service, an American consultant, and based on the organization of the US presidency (Pallop, 2004: 35). It was intended to create a public administrative system with strong executive power under the leadership of the Prime Minister (Chao, 2003: 114) the same as that under the presidential administration of the White House.

Initially, the main function of the Bureau of the Budget in Thailand was a duplicated form of the Bureau of the Budget in the US.¹¹ This function is to prepare the annual budget proposal for the administration to transmit to the legislature. However, the extent of power of the legislature to deal with the budget proposals prepared by the US Office of Management and Budget and the Thai's Bureau of the Budget is different. Although the Office of Management and Budget is in charge of preparing the budget for the presidential administration (Office of Management and Budget, 2004: 376), which is the same as the budget preparation practiced in Thailand, the budget proposal proposed by the US President is subject to change under the judgment of the legislature. The Congress owns the authority to change funding levels, eliminate programs or add program not requested by the President (Office of Management and Budget, 2004: 376). In contrast, the alterations of budget proposals, which are proposed by Thai governments, made by the Parliament, have been modest. This difference is based on the fact that the budget system imported from the US was applied to different political conditions in Thailand.

¹¹ It became the Office of Management and Budget in 1970.

When the modern budget system began in the late 1950s, Thailand was ruled by a military regime in which politicians were excluded from politics. Hence the imported budget system was practiced partially, especially in relation to the techniques implemented in order to prepare the annual budget. This budget system was oriented towards serving the administration of the military government with no elected politicians involved in the budget process. Although the military-dominated regime collapsed in 1973 and Thai politics was gradually democratized, budget allocation decisions have still been monopolized by the bureaucracy, whereas elected politicians have not been strong enough to grasp power. In contrast to the Thai case, budget allocations in the US depend upon the legislature, in other words, the Congress dominates the power of the purse. In every year, after the President proposes a budget proposal within the first Monday of February, the session for Congress to consider the annual budget lasts for eight months¹² (Office of Management and Budget, 2004: 376). There are two key steps in the budget adoption process performed by the Congress: the determination of budget resolutions, and the consideration of Appropriations Bills.

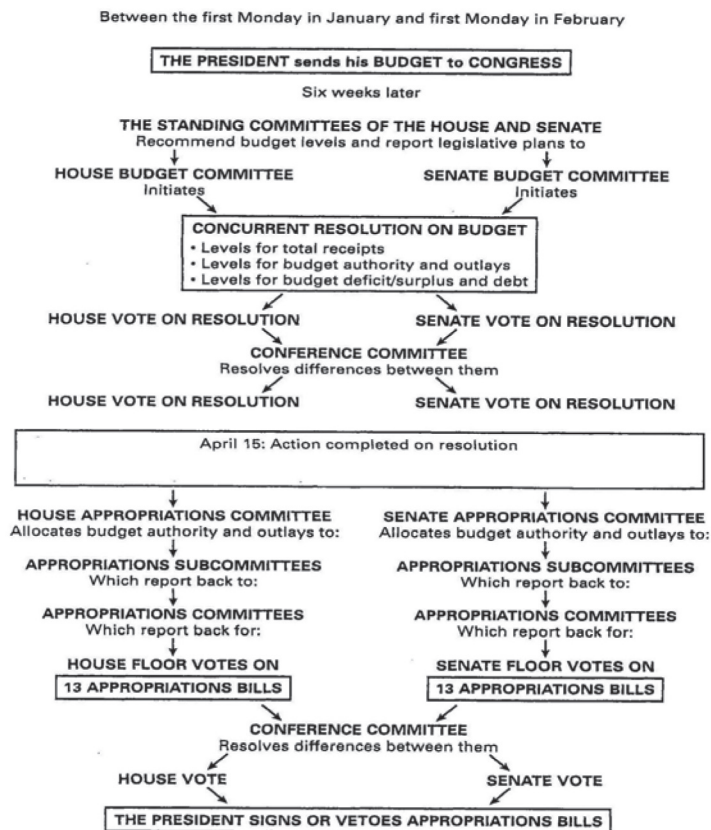
The budget resolution is a framework for the annual budget, including levels of the Federal revenues and funding, levels for the budget deficit or surplus, and levels for public debts (Office of Management and Budget, 2004: 376). The determination of budget resolutions is conducted by both the House and the Senate simultaneously.

After each chamber finishes the consideration, disagreements between these two bodies normally occur. In this case, the Conference Committee, which is appointed from the members of both chambers, resolves the differences and sends the revised version of the budget resolution back to the House and the Senate for final consideration. The Congress has to finish the determination of the budget resolution by April 15 of each year. After the budget resolution is approved by the Congress, the details of budget spending of the federal government are considered. The House and the Senate divide the budget proposal proposed by the President into many bills namely, the Appropriations Bills. The Appropriations Bills are considered separately by the House and the Senate. After each chamber finishes the consideration of the bills, there are some differences among these two bodies. The Conference Committee to solve the differences is also appointed as same as in the determination of budget resolution. After both chambers of the Congress approve the Appropriations Bills, the bills are sent to the President for consideration. The President has the authority to approve or disapprove the entire bill, without the discretion to approve or disapprove

¹² Fiscal year in the United States, as same as that in Thailand, begins on October 1 and ends on September 30 of the following calendar year.

the bills partially. The process of budget adoption performed by the Congress can be illustrated by a diagram as shown in Figure 2.

Figure 2 The Budget Adoption Process Performed by the Congress



Source: Willdovsky and Caiden (2004: 6)

The Constitution of the US confirms that the power to consider the budget is reserved for the legislature, not the executive. In 1996, there was a law enacted titled the Line Item Veto Act. This act granted power to the President to veto the budget approved by the Congress by specific items. This was opposed to the principle of the separation of power, because the Line Item Veto Act allowed the President to intervene in the consideration of the Federal budget, which is constitutionally reserved under the jurisdiction of the Congress. Subsequently, in 1998, the Supreme Court declared that this act is unconstitutional (Office of Management and Budget, 2004: 376).

3. Constraints on Budget Allocations for the Politicians' Programs

In contrast to the US case, instead of through elected politicians, the budget allocations practiced in Thailand are mainly determined through departments. According to the budget process explained in Part 1, every year budget allocations for each department are determined separately and according to the duties of that department. This way of practice derives from a unique feature of the public administration system: each department controls the budget for areas within its jurisdiction. A department, rather than a ministry, is the entity that receives funds from the government. Department-based budgets demand the governments seeking to implement their policies place responsibility for such policies on the departments. Governments are then forced to wait for the appropriate cycle in the budget process so that allocations can be made to these departments. Besides, the governments have faced the difficulty of deciding which department should be responsible for their policies, because the policies introduced by the politicians are usually based on agendas, not on functions of the departments. Moreover, the departments' budgets consist mainly of current expenditures. The data in Table 2 indicates that on average, 73.3% of current expenditures remained the same for all fiscal years between 2001 and 2009.¹³ At the same time, on average, 23.4% and 3.3% of the total budget was allocated for capital expenditures and debt repayment expenditures respectively.¹⁴ Although capital expenditures are allocated at the executives' discretion, it was used primarily for durable goods, land and construction. This causes an annual budgetary allowance for politicians' programs to be absent, so that many elected governments, which were short-lived, experienced such difficulties in implementing their policies successfully.

¹³ Calculated by the author from the figures given by Thailand's Budget in Brief for various years.

¹⁴ Calculated by the author from the figures given by Thailand's Budget in Brief for various years.

Table 2 Composition of the Annual Budget

Unit: %

Fiscal Year	Current Expenditures	Capital Expenditures	Debt Repayment Expenditures
2001	74.5	24.2	1.3
2002	75.5	22.0	2.5
2003	75.4	21.1	3.5
2004	75.2	21.5	3.3
2005	70.6	25.2	4.2
2006	70.5	26.3	3.2
2007	72.5	24.0	3.5
2008	73.1	24.1	2.8
2009	72.8	22.2	5.0

Source: Bureau of the Budget

As mentioned above, since the budget allocation tended to be unresponsive to political initiatives, the Thaksin administration embarked on reforming the budgeting system. The Thaksin government aimed to use the budgeting system as a tool for the efficient allocation of resources and to coordinate spending and government policies (The Royal Thai Government, 2001: 26). In practice, the Thaksin government attempted to reform the budgeting system in two ways simultaneously. First, it drafted a new budget procedure bill to transfer power for determining allocations from the bureaucracy to the politicians. Second, it introduced the Strategic Performance-Based Budgeting System in an effort to apportion spending in a more strategic manner. However, the attempts of the Thaksin government to reform the budgeting system were less than successful. The Budget Policy Committee, an attempt to bring revolutionary change to the budget process, failed to be established due to resistance from the Bureau of the Budget. The Bureau of the Budget opposed the new budget procedure bill because it would result in radical changes, and the Bureau of the Budget did not want politicians to intervene in the budget process.¹⁵ Furthermore, in the midst of transforming the budgeting system into a strategic performance-based model, government departments did not have the skills to prepare their budgets according to the strategic performance-based concepts. This absence of relevant skills was primarily attributable to familiarity with the old budgeting system, which involved submitting

¹⁵ Interview with Mr. Suranand Vejjajiva, former Minister of the Prime Minister's Office, November 14, 2008.

¹⁶ Interview with Mr. Chaturon Chaisaeng, former Minister of the Prime Minister's Office, November 20, 2008.

requests to the Bureau of the Budget without any prioritization of tasks. Besides, the strategies stipulated in every fiscal year did not have much effect on budgetary allocations. Hence, the Strategic Performance-Based Budgeting System was not able to meet expectations¹⁶. As a result of these issues, major parts of the annual budget were still prepared according to the old budgeting system.

4. Conclusion

The necessity of the Abhisit government to enact the Additional Budget Act can be explained by the distinctive characters of the Thai budget system, which with the major parts of the budget are allocated to the departments according to their functions. Most of the budget items which appeared in the Additional Budget Act represent the allocations earmarked for political programs introduced by the Abhisit administration. This type of budget allocation responds to government needs to spend funds in excess of that already allocated to the departments.

The demands of the Abhisit government derive from the instability of the government. This is because the number of MPs affiliated with the coalition exceeds the majority in the House. Hence, the Abhisit government wants to spend the budget in order to gain popularity from the voters for the sake of creating an advantage in the next general election, which may be held in the near future.

A comparison of the Abhisit and Thaksin administrations shows that the budget allocation methods used to implement political programs of both governments are the same. Although the Thaksin government was able to realize many policies successfully, the allocations assigned to its programs were also separate from the departments' budget. Interestingly, the Thaksin administration implemented budget reform aimed at transferring the power of budgetary allocation from the bureaucracy to the politicians, but this effort failed.

Although, political democratization in the last few decades has been accompanied by the increased power of elected politicians at the expense of bureaucrats, (as Anek Laothamatas noted), the policy of the government is no longer determined solely by the bureaucratic elite (Anek, 1992: 14). This article points out that the budgetary politics does not move in the same way.

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