

ADMINISTRATION ECONOMIC PLANNING AND OPERATIONS

REPORT OF STUDY MISSION TO THAILAND

FIELD ORGANIZATION AND ADMINISTRATION

ECONOMIC PLANNING AND OPERATIONS

MICHIGAN STATE UNIVERSITY
Vietnam Advisory Group

30 November 1956

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REPORT AT STUDY MISSION TO THAILAND

Introduction

This report covers the findings of a study mission which visited Bangkok during the period October 4 - 10. This mission comprised two distinct groups, one concerned with government organization and administration -- particularly field administration, and the other with economic planning, commerce, and industry. In order to facilitate review, this report is in two sections, one devoted to each subject.

Mission Personnel

Government organization and administration:

Châu-Ngọc-THƠI, Directeur Général of Political Affairs,
Department of Interior, Vietnam

Albert A. ROSENFIELD, Field Administration Division, MSU
Thân-Trọng-HUẾ, Field Administration Division, MSU

Economic planning, commerce and industry

Nguyễn-Duy-XUÂN, Deputy to Director-General of Commerce,
Department of National Economy, Vietnam

Roland F. HANEY, Field Administration Division, MSU

Nguyễn-QUÂN, Field Administration Division, MSU

Interviews

The mission had to depend almost entirely on interviews to obtain the data desired, very little written materials in English being available. The principal interviewees were:

Government Organization and Administration

1. Mr. CHAMNAN Yivvpurna, Deputy Director-General, Department of the Interior
2. Mr. Ninyoo ANGKAVARAKSO, Chief of Provincial Section, Department of the Interior
3. Mr. Chalor VANAPUK, Governor of Bangkok Province
4. Mr. Rach PUCKDEE, Governor of Smut Progarn Province
5. Prateep KAMASOOT, Chief of Phrakanong District
6. John W. MORE, Chief, Public Administration Division, USOM/
Bangkok
7. Members of the staff of the Institute of Public Administration
of Thammasat University, Bangkok

Economic planning, commerce and industry

1. Luang-TRAVIL, Undersecretary of State, Ministry of Economic Affairs, Bangkok
2. Dr. Porn-Jin-DIVARI, Undersecretary of State, Ministry of Industry, Bangkok
3. Dr. John A. LOFTUS, Economic Advisor, Ministry of Finance,
Bangkok
4. Dr. Joseph S. GOULD, Economic Advisor, National Economic Council,
Bangkok
5. Members of the staff of the Institute of Public Administration
of Thammasat University, Bangkok
6. John W. MORE, Chief, Public Administration Division, USOM/Bangkok
7. Winthrop A. TRAVELL, Comptroller, USOM/Bangkok
8. Joseph JACQUET, Chief, Industry Division, USOM/Bangkok
9. David SHERMAN, Procurement Officer and USOM Liaison Officer to
Thai Technioal and Economic Committee.

Our examination, brief as it had to be, was curtailed by administrative difficulties in scheduling interviews with Thai officials and making hotel and transportation arrangements. The study revealed significant differences in structure and operating techniques which result from substantial divergencies in governmental policies and programs and in the underlying historical development of Vietnam and Thailand. We believe that some of these policies and programs could be advantageously adapted to the needs of Vietnam.

REPORT OF STUDY MISSION TO THAILAND

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Section I
**NATIONAL AND FIELD ADMINISTRATION AND
OPERATIONS.**

REPORT OF STUDY MISSION TO THAILAND

A. Significant Findings:

1. Ministers are political figures, responsible to the national legislature for the conduct of their office.
2. Each Ministry has an Under Secretary of State who is a permanent civil servant.
3. Control of almost all routine operations has been pushed down to lower administrative levels by delegations of authority, thus freeing the Minister and his immediate assistants for other tasks.
4. Operations involving more than one ministry are usually coordinated at the departmental (equivalent to General Directorate in Vietnam) level.
5. A highly centralized government was established after the 1932 revolution. Under legislation now under consideration, a large degree of decentralization of authority to the provincial governors would take place.
6. The Minister of the Interior appoints provincial governors and district officers. The provincial governor appoints municipal mayors and sanitary district chiefs. Village and hamlet heads are elected.
7. Provincial governors are rotated between provinces at least every 3 years.
8. The lack of specific statements of responsibility for regional, provincial and district heads has hampered administrative operations.

9. The regional administrative structure is being eliminated.
10. Under present legislation, the provincial governors have no effective veto over national ministry appointments, budgets or programs within their provinces.
11. As a means of minimizing conflicts between the provincial governor and representatives of the other ministries, and to better co-ordinate operations within a province, the principal representative of each ministry within a province is designated as deputy governor and sits as a member of the provincial council.
12. Presently, the budget of a Ministry within a province forms part of that Ministry's National Budget.
13. Fiscal operations (both collection and disbursement) are conducted at the provincial level. This has relieved the central office of a great burden of detail and made possible faster settlement of financial transactions.
14. Allowing municipalities to tax and borrow has relieved the national government of a substantial financial burden and has strengthened the relationships of the people and the government at the local level.
15. The Sanitary District has proved itself as a device for training in self-government and for training future administrators. It has also reduced the financial burden of the national government and relieved it of some operational detail.

B. Organization of the National Government

The National Government is organized into 14 ministries each with major sub-units called Departments, equivalent to the Vietnamese Directorate-General. It is important that the reader bear in mind that in Thailand the terms "department" and "ministry" refer to different administration echelons; in Vietnam the ministries were redesignated departments following the proclamation of the republic. There are also six independent bodies of departmental level which report directly to the Prime Minister. In addition, there are over 50 economic organizations with varying degrees of autonomy attached to the ministries. A complete list of the Ministries, Departments, independent bodies and economic organizations is given in Exhibit I.

Under present law the ministries are completely responsible for budgeting and administering their programs, both in the central offices and in the field. There is presently under consideration a proposal to decentralize administration, involving the transfer of responsibility to the provincial governor for budgeting and administering routine ministry programs in the field.

It should be noted that this partial transfer of authority to the provincial governors is not the type of decentralization proposed by MSUG for Vietnam. We have recommended that the ministries delegate varying degrees of responsibility to their own representatives in the provinces, dependent upon security conditions, calibre of personnel available, etc., at a given time and place. The Province Chief would then coordinate those operations on behalf of the central government; he would not administer the programs. The government of Vietnam has been moving in this direction since the principle of vertical organization of field operations was recognized in an Ordinance issued on August 4, 1954.

In December 1955 and again in October 1956 the President enacted legislation which strengthens the bonds between technical services in the field and their parent offices in Saigon, while redefining the role of the Province Chiefs and the successors to the Regional Governors known as the Delegate of the Government.

It is interesting to note, also, that the administration which came to power in Thailand as a result of the 1932 revolution found that the highly centralized form of government, with the national ministries responsible for field programs, and with governors who had little power over government operations as a whole, was the most effective for maintaining conditions of security.

1. Parliamentary Responsibility.

As the only country in Southeast Asia to preserve its sovereignty throughout the period of European colonial expansion, Thailand has been free to pursue an eclectic policy of choosing and adapting for its own use various concepts and institutions from the wide range of Western political theory, including the realm of public administration. The head of a ministry such as Agriculture or Economic Affairs is a political figure belonging to the Council of Ministers and responsible for the conduct of his ministry to the national legislature, which is known officially as the Assembly of the Peoples' Representatives. There is both a personal and a collective ministerial responsibility.

2. Administrative Techniques.

The Minister is seconded by an Undersecretary of State, who is a permanent civil servant. Ministers come and go; the Undersecretary

(11) Permission of skilled workers or industrial experts to enter the country in excess of the immigration quota when the immigration quota for that country is filled.

SECTION 13. In the exercise of its authority, the commission shall have the power as may be necessary to summon any person to give testimony or to send documentary information in connection with an investigation.

The Ministry of Industry shall pay the transportation, lodging and expenses actually incurred and compensation as the Ministry may think fit to persons outside government service summoned under the preceding paragraph.

SECTION 14. In carrying out the provisions of this Act, the official in charge shall have the authority to enter the premises of any person during daylight to investigate and question persons there as to the facts, or to call from persons there and inspect documents or any other things related to the industry, as may be necessary. In such a case, the person in control of the premises shall extend reasonable facilities to the official in charge.

In case the entry of the official on the premises as provided in the preceding paragraph is not urgent, the person in charge of the premises shall be informed a reasonable time in advance.

SECTION 15. In acting under the provisions of Section 14, the official in charge shall show to the persons concerned his identity card which must carry the information required by the Ministerial Regulations.

Affairs will determine that solution of a current problem requires the cooperation of the Ministry of Industry. He will then communicate directly with Director-General Y, who heads the interested department in the latter ministry. The respective Undersecretaries or Ministers do not expect to be consulted in advance unless the subject matter is highly important or a change in policy is involved. Thus, the top executives are freed from direct supervision of routine operations, and the heads of subordinate units are encouraged to assume responsibility for action.

The realization that in the Thai Government (or in any other government) a few skilled executives in the top positions is not sufficient to insure good management, that management skills must be developed at every supervisory level, is a real step forward. The end results here, as elsewhere, will undoubtedly show that the average rank and file employee, properly trained, and given an opportunity to exercise individual initiative and judgment, will meet standards of achievement not believed possible, and that the delegation of authority in itself seems to release creative energies in men that can be tapped in no other way.

We realize that delegation of authority is facilitated in Thailand by a record of national independence in modern times and the growth of a career civil service which is accustomed to administering the country's affairs at all levels. After recognizing differences in the historical development of Vietnam, we suggest that the principle of delegation is nonetheless applicable and that the only points in question are the degree and speed of adoption. The example furnished by another country of Southeast Asia should encourage the hard-pressed senior administrators of Vietnam.

C. Organization and Functions of the Ministry of the Interior

The Ministry of the Interior is the organism responsible nationally for field administration. It carries on this function through its Department of the Interior.

In addition to field administration, the Ministry of the Interior has responsibility for police operations [including gendarmerie, municipal police, investigation (equivalent to VBI)] and immigration, land-title registration and transfers, public (social) welfare, civil defense, public and municipal works, penitentiaries and prosecution of law-breakers.

The changwad (provincial) governors and the amphur (district) officers are employees of and report to the Ministry of the Interior. Consequently, in addition to their role as coordinators of government activities within their provinces and districts, they are also directly responsible for the execution of the substantive programs of the Ministry of the Interior. Ministrios may, in areas where they do not have a sufficient volume of work to justify maintenance of their own staff, delegate their responsibility and authority to the provincial governor.

D. Field Organization and Administration

General responsibility for field administration nationally is vested in the Ministry of the Interior. The heads of the field organization units (the peak or region, the changwad or province, and the amphur or district) are appointed by the Ministry of the Interior. The municipal mayors and the sanitary district chiefs are appointed by the provincial governor. The heads of villages are elected by the heads of the hamlets.

comprising the village; the heads of the hamlets are elected by universal suffrage. The number of the several types of field units are as follows:

| | | |
|---------------------|---|--------|
| Regions | : | 9 |
| Provinces | : | 71 |
| Districts | : | 445 |
| Municipalities | : | 117 |
| Villages | : | 4,000 |
| Hamlets | : | 35,000 |
| Sanitary Districts: | | 250 |

The functions and organization of each level of government is discussed below. As noted above, the Ministry of the Interior is responsible for a number of substantive programs, e.g. public welfare and land registration. The provincial governor supervises these programs in addition to the work of coordination and general supervision of all government operations within his province.

Responsibility for execution of substantive programs in the field is vested in the representatives of the respective ministries. This includes formulation of the budget. The regional and provincial governor may suggest changes in programs and budget, but in the event of a refusal by the Ministry concerned to make the changes, he can only appeal to the Ministry of the Interior. We were informed that such appeals are rarely made.

1. Organization.

a. The Pack or Regional Organization.

There are nine regions, each of which supervises 6-10 changwads or provinces. The regions were established in 1952 as a device for relieving the central offices of the ministries of some paper work and decision making. The regions have failed in this purpose and legislation now in the national assembly provides for their dissolution. Anticipating this, the Ministry of the Interior has brought the regional governors into the Control Office as administrative inspectors. The other departments, too, are breaking up their regional staffs.

Time did not permit an investigation of the reasons for the failure of the regional organization to accomplish its purpose, although the findings of such an investigation might have value to the Vietnam situation. For instance, did the failure result from specific requirements in law for approval of actions at the national level? Were regional officials reluctant to make the decisions they were authorized to make, and continue to pass them on up to the central offices? Did the control offices refuse to stop decision making on matters of detail, although this power was delegated to the regions?

b. The Changwat or Provincial Organization.

There are 71 provinces, each presided over by a governor, assisted by a provincial council. Each province has 3-8 amphurs or districts.

The provincial council is composed of the governor, deputy governors (the chief representative of each of the substantive ministries) district officers and heads of municipalities. It meets monthly.

A typical province is that of Smut Prakarn, of which Mr. Rach Puckdee is Governor. It has a population of 214,000, occupies 905 sq. km. and is 90% agricultural. Rice mills (46) and a refrigerated fish warehouse are the principal industrial operations. The province has 310 employees (including those in the districts) and 825 school teachers. It has 4 amphurs (districts) and 2 sanitary districts. The ministries represented in the province are : Agriculture, Education, Health, Finance and Interior.

The provincial governor acts as chairman of the council, and supervises the districts, municipalities and other administrative units in the province. He is responsible for all operations of the Ministry of the Interior in his province, as well as those of ministries which have delegated this power to him. He is responsible for the public domain. He is the coordinator of all government operations within the province and acts as the "eyes and ears" of the national government. The governors are frequently rotated and rarely stay in a given province for more than 3 years. Elimination of the region may revive a proposal under discussion for some years - to eliminate the province as presently constituted and substitute a smaller number (say 30) of organizational entities of larger area. The improvement in communication in recent years, the chief block heretofore, now makes this project feasible.

c. The Amphur or District Organization.

The district governments are headed by an officer appointed by the Ministry of the Interior. The district chief of service of the other ministries represented in the district form a district council which advises the district officer. The district officer has the same authority and responsibility within his jurisdiction as the provincial governor has within the province. Although the district

officers are appointed directly by the Ministry of the Interior, the provincial governor has discretion to move them from district to district within his province.

d. Municipal Organization.

Three classes of municipalities have been established:

1) *Tesabal Nakorn* (Metropolitan Municipality)

These must have a population of at least 50,000 or more people and a population density of not less than 3,000 inhabitants per square kilometer. There are 3 metropolitan municipalities, including Bangkok.

2) *Tesabal Muang* (City Municipality)

These may be either a provincial headquarters regardless of size or an area with a population of 10,000 and a density of not less than 3,000 inhabitants per square kilometer.

There are 82 such city municipalities.

3) *Tesabal Tambal* (Village Municipality)

These may be established in any area, regardless of number of inhabitants or density of population, which has sufficient revenue to promote its own welfare.

There are 32 such village municipalities.

The municipalities are governed by a mayor and an assembly composed, like the national and provincial legislatures, of elected and appointed members. The size of the municipal assemblies varies from 24 to 12 members, on the basis of type.

the President and Vice-President of the Assembly are appointed from among the members by the provincial governor. The Governor also appoints, with the approval of the Assembly, a council consisting of the Assembly President and four members from among the membership. As in the case of the provincial assembly, if the provincial governor refuses to approve an act of the Municipal Assembly, he must submit it to the Minister of the Interior with his reasons for refusing to approve it.

The municipal area may coincide with those of one or more districts. The Municipality of Bangkok for instance, occupies all, or part of, five districts. At present, the district organization continues even under these circumstances. Consideration, however, is being given to the elimination of districts which lie within a municipality.

o. Sanitary Districts.

The sanitary district is an aggregate of hamlets, villages, etc. banded together to develop and maintain or operate one or more projects used jointly. The Chief of the District is an employee of the Ministry of the Interior, appointed by the provincial governor. He is assisted by an elected council of four members from the communities participating in the project.

Originally set up early in the 1900's as a device for introducing self rule into local government, many of

the sanitary districts have graduated into municipalities and they have been a training ground for many officials now occupying important positions in the Thai Government.

There are now about 250 sanitary districts in operation. It is planned to raise this number to 650 before the end of 1957.

f. Villages.

The village consists of a group of hamlets. The chief of the village (a largely honorary position, without pay) is elected by the chiefs of the hamlets comprising the village. There are approximately 4,000 villages.

g. Hamlets.

The hamlet is the lowest "organized" government in Thailand. The mayor is elected by universal suffrage, and also works without pay. There are approximately 35,000 hamlets in Thailand.

2. Field Administration in General

a. The national ministries develop their own programs and budgets for operations within a province. The provincial governor may suggest changes but he cannot, in his own right, change the program or budget of a ministry. He may appeal to the Ministry of the Interior and have the problem discussed by the ministries concerned. Normally, the Ministry of the Interior will not interfere with the program or operations of another Ministry.

However, except in the case of routine matters, instructions from the Ministries to their provincial representatives go through the provincial governor. Similarly, instructions from provincial specialists to district specialists go through the district officer. This procedure is used to keep the provincial and district heads informed of what is going on in their areas.

- b. A technique used for avoiding conflicts between the provincial governor, representing the Ministry of the Interior and the provincial representatives of the other ministries, is to designate the provincial representatives as deputy governors and have them participate actively in the management of the province as a whole, as members of the provincial council. Through discussion, and as a result of seeing the needs of the province as a whole, the provincial representatives are better able to relate their specialized programs to the programs of the other ministries.
- c. The principal functions of the district officers are to collect taxes on behalf of the National Government, and to maintain and report on vital statistics and production within their area of jurisdiction. The district officers also control police operations (except in Bangkok where, because the municipality covers all or part of five districts, there is a municipal police).

d. The provinces report monthly and on an established format on vital statistics and production. Other matters are reported on by letter as required.

3. Budget and Fiscal Operations.

a. The budget of the various ministries within a given province are prepared by and are part of the national budget for that ministry. The provincial governor may suggest new or revised programs, but the ministry makes the final determination, subject to appeal by the governor. It is not possible for a provincial governor to cripple a program of a ministry within his province by refusing to request funds for it, or refusing to spend funds, when allocated for this purpose. If the Ministry of the Interior cannot come to an agreement with the other ministry concerned, the dispute may be referred to the cabinet.

b. All fiscal accounts for provincial operations are maintained at the provincial headquarters. It is understood that under proposed legislation, final authority to expend budgeted funds will be lodged with the provincial governor, rather than the Ministry concerned. However, the ministries will retain control of funds for large projects such as dams, power-plants, etc.

4. Appointment of Field Personnel.

a. Provincial governors and district officers are appointed by the Ministry of the Interior. Provincial governors are regularly rotated in office, serving less than 3 years in a

given province.

- b. The provincial governors appoint the municipal mayors and the chiefs of sanitary districts. They may also transfer district officers between districts in their province.
- c. Provincial and district representatives of the ministries are appointed directly by the Ministry concerned.

5. Taxes.

- a. Provinces and municipalities get a share of certain national taxes and, in addition, are allowed to levy certain types of taxes of their own. In Bangkok, for instance, tax revenues are derived from

Houses and land

Animal slaughter duties and fees

Licence fees, fines and other fees connected with activities entrusted to the municipality as the administering authority under any law

Signboards

Taxes for local development

A share of provincial taxes on motor vehicles

A municipal development tax on exports of paddy and rice (in addition to regular export duty)

Sur-taxes (not more than 100%) on certain national taxes

In addition there may be income from property or business enterprises owned by the province or municipality. In

Bangkok, local revenue provided 74 million of the 90 million bahts required for the most recent budget.

Section II
ECONOMIC AFFAIRS

A. Significant Findings

1. The private sector of the economy is relatively free of governmental restrictions and controls.
2. Greater emphasis is placed on development and promotion of economic activity than upon regulation and control.
3. National economic planning is limited to the public sector of the economy.
4. Commercial development and industrial development are the responsibilities of separate ministries.
5. The government has made much use of government-owned corporations.

B. Role of Government

The one salient fact which colors the economic picture in Thailand is that the private sector of their mixed economy operates relatively free of governmental restriction or control. Thanks to a favorable balance of payments, there is a free market in foreign exchange. As a result, an importer in Bangkok can usually obtain dollars, sterling, or francs from the Bank of Thailand merely by presenting the equivalent amount in the national currency. The free rate approximates the official rate of exchange for the monetary unit: bahts or ticals.

In this situation there is little or no need in Thailand for those programs of import-export control and price control which play a major role in the economy of Vietnam. In comparison, it appeared to us that the Thai Government is organized to place greater emphasis upon promotion or development of economic activity, whereas the grim fact of an adverse balance of payments has caused the Vietnamese authorities to place greater emphasis upon regulation and restriction. Thus, the

machinery for executing controls over the private sector in Thailand operates on a reduced scale, or exists only on a stand-by basis, or else it has been consciously abolished.

C. National Economic Planning

In both countries the government has designated an entity that could undertake planning for the national economy. In Vietnam the Secretary of State for National Economy is legally responsible: (a) for preparing and submitting for Presidential approval an economic policy covering all phases of production and exchange of goods and services, and (b) for submitting measures designed to execute that policy. In Thailand a similar advisory role has been entrusted to a National Economic Council, which reports to the Council of Ministers. The latter group corresponds to the Cabinet Council of President and Secretaries of States in Vietnam. The Prime Minister is known officially as President of the Council of Ministers, which is the operating executive of the kingdom.

In practice, the National Economic Council in Thailand has deliberately limited the scope of its inquiries and recommendations to the public sector of the economy -- governmental departments and the numerous publicly-owned business enterprises. Furthermore the Council has not yet embarked upon the tremendous task of drafting any long-term economic plan. It has worked within the framework of the annual governmental budget.

In regard to the planning function, comparison with the Vietnamese scene is complicated by the fact that the roles of the Secretary of State

for National Economy and the Director-General of Planning have not been clearly defined in their relation to each other. It appears that, in practice, the Secretary of State has administered various programs affecting the entire economy, without his formulating a national economic plan, whereas the Director-General has drafted plans for solution of socio-economic problems on an individual basis. The MSUG recommendations envisaging a Department of Commerce and Industry and an Office of the Coordinator for Economic Affairs seek to allocate responsibilities and functions more sharply so as to cover the field but without overlapping.

D. Promotion of Commerce and Industry

Within the Vietnamese government the promotion of commerce and industry is a function of the Department of National Economy, particularly the Directorate-General of Commerce and the Directorate-General of Mines, Handicrafts, and Industry. Until recent years the Ministry of Economic Affairs in Thailand was responsible for governmental action in both areas. Since the Second World War, however, a separate Ministry of Industry has been created in response to policy decisions favoring industrialization and also in response to a general impression that the needs of industry would be over-shadowed by the claims of commerce, so long as a single ministry serviced both of them.

We found that the Ministry of Cooperatives is concerned with channelling governmental fiscal assistance to cooperatives, not with formulating programs of production for cooperatives in agriculture, commerce, and industry.

E. Structure and Functions of Agencies Concerned with Economic Development.

1. National Economic Council.

The National Economic Council was created by legislative enactment on February 15, 1950 to advise the Council of Ministers in all phases of economic development. (See Exhibit 9.) The Prime Minister is the permanent chairman of the National Economic Council and the prime mover in its activities. Total membership is relatively large for an advisory body, varying between 20 and 25.

Most of the ministries are represented; here the test of membership is whether a direct relationship exists between the work of the ministry and economic development. The Ministers of Economic Affairs, Industry, Agriculture, Communications, and Finance are members, for example; but the Ministers of Culture and Education would not be eligible by this test.

The second category of membership is furnished by career civil servants, usually holding the rank of Undersecretary of State, who are qualified personally by training and experience to give economic advice, even though their current duties may be in an unrelated field. Service as a member of the National Economic Council is thus an additional assignment for both categories of public servants, and no salary is attached to membership. It should be noted that employers associations, trade unions, professional societies, and other interested

private groups are not represented in the Council.

We have thus encountered two structural differences between the National Economic Council in Thailand and the proposed National Economic Council for Vietnam. In the latter country the Vice-President shall be its chairman, and at least some of its members shall be chosen from interested private associations and from the category of professional economists. On the functional side it is more difficult to compare the two Councils. The new Vietnamese Constitution, which creates the National Economic Council, does not specify: (a) whether it shall advise the President or the National Assembly or both of them, and (b) whether this advisory role is vested exclusively in the National Economic Council. Article 84 of the new Constitution leaves questions of function and organization to be regulated by subsequent legislation.

The MSUG recommendations for creating within the Presidency an Economic Development Council and an office of the Coordinator for Economic Affairs depend upon the implicit assumption that the new National Economic Council will not preempt the field. It is further assumed that the clarifying legislation will provide for coordinating the work of the National Economic Council with the operations of other advisory bodies within the National Government.

We learned in Bangkok that the secretariat and the technical services which belong to their National Economic Council

have been integrated into the Office of the Council of Ministers, a ministry in its own right. The Office of the National Economic Council belongs to the Tabuang (or sub-ministry) for Political Affairs in the Office of the Council of Ministers. It comprises eight technical divisions in addition to the secretariat. These are the Divisions for Economic Affairs, Economic Analysis, National Income, Statistical Service, Statistical Promotion and Coordination, Census and Survey, Current Statistics, and Mechanical Tabulation. Division titles indicate their functions. (See Exhibit 4.)

The importance attached to statistical services in the organization of this Office recalls the MSUG recommendations for strengthening the National Institute of Statistics in technical personnel and for transferring the Institute from the Department of National Economy to an Office of the Coordinator for Economic Affairs. A presidential decree of August 7, 1956 divests the Institute of all responsibility for economic research, studies, and publications. It further provides for transfer of these functions without any transfer of personnel to the National Bank of Vietnam. The Institute would then be free to concentrate its available resources upon the primary task of collecting, analyzing, and disseminating statistical data while relying upon the National Bank to undertake research projects upon request.

We did not find a similar allocation of functions in Thailand. There the Office of the National Economic Council includes units concerned with economic study and research along with units that furnish the Council with basic statistical service or establish standards for guiding other governmental agencies in the collection of data.

The personnel assigned to the Office of the National Economic Council in Thailand number approximately 80, most of whom perform clerical duties under the guidance of a specialist or technician, who heads each division. An economist has been assigned to the National Income Division bringing professional skills to the task of measuring and analyzing the national income. Eight other professional economists work in the Economic Affairs Division and the Economic Analysis Division. A shortage in trained technical and professional personnel was cited as one of the reasons for the policy of self-denial, already mentioned, by which the National Economic Council limits its scrutiny to the public sector of the economy.

Another reason advanced for this policy of limitation is the relative availability of data from public and private sources. Intelligent planning depends upon the application of technical skills (Personnel) to a comprehensive body of pertinent information (Facts). As an administrative matter it is much easier for the technical divisions serving the National Economic Council to obtain needed data from the public

sector, as both the request and the response flow through governmental channels. Broadly speaking, this is an intramural operation. whether the cooperating agency is the Ministry of Agriculture or the publicly-owned Gunnybag~~s~~ Factory.

It should not be assumed from this brief survey that the National Economic Council disregards the existence or claims of the private sector in a mixed economy. On the contrary, the Council has established a policy of disapproving governmental projects for capital investment in an activity where private business is already operating efficiently. In its turn, the Council of Ministers uniformly accepts a negative recommendation of this sort.

Screening budgetary requests that involve capital investment is an example of the work done by the National Economic Council at the instance of the Council of Ministers. The National Economic Council is also empowered to initiate studies and to submit recommendations, on its own motion, concerning any aspect of economic policy, development, or planning. During our visit to Bangkok, a working-party, composed mainly of experts from the Ministry of Finance, held its first meeting to consider the feasibility of drafting a long-range plan for economic development embracing both sectors of the economy. Reference was made to a possible "Four-Year Plan." If the National Economic Council should thus decide to exercise the full range of its mandate, we trust that the experiment would be

followed closely by authorities in Vietnam.

2. Ministry of Economic Affairs and Ministry of Industry.

This half of our study is directed toward those governmental agencies in Thailand which perform the functions presently assigned to the Department of National Economy in Vietnam. Consequently, the only operating agencies which we visited were the ministries of Economic Affairs and Industry. The practical difficulties mentioned in the Introduction limited our survey of these organizations more stringently than our examination of the National Economic Council.

For a structural picture of these two ministries, see Exhibits 7 and 8. After an interview with both Undersecretaries of State we were convinced that the organization charts would more forcefully convey line and staff relationships if: (a) the Office of the Undersecretary of State is interpolated in the vertical line between the Minister and the various Departments, and (b) the Office of the Secretary to the Minister is separated from the horizontal line of Departments. It appears that the closest functional parallel to the Office of the Secretary is provided by the Private Secretariat in the Directorate of Cabinet for a Vietnamese department of state.

a) Ministry of Economic Affairs

On the basis of our brief and general survey it appears that most of the functions of the Departments of Foreign and Domestic Trade in this ministry would be assigned to the Directorate

of Foreign Commerce and Domestic Commerce, respectively, if the current MSUG recommendations for a Department of Commerce and Industry are accepted. At present there is no counterpart in the Department of National Economy in Vietnam to the Merchandise Standards Division in the Department of Foreign Trade. However, the MSUG proposals envisage a Service of Technical Standards and Research, which would be assigned to the Directorate of Industrial Development. This Service would establish standards of quality, convenience, and utility for manufactured goods as a protection to the domestic consumer and a guide to the manufacturer who wishes to compete in export markets. We noted in Bangkok that price control could be exercised by the Trade Control Division in the Department of Domestic Trade, but the legal authority for this function is held in reserve. The Rice Control Division in the same department is no longer concerned with the purchase, distribution, and sale of this basic crop. Its control is now limited to the movement of rice from the interior of the country to provinces along the northern border. The Commercial Intelligence Department is an integrated instrument serving the entire ministry in the collection and dissemination of commercial information. The present Department of National Economy in Vietnam does not contain a unit charged with this responsibility. However, the

MSUG final report proposing a Department of Commerce and Industry will recommend establishment of a Bureau of Commercial Information within the Office of the Secretary-General. This unit would call upon the operating directorates to supply pertinent technical information, which it would then edit and disseminate. These activities would be designed to inform businessmen, the general public, and other governmental agencies concerning business opportunities, improvements in operating techniques, laws and regulations affecting commerce and industry in Vietnam and in other countries, etc. At its discretion the Bureau could employ printed materials, radio broadcasts, exhibits, and motion pictures to accomplish this informational mission.

Although there is no counterpart to the Trade Registration Department in the Vietnamese organization, its functions in regard to trade marks and weights and measures are included in the responsibilities of the Department of National Economy and the proposed Department of Commerce and Industry.

We noted with great interest that the issuance of licenses to engage in business is one of the functions of the Trade Registration Department. The legal obligation to obtain a license extends to nearly all businessmen who operate from a fixed base. For the sake of administrative

convenience, separate divisions have been created for the registration of insurance firms, partnerships and companies, in addition to a catch-all division for other business enterprises. We learned that the fees charged for registration are purely nominal and that this control is essentially a statistical matter.

At present the Department of Finance in Vietnam is responsible for the issuance of this type of license or patente. In principle there is an inherent difference between this use of registration as a statistical aid in promoting commerce and industry and its use as a money-raising device for the benefit of the public treasury. Without prejudice to the concept of levying a special tax upon the privilege of doing business in an ordered society, the MSUG final report will recommend that a study be made to determine whether the function of registration can be conveniently disengaged from the taxing apparatus in Vietnam. If the results of that study prove to be affirmative, MSUG will then recommend that the function of issuing patentes be transferred to the proposed Department of Commerce and Industry, and assigned to the Service of Allocation and Controls in the Directorate of Domestic Commerce. During the implementation phase, special consideration could be given to the problem of pitching the registration fees at a level: (a) high enough to discourage

frivolous applications, (b) high enough to cover the costs of the service, but (c) not so high that the licensing fee becomes a disguised franchise tax.

Our examination of the Economic Co-ordination Department was limited to establishing the point that its functions of economic planning, coordination, and survey are intra-ministerial. This department works within the framework of economic direction as proposed by the National Economic Council, adopted by the Council of Ministers, and executed by the ministries. The MSUG interim proposals envisage a parallel development from departmental program planning, to national economic planning, to decision, to execution, and finally review. In this cycle the proposed Department of Commerce and Industry would play a role similar to that of the Ministry of Economic Affairs in Thailand.

b) Ministry of Industry

In our visit to this ministry our working-party devoted a greater proportion of its attention to questions of program and operations rather than organization and administrative techniques. We made this change in emphasis for the benefit of the Vietnamese governmental representative, who is charged with operational responsibilities in the Department of National Economy.

The Ministry of Industry would find its closest Vietnamese counterpart in the Directorate of Industrial Development in the proposed Department of Commerce and Industry. As the level of industrial activity is lower in free Vietnam than in Thailand, the functions assigned to the Directorate of Industrial Development would be less diversified; and the proposed organizational structure is simpler. The range of responsibilities assigned to this Directorate could be extended and intensified to keep pace with an advance in industrialization. Corresponding changes in internal structure do not imply, however, an automatic need for converting the Directorate of Industrial Development into a separate ministry as in Thailand. The Directorate would be responsible for technical standards in production, for industrial promotion, industrial mobilization, experimentation and research, exploration and exploitation of natural resources in minerals, metals, and fuels. This list is recapitulated and expanded in the functions of the Ministry of Industry. In at least one area, however, the purview of the proposed Directorate of Industrial Development is already broader; for it would also be responsible for the issuance of ~~patents and trade marks~~, a function which is assigned to the Ministry of Economic Affairs in Thailand. We noted with considerable interest that the creation of a separate Ministry of Industry has not meant the adoption

of a policy of forced growth in industrialization. (See Exhibits 10, 11, and 12 for exposition of the legal concept, Promotion of Industry.) The Undersecretary of State was kind enough to sketch his personal ideas concerning a common market for the free countries of Southeast Asia. He advocated a regional association which would permit the participating national economies to specialize in various kinds of production, to lower unit operating costs, and to compete with outside producers -- thanks to the larger internal market. We suggest that these concepts of a tempo for industrialization and a common market deserve study by the officials charged with economic development in Vietnam.

A P P E N D I X

LIST OF EXHIBITS

1. Organization of the Government at the National Level
2. Organization Chart of Executive Branch
3. Central and Field Agencies Relationships
4. Organization Chart - Office of the Council of Ministers
5. Organization Chart - Ministry of Interior
6. Organization Chart - Police Department
7. Organization Chart - Ministry of Economic Affairs
8. Organization Chart - Ministry of Industry
9. Excerpted Copy of National Economic Council Act,
(February 15, 1950)
10. Industrial Promotion Act, (October 4, 1954)
11. Ministerial Instruction Concerning Industrial Promotion,
(October 21, 1955)
12. Royal Decree (with annexed table) Implementing the Policy of
Industrial Promotion (April 13, 1956)

Organization of the Government at the
National Level

Office of the Council of Ministers

Office of the President of the Council (Prime Minister)

Tabuang of Political Affairs

Department of Administrative Inspection

Department of Public Relations

Department of Central Information

Office of National Defense Council

Office of National Economic Council

Tabuang of Administrative Affairs

Department of Public Works

Office of the Judicial Council

Office of the Civil Service Commission

Office of the State Audit Council

Ministry of Defense

Department of General Staff

Office of Inspector General

Royal Thai Army

Royal Thai Navy

Royal Thai Air Force

Ministry of Finance

Department of Treasury

Department of Comptroller General

Department of Customs

Department of Excise

Department of Revenue

Department of Social Insurance

Ministry of Foreign Affairs

Department of Protocol

Department of European and American Affairs

Department of Asian and Africa Affairs

Department of United Nations

Ministry of Agriculture

Department of Agriculture

Rice Department

Fisheries Department

Livestock Department

Irrigation Department

Forestry Department

University of Agriculture Department

Ministry of Communications

Department of Transportation

Department of Harbors

Department of Highways

Department of Post and Telegraph

Ministry of Interior

Department of Police

Department of Land

Department of Public Welfare
Department of Civil Defense
Department of Interior
Department of Public and Municipal Works
Department of Public Prosecution
Department of Penitentiaries
Ministry of Justice
Ministry of Culture
Department of Cultural Affairs
Department of Religious Affairs
Department of Fine Arts
Ministry of Education
Teacher Training Department
Physical Education Department
University Department
Department of Education Techniques
Department of Elementary and Adult Education
Department of Secondary Education
Department of Vocational Education
Ministry of Economic Affairs
Department of Foreign Trade
Department of Domestic Trade
Department of Commercial Intelligence
Department of Trade Registration
Department of Economic Coordination

Ministry of Cooperatives

Department of Cooperative Credit and Banking

Department of Land Cooperatives

Department of Producers and Consumers Cooperatives

Department of Cooperative Auditing

Ministry of Public Health

Department of Medical Services

Department of University of Medicine

Department of Medical Science

Department of Health

Ministry of Industry

Department of Metallurgical Works

Department of Industrial Works

Department of Mines

Department of Science

Department of Industrial Promotion

Independent Public Bodies of Departmental Level

National Power Commission

Royal Institute

National Culture Institute

Office of Secretary General of the National Assembly

Bureau of the Royal Household

Office of His Majesty's Secretary General

Economic Organizations Attached to Ministries

Council of Ministers: Government Purchasing Bureau

Thai Television Company

Ministry of Defense: Fuel Oil Organization
Thai Weaving Organization
Glass Factory
Battery Factory
Tannery Factory
Bangkok Dock Company
War Veterans Company
Gunny Bag Company of War Vet. Organization

Ministry of Finance: Government Lottery Office

Tobacco Factory
Playing Card Factory

Bank of Thailand

Savings Bank

Housing Welfare Bank

Industrial Bank

Thai Commercial Bank

The Provincial Bank

Thai Comont Company

Thai Produce Trading Company

Ministry of Agriculture: Fish Marketing Organization

Forest Industry Organization

Naborn Rubber Plantation Organization

Thai Plywood Company

Thai Fisheries Company

Ministry of Communications: State Railways

Port Authority
Express Transportation Bureau
Thai Telephone Organization
Transport Company
Lighterage Company
Thai Maritime Navigation Company
Thai Airways Company
Ministry of Interior: Marketing Organization
Poultry Organization
Provincial Electricity Organization
Bangkok Electricity Organization
Police Press
Ministry of Economic Affairs: Warehouse Division
Bangkok Bank
Sugar Industry of Thailand
Thai Navigation Company
Agricultural Products Company
Vorasiri Company
Changwad Trading Company
Thai Jute Company
Rice Bureau
Ministry of Cooperatives: Bank for Cooperatives
Thai Salt Company
Department of Public Health: Pharmaceutical Factory
Ministry of Industry: Mining Industry Organization

Thai Sugar Organization

Liquor and Alcohol Distillery

Provincial Distilleries

Thai Paper Factory

Meat Canning Factory

Gunny Bags Factory

Alum Factory

Ceramics Factory

Thai Rubber Company

Lacquer Ware Factory

Pin and Clip Factory

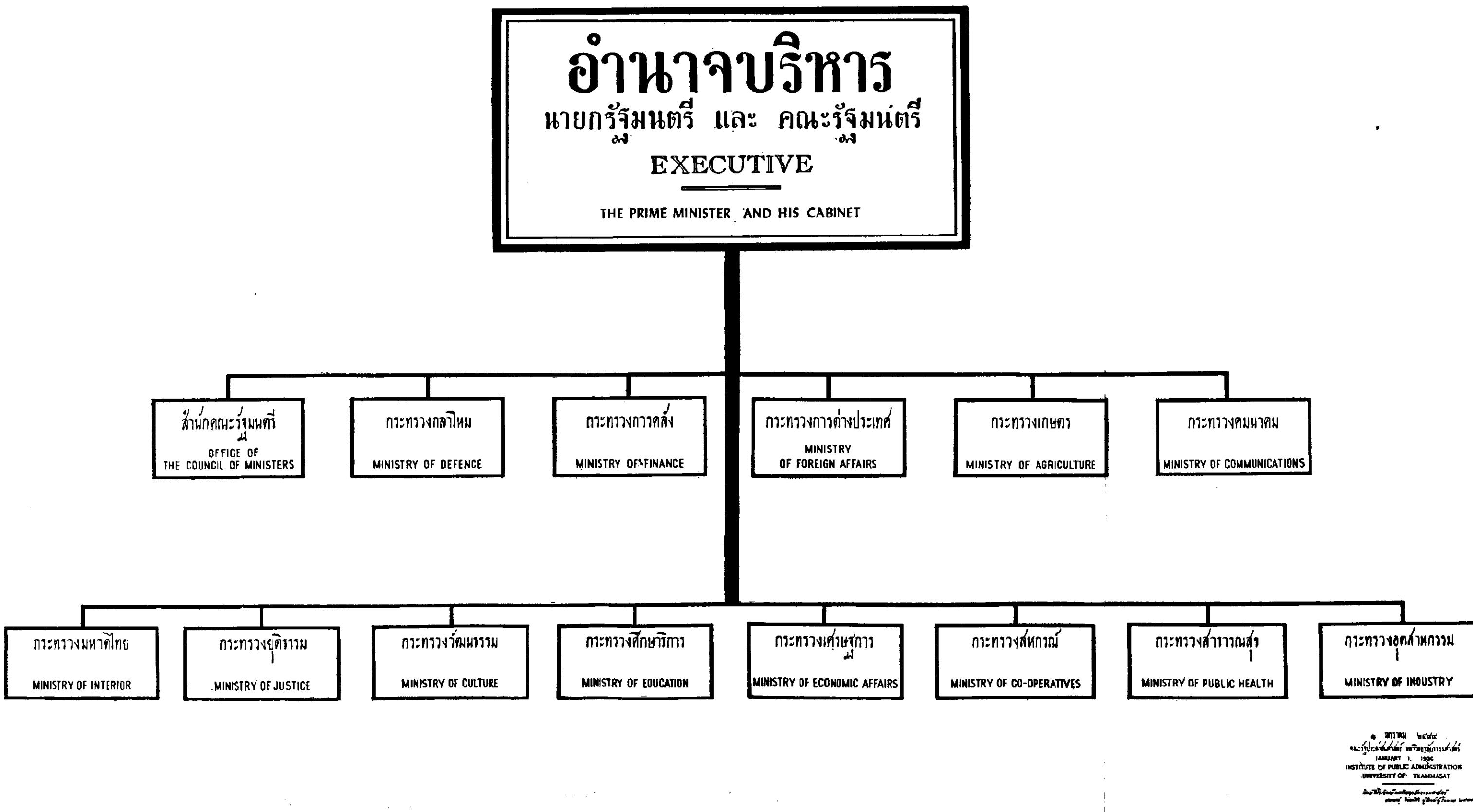
Sa-paper Factory

Umbrella Factory

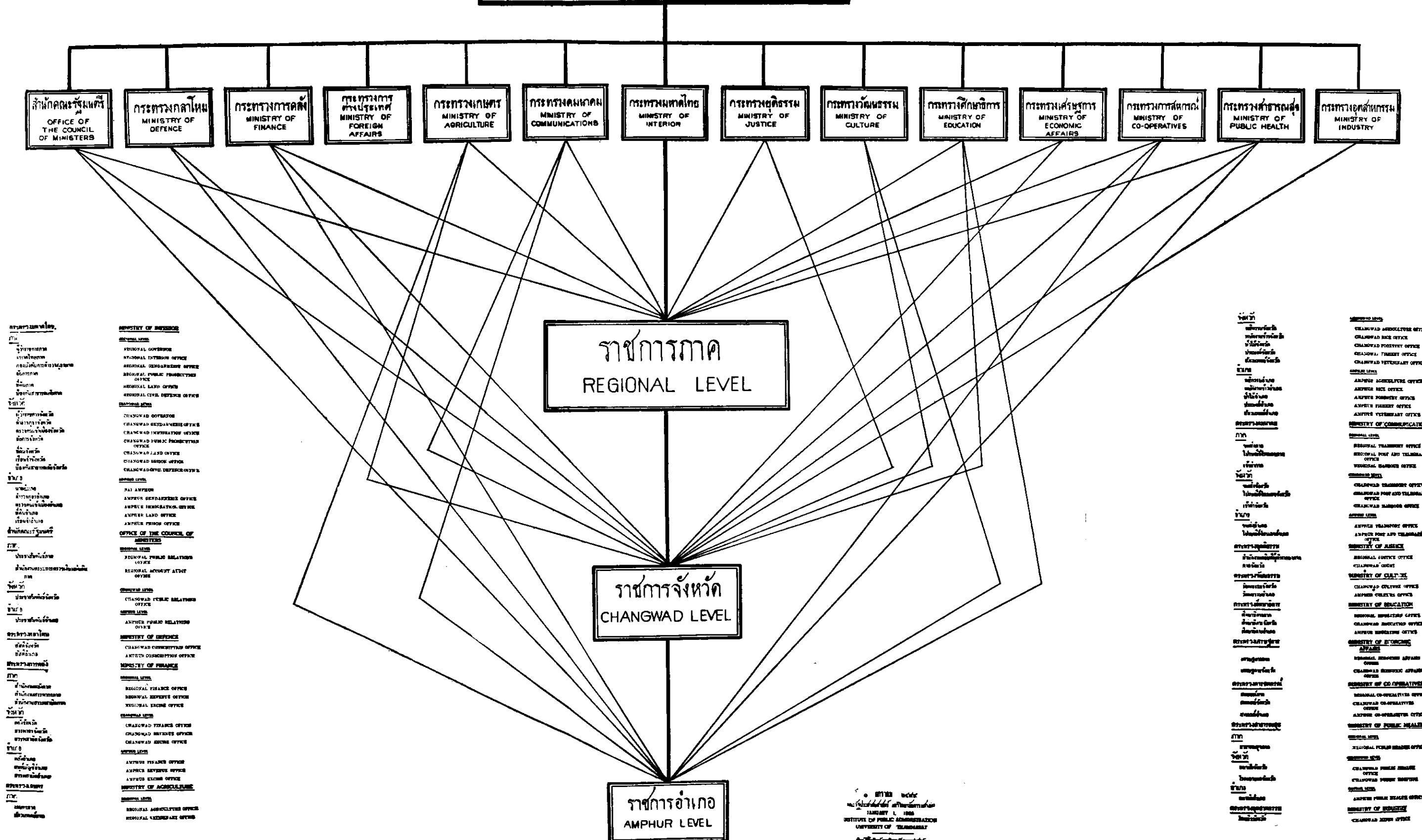
Rattan and Wickerwork Factory

การจัดส่วนราชการรัฐบาลไทย

GOVERNMENT OF THAILAND



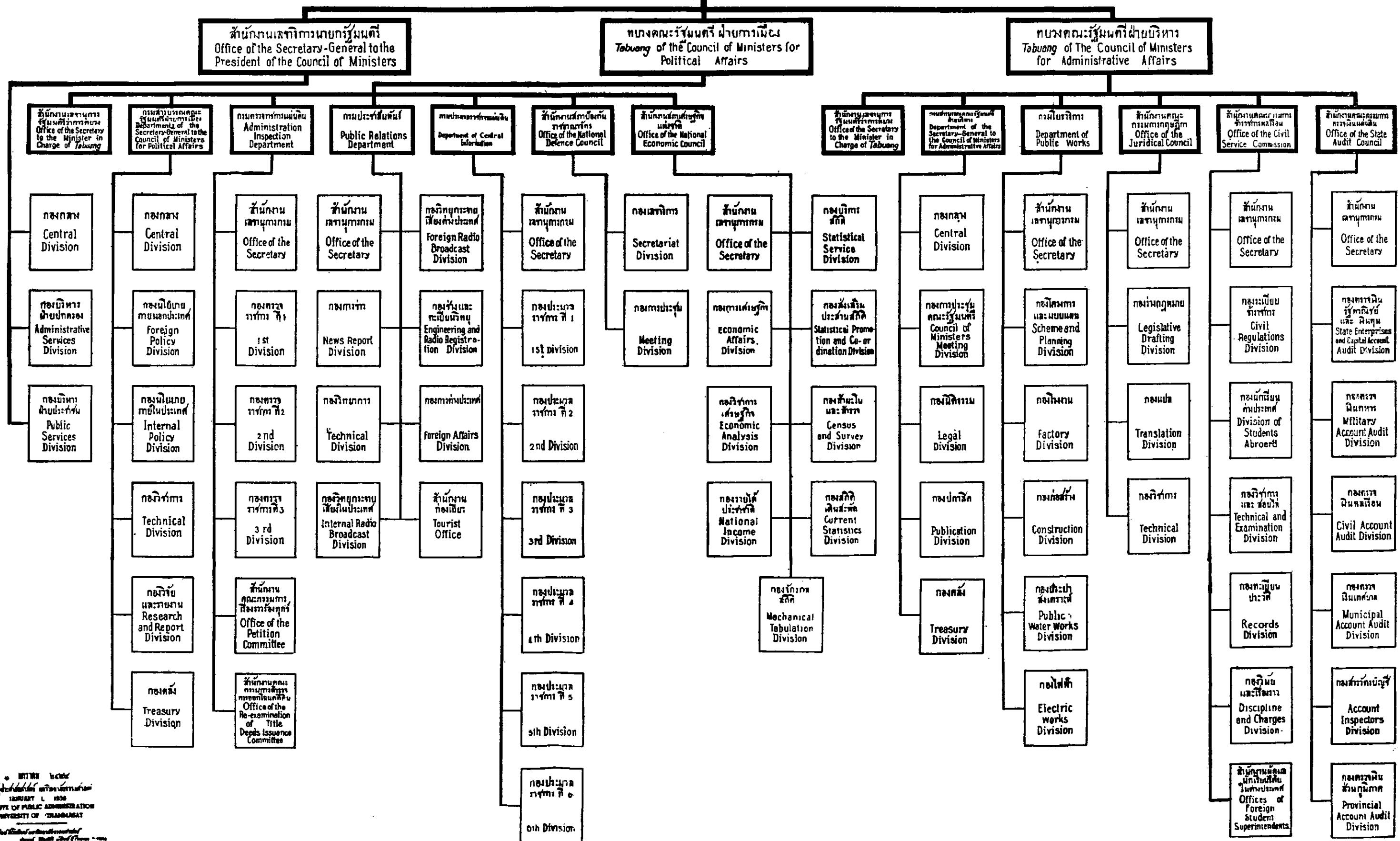
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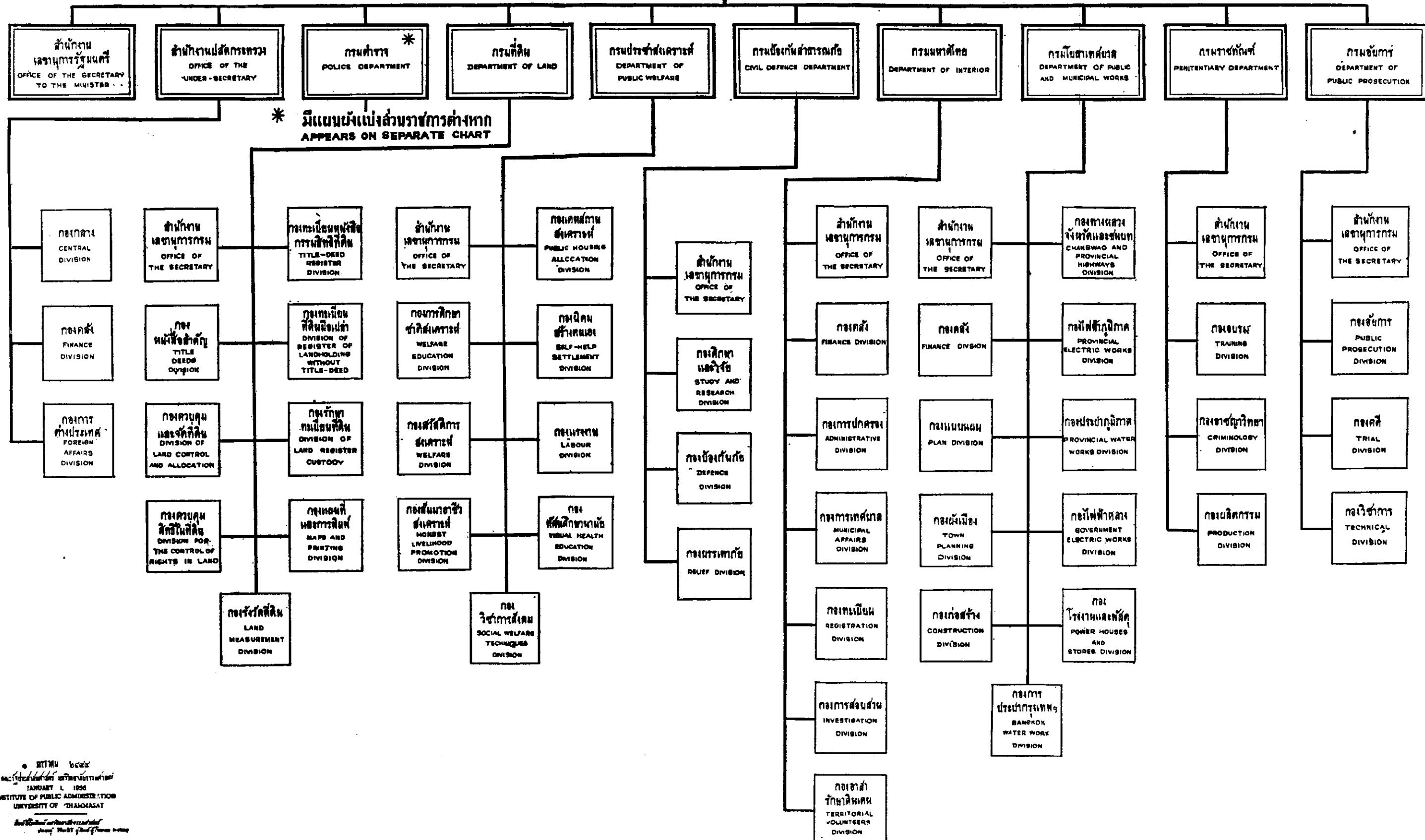
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Office of the Council of Ministers

EXHIBIT 4



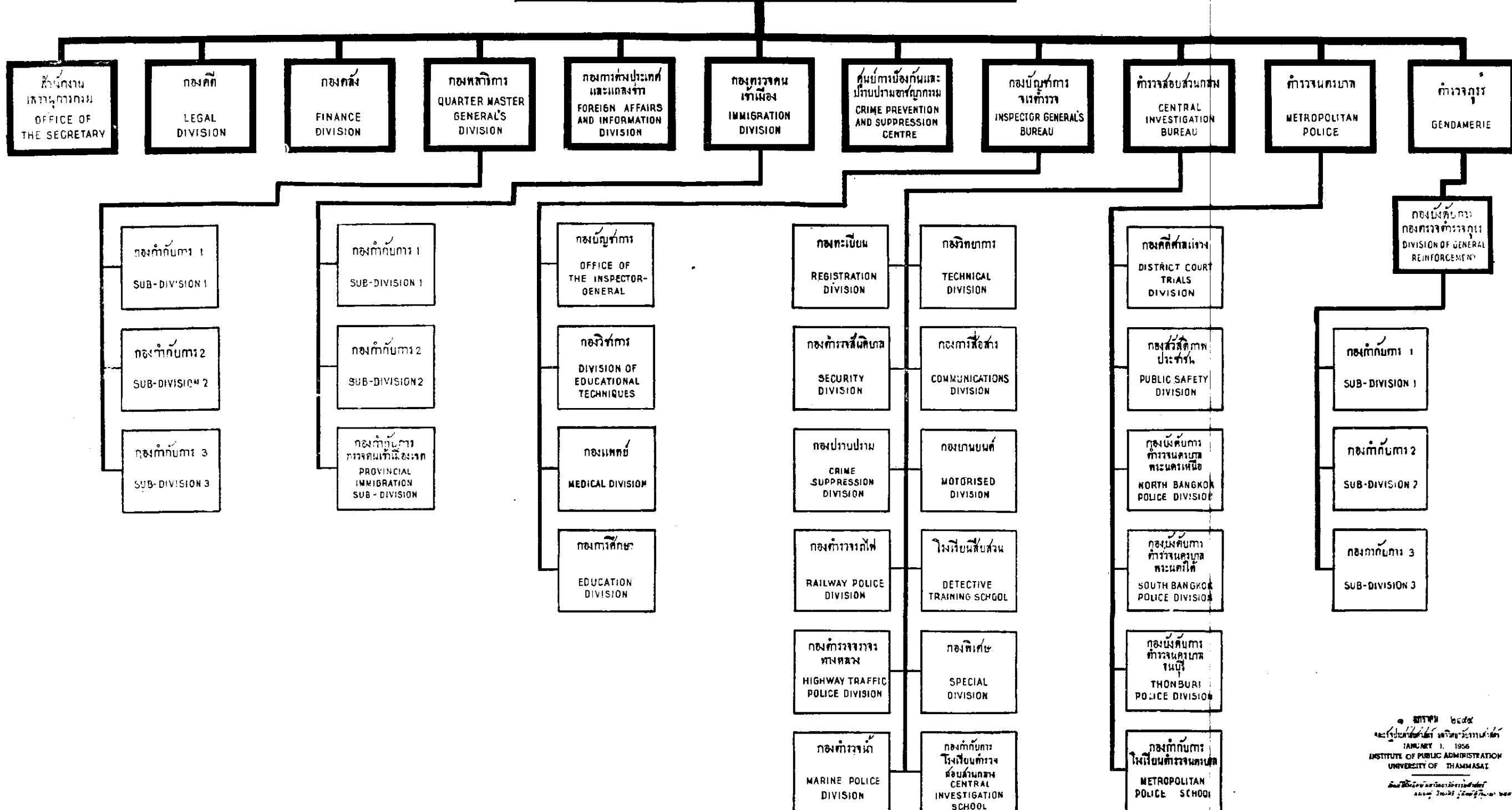
กระทรวงมหาดไทย
MINISTRY OF INTERIOR



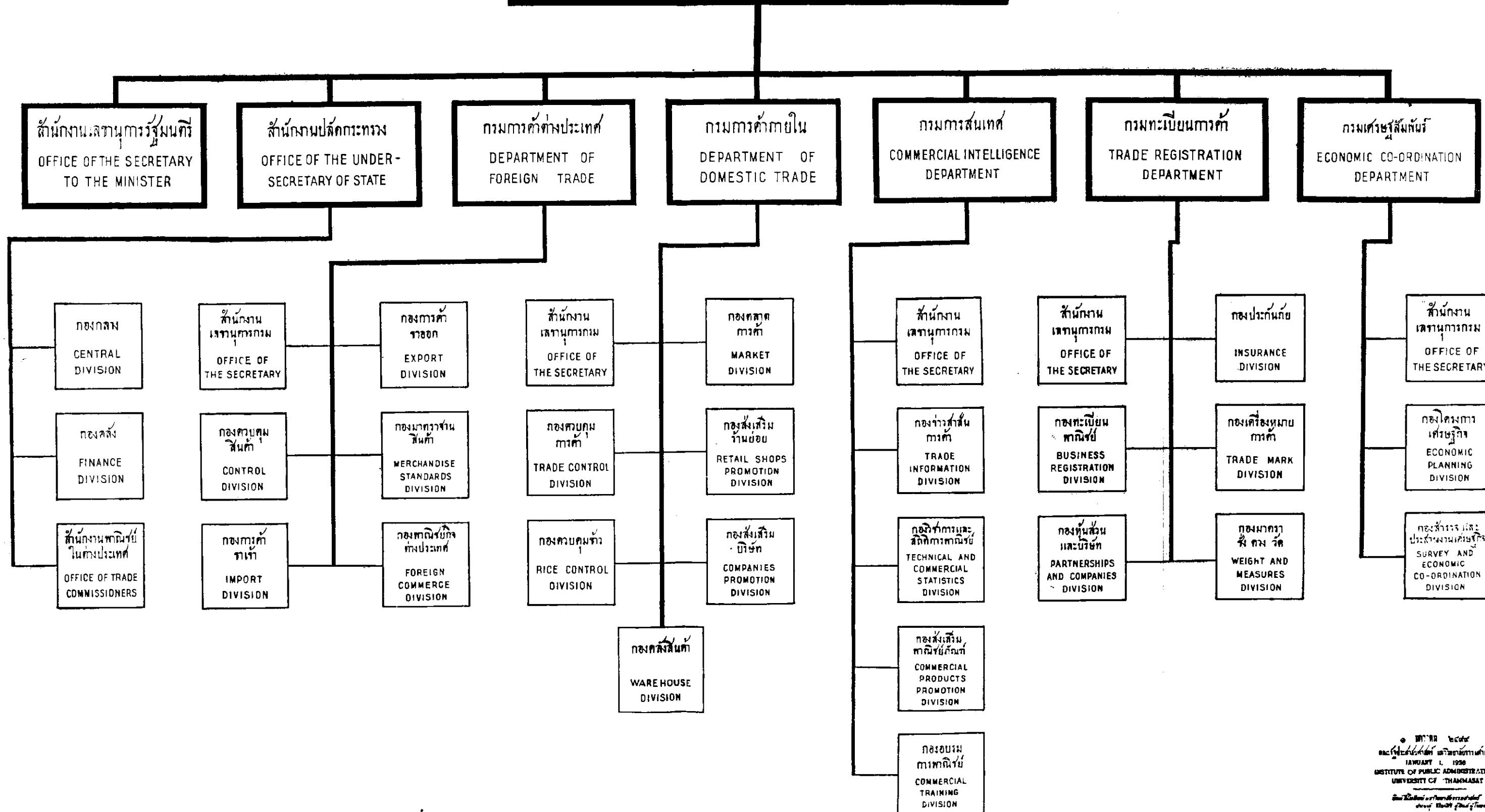
กรมตำรวจ

POLICE DEPARTMENT

EXHIBIT 6

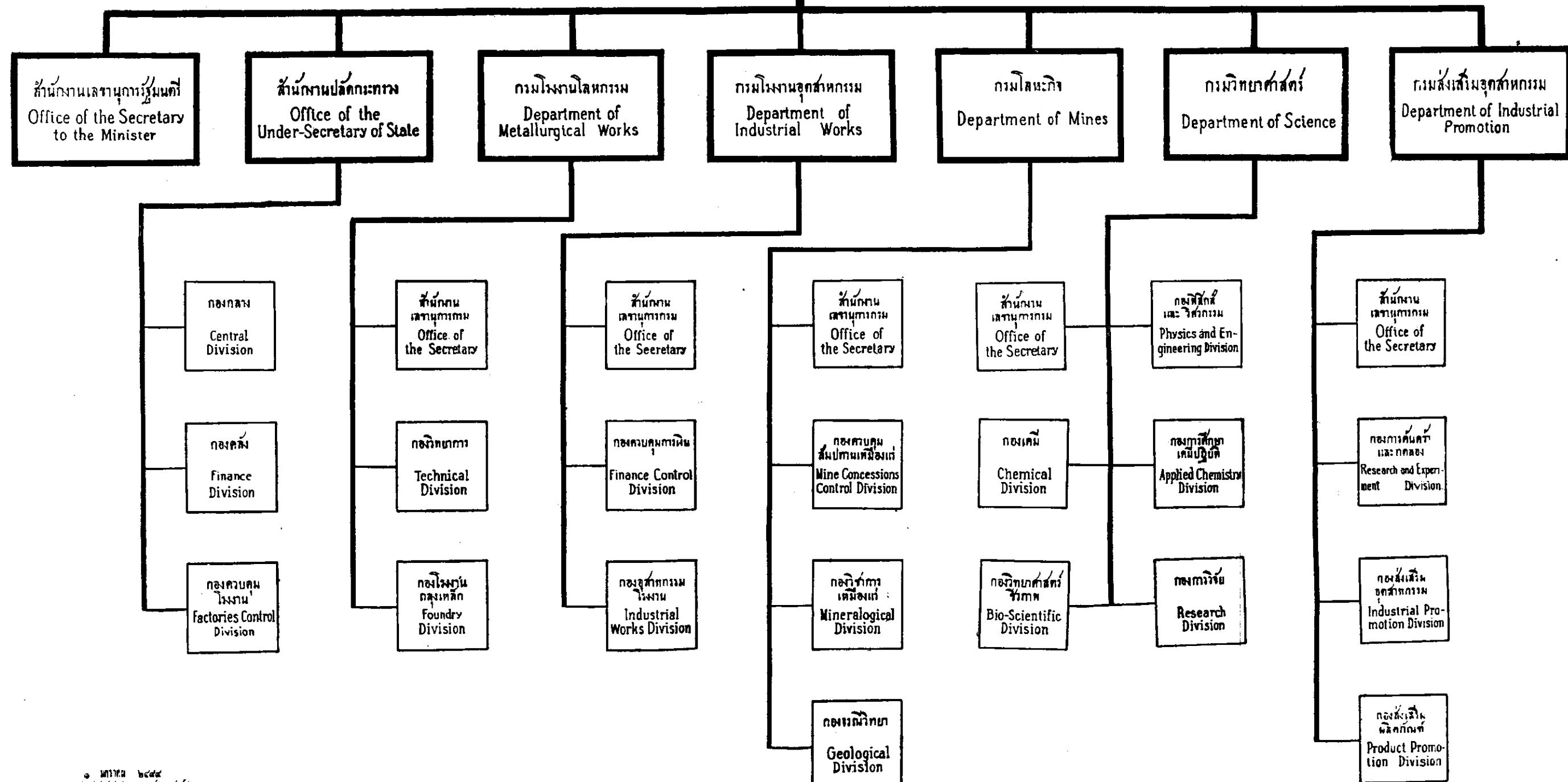


ក្រសួងកែរច្បាស់ការ
MINISTRY OF
ECONOMIC AFFAIRS



กระทรวงอุตสาหกรรม

Ministry of Industry



NATIONAL ECONOMIC COUNCIL ACT (B.E. 2493 - A.D. 1950)

* * * *

Section 4 - All powers and duties concerning government statistics vested in the Statistics Section, Department of Secretary General to Council of Ministers, Office of President of the Council of Ministers are hereby transferred. to the National Economic Council.

CHAPTER I.

Section 5 - National Economic Council shall be established consisting of President of Council of Ministers as chairman and not more than 20 other members who are qualified either by knowledge or experience in the science of economics.

Section 6 - Members of NEC are appointed or dismissed by the King on advice of Council of Ministers.

Section 7 - The President of Council of Ministers presides. . . . or may delegate

Section 8 - A Secretary General to the NEC shall be appointed to take charge of the administrative work of the Council and shall be directly responsible to the Chairman of the Council.

Section 9 - NEC may appoint sub-committees, each consisting of not less than 3 to study any subjects

Section 10 - The work of the NEC is divided into:

1. Agriculture group
2. Financial group
3. Commercial group
4. Industrial group
5. Communications group

Section 11 - NEC is empowered to appoint a chairman and members to the groups as may be published in the Gazette.

CHAPTER II.

Powers and Duties of NEC

Section 12 - 1. Give advice and opinion to the Government on matters affecting the economic improvement of the nation.

2. To advise the Government as to best methods to be followed in promoting and improving the economic welfare. . . .

3. To gather and compile statistics from the whole of the Kingdom.

* * * * *

CHAPTER III.

Section 14 - NEC is to meet at least once a month.

Section 15 - NEC may issue regulations re its own administrative works, etc.

Section 16 - NEC ~~audits~~ sub-committees may invite any person to make a statement or give expert advice.

Section 17 - The opinion to be submitted by NEC to the Government shall be the opinion of the majority in the meeting of the council attended by at least 1/2 of entire membership of the Council. In case of a tie, the chairman shall cast his vote.

Section 18 - The President of the Council of Ministers shall have charge . . . and can issue regulations for such purpose.

EXHIBIT 10

INDUSTRIAL PROMOTION ACT (B.E.2497)

BHUMIBOL ADULYADEJ P. R.

Given on the 4th of October B.E. 2497
Being the 9th year of the Present Reign.

By Royal Command of His Majesty King Bhumibol Adulyadej, it
is hereby proclaimed that,

Whereas it is deemed expedient to pass a law governing promotion
of industry;

His Majesty the King, by and with the advice and consent of
the Assembly of the People's Representatives, is graciously pleased
to enact the following Act:

SECTION 1. This Act shall be called the "Industrial Promotion
Act B.E. 2497".

SECTION 2. This Act shall come into force on and from the day
following its publication in the Government Gazette.

SECTION 3. In this Act "Industry" shall mean production of
every sort whether done mechanically or manually and shall include
agricultural industry, transportation, and tourist industries and
other activities which may be declared industries by Royal Decree.

"Commission" means the commission for the promotion
of industry.

"Minister" means the minister in charge according
to this Act.

"Official in charge" means the official in charge whom the Minister appoints as published in the Government Gazette to carry out the provisions of this Act.

SECTION 4. The Minister of Industry shall be in charge of carrying out the provisions of this Act and shall have the power to appoint officials in charge and to issue Ministerial Regulations for the carrying out of this Act.

SECTION 5. There shall be a commission for the promotion of industry composed of the following:

(1) the Minister of Industry, chairman, the Minister or Assistant Minister of Finance, the Minister or Assistant Minister of Economic Affairs, the Assistant Minister of Industry, the Under Secretary of State for Industry, the Under Secretary of State for the Interior and the Secretary General of the National Economic Council,

(2) representatives of the Ministries of Defense, Agriculture and Cooperatives, and

(3) not less than two, nor more than four others appointed by the Council of Ministers from those who are qualified in industry, finance or law.

There may be secretaries as the commission decide.

SECTION 6. Qualified commissioners shall hold office for three years.

SECTION 7. Commissioners shall vacate their office before the expiration of their terms through:

- (1) death,
- (2) resignation,
- (3) removal by the Council of Ministers.

If a vacancy occurs before the expiration of a term of office, a new commissioner shall be appointed for the remainder of the term vacated.

SECTION 8. A quorum for meetings of the commission shall consist of not less than half of all the commissioners.

SECTION 9. When the chairman is not present at a meeting, the commissioners present may elect any member chairman for that meeting.

SECTION 10. Resolutions and decisions shall be made by a majority of the votes cast.

Each member shall have one vote. In case of tie, the chairman shall cast an additional deciding vote.

SECTION 11. The commission shall have the power to appoint sub-commissions to perform the work or conduct fact-finding investigations within the jurisdiction and responsibility of the commission.

Section 8, 9 and 10 shall apply to meetings of the sub-commissions mutatis mutandis.

SECTION 12. The commission shall have the duty to advise the Council of Ministers with regard to the following matters:

- (1) The kind and size of industry which should be promoted, including the conditions under which the State should

promote it.

(2) Prohibition of an industry either throughout the country or in particular locality when it appears it may be detrimental to the economy or adversely affect public safety.

(3) Alteration of existing industry in keeping with the economy of the country or to insure safety.

(4) Exemption or reduction of import duties on machinery used in initiating or expending an industry on a large scale.

(5) Exemption or reduction for a limited period of taxes provided in the Revenue Code.

(6) Exemption or reduction for a limited period of import duties on materials which must be purchased abroad.

(7) The granting of foreign exchange for a single time at the official rate for the purchase of essential machinery from abroad according to the meaning of sub-section (4).

(8) Exportation of products including the exemption or reduction for a limited period of export duties according to the size of the industry.

(9) Giving protection to an industry by barring the importation of similar products or suspension of the licensing of like industries to prevent competition which may be harmful to the national economy.

(10) Remittance of funds in foreign currency when such funds represent foreign capital or interest from foreign investments.

(11) Permission of skilled workers or industrial experts to enter the country in excess of the immigration quota when the immigration quota for that country is filled.

SECTION 13. In the exercise of its authority, the commission shall have the power as may be necessary to summon any person to give testimony or to send documentary information in connection with an investigation.

The Ministry of Industry shall pay the transportation, lodging and expenses actually incurred and compensation as the Ministry may think fit to persons outside government service summoned under the preceding paragraph.

SECTION 14. In carrying out the provisions of this Act, the official in charge shall have the authority to enter the premises of any person during daylight to investigate and question persons there as to the facts, or to call from persons there and inspect documents or any other things related to the industry, as may be necessary. In such a case, the person in control of the premises shall extend reasonable facilities to the official in charge.

In case the entry of the official on the premises as provided in the preceding paragraph is not urgent, the person in charge of the premises shall be informed a reasonable time in advance.

SECTION 15. In acting under the provisions of Section 14, the official in charge shall show to the persons concerned his identity card which must carry the information required by the Ministerial Regulations.

SECTION 16. Conditions applied to the promotion of an industry of whatever kind or size shall be promulgated by a Royal Decree.

SECTION 17. The prohibition of the establishment of an industry of any kind or size or conditions affecting its organization, or alteration order shall be promulgated by a Royal Decree.

SECTION 18. After the promulgation of the Royal Decrees provided in Section 16, the Minister shall have the authority to enter into an agreement with the owner of the industry with the approval of the Council of Ministers concerning the matters provided for in Section 12.

In such agreement, the Minister may fix the conditions to apply to the owner of the industry.

In the event the owner of the industry does not observe the conditions laid down in the agreement, the Minister may suspend the assistance and may demand from the owner of the industry a penalty equal to not more than ten times the income derived from the assistance. If the income derived from the assistance given is not calculable, he may demand a penalty equal in amount to not more than ten times the net annual profit.

SECTION 19. When agreement is reached under Section 18, the Minister shall make known its provisions to the ministries, public bodies and departments concerned without delay, and such ministries, public bodies and departments shall have the authority and duty to act according to the provisions therein provided.

SECTION 20. Any person who

(1) does not act in accordance with the orders of the commission under Section 13, or
(2) opposes or fails to give facility to the official in charge under Section 14 shall be subject to a fine not exceeding 10,000 baht or imprisonment not exceeding one year or both.

SECTION 21. A person who establishes an industry prohibited by Royal Decree or who establishes an industry in contravention of the conditions laid down under Section 17, or does not make the alterations under the provisions of Section 17 shall be punished with a fine not exceeding 50,000 baht or an imprisonment not exceeding one year one year or both; and such industry established contrary to the provisions of this Act shall be closed.

Countersigned by:

Field Marshall P. PIBULSONGGRAM

President of the Council of Ministers.

EXHIBIT 11

NOTIFICATION OF THE MINISTRY OF INDUSTRY

Re: Industrial Promotion

Whereas His Majesty's government's firm policy is to promote domestic industry and assist those engaged in industry, of Thai as well as foreign nationality, to do so freely, the following general principles and procedures in the promotion of industry are set forth:

Kinds of Industry

1. Investment of capital of Thai or foreign persons in industry may in general be made freely regardless of whether the investment is made entirely by Thai persons or entirely by foreign persons or is made by a company or partnership.

The government will not interfere with the ordinary operations of persons engaged in industry and will not give special rights to any person, not even to organizations of the state itself engaged in the same or similar types of work..

2. The following activities are exempted from the provisions of clause 1 :

(a) Activities reserved to the state

- 1) Manufacture of arms including ammunition and explosives other than fireworks.
- 2) Cigarette manufacture.
- 3) Railroads.

- 4) Harbour activities.
- 5) Domestic civil aviation.

(b) Activities in which persons engaged must enter into a contract with the government.

- 1) Manufacture of alcoholic beverages and beer.
- 2) Public passenger transportation.
- 3) Electric works.
- 4) Water works.
- 5) Telegraph service.
- 6) Telephone service.
- 7) Prospecting and mining and quarrying.
- 8) Prospecting, producing and refining petroleum.
- 9) Forestry.
- 10) Banking.
- 11) Life and casualty insurance.

Promotion

3. The government will consider according to the Industrial Promotion Act B.E. 2497 the promotion of persons whether Thai or foreign, engaged in industry in any or all of the following ways:

- (a) Suspend or lower import taxes on machinery used in establishing or substantially enlarging the industry.
- (b) Suspend or lower domestic taxes in the Revenue Code for a limited period.

- (c) Suspend or lower import taxes for a limited period on materials which must be purchased abroad.
- (d) Permit the export of things produced as well as to suspend or lower export duties for a limited period depending on the scale of the industry.
- (e) Protect the industry by banning the import of the same kind of products.
- (f) Permit the export of foreign exchange when it represents foreign capital or profits derived from the investment of foreign capital.
- (g) Permit the entry of skilled craftsmen and exports in the industry outside of the entry quota when the entry quota for that country is filled.

With respect hereto, agreements shall be entered into with the owners of the industry under Section 18 of the Industrial Promotion Act B.E. 2497.

4. The government absolutely will not transfer the industry to the state.

5. Industries to be promoted as stated herein must be included in the categories and conditions published by Royal Decree. At present, by Royal Decree, three categories of industry and conditions have been published, to wit:

- (a) metal industries.
- (b) sugar industries.
- (c) gunny bag industries.

(Royal Decree Specifying the Categories, sizes of and Conditions for Industrial Enterprises to be Promoted B.E. 2498. Government Gazette Vol. 72, Part 45, dated June 21, 2498)

The government will consider the publication by Royal Decree of further categories of industries and conditions. The government will be glad to consider a request from any person desiring to invest, who has a plan for industrial operation and reasons, for the government to publish by Royal Decree any category of industry in order to make that industry eligible to receive promotion.

6. Persons engaged in industry who desire to receive the aid available under this notification shall show plans and reasons satisfying the Industrial Promotion Committee of their ability to manufacture products of reasonable quality and price which will be competitive with similar products from abroad within the time the Industrial Promotion Committee fixes for each case.

Inquiries

7. Persons, whether Thai or foreign, desiring to make investments and interested persons generally are invited to make inquiries of the secretary of the Industrial Promotion Committee at the Industrial Promotion Department, on the grounds of the Ministry Industry, Rama VI Road, Bangkok.

Published on the 21st of October 2498.

Lt. Gen. B. DEPHASADIN na AYUDHA,

Ministry of Industry

ROYAL DECREE

Specifying the Categories and Sizes of and Conditions for
Industrial Enterprises to be Promoted (No. 2)

B.E. 2499

BHUMIBOL ADULYADEJ P.R.

Given on the 13th of April B.E. 2499
Being the 11th year of the Present Reign.

By Royal Command of His Majesty King Bhumibol Adulyadej,
it is hereby proclaimed that,

Whereas it is fitting to specify the categories and sizes of
and conditions for industrial enterprises to be promoted;

His Majesty the King, by virtue of the power conferred in
Section 95 of the Constitution of the Thai Kingdom B.E. 2475 as
amended in B.E. 2495 and Section 16 of the Industrial Act B.E.
2497, is graciously pleased to enact the following Royal Decree.

SECTION 1. This Royal Decree shall be called the "Royal Decree
Specifying the Categories and Sizes of and Conditions for Industrial
Enterprises to be Promoted (No. 2) B.E. 2499".

* * * * *

SECTION 2. Industrial enterprises which will be promoted
under the Industrial Promotion Act B.E. 2497 are of the categories,
sizes and subject to the conditions listed in the table annexed to
this Royal Decree.

In addition to complying with the conditions listed
in the table annexed to this Royal Decree, persons engaging in those

industrial enterprises shall show a plan and reasons which satisfy the Industrial Promotion Commission of their ability to produce commodities of reasonable quality and price which may compete with commodities of the same class from abroad within a period of time which the Industrial Promotion Commission will specify in each case.

SECTION 4. The Ministry of Industry shall be in charge of the execution of this Royal Decree.

Countersigned by;

Field Marshall P. PIBULSONGGRAM,
President of the Council of Ministers.

Table annexed to the Royal Decree Specifying the Categories and Sizes of and Conditions for Industrial Enterprises to be Promoted
(No. 2) B.E. 2499:

| SERIES | CATEGORY | SIZE | CONDITIONS |
|--------|-------------------------------|--|--|
| 1 | Cotton spinning industry | No fewer than 3,000 spindles | |
| 2 | Woaving industry | No fewer than 50 looms | |
| 3 | Enamelled metal-ware industry | Every size | Manufacture must include everything from making of forms to completion of enamelling |
| 4 | Pottery industry | Annual production of not less than 100 tons | Most of the raw materials must be of domestic origin and the pottery produced must be the glazed variety |
| 5 | Cement industry | Annual production of not less than 50,000 tons | Manufacture from natural raw materials to powdered cement |
| 6 | Firobrick industry | Annual production of not less than 350 tons | Most of the raw materials must be of domestic origin |