

REGIONAL DEVELOPMENT POLICIES AND STRATEGIES IN THAILAND: THEIR IMPLICATIONS FOR THE NORTHEAST AND NAKHON RATCHASIMA

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Rationale and Scope

The importance of Japan and Asian newly industrialised economies (NIEs) in the world economy has been substantial with rapid growth of business and services, trade and industries. It is expected that Thailand will join in this group as country's economic management won international praise. The overall per capita Gross National Products (GNP) increased 47 times in nominal terms within 35 years, since the launching of the 1st National Economic Development Plan in 1961 to the end of the 7th National Economic and Social Development Plan in 1996. During 1977~96, the annual per capita Gross Domestic Products (GDP) growth rate gained in real terms by 7.6% in every year, reaching double digits in the period 1988-90. The positive impacts on rapid economic growth that translated into sharp reductions of poverty, and has brought well-being to the families through considerable progress in

the social sub-sectors.¹⁾ However, its nature varies with the social and economic conditions of the country, and region in conjunction with income inequality in question. The overall impressive figures in Thailand so far has failed to reduce the widening gap between *rich and poor, rural and urban areas as well as regional disparities* that has occurred over the years.

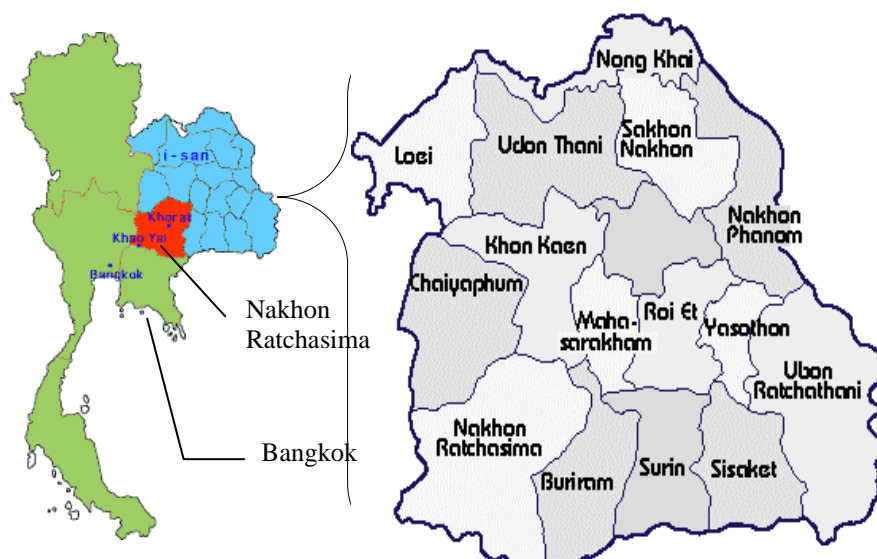
This paper is based on partially information collected during 1999~2000 for the "Human Security and Regional Development Project" of UN Centre for Regional Development (UNCRD). The main emphasis of the project includes the integration of the needs and rights of poor people, promoting human security, and building regional development capability with particular regions.²⁾ The project is concentrated on the same regions where UNCRD's regional planning exercises accomplished in mid-1970s. The selected three regions are Nakhon Ratchasima Province of the Northeast Thailand, the Yogyakarta Special Region of Indonesia and the Bicol Region of the Philippines. The author mainly highlighted the trends and changing aspects of Regional Development Policies and Strategies in Thailand and their implication for the Northeast region as well as the Nakhon Ratchasima Province since 1st National Development Plan (1962~66) onto the current 8th National Economic and Social Development Plan (1997~2001). The Northeast Thailand has been considered as the most depressed region in the Kingdom, where the study area "Nakhon Ratchasima Province" is located. The choice of this study area (biggest province) is invariably related to its proximity to Bangkok and Eastern Seaboard, and it is also a part of the industrial zone but

¹⁾ For economic progress and achievements in the field of social and human development, See, Human Development Report of Thailand 1999 (UNDP: 1999, Bangkok).

²⁾ In the literatures on planning, the term region has many meanings. For instance see, J. M. Van Staveren and D. B. W. M. Van Dusseldrop (eds.), "Framework for Regional Planning in Developing Countries" (ILRI, Netherlands, 1980, pp.6-36). In UNCRD, the region means a sub-national geographical unit that is "a convenient device to keep planning problems and functions within manageable and equitable development propositions".

economically depressed in terms of poverty level, income inequality, low basic needs, environmental degradation, etc. The study area is indicated in Figure 1.

Figure 1. Location of Northeast and Nakhon Ratchasima



Note: This map is an explanation, not drawn to scale.

There is a general consensus among most observers that economic growth is concentrated in the Bangkok and surrounding areas, and urban people have mostly benefited during the economic boom.³⁾ For instance, the average

³⁾ See, A. Daniere, "Growth, Inequality and Poverty in Southeast Asia - the Case of Thailand", TWPR, Vol.18, No. 4 (1996: 373-395); G. Fairclough, "Not to Worry", Far Eastern Economic Review 158 (1995: 64-65); and C. M. Douglas, "Regional Inequality and Regional Policy in Thailand: An International Comparative Perspective", Background Report No. 3-3, Prepared for National Urban

per capita income inside the Bangkok Metropolis area is still 12 times higher than Kingdom's poorest region, the Northeast Region.⁴⁾ Moreover, the incidence of poverty has progressively declined, from 32.6% in 1988 to 11.4% in 1996 but the reduction of poverty level appears to have been particularly marked in Bangkok and surrounding areas or well-organised communities. The highest incidence of poverty 19.4% was in Northeast region (Table 1). The poverty level further increased from 11.4 to 12.9% in 1998 due to Asian economic crisis, but in Northeast region the incidence increased from 19.4 to 23.2%.⁵⁾ The inter-regional comparison of HDI figures, the Northeast region ranked lowest among all regions. The composite Index of Human Deprivation (IHD) brings together and synthesises the results of the eight separate indices, which represent the overall regional disparities in Thailand. The Northeast region and Nakhon Ratchasima province are highly deprived and less fortunate areas than the Bangkok and Central regions. Most of the indicators those are provided in Table 1 (based on data prior 1997), does not reflect the impacts of the Asian economic crisis that are relatively high.

Development Framework (Thailand Development Research Institute Foundation, Bangkok, 1990), etc.

⁴⁾ As of summary report of the "8th National Economic and Social Development Plan (1997-2001)", Bangkok (NESDB). For detail on regional economic disparity in various terms, see "Report of the Household Socio-economic Survey 1998: Whole Kingdom", National Statistical Office and Office of the Prime Minister (Bangkok: 2000).

⁵⁾ See, Human Development Report of Thailand 1999 (Bangkok, UNDP: 1999).

Table 1. Regional Disparity in Various Terms

Region And Province	Population Density in 1996 (/Km ²)	Per Capita GDP in 1997 (Baht) * ¹	Per Capita Income in 1996 (Baht)	Persons Per Physician in 1996	% of Male (Female) without Education in 1998	Poor (%)		Compo -site IHD in 1996* ⁴	HDI in 1997
						Old Poverty Line 1994* ²	New Poverty Line 1996* ³		
Kingdom	117	77,953	76,634	4,313	2.5 (4.9)	9.6	11.4	-	0.880
Bangkok	3,568	254,791	254,611	904	0.9 (2.3)	0.5	0.6	0.221	0.912
Bangkok V.	272	224,050	225,743	4,459	1.0 (2.2)	0.8	n. a	0.234	0.912
Central	175	76,291	73,629	6,343	0.7 (5.2)	5.2	6.3	0.143	0.873
East	110	130,222	121,802	5,222	1.7 (4.6)	n. a	n. a	0.238	0.897
West	82	57,831	56,732	6,902	3.9 (6.7)	n. a	n. a	0.204	0.817
South	110	52,947	51,657	6,047	4.4 (7.9)	11.7	11.5	0.444	0.766
North	71	38,794	37,878	6,487	5.4 (10.0)	8.5	11.2	0.425	0.717
Northeast	124	27,082	26,635	10,744	1.1 (2.6)	15.7	19.4	0.500	0.655
Nakhon R.	122	39,826	39,519	9,714	0.4 (2.6)	n. a	n. a	0.449	n. a

Notes: Bangkok V. - Bangkok Vicinities; GDP- Gross Regional product; IHD - Index of Human Deprivation; HDI- Human Development Index, and Nakhon R. - Nakhon Ratchasima Province.

*1 For all regions and Nakhon Ratchasima, GDP as GRP and GPP respectively. Figures are in current price.

*2 Based on World Bank's Poverty Line

*3 Nanak Kakwani and Medhi Krongkaew (1998) have recently prepared new estimates of income poverty based upon a revised and updated World Bank methodology.

*4 The composite IHD (Index of Human Deprivation) brings together and synthesises the results of the eight separate indices (namely, income, health, education, employment, housing, transport & communication, Consumer good, and Women index) which represent the overall regional disparities in Thailand.

Sources: Compiled from Human Development Report of Thailand 1999 and GDP figures collected from NESDB.

In Thailand geographic disparities in living standards are primarily and severely rural-urban rather than regional. Even the poorest region of Thailand, the Northeast where per capita urban incomes are approximately 70% of

those in Bangkok, after adjustment for cost of living. Disparities in per capita GDP ratio between the rural Northeast and the Bangkok Metropolitan Region are approximately 9:1, very high even when compared with the national norm of 5:1 between urban and rural regions.⁶⁾ Of rural areas, the Northeast region contains the poorest and most rural population in Thailand. No doubt, there are still huge gaps within the region (e. g. rural-urban) in terms of poverty level, income inequality and social development as well as basic needs and services.

The planning process in Thailand is recently undergoing a period of transition, from a totally central authoritarian system to a more grassroots oriented participatory system through the decentralisation process. The changing process may put the local level planners in a dilemma. There may be symptoms of lack of experience, skills, and training of the planners, and local government official are equally hindered with the improper utilisation of the existing local resources for the area development. For nearly three decades, the UNCRD has carried out its mandate to strengthen the capacities of developing countries in regional development and planning mainly through training and workshops. At present UNCRD is revitalising effective planning framework of training for mid-level government officials and planners as well as various development agents. This article provides the scope for sharing opinion and experience here, which will help further improving the contents. As part of Human Security Project of UNCRD, it also serves as a basis for regional/ area planning in other developing countries, after certain modification.

For regional planning and planned regional development, the functional or nodal region is important for anticipated integrated development, and requires various enabling entities for proper co-ordination of the activities in various government departments, to maintain intensive lines of communication in both local and national levels. The functional regional

⁶⁾ U. Kaothien and D. Webster, "The Role of the Private Sector in Promoting Balanced Regional Development - The Case of Thailand," *Regional Development Dialogue*, Vol. 20, No.1 (UNCRD, Spring, 1999): 120~139.

development in Thailand actually has been at sub-regional or provincial context.⁷⁾ Thus, the provincial development planning could be considered here as regional planning which is much the same as the other two regions of Human Security projects in Indonesia and the Philippines. However, geographical regions in Thailand are gradually transforming into regional development centres for the balanced national as well as regional planning.⁸⁾

Regional Development Policies and Strategies In Thailand

Regional development as an explicit function of the Royal Thai Government has a long history. It has been a function of the National Economic and Social Development Board (NESDB) for over three decades, and a high profile function since the beginning of the 7th National Economic and Social Development Plan (NESDP: 1992~96). These developments further spring recently from both internal change (e. g., the changed planning paradigm introduced in 8th NESDP: 1997~2001) and the accelerating importance of global forces, which have introduced a new set of opportunities and treats. This section provides a brief historical view on the changes of regional development planning in Thailand and their implementation and impacts in Northeast, and Nakhon Ratchasima.

⁷⁾ Region in Thailand has been recognised more as geographical division rather than administrative or functional entity. Traditionally, the Kingdom comprises four regions. However, most documented regions are - Bangkok Metropolitan area, Central, East, West, South, North and Northeast, having no administrative settings or functioning.

⁸⁾ For instance, three regional offices under NESDB already established including Northeast region for balanced area planning, those are not the part of Thai public administration.

A Brief Overview of Regional Development Policies and Strategies

The First and Second National Plans (1962~66 and 1967~71 respectively) emphasised the construction of infrastructure facilities, especially, investments in roads and irrigation, communication and electricity as a mean to economic development. Little attention was paid to non-economic or distributional issues. The GDP growth rate over the First Plan period (1961~66) increased at an average annual rate of 8.1% (1962 constant price) against the planned growth target of 6%. During this period, Thai economy also experienced some structural changes. There had been a shift of production away from traditional agriculture towards industrial production and services. In spite of planned development efforts under first two national plans, which involved substantial transfer of resources to Northeast Region (almost one third of 19.5 billion bhat of total public investment), the regional gaps in income and production have grown widely.⁹⁾

The Third National Plan (1972~76) paid considerable attention to the alleviation of urban problems, primarily in Bangkok. The ratio of economic gaps among rural-urban during the period grew rapidly. Social development also made progress in several dimensions in the course of Thailand's economic development. One of the five major objectives of the Fourth Plan was the reduction of income disparities through the adoption of measures to improve income distribution and raise the living standard of target groups such as farmers, labourers, and others with low income. Various measures to spread the fruits of development as well as social services to people in the rural area to a greater extent were adopted.

Regional development in Thailand, as elsewhere, was heavily influenced by the "Growth Pole" theory in the mid-1970s. Consequently, the objective of the decentralised urban development strategies was to decentralise the growth from the Bangkok Metropolitan area by developing urban centres in

⁹⁾ See, P. Pakkasem, "Thailand's Northeast Economic Development Planning- A Case Study in Regional Planning" (Doctoral Thesis, University of Pittsburgh, Dec. 1972), Published by NESDB (NESDB/ DEB 1973-No.1).

other regions to help check the flow of migration into Bangkok. This was an urban-oriented approach that did not result in the expected trickle-down benefits to the countryside. One such centre was Nakhon Ratchasima that linked to the Eastern Seaboard by a new highway, stimulating a rapid industrialisation in the surrounding urban areas. Thus, the Fourth Plan actually focused on the deconcentration (rather decentralisation) of administration and wealth from Bangkok to regional cities in other regions of the country.

This shortcoming drive policymakers to develop explicitly rural-oriented development programmes in 1980s, along with special economic area schemes (known as industrial zones) for multi-province areas, such as the Eastern Seaboard. The main programmes were aimed at job creation at the grass-roots level and provision of basic services to regional rural people. As a result, it is observed that social indicators were gradually improved in Northeast and Nakhon Ratchasima.¹⁰ Up to the fourth development plan, national policy did not address much effort in social services. Social issues came more strongly in the Fifth Plan (1982~86) as a programme to eradicate poverty in the rural areas. The programme identified 286 poorer districts in the most depressed 3 regions including Northeast.¹¹

¹⁰ See, J. K. Routray, G.B. Gopal and A. Ahmed (ed.), "Participatory Planning Framework for District Development: Amphoe Pakchong, Changwat Nakhon Ratchasima, Thailand", HSD Report No. 35, AIT (Bangkok 1996).

¹¹ *Ibid.*

**Table 2. National Plans of Thailand in 1960s and 1970s
and Impacts in Regional and Local Context**

National Plans	Major Objectives and Policies	Remarks	National Impacts	Implication and Impact in Northeast & N. Ratchasima
First Plan (1961-66)	-To encourage economic growth through provision of basic infrastructure facilities in transport, communications, power, social and public services and agriculture	-No systematic regional procedure and private sector participation -Natural Parks Act 1961 & National Forest Reserve Act 1964 -Structural transformation	<i>Growth Rates (%)</i> – Real GDP: 8.1; Services: 18, Infrastructure: 22, Agriculture:6.2, Income:4.8, Population: 3.5	-Better communication between the Northeast and Bangkok * -Flow of rural people to regional urban centres -Regional economic gaps grown wider
Second Plan (1967 ~71)	- To continue the first Plan's task in infrastructure building - Emphasis on rural development, manpower development and encourage of private sector	-Decline of agriculture due to droughts in 1967 & 1968 -Land allocation for livelihood Act 1968 -Rural poverty alleviation programme	<i>Growth Rates (%)</i> – GDP: 7.5, Industry: 10 Agriculture: 4.5	-Rapid diversification of crops (e.g. Cassava to maize and sugarcane) -Increased potentials marketing -Enrollment rates for elementary school started growing
Third Plan (1972 ~76)	-Priority to reduce disparities between urban and rural areas through social sectors -Maintenance of economic stability with equitable income distribution -Export promotion with rapid industrial policies	-Disappointing achievements resulting from oil crisis in 1973-74 -Agricultural Land Reform Act 1975	<i>Average Growth Rates</i> – GDP: 6.2, Agriculture: 3.9 Industrial: 8.6 Export: 14 Income: 3.3	-High and rapid migration from rural to Bangkok and other urban areas - GPP growth rate reached double digit, -Agricultural mechanization expanded rapidly in but fast forest clearance increased.
Fourth Plan (1977 ~81)	-Restructure National Economy due to economic recession and Emphasis on investment -Promotion of tourism & City development (main cities) -Focus on social development	-Proposal for the development of Eastern Seaboard & Expansion of public investment -Economy affected by 2 nd Oil price shock in 1979-80	<i>Growth Rates (%)</i> – GDP: 7.3 Agriculture:3.5 Manufacturing: 9.3	-GPP growth rate: 8.6% -Agricultural share to GPP: 43% in 1979 -Widening gap between rural-urban

Note: * Prior to 1st National Plan, the construction of friendship road that connecting Bangkok-Northeast region, land resettlement Act and other strategies during (1957~60) had various impacts on Nakhon Ratchasima. GDP-Gross Domestic Products and GPP- Gross Provincial Products. N. Ratchasima-Nakhon Ratchasima (Korat)

Sources: Compiled Respective National Economic and Social Development Plans and Other Documents.

The Sixth Plan (1987~92) represented a temporary change of course from the deconcentration theme, putting emphases on increasing the efficiency of Bangkok, as nation's locus of growth to support national development. During the period, continued emphasis on economic growth and stability started adjusting the administrative structure of the government to initiate decentralisation programmes. In the Seventh National Plan (1992~96), deconcentration theme again became a broader issue based on the realisation that society; settlements and regions were becoming more spatially integrated. However, the income disparity further increased, attaining the ratio of 13:1 between Bangkok and Northeast Region (Table 3).

In various terms, Thailand's regional development planning, until last National Plan, could be characterised as centralised. Virtually all past regional development plans as part of national plans have been prepared in Bangkok by Bangkok-based planners and their expatriate colleagues. Despite the remarkable national economic growth and upward change in level of aggregate income during past decades, the crux of the development policy problem in Thailand still lies on the very fact that there are spatial disequilibria or regional disparities in welfare. Various regional and sub-regional planning frameworks in the recent years have been prepared for the country with international assistance. In line with the strategy, a spatial framework was proposed.¹²⁾

The past three decades had in some ways been troubled ones that contributed to the erosion of the confidence and trust of socio-political and government institutions. The overall situation has begun to change from the mid-1990s, the New Constitution (1997) and 8th National Plan (1997~2001) clearly states that future area development processes and plans in Thailand should be bottom-up and people-centred.¹³⁾

¹²⁾ See NESDB/ Norconsult International A. S., "Formulation of Spatial Development Framework for Thailand: Demographic-Social Analysis", (Bangkok: NESDB, 1997).

¹³⁾ For some recent regional development policies, see U. Kaothien and D. Webster, "Regional Development in Thailand - New Issues/ New Responses", Regional Development Dialogue, Vol. 19, No.2 (UNCRD: Autumn 1998): 139~157.

**Table 3. National Plans of Thailand and Impacts
in Regional and Local Context**

National Plans	Objectives and Policies	Remarks	National Impact	Implication and Impact in Northeast & N. Ratchasima
Fifth Plan (1982 ~86)	<ul style="list-style-type: none"> -High Priority to economic restructuring -Promotion of export-oriented industries and Emphasis on Eastern Seaboard projects -Maintenance of financial stability -welfare of the rural poor; -Natural resources conservation -Reduction of Rural-Urban disparities and Proposal of 24 regional centres 	-Severe deterioration in Thailand's terms of trade (At the end of the period the lower oil world prices and decreased interest rates, help the country to deal with inflation)	<i>Growth Rates (%) --</i> Economic:4.4; Agriculture: 2.1; Industry: 5.1; Services: 5.3; Construction: 3.0 -Deficit in government's budget and saving fell from 3.7 in 1977 to 1.0 per cent in 1985	<ul style="list-style-type: none"> -Korat as a regional industrial centre -Some sanitary district transformed into municipality -Elementary school enrollment rates increased -More waterworks projects took place in Northeast and Nakhon Ratchasima -Rural industries established -Strong linkage with Eastern Seaboard creating a better chance for investments and more solid base for economic activities.
Sixth Plan (1987 ~91)	<ul style="list-style-type: none"> -To increase economic growth rate over 5%; and economic stability policies -To improve the administrative of the government -New industrial was created 	-Export boom concentrated in manufacturing sector	<i>Growth Rates (%) --</i> Economic: 10.5 Industry: 13.7 Construction: 18.7 Services & others: 11 Agriculture: 3.4 only	<ul style="list-style-type: none"> -Economic growth reached double digit (about 10.5 per cent) Industrial regionalisation Korat as industrial center; and Suranaree zone of Northeast in 1989) -Promotion of tourism in Northeast
Seventh Plan (1992 ~96)	<ul style="list-style-type: none"> Sustainable economic growth; Reduction of income disparities, decentralise planning; upgrading quality of life; Accelerated human resources development 	-Structural Reform (The coup d'etat in 1995 enabled in the amendment of the 1991 Constitution)	-Poverty level decreased rapidly <i>-Growth rate of --</i> GDP: 6.68 per cent (in 1992) & 8.19 per cent (in 1995)	<ul style="list-style-type: none"> -Compulsory education for the first 3 grades of secondary education -Ratio of regional disparities in financial further increased (Bangkok: Northeast = 13: 01) -GPP Growth Rates (%): 10.7 (1993), 16.9 (1994) & 5.3 (1996)

Source: Compiled Respective National Economic and Social Development Plans and Other Documents.

Decentralisation processes that are designed to strengthen the voice of local people and give them more responsibility, through reform of local governance mechanisms, for local development decisions, and allow them to control public resources to a much greater extend. Other thrusts are

infrastructure development like, Deconcentration (e. g. national highways, social institutions building, monitoring rural conditions) and creation of Autonomous Social Units (e. g. universities, hospitals, etc). However, for better understanding of the regional development policies, strategies and planning process in Thailand, the following section gives an in-depth view on decentralisation of public administration, democratic reforms and local governance.

Administrative Structure, Local Organisations and Planning Process in Thailand

The beginning of Thailand's centralised system of government can be traced back into 13th century but it was King Chulalongkorn (1868~1910) who was credited for establishing the basis of the modern Thai State. The administrative reforms as part of the political process can be divided into three periods (Table 4).

In 1893, the Ministry of Interior (MOI) was assigned to begin preparing a master plan for provincial administration in the rural areas to form the country as the Kingdom's administration. It was also the first time the kingdom became united under the absolute monarchy and became a stable nation-state politically and administratively. The coup d'état by the Peoples' Party in June 1932, which successfully overthrew the absolute monarchy (King Rama VII) and established a constitutional government under the constitution of the Siam Kingdom,¹⁴⁾ was the turning point in the government of Thailand. Some new laws were promulgated during that period which lay foundation for new administrative structure.

¹⁴⁾ The King who had absolute power became the Head of State exercising legislative power through the National Assembly, executive power through the Council of Ministers and judicial power through the Courts.

Table 4. Administrative Transformation in Thailand

Stages	Major Reforms
Before the Revolution of 1932: Regime of absolute monarchy	<p>1) <i>King Rama V (1968~1910): King Chulalongkorn</i></p> <p>1888: Established 12 Ministries instead of the '<i>Jatusadom</i>' system*.</p> <p>1892: Provincial administration was restructured and organised into 5 layers: Monton-Tesapibal (later Changwat/ Province), Muang (town), Ampore (district), Tambon (sub-district), and Muban (village)</p> <p>1893: Master Plan by Ministry of Interior (MOI) for provincial administration to form the country as the Kingdom's administration. Outer provinces were gradually replaced by a centralised administration under MOI.</p> <p>1897: Organised the first sanitary district controlled by ex-officials of MOI.</p> <p>2) <i>King Rama VI (1910-25): King Vajiravudh</i></p> <p>1918: Continued restructuring local administration by establishing the first municipality within the Phayathai Place known as Dusit Thani</p>
The Revolution of 1932 until 1995: A regime of constitutional monarchy with royal power	<p>1932: The coup d'état by the People's Party in June that overthrew the absolute monarchy and established a constitutional government under constitution of the Siam Kingdom.</p> <p>1932 (Public Act): Administrative system was divided into three parts such as, Central, Provincial and Local.</p> <p>1933: Municipality Act was promulgated, which was used as its model Dusit Thani of King Rama VI could be indicate the first example of local self-administration. (1933-44: Military held the upper hand; 1944-48: Civilian rule and 1948-91: repeated cycles of military intervention and civilian rule)</p> <p>1952: Sanitary district was re-established as local administration</p> <p>1955-56: Provincial Administrative Organisation (PAO) Act in 1955 & Tambon (or Sub-district) Administrative Organisation (TAO) Act in 1956</p> <p>1972: TAO was abolished in 1972, and Bangkok Metropolitan Authority (BMA) was established</p> <p>1978: Special local administrative forms the Pattaya City was established.</p> <p>1991: Ministry and Department Reformation Act, which divided ministry works into departments and each department subdivided into divisions and each divisions into sections.</p> <p>1994: TAO Act was re-enacted for effective local development</p>
1995 - Present: A Regime of Constitutional Democracy	<p>1995: The coup d'état in May 1995 resulted in the amendment of the Constitution of 1991 in 1997.</p> <p>1997: New Constitution emphasised democracy, decentralisation, public participation in governance, and scrutinising the exercise of State power as well as improving a political structure to achieve more efficiency and stability, having particular regard to public opinions. It entered into force on October 1997.</p> <p>1998: Local Administrative Law Reform and Decentralisation Promotion Commission was set up to reform the structure and functions of local administrative organisations and local public personnel, and to promote the decentralisation of public services and local finance.</p>

Notes: * *Jatusadom*' system was a public administrative system in the *Ayutthaya* era (King Borom Trai Lokkanat), which consisted of four Pillars: *Wiang* = Interior, *Wang* = *Royal Affairs*, *Khlang* = Public finance, *Na* = Rural Affairs.

Sources: Compiled from various documents.

The coup d'état in May 1995 resulted in the amendment of the 1991 Constitution in 1997. The new Constitution emphasised democracy, decentralisation, public participation in governance, scrutinising the exercise of State power as well as improving a political structure to achieve efficiency and stability, with particular regard to public opinions. Moreover, people can participate more in community and local administration, and have the right to audit public administrative organisations and have the right to lodge a complain with the President of the Senate in case of such persons have allegedly committed the act.¹⁵⁾ In local administration, voters numbering not less than three-fourths of the total number of voters have the right to remove any member of the local council or any administrator of that local government organisation who is considered not suitable to remain in office.

Basic Structure of Thai Administration

Thailand is now a constitutional monarchy, under which the king wields considerable moral sanction. The public administration of Thailand is divided into three branches: the executive branch represented by the council of ministers; the legislative branch represented by the parliament with an elected house of representatives and an appointed senate; and the judicial branch represented by the courts of justice. The executive branch is divided into three levels: central, provincial, and local administrations (Figure 2).

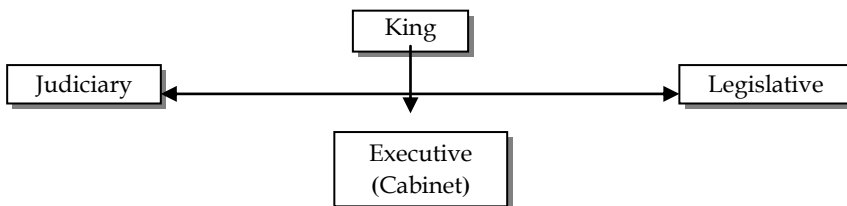
The central administration is composed of the Office of the Prime Minister (PM) and fourteen ministries. All Ministries, including the Ministry of Interior and the office of the Prime Minister, has representations of central officials at provincial level. The Ministry of Interior has its main role in provincial and local administrative organisations through the Department of Local Administration (DOLA). The provincial administration is a deconcentrated

¹⁵⁾ Voters of fifty-thousands or more have the right to lodge with the President of the Senate a complaint in order to request the Senate to pass a resolution to remove persons from office (e. g., the Prime Minister, the Ministers, Member of the House of Representatives and Senator) under section 303.`

unit of the Ministry of Interior (MOI), headed by a professional civil servant appointed directly by the MOI. Apart from the central administration, the structure can be divided into four categories, namely, Changwat (Province), Amphoe and King Amphoe (District and King/ Minor District), Tambon (Sub-district/ Township) and Muban (Village).

All of the provincial divisional chiefs and their staff are the employees of respective central ministries. Most of them are recruited, appointed, transferred and promoted by their ministries. As a consequence they are not only under the supervision of the Governor but also the respective ministries. The Governor is assisted by 14 staff members to carry out various activities. There is also a Provincial Committee which is composed of the senior officials from the technical offices represented at the provincial level and headed by the Governor, which functions as an advisory body to him. He also acts as the co-ordinator between the centre and the province and also among the provincial line agencies as well. Figure 2 shows the overall visualised structure of decentralised Thai administration, local organisations and planning processes.

Figure 2. Administrative Structure, Local Organisations and New Planning Process



Notes: NESDB - National Economic and Social Development Board, DOLA- Department of Local Administration, LGDAD - Local Governments Development Affairs Division, and DTCP - Department of Town & Country Planning, DPSDA-Dept. of Provincial & Sub-District Administration

*1 Three regional centres are located in Chiang Mai (North region), Songkhla (Southern region) and Khon

Kaen (Northeast region) provinces;

*2 Three types of Municipalities is existed now (City, Town and Sub-district).

*3 No longer exist, are now part of the municipality.

*4 Only one, which is located in Chonburi Province became popular for tourism.

*5 District (Amphore) and Minor District (Ging/King Amphore)

*6 With an average income of not less than 150,000 baht /year for 3 consecutive years is entitled to TAO.

Explanatory Notes: → : Hierarchical Relation (and Direct ←)

Supervision), : Co-ordination,

..... : Indirect Supervision & Technical

Assistance. : Indicate belongs to ---



Another type of local government structure with special laws is the Tambon council, which belongs to Tambon administration. There are two levels of Tambon Administration - the Tambon Council and the Tambon Administration Organization (TAO). A Tambon Council, with the status of a juristic entity, is chaired by the Kamnan (chief) of the Tambon Council (which comprises a number of villages). Other members of the council are the village chiefs of all villages, Tambon medic, and the elected member from each village. A Tambon Council with an average yearly income of not less than 150,000 baht for three consecutive years is entitled to become a TAO.

Table 5. The number of provincial and local administrative organizations

Particulars	1935	1957	1980	1990	1994	1999
Provincial administration						
Province				75	75	75
District				611	729	795
Minor district				81	81	81
Sub-district	4,800	5,000	5,693	n.a.	7,158	7,255
Tambon council					6,645	568
Village			46,873	n.a.	65,277	69,367
Local administration						
Provincial Administrative Organisation					75	75
Municipality	48	95	120	124	134	1,129
Sanitary district			712	n.a.	990	0
Tambon Administrative Organisation					513	6,397
The City of Pattaya				1	1	1
Bangkok Metropolitan Authority (BMA)			1	1	1	1

Source: Tanet Charoenmuang. *100 Years of Local Government in Thailand, 1897-1997*.

Bangkok: Kobfai, 1997. p. 343 and DOLA, MOI, 1999.

Rapid economic growth and its attendant problems in regional and local context have placed a heavy burden on the policy and administrative capacity of highly centralised Thai administration system. Traditionally, the central government emphasised increasing the provincial administration rather than

the local administration. However, the situation has been changing since mid-1990s, more specifically after the constitutional change in late-1997.

Table 5 compares the number of provincial and local administrative organisations. It shows that the number of organisations, in both provincial and local administrations, was increasing. The number of the municipalities has been gradually increasing, while, the number of the organisations of the provincial administration is regularly increasing. All 990 sanitary districts were upgraded to the municipal status, meaning that, the Bangkok Metropolis and the Pattaya Town included, Thailand now has 1,131 municipalities.

Major Functions and Governance of Local Organisations

All of the local administrative organizations are under the DOLA of MOI, except the BMA, which belongs to the office of the Prime Minister (Figure 2). They are different in terms of structure, administrative rules and authority, since there are differences in communities and people's level of knowledge and ability in self-governance. The two types of local administrative organisations are existed now:

- *Ordinary local administrative organisations*: the Provincial (Changwat) Administration Organisation, Municipality (*Tessaban*), Sanitary District (*Sukhapiban*) and Sub-district (*Tambon*) Administrative Organisation, and
- *Special local administrative organisations*: Bangkok Metropolitan Authority, and the City of Pattaya.

All forms of the local bodies were controlled through the appointment of central government representatives or central officials.¹⁶⁾ Furthermore, the

¹⁶⁾ This is because the governor who is appointed by the central government is the head of the province. For instance, before the 1997 amendment of the PAO Act, the chief executive of the PAO was the same person as the provincial governor, and in

Ministry of Interior (MOI) had the power to dissolve any assembly for rational reasons. This means that the central government divides and delegates some of its power and authority in decision making to its representatives from various departments and ministries who work at the provincial level, could be called 'local-state government.'¹⁷⁾

Recently, the local governance acquired the right to issue an act for the power decentralisation. The fundamental local governance challenge confronting Thailand is to ensure the effective implementation of the 1997 Constitution. Some elements of local governance under new constitution are provided in Box 1.¹⁸⁾ This act would determine the local authorities' roles, functions and financial administration as well as status. The process of the power decentralisation slowly go through the hands of the various central administration organisations, in spite of their reluctance to do so.

BOX 1. Some Elements of Local Governance under Constitution of 1997

(Chapter IX of the Constitution 1997)

Organisation

- The State shall give autonomy to the locality in accordance with the principle of self-government according to the will of the people in the locality (The Constitution 1997, Article 282)
- Any locality, which meets the conditions of self-government shall have the right to be formed as a local government organisation as provided by law. (Article 283)
- A local government organisation shall have a local council and local administrative committee or local administrators that shall be elected by the people. And the office shall be held for a period of four years. (Article 285)

the capacity of the chief executive of the PAO, the governor exercised a great deal of control over local affairs. In effect, the PAO assembly was not a deliberative body into a group of advisors to the governor.

¹⁷⁾ Katsumi Yorimoto, "Issues and Present Conditions of the Thai System of Local-self Government," Journal of Asian and Pacific Studies No.7. Japan: Seikei University Center for Asian and Pacific Studies, 1990. p. 116.

¹⁸⁾ A detail overview of the major governance issues, see Asian Development Bank, "Governance in Thailand: Challenges, Issues and Prospects", (ADB: Manila April 1999).

Administration

- The local government organisations shall enjoy autonomy in laying down policies for their governance, administration, personnel administration, finance and shall have powers and duties particularly on their own part. (Article 284)
- The Local Officials Committee under paragraph one shall consist, in an equal number, of representatives of relevant Government agencies, representatives of local government organisations and qualified persons possessing the qualifications as provided by law. (Article 288)

Authority

- A local government organisation has the duty to provide education and training in the locality and to conserve local arts, custom, knowledge or good culture. (Article 289)
- A local government organisation has powers and duties to promote and maintain the quality of the environment (Article 290)

People Participation

- The registered voters of not less than three-fourths can remove any member of the local council or any administrator of that local government organisation who is not suitable to remain in office as provided by law. (Article 286)
- The registered voters of not less than one-half of the total have the right to lodge with the President of the local council a request for the issuance by the local council of local ordinances. (Article 287)

Another Act also is in practice, the democratic way of electing all local organisational heads. According to the Constitution, a local administrative organisation shall have a local council and local administrative committee or local administrators should also elected by popular vote. This resulted in the election of the chief executive of Provincial Administrative Organisation (PAO) and the chief executive of Sub-district or Tambon Administrative Organisation (TAO) in 1997 and 1999 respectively, and the abolishment of the sanitary district in 1999. It is expected that, through this measure, the new local representative would be able to run a stable local government, which would achieve what the people want them to accomplish during their term in office. Each municipality is composed of an elected municipal council and a municipal executive board. The council is the legislative body of the

municipality like the provincial assembly. It review and approves the annual budget and passes municipal ordinances (consistent with central government laws). Members of the council are elected from citizens within its incorporated area with a term of five years. The number of members varies according to the municipality class: 24 members for a city, 18 for a town, and 12 for a tambon.

The major functions of the PAO are to support local development and to allocate funds to the lower level local administrative organisations and the Tambon council, which is an organisation of provincial administration. At present, the PAO is in principle an autonomous institution at the provincial level, which has the authority over the whole of changwat, excluding the municipal and the sanitary district areas. Among the two main components of PAO (i. e., the Executive and Legislative), the legislative body is the Changwat council that composed of at least 24 elected members depending on the size of the districts within the province having at least one from each district for a period of five years. The Chairman and Deputy Chairman are elected from the council. The Council is responsible for the discussion of matters and problems of the province, passing the changwat by-laws and the approval of the budget. Apart from this, PAO undertakes development activities in the field of education, health, sanitation, infrastructure etc.

Planning Process and Regional/ Local Development

A serious problem in Thailand has been the fact that several plans, some time contradictory,¹⁹⁾ often exist for the same region and plans for different sub-region (provinces) often may not fit together realistically. The planning process now is undergoing a period of transition, from a totally central authoritarian system to a more grassroots oriented participatory system. But the changing process has put the local level planners in a dilemma, and

¹⁹⁾ U. Kaothien and D. Webster, "Regional Development in Thailand - New Issues/ New Responses", *Regional Development Dialogue*, Vol. 19, No.2 (UNCRD: Autumn 1998): 139~157.

apparently new visions appear somehow complicated. In view of the increasing anxiety on decentralised development planning, the approach and framework adopted recently may serve as a basis for an integrated regional or area planning. The Eighth National Plan (1997~2001) aims to decentralise the planning process and the decision-making authority to regional, local and community levels.

In simple sense, regional/ area plan in Thailand should be based on sub-regional context as regions are geographic rather administrative. However, provinces are relatively small in international standards, and some provinces are extremely small. In many cases, developmental regions extend over two or more provinces. The best examples in this phenomenon are the Eastern Seaboard, which contains three provinces or the Bangkok Metropolitan Region, which contains six provinces including BMA. To some extent, there has been *de facto* recognition of such multi-province regions through *ad hoc* committees and analytical framework. Informally, various ministerial departments and other agencies, including state enterprises, have tended to cluster regional development centres. The regional plans supposed to be prepared by the regional centres of NESDB, in collaboration of lower clusters (local administratives' plans), which might play significant role for balanced regional planning, indicated in Figure 2. For instance, Khon Kaen plays this function to a significant degree, in the central area of the Northeast.²⁰⁾

As mentioned before, disparities in living standards are primarily and severely rural-urban than regional in provinces. No doubt there is a need for Rural-Urban transition with strategic policy thrusts that will trigger processes leading more desirable future-a pragmatic approach, working within the SWOT analysis, to meet the mission and goal. As estimated by NESDB, over the next generation, the majority of Isan's (Northeast Region) smallholders will leave farming as per capita urban income remains approximately nine to

²⁰⁾ D. Webster, "Strengthening of Area Based Development in Thailand", Presentation at Prince Palace, Bangkok (June 3, 1999).

eleven times higher compared to those in farms.²¹⁾ In this regards, local administrative organisations would be able to provide better services (than the NESDB and regional centres), faster, cheaper and more responsible to local citizens due to proximity. Essential next step is to ensure a more detailed local governance strategy in planning process. This will result in more sustainable development and self-reliance based on democracy. For elected officials of the local self-government, like mayors, decentralisation is perceived as a kind of magic lamp. They hope or expect that decentralisation with financial and/ or administrative autonomy will enhance their capability to solve many or all local problems. However, the reforms anticipated under the decentralisation components are massive in scope and will require many more years to implement.

The key building blocks of local planning would be PAOs, TAOs and Municipalities. However, there are still many constraints. For instance, TAOs are too many (there will be 7,823 at least when creation process is complete) and most of those are too small and cannot realistically deliver the set of development functions/ responsibilities legally assigned to them. In future, local planning process may attain better performance through another tier of local governance based on grouping of TAOs or, similarly, turning Districts into a level of local government while disbanding existing TAOs or to have fewer, but larger, TAOs. Moreover, despite hopes and enthusiasm of various stakeholders on the prospect of decentralisation, local/ rural leaders seems not to have adequate knowledge, experience, and interest in local self-administration. Moreover, to write the project proposal, giving details on activities and budgeting, is not easy to do by poor villagers or by their representatives. Thus, in decentralising authority to local communities, what should be done first is to educate and develop the grass-roots leaders and peoples to think rationally and instil discipline for effective regional development.

²¹⁾ For views on Northeast "Rural Transition Dynamics and Strategic Action Plan" see, NESDB and NORAD, "Decentralisation of Development Planning: Northeast Demonstration Programme" (Bangkok: March 1999).

To effectively support the decentralisation effort to reduce regional gaps, progress needs to be made along several dimensions, of which first step should be to reduce rural-urban disparities through various public support systems. One of the major problems is the inadequacy of financial resources. The financial capabilities of the local self-governments are still limited by their revenue bases and collection efficiency, which constrained the capability of local administrative organisations in providing public services. Public finance systems in Thailand remain rather centralised because most of the national revenues (in average more than 90%) are assigned to the central government. The grants from the central government are an important source of local revenue as they accounted for more than 40% of the total revenue.²²⁾ However, the urban area has been receiving relatively more support from the central government. As of Table 6, Municipalities only has received around 40% of total grant to local organisations, whereas PAO (including TAO) has received only 14.82%. There is criticism that the allocations made under the system are not based on any explicit formulae, but based on the judgements of government officials. This can be attributed to the ability of well-developed local authorities to write-up 'good' project proposals. It would be more desirable for local organisations to receive bigger grants from the central government.

Decentralisation of power to local authorities, required by the 1997 constitution, kept on progressing. The basic services that closely affect rural citizen lives should be provided by local public organisations, which is one of the basic concepts of decentralisation. It should be noted that there are still many overlapping of local services and activities performed by central government agencies locally. Conversely, major portions of local and regional development budget also must gradually come from the locality itself. Locally collected taxes are very small to total local revenues because there are only a few types of taxes that can be collected and the tax collection capability of

²²⁾ For detail, See, Final Report: Revenue Sharing and Municipal Performance Indicators (in Thai Language), Thailand Development Research Institute Foundation, 1999. p. 43.

local administrative organisations are very limited. Tax revenues consisting of locally collected taxes were only 7.67% in 1996.²³⁾

Table 6. Grant Allocation by Types of Local Administrative Organisation (FY 1996)

Local Authorities	Grant Amount (Million Baht)	Revenue (Million Baht)	Grant as % of Revenue
Municipalities	8,414.5	21,139.0	39.81
Sanitary Districts	1,881.8	7,614.7	24.75
The City of Pattaya	163.0	352.0	46.31
Bangkok Metropolitan Authority	6,563.9	30,889.5	21.25
Provincial Administrative Organization (PAO)	1,209.8	8,185.5	14.82

Source: S. Pipitarangsri, "A Comparative Study of local Administration in Japan and Thailand: Case Studies of Asume Municipality, Japan and Pak-Chong Municipality, Thailand", Unpublished Master's Thesis, GSID, Nagoya University (Nagoya, Japan 1999).

People's Participation and Local Development Visions

Participatory development is a well accepted principle recognised by all concerned in Thai Society and local development vision. Participation and communication by people at the margins of civil society, their relationship to government and to development agencies and the ways in which such are received and responded to, can be seen as lying at the heart of development. The existence of the "village community" is particularly important for the formation and development of new organisations in Thailand. In Thai village as in the past, it was rare to find an organisation concerned with the villagers' production and economic activity of their daily lives that was of a form other than dyadic co-operation. One reason for this was because the Thai village

²³⁾ Final Report: Revenue Sharing and Municipal Performance Indicators, (ibid: 1999).

community as an entity did not hold control over land. Another reason was that there was no tradition of collectively bound small social organisations, and this limited the form that co-operation took among people to dyadic co-operation.²⁴⁾ However, the existence of conditions providing the chance to organise, and the actual act of organising are two separate issues. This section aimed to look on efforts under new constitution.

Section 76 of the new constitution of Thailand requires the State to promote and encourage people's participation in State affairs, even in decision-making and planning process. The new visions establishes an enormous opportunity for further progress in restructuring the relationships between the state and civil society, in further democratising the development process, and creating a new local entities and mechanisms that provides greater grass-roots accountability, transparency, representation and participation. Some major efforts of new constitution are as follow:

- Community Development Section is established even at district levels to ensure village and the sub-districts level community participation with rural people, especially the grassroots women participation who are traditionally depressed.
- Regions are now considered very free to deal directly with enterprises throughout the Thailand, encouraging NGOs-GO-Community peoples' co-operation for integrated rural development.
- The government also has taken into account the NGOs' initiatives on a number of social, economic and environmental concepts into national policy and planning.
- As much as possible, endogenous development is encouraged, i. e., enterprise based on local comparative advantage that is owned and managed locally.

²⁴⁾ See, S. Shigetomi, "Cooperation and Community in Rural Development - An Organisational Analysis of Participatory Rural Development," Institute of Developing Economies (Tokyo: 1998).

- High degree of public supports system to ensure basic services in depressed areas. For instance, rural development fund for poverty alleviation already has given by government to Tambon council (for each village 280,000 Bhat, which managed by village committee).
- Regular Socio-economic information collection from grassroots level (monitoring socio-economic conditions) and the village BMN (basic minimum need) indicators are used to measure the extent of well-being and welfare at the grass-roots/ village level. The indicators seek to measure the extent of satisfying major basic-needs.

However, without institutional commitment, public support and active participation by community peoples, the broad application of the above development principles cannot be undertaken. Decentralisation and Area-based development can be viewed in various streams. First stream is based on assigning more powers, responsibilities, and revenue opportunities to local governments. The another important stream is deconcentration policies. Most policies are obviously important like, infrastructure development (e. g., improve communication system), creation of key autonomous regional social institutions (e. g., universities, technical institutes and hospitals, etc.), development support systems (e. g., credit/ banking, research and area-based development, technological networking), move enterprises from urban to rural areas, etc. The previous section highlighted the first stream in details, which is very common for the Nakhon Ratchasima Province that serves as the gateway to the Northeast Region. It is the largest province by population size out of 75 provinces of Thailand (excluding Bangkok).

Local Development and Field Experiences in Nakhon Ratchasima

Strengthening, restructuring, and reforming local government is key to achieve area based development. One is based on assigning more powers, responsibilities, and revenue opportunities to local governments. In many ways, it is a prerequisite for Nakhon Ratchasima Province, which consists of 26 Amphoes (Districts) and 6 Ging-Amphoes (King/ Minor district). The

provincial city (Korat) is under Muang Amphoe. Total local organizations, however consists of 1 PAO, 46 Municipalities and 267 TAO.

As part of our Human Security Project exercises, various documents were collected from the local and regional offices of Nakhon Ratchasima Province. The most important feature of our exercises was to investigate public and NGOs activities at local level (both rural and urban). Due to shortage of time, two districts and four NGOs/ Community Organisations from Nakhon Ratchasima were considered for investigation. Pra Thong Kam is a low-income new district known as King/ Ging Ampore (minor district) and Chakkarat as an average income Ampore, and classified as old district.

As already mentioned “Community Development Section” was established even at district level to ensure village and the sub-districts level rural people’s participation. During our visits, in selected two districts, a 3-days rural community training course (workshop) was held on productive activities for poor women at sub-districts (Tambon) level, organised by community development section of both districts. Our discussions were limited to one group with 35 women invited from 4 villages (out of 8 villages) from Mabgrad sub-district of Pra Thong Kam district. The main problems identified through our discussions with participants are summarised as follows:

- Lack of capital for productive activity
- Shortage of water (both drinking and irrigation)
- Underdeveloped infrastructure (e. g., bad transportation during rainy season, insufficient electricity access, etc.)
- Little or no participation of women in productive activities

Prime priority identified by participants was economic support for productive activities (mostly non-farm) as second job for better income.

NGOs have long been part of social development and regarded as essential in helping poor at the grass-roots level. Thailand is a typical case, where traditionally NGOs operations as well as voluntary activities are not very popular. But, as of our investigation, some NGOs/ community

organisations has been playing very impressive role for self-help development, poverty alleviation, integrated rural development as well as community development. For instance, the Population and Community Development Association (PDA) principles coincide with recent development thinking in various ways. It operates a wide variety of programs designed to serve and assist the rural poor in Thailand especially, in Northeast Region. It is a well-known NGO campaigner of birth control that set up also projects called the Thai Business Initiative in Rural Development (TBIRD) and Community-Based Integrated Rural Development (CBIRD), which helps rural people to earn more income and to ensure better environment for themselves and for future generation. Moreover, it is largest NGO in Thailand that already covers more than one third of the whole kingdom.²⁵⁾

A great variety of activities of PDA are concentrated in Northeast Thailand, ranging from the well established to the various new and innovative projects. The CBIRD projects, and like many successful ventures soon grew the working title as part of TBIRD projects in the region. A new CBIRD centre is established in early 1998 at the rural areas of Amphoe Chakkarat, on a concept that factories should be brought to rural areas. A great variety of activities and programmes are already in operation both at Chakkarat districts can level up as Industrial development projects, 90-village development projects and Vegetable bank village. Four companies including NIKE and Singer took collaborative initiatives to establish their factories under CBIRD projects where total 800 rural women workers managed jobs for 6 days per week, helps rural poor (mostly women) earn more money from industrial sector without leaving their farmland for the city. Due to proximity to Korat City, Bangkok and Eastern Seaboard as well as surrounding provinces and Mekong Regional Countries, it hopes to enjoy better economic

²⁵⁾ A detail view on PDA Activities provided by author in Module 2 (Human Security) of the 28th International Training Course of UNCRD in Regional Development (May-June 2000): M. A. Hossain, "Role of Community Organisation in Rural Development - The PDA Activities in Chakkarat District of Nakhon Ratchasima," (UNCRD, Nagoya, Japan, 2000).

benefits quickly. An airport for trade purpose is under construction and hopes to be a trade centre for the Chakkarat and nearest district's economic growth. Above rural industrialisation or joint ventures (as well as, micro-credit for employment generation provided by NGOs) and infrastructure development shows that partnerships involving the public, private, and community sectors usually result in efforts that are more resilient and effective.

Concluding Remarks

Current thinking is that planning for urban and rural areas must be reintegrated at the regional level if a significant impact on poverty and income inequality, disproportionately affecting the rural population, is to be alleviated. Villagers are poor, and has been denied the rights to participate actively in existing government structure and organisations until it was clear whether they could expect their resources to be used effectively and they could expect sufficient benefit. Maintaining the "business as usual" will not solve the Northeast problems, the same approach that has brought the Kingdom to its knees economically. New strategic approaches are necessary for multidisciplinary analyses. The action packages in the programme areas must be combined in coherent, flexible strategy for rural-urban transition in Northeast and Nakhon Ratchasima.

For better quality of life for all rural people, poverty must be eliminate, rural per capita incomes should increase with urban per capita incomes. Adequate levels of education, healthcare and social welfare must be provided to rural people, especially to the poor and rural women. Rural industrial development (and associated services development) should be encouraged as it offers the long-term hope for achieving better quality of lives. Above all, active participation of the community peoples is essential for sustaining and integrating rural development programmes. The mission to maintain (for some) and improve (for others) quality of life and standards of living for rural population, whether they remain in rural areas or immigrate to urban areas.

The local government must identify various ways to support the desirable features of rural transition (e.g. the shift to modern agriculture, formal and informal sector employment generation, industrial development in rural areas, etc) with support from all stakeholders.

The private sector in Northeast Region should focus realistically on areas of comparative advantage. It is important that policy makers and lenders in the private sector keep in mind the vital importance of the primary industry in Northeast Region as most rural people are still farmers. Better employment schemes and industry linkages with villages will provide employment opportunities for incoming rural migrants. Gradually, agro-industry and processing industry could be developed. In addition, the Northeast Corridor which links spare parts-producing industries (especially, auto parts) of mass production and low labour cost industries has high potential. The recent Asian economic crisis that brought about by the financial crunch requires the rethinking of regional development approaches and policies. If a nation has to struggle simply to survive in global competition, the development goal of regional equity to policy planners may not have high priority. Global trends of internationalisation of production and the information revolution, however, have challenged the traditional goals of regional planning. The state-centred, top-down may have to be shifted to a more market-oriented approach locally and internationally. The Northeast region in this regard is in better position due to its proximity to Bangkok, Eastern Seaboard and internationally with Mekong countries.