
7. Thailand

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I. Introduction

By the mid-1990s it was evident that the Thai military had begun to take its modernization programme seriously. In 1994 the programme was officially outlined in Thailand's first defence White Paper.¹

The main emphasis of the programme appears to be the acquisition of more modern weaponry: the armed forces intend to spend 75–100 billion baht (\$3–4 billion)² on armaments between 1997 and 2006.³ The major procurement programmes proposed include new assault rifles, armoured personnel carriers (APCs), light tanks, helicopter gunships, frigates and other major surface ships, two submarines, F/A-18 Hornet fighter aircraft, a military satellite and electronic warfare systems.

In the new post-cold war regional security environment the rationale for such a significant arms modernization programme can be questioned. This chapter examines the decision-making structures and processes behind the procurement of major conventional arms in Thailand. The country's current decision-making structure and arms procurement process are outlined in section II, and the present arms procurement programmes in section III. Section IV examines the problems with the existing structure; factors affecting arms procurement are described in section V; and in section VI a model for an ideal type of arms procurement decision-making structure as well as the problems anticipated in implementing this model are discussed. Section VII presents the conclusions.

¹ Thai Ministry of Defence, *The Defence of Thailand 1994* (Supreme Command Headquarters: Bangkok, 1994), p. 20.

² An exchange rate of 25 baht = US \$1 is used here, based on the average exchange rate between 1990 and mid-1997. *International Financial Statistics*, Mar. 1998.

³ Tunyasiri, Y., 'Govt may slash military's shopping list', *Bangkok Post*, 4 Apr. 1996, p. 6; Brooke, M., 'Thailand's new policy for ASEAN?', *Asian Defence Journal* (Feb. 1996), p. 99; and Tasker, R., 'Hold the hardware', *Far Eastern Economic Review*, 23 Jan. 1997, p. 18.

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This chapter was written in late 1996/early 1997 before the financial crisis in Asia. Since then many of the planned weapon procurement programmes have been put on hold.

II. The arms procurement decision-making process

After Thailand became a constitutional monarchy in 1932, the military leaders dominated Thai politics for many years, although there were short periods of civilian rule. Since the 1980s, however, various aspects of Thai society have undergone a transformation. Rapid economic growth has been accompanied by the rise of a middle class. In the area of security, the fundamental threats to Thailand's internal security posed by the communist insurgency and the armed separatists since the 1940s have virtually disappeared and the external threats posed by the communist governments of Indo-Chinese countries in the 1970s have also evaporated. In the 1980s, the country's political stability was further strengthened under the leadership of Prime Minister General Prem Tinsulanond (1980–88). With the increasing participation of business executives in the Thai political process, the military has gradually had to relinquish some of its power.

In 1991 an attempt by the military to hold on to power after General Suchinda Kraprayoon assumed the post of Prime Minister was met with mass demonstrations. Protests and the subsequent riots in Bangkok in May 1992 effectively forced the military to step back from politics.

After the May 1992 demonstrations, the National Assembly passed a constitutional amendment to prohibit serving military officers from assuming the post of Prime Minister: only elected Members of Parliament (MPs) may now become Prime Minister. It also designates the Speaker of the House of Representatives instead of the Speaker of the Senate as Speaker of the Parliament. This prevents the military-dominated Senate from controlling the lower house. Furthermore, the powers of the appointed senators to initiate a general debate against the Thai Government and to vote on motions of no confidence have been limited by new amendments. Finally, the 1976 Internal Peacekeeping Commander Act, which gave excessive power to the military, was repealed and the use of force by the military in domestic affairs now requires Cabinet approval. In short, an era of strong military rule is coming to an end and the representative parliamentary system continues to evolve.

Increased civilian control over the military after the May 1992 violence is also gradually being reflected in the arms procurement process. The Cabinet now has to approve any major arms procurement programmes and the House of Representatives approves the defence budget as a whole. Although the military still retains a considerable influence over arms procurement decisions there seems to be a greater willingness on its part to explain its proposals to the public.

In the 1990s the Thai economy has undergone rapid transformation and seen high rates of growth. Real gross domestic product (GDP) increased by an average of 7 per cent per year between 1983 and 1993.⁴ In 1995, GDP was

⁴ Thai National Economic and Social Development Board, [National economic and social development annual report] (NESDB: Bangkok, 1994) (in Thai).

\$164.5 billion—an increase from \$86 billion in 1990.⁵ Despite the set-backs in 1997, the general trend indicates growth in export-oriented industries, a significant shift of production centres from Japan to Thailand and an increase in the contribution of light industries to the Thai economy.

As these factors combine to dissipate the military's domination, the government is expected to become more responsive and perhaps more accountable to the public. The attention being paid to arms procurement policies suggests that the public also expects to see greater transparency in this area.

The structure of arms procurement decision making

The nominal head of the command structure of the armed forces is the King. The Prime Minister answers to the King and the Minister of Defence reports to the Prime Minister. The overall responsibility for operations, organization and administration of the three armed services rests with the Minister of Defence and the Supreme Commander and Commanders-in-Chief of the Royal Thai Army (RTA), the Royal Thai Navy (RTN) and the Royal Thai Air Force (RTAF) report to him. Other actors with a role in defence issues include the National Security Council (NSC) and the Defence Council. The NSC is chaired by the Prime Minister and coordinates foreign and security policies for the government. Other members of the NSC include the Deputy Prime Minister, the Ministers of Defence, Foreign Affairs, the Interior, Transport and Finance, and the Commanders-in-Chief of the three armed services. The Defence Council is chaired by the Deputy Minister of Defence and makes decisions, among other things, on general military policies and on the Ministry of Defence (MoD) budget.⁶

In general, the arms procurement decision-making process in Thailand can be divided into five levels. The first level is within the three armed services. The Supreme Command Headquarters becomes involved at the second level. The MoD, which is one of the most important actors in the process, represents the third level. Quite often procurement proposals can be determined at the lower levels. However, at the fourth level, proposals for new or major systems requiring funds that exceed the budget allocation of the MoD are forwarded to the Prime Minister and Cabinet for consideration. Finally, at the fifth level, the Parliament is responsible for approving the expenditure for the proposed procurement in the form of an annual budget for the MoD. The five levels of arms procurement decision making are described in detail below.

The armed services

Procurement of armaments and other military equipment by the RTA, the RTN and the RTAF generally begins in a bottom-up manner with the drawing up of

⁵ International Monetary Fund, *International Financial Statistics Yearbook 1997* (IMF: Washington, DC, July 1997).

⁶ Brooke, M. and Wassana, N., 'The military in Thailand', *Strategic Digest*, vol. 26, no. 9 (Sep. 1996), p. 1400.

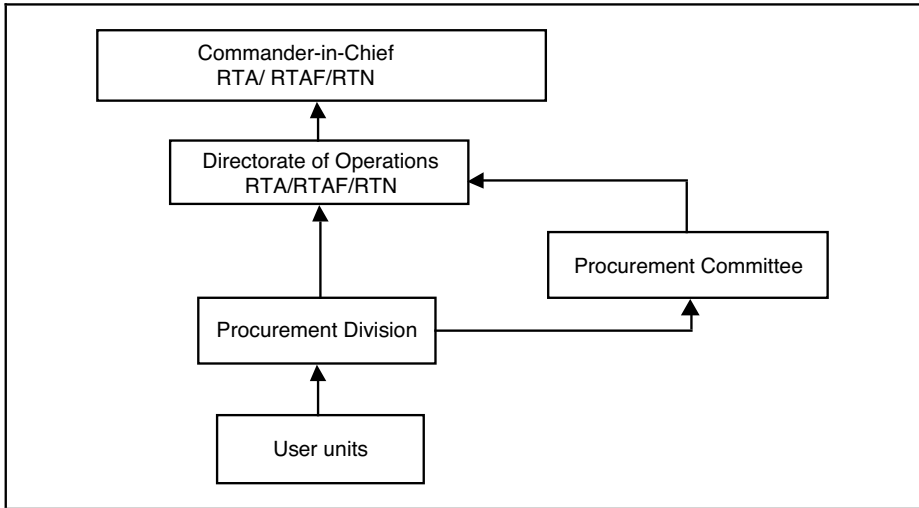


Figure 7.1. The arms procurement structure in the Thai armed services

Notes: RTA = Royal Thai Army; RTAF = Royal Thai Air Force; RTN = Royal Thai Navy.

Source: Army Staff College, [Joint logistic activities of the Thai armed forces] (Institute of Army Studies: Bangkok, 1996), p. 42.

an equipment request by a military unit or user service (see figure 7.1). The request usually includes a detailed specification of the equipment needed and states the case for the request. It is then submitted to the procurement division of the respective branch of the armed services.

The procurement division then draws up a procurement plan, determines the availability of resources and seeks initial approval from the Commander-in-Chief to set up a procurement committee. The main task of the procurement committee is to evaluate the plan and to forward it to the Directorate of Operations with a recommendation. The Directorate of Operations, in turn, examines the proposal and makes its own recommendation to the Commander-in-Chief. Finally the relevant Commander-in-Chief considers the plan. If it is within his budget allocation, he can authorize procurement at this point. New or major procurement programmes that exceed the annual budget of each of the armed services, however, need approval from a higher authority. In this case, the procurement proposals are forwarded to the Supreme Command Headquarters.

The Supreme Command Headquarters

At the Supreme Command Headquarters, arms procurement proposals are evaluated according to the regulations of the armed forces. These include rules on logistical supply, Cabinet decisions, and orders of the Minister of Defence and the Prime Minister. For example, established Supreme Command Headquarters guidelines for multi-service application are also followed closely at this

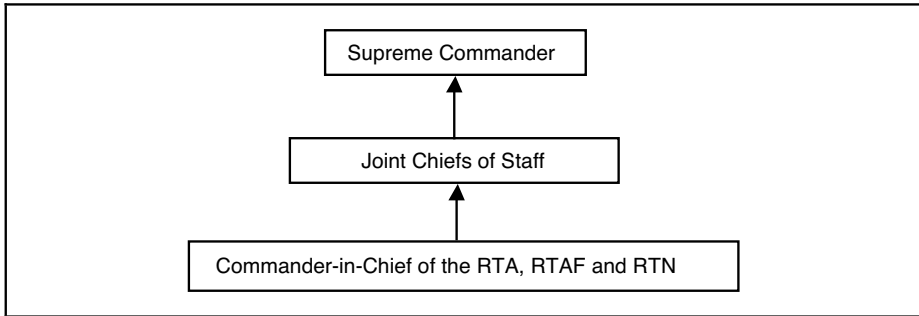


Figure 7.2. The arms procurement structure at the Thai Supreme Command Headquarters

Notes: RTA = Royal Thai Army; RTAF = Royal Thai Air Force; RTN = Royal Thai Navy.

Source: Army Staff College, [Joint logistic activities of the Thai armed forces] (Institute of Army Studies: Bangkok, 1996), p. 43.

level. In addition, procurement plans are evaluated on the basis of a five-year defence plan using the planning, programming and budgeting system. After initial evaluation, the Supreme Command Headquarters consults with the armed services to set priorities among the competing procurement proposals if necessary. In the coordination process, the Joint Chiefs of Staff are responsible for examining the needs of each of the armed services and for determining security requirements (see figure 7.2).

After these coordination and evaluation procedures, the procurement proposal is submitted to the Supreme Commander for approval. If approved, it is forwarded to the MoD for further consideration. It is not customary for the Supreme Commander to propose procurement, although recently he proposed the purchase of approximately 300 APCs for the army and of light tanks for the marines.⁷ This initiative can be explained as an attempt to avoid duplication in the equipment needed by the three armed services.⁸

The Ministry of Defence

Proposed arms procurement programmes submitted to the MoD are evaluated by a joint committee at the level of the MoD Directorate of Joint Operations (see figure 7.3) consisting of representatives from the three armed services. The committee makes a recommendation and forwards the proposed programme to the Permanent Secretary of Defence, who determines whether it is in line with the ministry's policies and regulations. If it is, the Permanent Secretary submits the proposal to the Minister of Defence for final approval. The Minister is the

⁷ 'Viroj denies allegations in army deal', *The Nation* (Bangkok), 14 Aug. 1996, p. 2; 'Supreme command to review APCs purchase', *The Nation*, 10 Sep. 1996, p. 1; and Wassana, N., 'Viroj defends move to buy Giat vehicles', *Bangkok Post*, 12 Sep. 1996, p. 4.

⁸ Vatikiotis, M., 'Wheeling and dealing', *Far Eastern Economic Review*, vol. 159, no. 25 (20 June 1996), p. 14.

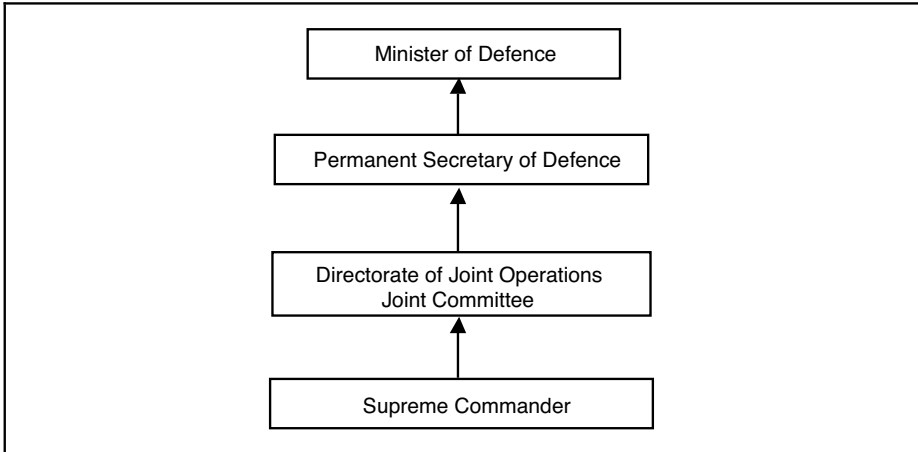


Figure 7.3. The arms procurement structure at the Thai Ministry of Defence

Source: Army Staff College, [Joint logistic activities of the Thai armed forces] (Institute of Army Studies: Bangkok, 1996), p. 43.

highest authority within the military establishment and all major proposals for arms procurements go to him for approval. If the proposed procurement is within his budgetary powers he can authorize it at this point, but if it is new or requires additional funds not allocated to the MoD, he is required to forward the proposal to the Cabinet for consideration.

Traditionally, the Minister of Defence seldom proposes arms procurement programmes independently, although in 1995 Minister of Defence General Chavalit Yong-chaiyudh proposed a 26-billion baht (\$1.04 billion) military satellite project.⁹

The Cabinet

Before the Minister of Defence forwards a procurement proposal to the Cabinet for consideration, he is expected to have the support of the Director of the Bureau of the Budget (BoB) regarding funding. The BoB, which comes under the Ministry of Finance, is responsible for determining the availability of funds for specific procurement proposals, giving advice on financial matters and facilitating the payment process. If the BoB confirms the possibility of funding, the Minister of Defence submits the proposal to the Cabinet (see figure 7.4). The role of the BoB is thus crucial. Without the support of its Director arms procurement proposals have little chance of being included in the Cabinet's agenda for consideration. In early 1995 the Director of the BoB refused to

⁹ According to Chavalit the military needed its own satellite since commercial satellites do not cover certain areas and their military use is restricted. Wassana, N., 'Chavalit wants B26b military satellite plan', *Bangkok Post*, 18 Sep. 1995, p. A1; and Wassana, N., 'Chavalit puts satellite project under his control', *Bangkok Post*, 9 Apr. 1996, p. A3.

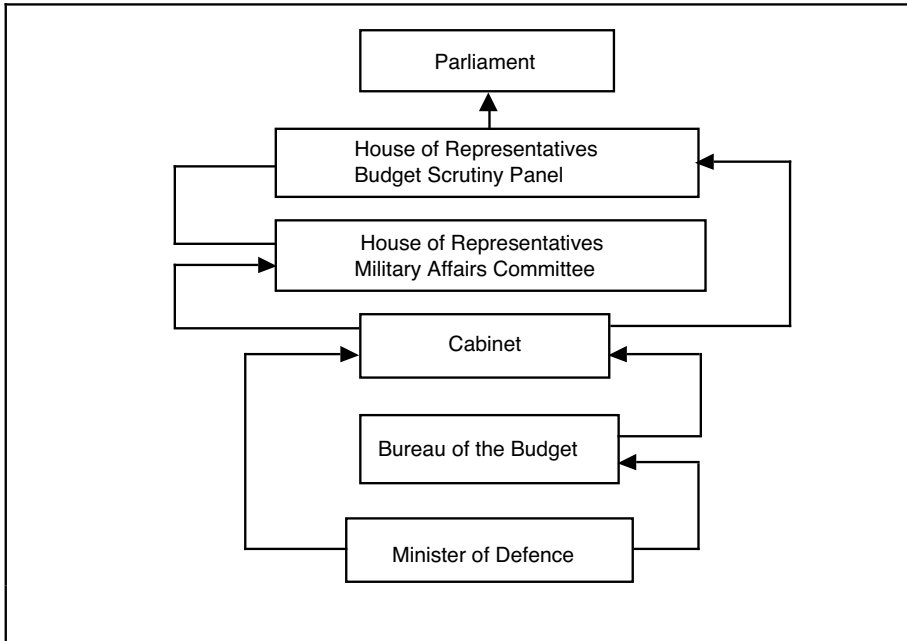


Figure 7.4. The arms procurement structure in the Thai Parliament and Cabinet

Source: Committee Division [Summary report on the budget act] (Bureau of the Budget: Bangkok, 1996).

support a RTN proposal to buy two medium-sized submarines on the grounds that the payments would exceed the five-year limit set by the Bureau, and the Minister of Defence had to withdraw the proposal.¹⁰

After the BoB has confirmed the availability of funds, the Prime Minister and other members of the Cabinet decide whether or not to approve the proposal in principle. In the past, the Prime Minister and Minister of Defence were the key Cabinet members directly involved with arms procurement. The Cabinet still relies heavily on the Minister of Defence in security-related decisions. The military also influences the process since the directors of the various intelligence services provide the information on which these decisions are based. Most of the actors in this process are serving military officers.

Recently, however, the Cabinet adopted a new policy on counter-trade agreements in connection with arms imports. The new policy requires a counter-trade agreement with the supplier if the cost of a project exceeds 1 billion baht.¹¹ With this policy, other Cabinet members such as the Minister of Commerce

¹⁰ 'Navy's bid to buy subs may be sunk: Finance says other development projects must take priority', *The Nation*, 21 Jan. 1995, p. A1; and 'Navy drops plans to buy submarines', *The Nation*, 22 Feb. 1995, p. A1.

¹¹ [Reformulating counter-trade agreement: green light for big Jew to buy arms?], *Matichon*, 29 Apr. 1996.

have become more involved in the arms procurement process. For example, in return for the RTAF purchase of eight F/A-18 fighter aircraft (a deal which never materialized), the USA was asked to buy Thai products worth about 25 per cent of the 10 billion baht (\$400 million) deal.¹² To implement this, the approval of the Minister of Commerce was needed.¹³

After all the requirements have been satisfied, the Cabinet approves the proposal, which is then included under MoD expenditure. Finally at this level, the proposed MoD budget is submitted to the Parliament with the budgets of other ministries and enters into the drafting process for the next government budget.

In general, the influence of the Cabinet on major arms procurement projects has increased in recent years. The Prime Minister and Cabinet members have been able to intervene directly in the military's procurement planning: in 1996, for example, 14 projects were shelved.¹⁴

The House of Representatives

All proposed budgets are examined by the Budget Scrutiny Panel of the House of Representatives. The Military Affairs Committee may also be consulted on specific strategic and military issues relating to arms procurement proposals (see figure 7.4); however, it has so far not made use of its power to make the military more accountable. This is mainly because most of the committee members are former military officers. If the proposed defence budget is initially approved by the Budget Scrutiny Panel, it is submitted to the Parliament for a final reading as part of the drafting of the annual budget bill. Once the bill is passed, the MoD can proceed with the normal routine of procuring arms for the next fiscal year.

In recent years the influence of the House of Representatives in the arms procurement process has been more discernible. For example, members of the house have openly questioned the military on issues of transparency, accountability and the legitimacy of arms purchases, particularly during parliamentary debates on the annual government budget.¹⁵ This has led to tensions and conflicts between military leaders and politicians. Hitherto the military has dominated the process, as the structure of arms procurement shows. However, the politicians are gaining influence, particularly through their oversight of military spending during the budget process.

¹² 'Air force to ask US to buy Thai goods', *Bangkok Post*, 3 May 1996, p. A3. Another report gave a counter-trade requirement of 50% of contract value. 'The military in Thailand', *Asian Defence Journal*, no. 7 (1996), p. 25.

¹³ In this particular case, McDonnell Douglas hired an outside contractor in Japan to manage the offset package. The Tokyo-based contractor is to sell \$90 million-worth of Thai food and agricultural products, plastics, toys, garments, ceramics and leather, which the USA has to purchase on the international market. Opall, B., 'Outside contractor to handle McDonnell Thai fighter offsets', *Defense News*, vol. 7 (July 1996), p. 10.

¹⁴ 'The Cabinet will decide on arms soon, says Banharn', *The Nation*, 15 May 1996, p. 7; and 'Banharn cites deficit worries as B17b sub purchase goes under', *Bangkok Post*, 2 May 1996, p. 1.

¹⁵ Tunyasiri (note 3); 'Opposition attacks military spending', *The Nation*, 26 Apr. 1996, p. 3A; 'PM hit over arms talks with military', *The Nation*, 13 June 1996; and 'Democrats stand firm over military's budget', *The Nation*, 17 July 1996, p. A1.

Threat perception

Under the current Thai decision-making structure, the military élite can easily implement a national defence doctrine and most arms procurement policies independently, without being subjected to the direct influence of other actors. In recent decades arms procurement policies have, to a great extent, reflected the military's interests and perceptions. For instance, when challenged by the communist insurgency in several rural areas beginning in the late 1950s, the military élite attempted to counter communism with military force.¹⁶ This was seen as an appropriate counter-insurgency strategy by most of the military élite. To support it, the decision was made to adopt arms procurement programmes focusing on small arms, light armoured vehicles and equipment for guerrilla warfare. This strategy and policy proved to be a mistake as the number of communist insurgencies increased rapidly and the military was faced with severe resource limitations.

In the 1970s, the military élite concluded that the immediate threat emanated from Viet Nam. It envisioned an attack on Thailand by Viet Nam with support from Cambodia and Laos.¹⁷ Emphasis then shifted from a counter-insurgency strategy to a more conventional warfare scenario. Certain arms 'modernization' programmes were initiated simply to counter the 'Vietnamese threat'. The procurement of F-16 fighter aircraft and the Stingray light tanks are examples.¹⁸ Throughout the 1970s several major procurement programmes were based on this perception and a vast quantity of weapons was delivered to Thailand in the 1970s and 1980s.¹⁹

At this time no formal or official concept of national security, threat assessments or national interests was articulated openly or regularly in Thailand. Threat perceptions were broadly perceived, loosely defined and heavily influenced by socio-cultural factors. The concept of national security was articulated by some of the Thai élite²⁰ but not until 1994 was a concept formally stated and systematically described in the first defence White Paper. In this White Paper, it is asserted that the country's national interests are: (a) the maintenance of the state with independence, sovereignty and territorial integrity; (b) the happiness and well-being of the people; (c) the growth and advancement of the nation as a whole, both in economic and social terms and through the existence of an administrative system that benefits the people; and (d) honour and prestige in the international community.²¹ The concept of threats to Thailand is thus based

¹⁶ Chai-anan, S., Kusuma, S. and Suchit, B., *From Armed Suppression to Political Offensive* (Institute of Security and International Studies: Bangkok, 1990).

¹⁷ Sukhumbhand, P., 'Thailand: defence spending and threats perceptions', ed. Chin Kin Wah, *Defence Spending in Southeast Asia* (Institute of Southeast Asian Studies: Singapore, 1987), p. 87.

¹⁸ For the F-16 case, see Bamrungasuk, S. (ed.), *F16s and Thai Politics*, 2nd edn (Institute of Security and International Studies: Bangkok, 1985). The Stingray case was described by Gen. Patra Akranibut in Oct. 1995 in a private communication with the author.

¹⁹ Brzoska, M. and Ohlson, T. (eds), SIPRI, *Arms Transfers to the Third World 1971–85* (Oxford University Press: New York, 1987).

²⁰ Alagappa, M., *The National Security of Developing States: Lessons from Thailand* (Auburn House: Mass., 1987), pp. 32–39.

²¹ Thai Ministry of Defence (note 1), pp. 18–19.

on all security concerns in a very broad sense, encompassing all levels and aspects of politics, economics and socio-cultural issues.

At present, the military élite is becoming more attentive to the ‘uncertainties’ of the post-cold war regional environment.²² In particular, it is increasingly concerned about the competition for offshore resources and conflicting maritime claims in the region. It perceives that, over the long term, conflicts may arise at sea that could have a significant impact on Thailand’s security²³ and argues that Thailand’s geographic location is disadvantageous in situations of maritime conflict, since about 95 per cent of its trade is ocean trade. As the economy is increasingly dependent on international trade, the military élite believes that sea lines of communication will become more critical to the country’s security. In January 1997 the RTN drew up a 10-year plan to strengthen the naval forces which stated that the RTN will pursue its arms acquisition plan regardless of the budget restraints and austerity policy reiterated by the Prime Minister.²⁴ However, the RTN has not identified any specific potential threats to justify its procurement plans.

Oversight of military expenditure

The approval of the national budget involves three main stages. First, the BoB drafts the annual budget bill. Second, the bill is passed to the Parliament for approval. After the Parliament has passed the budget proposal it becomes an act. Finally, government ministries and equivalent agencies adopt the budget act for implementation.²⁵

From a policy perspective, the second stage is the most critical. It involves three important activities. First, the government presents the budget proposal to the House of Representatives. Should the House of Representatives not accept it for consideration, the government must resign or the House of Representatives be dissolved. Second, when the budget proposal is received, a Budget Scrutiny Panel is set up to consider modifications to it. After the proposal has been considered and modified, it is forwarded to the Parliament for debate and further modification. Finally, the House votes.

Under the constitution MPs have the mandate to debate and examine proposed expenditure and approve the general budget each fiscal year. They may also suggest amendments. Most MPs take this occasion to exercise their control over the bureaucracy and the government in power. Generally the budget debate is broadcast live; many MPs take this opportunity to make themselves known or to increase their popularity with the public. Most of the debates, therefore, are

²² Thai Ministry of Defence (note 1), p. 16.

²³ Royal Thai Navy, [Document on submarine procurement programme] (RTN: Bangkok, Jan. 1995), pp. 1–2.

²⁴ [Navy, air force to pursue arms acquisition plans], *Matichon*, 23 Dec. 1996, pp. 1, 12 (in Thai) in Foreign Broadcast Information Service, *Daily Report—East Asia (FBIS-EAS)*, FBIS-EAS-96-249, 27 Dec. 1996.

²⁵ Chaiwat, S-A., ‘Defence budgeting’, SIPRI Arms Procurement Decision Making Project, Working Paper no. 57 (1995), p. 6.

lively and tend to be unmerciful to the requesting ministry. MoD proposals, however, have been received more cautiously. In fact, usually only a few MPs propose modifications and far fewer actually debate the proposal each year.²⁶ Any debate has been of a very careful nature, often with a very apologetic opening remark followed by the explanation that their parliamentary duty ‘forces’ them to scrutinize the proposals, such as: ‘I desire to reiterate to the Parliament that I have no ill will towards the army, air forces, navy or the Supreme Command. I have no personal animosity towards any individual; I am merely carrying out my MP duties correctly’. ‘I do not want to cut [the defence budget]. In reality, I don’t want to cut it because it cannot be cut. Even if I were to speak of cutting it for ten days and ten nights, it still can’t be cut.’ ‘Please do not think that I hold any ill will towards anyone or towards our country. I have good intent towards everyone and desire for the benefit of our country. I have no desire to disparage or to disdain anyone in any way.’²⁷

In the past, the most frequently proposed modification concerned the military’s classified activities. Proposals to cut or trim down these activities tend to become controversial and receive a great deal of media coverage. Other reductions in the defence budget have been proposed by MPs in the past, but have been relatively small and have usually focused on less significant areas. For instance, one MP proposed reducing spending on the military glass, battery and clothing manufacturing departments.²⁸ A cut in the military’s rural development project, ‘Green Isaan’, was proposed by another MP who reasoned that the project duplicated an existing army programme and was not expected to achieve its goals.²⁹ Some MPs have asked about the total costs of weapon systems, but the military has not responded to these questions. Since such details and information are not available there has been no debate on the life-cycle costs of proposed weapon systems in the Parliament.

Past records indicate that after the Parliament has debated the proposed modifications the MoD has sometimes ended up with more than it originally requested. For instance, in 1991 the MoD received 93 million baht (\$3.72 million) more than its original request. In the years when the MPs’ proposed reductions were successful, the actual reductions were still minimal. For example, the cuts in 1985 and 1986 represent only about a 1.0–1.3 per cent reduction and those in 1987 and 1990 amounted to between 0.024 and 0.003 per cent.³⁰ The MPs’ attempts to control military spending appear to be rather symbolic, but they usually receive considerable public attention and media coverage. Attempts to control military spending are perhaps perceived as a civilian challenge to military domination in Thai politics. In the end, the failure to control the defence budget is often attributed to a lack of any right to information under

²⁶ For statistics, see Chaiwat (note 25), p. 7.

²⁷ Statement by three different MPs, cited in Chaiwat (note 25), p. 8.

²⁸ Chaiwat (note 25), p. 10.

²⁹ Chaiwat (note 25), p. 10.

³⁰ Chaiwat (note 25), pp. 11–12.

the constitution, a shortage of staff with a knowledge of military affairs, and an absence of sophisticated analyses to counter the military's arguments.

Since the May 1992 demonstrations and the subsequent constitutional amendments, attempts to exert control over military spending have been more successful. MPs, for example, have focused more on arms procurement spending and obsolete military activities. Larger cuts have been proposed and requests to examine military expenditure have been more assertive. In 1996 members of the Budget Scrutiny Panel proposed a 1 billion baht cut on the 1997 expenditure of the Internal Security Operation Command (the agency set up to fight communism) on the grounds that there were no communists left to fight.³¹ On another occasion, a member of the panel questioned the legitimacy of the Supreme Command Headquarters' handling of the purchase of 295 APCs worth 7 billion baht (\$280 million).³² Hitherto, the most controversial incident has been the demand by members of the panel that the three Commanders-in-Chief testify before it with full details of spending. The Commanders-in-Chief had never before had to appear in front of civilian politicians to defend their budget and they refused to do so. When they failed to show up and sent lower-ranking officers to testify, the members of the Budget Scrutiny Panel walked out of the meeting and vowed not to approve the defence budget. This particular incident received a great deal of public attention and was widely reported.³³

The Budget Scrutiny Panel is not the only body to attempt to exert control over military spending, particularly on arms procurement. The Prime Minister and Cabinet have been gaining increasing influence in curbing spending on armaments. In the past, most Cabinet members did not object to or were unable to influence the military's proposed programmes. Recently, they have managed to slow down and even reject several major proposals. For example, 14 proposed projects including two submarines, additional F-18 fighters and new rifles for the army were deferred by Prime Minister Banharn Silapa-Archa in early 1996.³⁴ The procurement of two small submarines, in particular, has been rejected by three prime ministers since 1993. In this case the official reason has been the 17 billion baht (\$680 million) cost.³⁵ Financial difficulty has in fact been cited by politicians several times in the past, but under the current domestic conditions politicians have been more successful in using financial reasons to delay or oppose arms procurement programmes.

³¹ 'Democrats stand firm over military's budget', *The Nation*, 17 July 1996, p. A7.

³² 'Armored cars raise questions', *The Nation*, 13 Sep. 1996, p. A6.

³³ However, the incident ended with a compromise as the military sent higher ranking officers with more details on spending to testify before the budget panel. For more details, see e.g., 'Armed forces' chiefs told to see budget panel', *Bangkok Post*, 15 July 1996, p. A1; 'Boonchu plans counterattack on military spending budget', *Bangkok Post*, 17 July 1996, p. A6; [Boonchu clashes with big Jew: conflicts over military budget], *Matichon*, 17 July 1996, p. 2; 'Democrats stand firm over military's budget', *The Nation*, 17 July 1996, p. A1; 'Govt faces opposition's wrath over defence spending schemes', *Bangkok Post*, 18 July 1996, p. A4; and 'Democrats, army in war of words over golf game', *The Nation*, 18 July 1996, p. A7.

³⁴ Tunyasiri (note 3); 'Banharn and top brass to discuss arms procurement', *Bangkok Post*, 22 May 1996, p. A6; and Tasker (note 3).

³⁵ 'Banharn cites deficit worries as B17b sub purchase goes under', *Bangkok Post*, 2 May 1996, p. A1.

This success in gaining increased control over military expenditure and arms procurement is mainly the result of the decline of the military's influence in Thai politics following the constitutional changes in 1992. In addition to these and judicial changes, a civilian leader took the opportunity to become involved in the appointments of top-level military officers for the first time. In 1992, Prime Minister Anand Panyarachun removed several senior military officers who were involved in the military crack-down during the May 1992 demonstrations from their posts—the Commander-in-Chief of the RTA (the most influential military officer), the Supreme Commander and the Commander of the First Army Region. A number of career or professional officers were promoted to the commanding posts. If the democratic civilian leaders are able to sustain their influence on military appointments on a long-term basis, the arms procurement decision-making process may eventually become more transparent.

III. Arms procurement programmes

The military leaders have accelerated the modernization programmes to meet the 'new challenges'.³⁶ The current modernization policy aims to restructure the armed forces into more compact and effective professional forces with modern armaments,³⁷ to improve the reserve and conscription system, to revise the military education curriculum, to promote the role of the military in the country's development and to improve the welfare of lower-ranking soldiers, but the main emphasis is on procuring more modern equipment.

Of the three services' arms modernization programmes, those of the RTN are the most revealing. The most significant procurement has been that of the 11 500-ton *Chakri Naruebet* small aircraft-carrier from Spain. Carrying short take-off/vertical landing (STOVL) aircraft, it is the first ship of its kind in the region and is expected to be a major part of the RTN's transformation into a navy with limited strike, air-defence and anti-submarine capabilities.³⁸ Other RTN plans include the procurement of maritime surveillance radar and aircraft, command and control equipment, advanced ship-to-air missiles, new support ships, including minesweepers and tank landing ships, and light tanks for the Marine Corps. The most ambitious proposed programme concerns the submarines mentioned above.³⁹ If all its programmes proceed without major

³⁶ Brooke (note 3), p. 102.

³⁷ Thai Ministry of Defence (note 1), p. 20.

³⁸ Some observers argue that the RTN goal of a blue-water navy is not realistic, while others disagree. See, e.g., Mak, J. N., *ASEAN Defence Reorientation 1975–1992: The Dynamics of Modernization and Structural Change* (Australian National University: Canberra, 1993), chapter 6: Thailand; Brooke, M., 'Helicopter-carrier marks transition to blue-water navy', *Bangkok Post*, 12 Dec. 1995, p. 5; Commander Goldrick, 'The Royal Thai Navy', Preliminary working paper for *Navies in Asia*, Australia (no date), pp. 5–6; 'Fitted for . . . but not with', *Naval Forces*, vol. 17, no. 2 (1996), pp. 98–101; and Paisarn, N. (Capt.), [Military doctrine for small aircraft carrier], *Navikasart*, no. 9 (Sep. 1996), pp. 15–37.

³⁹ The RTN proposal was widely debated in public for the first time. The naval officers not only published a statement of policy on the submarines in Jan. 1995 but also gave interviews and discussed

financial or political difficulties, the RTN may eventually possess a power-projection capability well beyond its territorial waters.

For the RTAF, the modernization programmes focus on additional fighter aircraft, trainers, and weapon guidance and control systems. Owing to a tightening of the budget, the RTAF is not likely to receive approval for additional fighter aircraft in the near future. It wanted eight F/A-18Cs which it intended to buy to be armed with AIM-120 AMRAAMs (advanced medium-range air-to-air missiles).⁴⁰ However, a report in 1996 indicated that the USA was still hesitant to release the AMRAAMs to Thailand. Fears of setting off a missile technology arms race in South-East Asia and the view that Thailand's security situation does not require such systems were among the reasons reported for the US reluctance.⁴¹

Military leaders, on the other hand, believe that Thailand will need fighter aircraft with greater missile capability in the near future. According to the RTAF Commander-in-Chief, the reasons are 'to maintain its military preparedness, to deter potential enemies, and to allow it to negotiate from a position of strength in political and business deals with other countries'.⁴² The most interesting reason, however, was that given by Minister of Defence General Chavalit. He was reported to have mentioned Thailand's southern neighbour investing heavily in air and naval power.⁴³ Many observers think that he was referring to Malaysia's purchase in the early 1990s of F/A-18 Hornets and MiG-29 fighter aircraft. Malaysia has also equipped new C-130 aircraft with modified fuel tanks for mid-air refuelling, ordered a large number of main battle tanks for the first time and reportedly rented two submarines. Although most analysts agree that Thailand's reaction to Malaysia's air and naval build-up is an isolated case, and may be short-lived, RTAF concerns over the uncertainties at sea and its intention to build up a capability for medium air-to-air operations and maritime strike missions are apparent from its current procurement programmes.⁴⁴

RTA force modernization plans focus on achieving more cohesive rapid-reaction units with more modern armoured vehicles and tanks and include the improvement of capability and mobility in border areas. According to the 1996 White Paper, the RTA aims to be 'compact in size, light and have high destructive power'.⁴⁵ Plans include several hundred new tanks and armoured vehicles, including 101 M-60 A3 decommissioned tanks from the United States and 295 APCs (to be supervised by the Supreme Command Headquarters).⁴⁶ Several

with academics in public meetings. 'ASEAN facing weapons crisis, says researcher', *Bangkok Post*, 24 Jan. 1995, p. A3; and 'Military urged to clarify its arms purchases', *Bangkok Post*, 6 Feb. 1995, p. A3.

⁴⁰ 'Air force wants F-18s plus all the extras', *Bangkok Post*, 6 Oct. 1995, p. A1.

⁴¹ [US humiliated the RTAF: still refusing to sell AMRAAMs with F/A-18], *Matichon*, 27 Aug. 1996, p. 1.

⁴² Wassana, N., 'Plan afloat to enhance Thailand's air strength', *The Nation*, 7 Jan. 1995, p. A1.

⁴³ Brooke (note 3), p. 106.

⁴⁴ 'Air force sees need for F-18 jets to meet national security needs', *Bangkok Post*, 18 Sep. 1995, p. A8.

⁴⁵ Thai Ministry of Defence, *The Defence of Thailand 1996* (Supreme Command Headquarters: Bangkok, 1996), p. 42.

⁴⁶ 'Supreme Command to review APCs purchase', *The Nation*, 10 Sep. 1996, p. A1; and Wassana (note 7), p. 4.

Table 7.1. Equipment holdings of the armed forces of Thailand and its neighbouring countries, as of 1 August 1996

	Cambodia	Laos	Malaysia	Myanmar	Thailand
Main battle tanks	100	30	..	106	253
Light tanks	10	25	26	105	510
APCs and AIFVs	250	70	816	270	973
Reconnaissance vehicles	..	..	394	115	32
Artillery (all types from 100 mm)	428	75+	127	126+	427
Frigates	..	..	6	..	12
Corvettes	..	..	..	2	5
Missile craft	..	..	8	..	6
Combat aircraft	19	31	60	60	95
Light combat aircraft	6	..	21	31	116
Armed helicopters	..	..	..	18	4

Notes: APC = armoured personnel carrier; AIFV = armoured infantry fighting vehicle.

Source: International Institute for Strategic Studies, *The Military Balance 1996–1997* (Oxford University Press: Oxford, 1996).

hundred light tanks will be acquired if the budget permits. In addition, the RTA has plans to improve ranges of artillery and fire-control systems. Finally, it intends to replace old assault rifles with some 50 000 new modern ones and to obtain several helicopter gunships in the near future.⁴⁷ To achieve compactness, the RTA has also been seriously planning to reduce its current force level from 190 000 men since 1992.⁴⁸ In 1996, the force level was reduced to 150 000 and a further reduction by 10 per cent was planned for 1996–2000. Several modifications in force structure, including a new voluntary system for combat and reserve forces, are proposed.

Concern about the situation along the borders is apparent. Border problems affecting Thailand's security were underlined clearly in the 1994 White Paper.⁴⁹ Its 5655 km of border—2401 km with Myanmar, 1810 km with Laos, 798 km with Cambodia and 646 km with Malaysia—have not always been clearly demarcated. In fact, Thailand has been in dispute with all its neighbours over border issues. Its security forces clashed with Laotian troops several times on the border in the late 1980s; it has been in dispute with Cambodia over areas in three eastern provinces and in the exclusive economic zone (EEZ); some areas of five northern and central provinces are disputed with Myanmar; and four areas are disputed with Malaysia. Complications and skirmishes have erupted in these contested areas from time to time in recent years and have been intense on the eastern borders and increasingly on the western front. Boundary problems

⁴⁷ [Examine arms procurement: the cause of budget deficit], *Arthit Vikroh*, 5–11 May 1996, p. 2.

⁴⁸ Parthet, D. (Col), [Current situation in Asia Pacific region and the force reduction of the Thai armed forces], *Senathipat*, Sep.–Dec. 1993, p. 44.

⁴⁹ Thai Ministry of Defence (note 1), pp. 16–17.

have been exacerbated by a number of border-related incidents involving illegal entry, cross-border smuggling, trade in arms, drug trafficking and prostitution.⁵⁰

A comparison of Thailand's equipment holdings with those of its neighbours indicates that the military still has considerable influence and is able to translate its concerns about the security situation into significant arms modernization programmes without too much outside interference (see table 7.1).

IV. Problems with the existing structure

At first glance, it would appear that the Thai arms procurement decision-making process begins with the military user units submitting procurement requests up the line. In practice, however, decisions regarding major arms procurement are frequently made in a more top-down manner. The military élite—essentially the chiefs from the three armed services—makes key decisions such as which arms to procure, how much to spend, when to acquire the arms and on what basis procurement programmes should be justified. No politicians or other actors are so directly involved in arms procurement. Many of the military élite are close friends, having attended the same military academy and having fought together. It is quite common for them to be related through marriage. This small and highly cohesive group reaches consensus on key arms procurement issues before passing on its decisions or 'demands' to the Parliament.

Under these circumstances, there are three basic problems that obstruct the development of greater transparency and accountability in the current arms procurement process. The first problem is related to Thailand's centralized bureaucratic system, the second is associated with the dominance of the military—particularly the army—in the procurement process, and the third problem is connected with the weaknesses in the democratic system of government.

The first problem is the most obvious. A request for arms must in general be sent by the agency immediately responsible for procurement to the Commander-in-Chief for approval. Only when the Commander-in-Chief has appointed a Procurement Committee can the request undergo a regular examination process. Once this examination is completed, the request is forwarded to the Directorate of Operations for further examination before being returned to the Commander-in-Chief for consideration before its approval. A similar approach is also adopted at the Supreme Command Headquarters and the MoD. This highly centralized process not only is slow, tedious and cumbersome, but also means that most information on arms procurement options is in the hands of a narrow military élite. The military is generally aware of the problem and there have been some suggestions to review the decision-making structure.

The second problem is associated with the role of the RTA in the decision-making process within the armed forces. It has been a dominant force in the defence of the country, particularly since it successfully broke the power of the

⁵⁰ Thai Ministry of Defence (note 1), p. 16.

RTN and the marines in 1951.⁵¹ The RTN budget was cut drastically and its capability was restricted to coastal defence until the 1980s. The RTA's victory allowed it to assume a dominant role not only in the armed forces but also in Thai politics.

The consequences of the RTA's domination are profound. In terms of defence posture, in 1996 the army had the largest number of forces at 150 000, as compared to 66 000 in the navy and 43 000 in the air force.⁵² In terms of the defence budget, the RTA usually commands about 50 per cent of the total budget for the three services.⁵³ Regarding the role of the military in politics, it is the RTA élite that has mostly dominated the government and manipulated the public for support. Consequently, the Commander-in-Chief of the RTA has not only been the most powerful leader in the military establishment but was once also considered to be the most influential person in the country. Arms procurement policies have largely been influenced or controlled not just by a military élite but, essentially, by the élite in the army.

The third problem is connected to weaknesses in the democratic political system and to the limited exercise of checks and balances. The current system does not give the Thai Parliament the power to make the military more accountable in its arms procurement processes.

Civilian control over the arms procurement process has many deficiencies. The Permanent Secretary of Defence, who is supposed to ensure civilian control over the military, has hitherto always been a serving military officer. The Bureau of the Budget, which is supposed to examine the availability of funding for arms procurement, has not stopped many procurement proposals. For example, when former Prime Minister Chavalit (at that time also serving as Minister of Defence) told the armed forces to make all their arms purchasing plans available for the BoB in December 1996 he also informed them that he did not object to their buying plans and that the belt-tightening policy of the country would not affect military procurement.⁵⁴

The civilian decision makers, such as the Prime Minister and the members of the Cabinet, are not often directly involved in the arms procurement process. More importantly, they have not often been able to influence or contest demands concerning military procurement issues. Another limitation is that the Cabinet, in security-related decision making, mostly relies on the Minister of Defence and various Directors of Intelligence, who are usually serving military

⁵¹ In June 1951 the RTN attempted to install the leader of the Democrat Party, Khuang Aphaiwong, as head of the government and was faced with the opposition of the army, police and the RTAF. The combined forces sank the RTN's flagship, *Sri Ayuuthaya*, damaged the patrol vessel *Khamronsin* and disarmed most of the RTN's surface ships. Goldrick (note 38).

⁵² International Institute for Strategic Studies, *The Military Balance 1995–1996* (Oxford University Press: Oxford, 1995), pp. 102–103.

⁵³ In the 1996 and 1997 budgets, the RTA received 53% of the total allocation (in 1996 47 billion and in 1997 51 billion baht) to the 3 armed services and the RTN and the RTAF each obtained only 23% (in 1996 21 billion and in 1997 22 billion baht). Office of the Prime Minister, [Details on budget expenditure], no. 4 (Bureau of the Budget: Bangkok, 1996), pp. 1–30.

⁵⁴ Wassana, N., 'Military given go ahead on satellite, submarine purchase plan', *Bangkok Post*, 21 Dec. 1996, p. 3, in FBIS-EAS-96-247, 24 Dec. 1996.

officers. MPs are even less involved in making and implementing the military's arms procurement policy. The parliamentary debate on the annual budget bill provides an opportunity for MPs to examine arms procurement policy. However, they have not been successful in creating greater transparency in the military's arms procurement programmes. The Military Affairs Committee of the House of Representatives, most of whose members are former military officers, also has only limited ability to control the military. Almost half of the seats in the Senate are held by military officers.

For the time being, however, arms procurement decision making may be affected not so much by the influence of politicians as by budget constraints and the inadequacies in the domestic defence industry.

V. Factors affecting arms procurement

Budget constraints

Budget constraints have become increasingly significant to arms procurement. In the early 1980s the Ministry of Defence had the largest budget of all government ministries (see table 7.2). It dropped to second place in 1985, slipped to third in 1990, and in 1993–97 was consistently ranked third among all ministries. The defence share of total government expenditure fell steadily from 18.3 per cent in 1982 to 15.6 per cent in 1989 and to an all-time low of 10.7 per cent in 1997. Moreover, the military seems to be unable to keep up with the rate of economic growth. The defence budget as a percentage of GDP fell from a high of 3–4 per cent in 1982–87 to an average of 2.25 per cent in the period 1989–96.⁵⁵ The reasons for the fall are domestic political changes and almost simultaneous changes in external threats.

Recently, financial constraints appear to have had a direct impact on arms procurement. When it was estimated that Thailand's 1995 current account deficit was 291 billion baht (\$11.6 billion, around 7.1 per cent of GDP),⁵⁶ politicians began to point to military spending as the culprit.⁵⁷ Although the causes of the deficit were in fact more complicated, the Ministry of Finance ordered an urgent cut of 20–25 billion baht (\$0.6–0.8 billion) in the 1997 budget.⁵⁸ The MoD budget was rolled back by about 134 million baht (\$4.3 million) and the Commanders-in-Chief were asked to scale down their weapon purchases.⁵⁹ Minister of Defence Chavalit therefore had to withdraw several arms

⁵⁵ Sköns, E., Courades Allebeck, A., Loose-Weintraub, E. and Weidacher, R., 'Military expenditure and arms production', *SIPRI Yearbook 1998: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 1998), p. 230.

⁵⁶ Fairclough, G., 'Born to shop', *Far Eastern Economic Review*, 18 Jan. 1996, p. 48.

⁵⁷ Prime Minister Banharn Silapa-Archa was among them. See, e.g., [Deng said current account deficit caused by the military spending on arms], *Matichon*, 4 Apr. 1996, p. 1; and 'Premier's remark upsets military', *Bangkok Post*, 11 Apr. 1996, p. A3.

⁵⁸ 'Govt to cut '97 budget as quick fix', *The Nation*, 10 Oct. 1996, p. A3. The average 1997 rate of exchange of 31 baht = \$1 is used. *International Financial Statistics* (note 2).

⁵⁹ Thai House of Representatives, [Report of the Special Committee on drafting the budget act] (Committee Division: Bangkok, 1996), pp. kh1–kh3.

Table 7.2. The Thai Ministry of Defence budget, 1982–97

Figures in italics are percentages.

Fiscal year	Defence budget (baht m.)	% of GDP	% of total government exp.	Increase year on year (%)	Ranking number ^a
1982	29 384.5	<i>4.1</i>	<i>18.3</i>	–	1
1983	33 055.6	<i>3.8</i>	<i>18.7</i>	<i>12.4</i>	1
1984	35 926.7	<i>3.9</i>	<i>18.7</i>	<i>8.7</i>	1
1985	38 308.6	<i>4.3</i>	<i>18.5</i>	<i>6.6</i>	2
1986	38 866.2	<i>3.8</i>	<i>18.3</i>	<i>1.5</i>	2
1987	39 155.2	<i>3.4</i>	<i>17.2</i>	<i>0.7</i>	2
1988	41 170.7	<i>2.9</i>	<i>16.9</i>	<i>5.2</i>	2
1989	44 484.1	<i>2.6</i>	<i>15.6</i>	<i>8.0</i>	2
1990	52 632.5	<i>2.4</i>	<i>15.7</i>	<i>18.3</i>	3
1991	60 575.2	<i>2.4</i>	<i>15.6</i>	<i>15.0</i>	2
1992	69 272.9	<i>2.4</i>	<i>13.2</i>	<i>14.3</i>	2
1993	78 625.3	<i>2.5</i>	<i>12.4</i>	<i>13.5</i>	3
1994	85 423.9	<i>2.4</i>	<i>12.6</i>	<i>8.6</i>	3
1995	91 638.7	<i>2.2</i>	<i>12.0</i>	<i>7.3</i>	3
1996	100 586.5	<i>2.2</i>	<i>11.9</i>	<i>9.7</i>	3
1997	105 238.3	<i>..</i>	<i>10.7</i>	<i>8.0</i>	3

^a Indicates the position of the MoD budget in relation to other ministries' budgets.

Sources: Chaiwat, S. A., 'Defence budgeting', SIPRI Arms Procurement Decision Making Project, Working Paper no. 57 (1995), pp. 12, 15; 1982–96 budget statistics from Thai *Government Gazette*, 1982–97; 1997 budget statistics from Bureau of the Budget, Budget Document no. 4, 1996; statistics on share of GDP for 1982–89 from Ball, D., 'Arms acquisition in the Asia Pacific', Paper presented at the 9th Asia–Pacific Roundtable, June 1995, p. 9; and 1991–96 GDP based on National Economic and Social Development Board statistics, Aug. 1995.

procurement programmes from the Cabinet agenda in 1997.⁶⁰ In 1998 the MoD may face even more fiscal constraints as the Ministry of Finance has suggested that 4480 million baht (\$144 million at the 1997 average exchange rate) should be cut from the defence budget.⁶¹

Although the military may not initiate new major armament programmes during the current financial difficulties, each fiscal year the MoD still has to earmark a large amount of money to pay for procurement agreements approved earlier (see table 7.3). Allocations for the RTA in 1997 included 31 projects approved in previous years (and three newly approved programmes, including 36 155-mm self-propelled guns, 18 military logistic vehicles and fire control systems). The RTN had 16 programmes to pay for in instalments in 1997, two of them for the first time—for three transport ships and three helicopters. The RTAF has fewer ongoing procurement programmes than the RTA and the RTN. However, the instalments to be paid in 1997 for six current procurement

⁶⁰ 'Chavalit suspends arms programs', *The Nation*, 3 Aug. 1996, p. A1.

⁶¹ [Armed forces accept budget cut of 4.48 billion], *Matichon*, 14 Feb. 1997.

Table 7.3. Costs of the Thai equipment procurement and force modernization programmes, 1997

Figures are in baht m.

Programmes ^a	Amount
<i>Supreme Command Headquarters</i>	
Equipment procurement	57.8
Force-building	2 473.8
<i>Royal Thai Army</i>	
Equipment procurement	1 307.0
Force-building	7 944.9
<i>Royal Thai Navy</i>	
Equipment procurement	889.0
Force-building	7 202.4
<i>Royal Thai Air Force</i>	
Equipment procurement	3 480.0
Force-building	6 778.5
Total	30 133.4

^a Equipment procurement includes small arms and related expenditure; force-building includes major arms procurement and related expenditure extending over more than one fiscal year. Figures are for programmes approved in previous years, not whole defence budget.

Source: Office of the Prime Minister, [Details on budget expenditure FY 1997], no. 2 (Bureau of the Budget: Bangkok, 1997), pp. 7–30.

programmes included the SAR helicopter and communication systems. In total, the MoD had to allocate approximately 30.1 billion baht (\$0.8 billion) or 28 per cent of total military expenditure for 1997 for payment of instalments.

So far the MoD has managed to pay the instalments on these current programmes without major difficulty, probably because its budget is more flexible than is generally believed. Flexible management and accounting methods appear to allow the military to shift expenditure between categories easily. In general, the MoD budget comprises two major categories: the General Administration Plan and the National Defence Plan, as shown in table 7.4. The budgets for arms procurement and production are included under the National Defence Plan under the ‘defence of the kingdom’ activities.

Salaries and compensations usually take the largest share of the budget (a little over 56 per cent for 1982, 1985 and 1990). Approximately 35–37 per cent was allocated to defence of the kingdom for these years. In 1991 another major category was added, the Rural Development Plan (see table 7.5); in 1993 two major new categories, the Public Health Services Plan and the Social Security and Welfare Plan, were added; in 1995 the AIDS Prevention and Control Plan joined them; and for 1996 yet another major category, the Higher Education Management Plan. The five new categories account for only a very small percentage (1–3 per cent) of the total military budget. Nevertheless, the more

Table 7.4. Breakdown of the Thai Ministry of Defence budget, 1982, 1985 and 1990

Figures are percentages of the total defence budget.

Plans	1982	1985	1990
General Administration Plan			
Salaries	27.4	28.1	33.5
Compensation, materials, utilities	28.7	28.1	22.9
Capital, land, construction	4.6	3.7	2.7
Subsidies	0.7	1.0	1.1
Other expenses	0.2	..	..
National Defence Plan			
Defence of the kingdom	36.0	37.2	35.7
Classified activities	2.4	1.2	1.0
Special programmes	..	0.6	3.1
Other programmes	..	0.1	..
Total	100.0	100.0	100.0

Source: Adapted from Chaiwat, S.-A., 'Defence budgeting', SIPRI Arms Procurement Decision Making Project, Working Paper no. 57 (1995), p. 18.

categories that are added, the more flexible the MoD budget becomes as expenditure can be moved from one category to another less noticeably.

The defence budget is set artificially higher than actually needed in the first place. This is quite a common practice in many developing countries and it also gives the military the flexibility to manage its budget without reaching the ceiling too quickly. There are other ways in which expenditure can be hidden. Since some military expenditures are not subject to government audit, real expenses and revenues can be hidden elsewhere, perhaps through an accounting procedure. Finally, there may be projects for which the MoD can share the costs with other ministries or some that are channelled through other agencies operating similar programmes. This is particularly obvious in the case of the military's own 'development for security' projects, which are quite similar to the development projects operated by the Ministries of the Interior, Health and Education and other development agencies.

Whatever the explanation, this flexibility has enabled the MoD to manage to pay for major arms modernization programmes without much difficulty, at least in the past. Moreover, its success in financial management gives it considerable confidence in initiating new and even larger arms procurement programmes. In the future, however, it may not do so well as the total cost of projects increases, the cost of living rises, and the civilian government becomes more aware of the practices and begins to tighten military accounting. The military will therefore increasingly face difficulties in terms of budget constraints as it attempts to procure more arms in the future.

Table 7.5. Breakdown of the Thai Ministry of Defence budget, 1992–95

Figures are percentages of the defence budget.

Plan	1992	1993	1994	1995
General Administration Plan	56.5	57.8	52.4	49.8
National Defence Plan	41.9	40.2	45.0	45.0
Rural Development Plan	1.6	0.5	0.4	2.7
Social Security and Welfare Plan	..	0.5	0.7	0.7
Public Health Services Plan	..	0.8	1.5	1.5
AIDS Prevention and Control Plan	..	..	..	.03
Total	100.0	100.0	100.0	100.0

Sources: Chaiwat, S.-A., 'Defence budgeting', SIPRI Arms Procurement Decision Making Project, Working Paper no. 57 (1995), p. 18; and Office of the Prime Minister [Details on budget expenditure FY 1997], no. 2 (Bureau of the Budget: Bangkok, 1997), pp. 7–30.

Limitations in domestic arms production

Like several other developing countries, Thailand has obtained major weapon systems from abroad and has done so in such a way that it has become dependent upon a few sources. Most of the weapons acquired in the 1950s were from the United States.⁶² Throughout the 1960s and 1970s the country continued to depend upon the USA as a primary source for major weaponry. In the 1980s, the arms modernization programme forced Thailand to rely on particular foreign arms suppliers such as the USA and some European countries.

A situation of dependence is a vulnerable one, particularly in the event of arms embargoes or restrictions on the use of imported weapons being imposed. Dependence is also unsatisfactory in terms of the quality of equipment and the financial terms provided by a limited number of suppliers. More importantly, most leaders in the developing countries worry that it might permit certain arms-supplying countries to influence their foreign and domestic policies.

Thai leaders are generally aware of the potential problems and some efforts have been made to counter this dependence.⁶³ By the mid-1980s Thailand had achieved a moderate level of diversification of arms sources.⁶⁴ However, this does not solve the problem: there is a limited number of suppliers of major weapon systems, it is difficult to operate different types of equipment from different countries, and diversification redistributes rather than eliminates dependence on imports.

To deal more effectively with the situation in the long term, the Thai military aims to develop an indigenous defence capability. Several arms production pro-

⁶² For statistics on shares of major arms suppliers in South-East Asian imports of major conventional weapons in 1950–85, see Brzoska and Ohlson (note 19), appendix 7, pp. 340, 343–45, 347–50; and Blackaby, F. *et al.*, SIPRI, *The Arms Trade with the Third World* (Paul Elek: London, 1971), p. 460.

⁶³ For a discussion, see Panitan, W., 'ASEAN's arms modernization and arms transfers dependence', *Pacific Review*, no. 3 (1995), pp. 499–503.

⁶⁴ Panitan (note 63), pp. 500–501.

grammes have been initiated by the military since the 1960s, for example, within the research and development (R&D) divisions of the armed services' ordnance departments. Small arms have been produced, including ammunition, artillery, anti-tank rockets and other military equipment. By the 1990s, production included the 105-mm howitzer M425, a mine detector, a metal alloy flotation for raft building, the RC 292/SS 29 antenna, a field helmet, a 73-mm anti-tank rocket, a 60-mm mortar, a towed 120-mm mortar, a second-generation night vision scope, night vision goggles and a laser range-finder.⁶⁵

Production of major weapons has concentrated on light aircraft, trainer aircraft and naval vessels. There were two production programmes for light aircraft licensed from Canada and the USA before 1975: the first—the US PL-2—only involved the assembly of imported parts and the second involved the licensed production of the Canadian DHC-1, which was given the local name of RTAF-4. The air force used the RTAF-4 as a prototype for the RTAF-5 trainer—the first aircraft to be locally designed and built. Production began in 1984, but owing to several difficulties only a limited number of RTAF-5s were produced and the project was later terminated. Between 1981 and 1985, a licence to assemble a West German Fantrainer was also obtained and some 50 Fantrainers were assembled with some locally produced parts by the end of the 1980s. By the mid-1990s, no aircraft were locally designed or built. Small aircraft production has concentrated on assembling licensed products.

The RTN Dockyard began to build naval vessels in the 1930s and more modern vessels were produced from the mid-1960s. In 1965, the RTN Dockyard designed and built the T-91 type patrol boat. Nine vessels were built over a period of 22 years and the last T-99 was commissioned in 1987. Private shipbuilding companies have been more active than the aircraft industry in manufacturing for the military. For example, the Bangkok Dockyard Company, set up with US assistance, built several types of support ship for the RTN. Between 1976 and 1980, the Suriya Class 690-tonne support ship of indigenous design and the Thalang Class (1000-tonne) mine countermeasure support ship licensed from the Federal Republic of Germany were produced. Between 1981 and 1985, the company produced a locally designed 1400-tonne support ship.

Another shipbuilder, the Italthai Marine Company, began building the T-213 coastal patrol craft for the RTN in 1976. Production ceased after 18 vessels had been built and the last of the series—the T-230—was commissioned in 1990–91. Between 1981 and 1985 the company constructed six Sattahip Class large patrol craft copied from the T-213. In 1985–90 it had a licence to build two French PS-700 landing ships and a West German Hysucat-18 hydrofoil. (The hydrofoil programme was later cancelled by the RTN.) In future Italthai may licence-produce fast-attack craft.

By 1992 there were approximately 385 shipbuilding subcontractors in Thailand engaged in producing some 1200 vessels. However, production of naval

⁶⁵ Brooke (note 3), p. 107.

vessels is still limited to less sophisticated types of ship and the main products of most of those 385 companies are for commercial shipping. In general, the Thai shipbuilding industry is more capable than the aircraft industry in terms of using local design and production.

Apart from these examples, the Thai defence industry has been limited to production of small arms, assembly of licensed products and manufacture of less sophisticated armaments. The Army Weapons Production Centre, the Rifle Production Plant and the Armed Forces Vehicle Rebuild Workshop are examples. These industries are state-owned but the military is considering their privatization in order to increase production and improve quality.⁶⁶

The inadequacies of the domestic defence industry have prevented the Thai military from obtaining the weapons it needs from local sources. In the post-cold war period, the closure of US bases in South-East Asia and disputes on trade and human rights issues between Thailand and some Western countries have created a new desire for self-reliance in national defence. The MoD has accordingly formulated a policy to boost military self-reliance and strengthen the local defence companies. The guidelines specify that: (a) national defence R&D institutes are to develop techno-industrial capabilities; (b) the military is to coordinate with non-military institutes which can conduct specific defence R&D; and (c) a committee will be formed to define standard specifications for weapon systems to be procured from abroad or produced domestically.⁶⁷ The MoD has also established policies to: (a) operate state enterprises which produce military equipment; (b) modify state enterprises which mainly produce civilian equipment to serve related military needs; (c) improve the production capabilities of those enterprises; (d) consolidate all military industry units which produce similar equipment; and (e) support private industries that can produce military equipment to standard specifications.

To implement the new policies, a Centre for Defence Industry and Energy was established under the MoD Defence Industrial Department in December 1991.⁶⁸ It is to plan, promote and implement activities concerning the defence industry. It incorporates several divisions, including the Office of Defence Industry Committee, the Armament Control and Industrial Development Division, the Industrial Control Division, the Industry Division and the Military Explosive Material Factory. Whether this new department helps to promote military self-reliance and the local defence companies remains to be seen.

VI. An 'ideal type' of process

Problems in the current arms procurement decision-making structure in Thailand suggest that an ideal arrangement should focus on three basic

⁶⁶ 'The military in Thailand', *Asian Defence Journal*, no. 7 (1996), p. 22.

⁶⁷ Surasak, B., 'National arms procurement policies and decision making', SIPRI Arms Procurement Decision Making Project, Working Paper no. 55 (1995), pp. 1–2.

⁶⁸ Thai Ministry of Defence, [History, objectives and organization of the Ministry of Defence] (Office of Policy and Defence Planning: Bangkok, 1996), pp. 27–32.

elements: (a) a unified military decision-making structure; (b) greater involvement of the full Cabinet; and (c) an effective parliamentary mechanism of control of arms procurement.

A unified military decision-making structure

Within the military establishment, an ideal arms procurement decision-making structure should be based on a more unified concept. Seven military organizations or agencies would be directly responsible for arms procurement policies (see figure 7.5). At the top of the structure a single body, such as an Arms Procurement Council, would be responsible for the formulation of arms procurement policies. Only the top decision makers in the military establishment, such as the Minister of Defence, the Supreme Commander, the Commanders-in-Chief of the armed services, the Permanent Secretary of Defence and their deputies or equivalents, would be members of the council. Based on current rankings in the armed services, the number of members would not exceed 15–20. The chairman should be the Minister of Defence as he is responsible to the government. As the supreme authority of the armed forces, the Supreme Commander should serve as the council's secretary. The council would also have an inter-service Joint Chiefs of Staff Committee as an advisory board, led by the Chief of Staff of the Supreme Command Headquarters and assisted by the Chiefs of Staff of the three armed services. The main function of this committee would be to provide all necessary assessments and recommendations on arms procurement issues to the council, including overall military and security strategies, the impacts and drawbacks of proposed arms procurement programmes, and other related military and security issues.

At the middle level of this ideal structure, an inter-service arms procurement committee would be set up—a Joint Procurement Committee—with two important functions: (a) to oversee the major arms procurement policies approved by the Arms Procurement Council; and (b) to assess the acquisition requests submitted by the procurement authorities of the armed services before submitting them to the council for approval. Members of the Joint Procurement Committee would include the Assistant Commanders-in-Chief of the three armed services and the directors of divisions, such as the Director-General of the BoB, the Director-General of Policy and Planning, the Director-General of the Defence Industry and the Director of Intelligence. The Joint Procurement Committee would also have an advisory board including the three Deputy Chiefs of Staff from the Supreme Command Headquarters and two Deputy Chiefs of Staff of each of the three armed services. Its basic responsibilities would be similar to those of the advisory board for the Arms Procurement Council: it would provide assessments and recommendations on arms procurement issues, but from an administrative angle. Several administrative and supply departments could come under this inter-service committee.

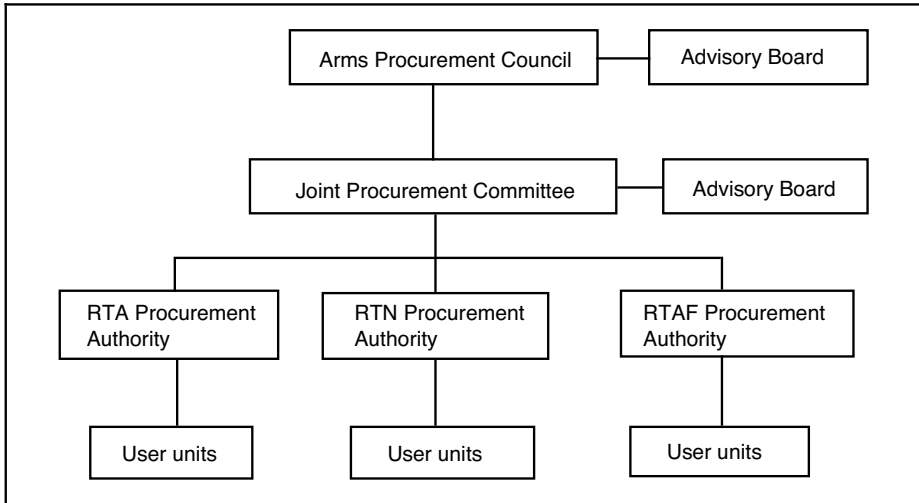


Figure 7.5. A model arms procurement structure for the Thai military

Notes: RTA = Royal Thai Army; RTAF = Royal Thai Air Force; RTN = Royal Thai Navy.

At the bottom level of the structure would be the individual procurement authorities within the three armed services—the administrative and supply departments which process requests for armaments submitted by different military users. Their members could be appointed by the respective Commanders-in-Chief. Some procurement can be approved at this level under existing rules and regulations. If approval is required from a higher authority, the procurement request would then be forwarded to the Joint Procurement Committee.

Greater Cabinet involvement

The ideal arms procurement decision-making process should emphasize greater involvement of the full Cabinet and other decision makers. The procurement of modern armaments involves a wide range of considerations and expertise, ranging from security and foreign affairs to coordination of finance, barter trade and offset activities, and the involvement of the decision makers in these various fields is critical to an appropriate arms procurement policy.

Under the ideal model the Minister of Defence, as the chair of the Arms Procurement Council, would be required to consult with the ministers and directors of various agencies. These would include the Ministers of Foreign Affairs, Finance and Commerce, the Director of the BoB, which comes under the Office of the Prime Minister, the National Economic and Social Development Board (NESDB), the National Security Council (NSC) and the National Institute of Defence Studies (NIDS). The three latter could provide analyses of the overall national security priorities and of the effects of arms procurement policies on regional and global security assessments. Cabinet engagement in

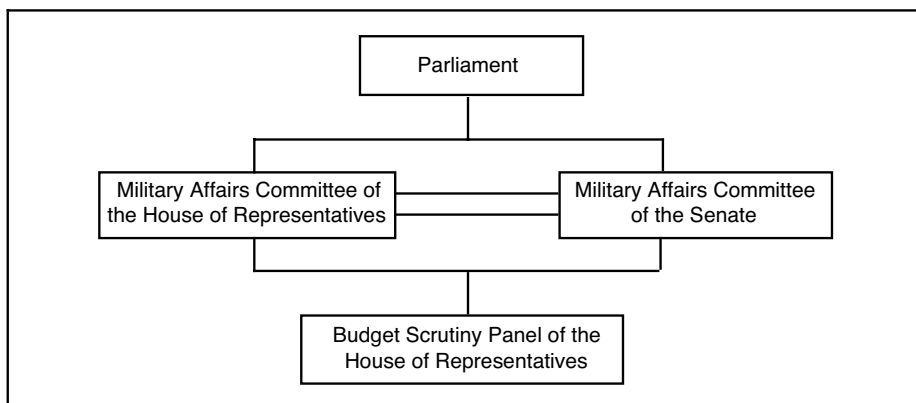


Figure 7.6. A model arms procurement structure for the Thai Parliament

such activities would lead to a more harmonized arms procurement policy, based largely on national priorities and capabilities.

After this formal consultation process, the Minister of Defence could submit the proposed arms procurement programme to the Cabinet for final approval, after which it would enter a review process in the Parliament.

An effective parliamentary control mechanism

A more effective parliamentary control mechanism for arms procurement would begin with the Budget Scrutiny Panel of the House of Representatives (see figure 7.6), to which details of arms procurement proposals would be required to be submitted by law. Details of resource availability, financial terms and conditions, impact assessments and other relevant information would be submitted to the Budget Scrutiny Panel by the Minister of Defence. Information on the military's past performance and management of arms procurement programmes would also be submitted, whereupon the panel would be required to commission an independent organization to review the performance of the military's arms procurement programmes and their management.

Once the Budget Scrutiny Panel has completed the examination process, the acquisition proposals would be submitted to the Military Affairs Committee of the House of Representatives and the Senate's Military Affairs Committee, which would consider the proposals separately. The members of the committees could consider the rationality of choices, the intentions, short- and long-term prospects, and the transparency of the proposed arms procurement programmes. The two committees could then hold a joint session to approve the proposed procurement before passing it as part of the budget bill to the Parliament for debate and final approval.

Implementing the ideal model

The model suggested here is preliminary at best and in no way conclusive. It is based mainly on available information and current assessments and much more analysis would be necessary before it could be implemented. Nevertheless, advantages of and difficulties in implementing the ideal model are discernible.

Advantages of the ideal model

The arms procurement process would achieve greater coherence under a single body. At the top level, the Arms Procurement Council would oversee a national procurement policy and set priorities among the competing programmes of the armed services. Requirements would be determined jointly by top military officers and priorities, choices, alternatives, potential impact and any needs for multi-service application would receive close attention at this level. As the advice and recommendations would come mainly from the Chief of Staff of the Supreme Command Headquarters, the national arms procurement policy would be harmonized according to overall priorities.

All major and small arms procurement programmes would initially be coordinated, harmonized and prioritized at the second level of the proposed model. Arms procurement policies would be jointly implemented by officers from the three services. Important administrative and logistical considerations such as resource availability, financial effects, alternative procurement strategies and regulations would be evaluated closely and requests for armaments submitted by a lower authority, such as the procurement authorities of the three armed services, would be evaluated and processed at this level. Decisions made at the top would be implemented on the basis of operational realities at the middle and lower levels. Similarly, requirements identified at the lower level would be considered and quickly passed to the higher authority.

At the level of the individual armed services, their arms procurement authorities would propose programmes directly to the Joint Procurement Committee. Thus, the needs of operational units or military users would be considered quickly with less red tape. Moreover, the three services would submit their major procurement programmes independently, without having to coordinate with the other armed services at this level. In this way, constructive competition among the three armed services would be maintained.

For the civilian government, there would be several significant advantages in this structure. First, arms procurement priorities would be balanced according to overall national priorities during the Cabinet procedure and later in the parliamentary process. Internal and external considerations and civilian perspectives would be taken into account. Second, the government would receive a well-considered proposal, coordinated by the various ministries. Third, arms procurement proposals would be closely scrutinized and reviewed by the Budget Scrutiny Panel. Critical assessments and related information would be presented during the procedure—something that is missing in the current examination in

the Parliament. Fourth, proposals would jointly receive approval from the Military Affairs Committees of the House of Representatives and the Senate, which has never happened before in the procurement process and could contribute to a higher level of professionalism in arms procurement. Finally, the Parliament would debate the well-constructed proposals in the traditional manner as part of the budget procedure. Given that the procurement proposals resulting from the ideal type of structure would be more unified, better balanced and transparent, they would be less of a source of tension and conflict between the military and MPs than they have been in the past. In the end, this process would increase the legitimacy and rationality of the military in proposing defence policy which, in turn, would create a more stable government and a more secure nation.

Difficulties in implementing the ideal model

There would be several difficulties in implementing this model. First, it would require a major reorganization of the bureaucratic structure. For example, the Arms Procurement Council would have to be established with the full support of various government agencies and of the competing armed services—something that would not be easy to bring about. Major structural and procedural changes in the Cabinet and Parliament would also be necessary and would certainly require constitutional changes.

Second, the ideal model would require significant adjustments in the working methods of military officers and civilian politicians. The different branches of the armed services and agencies would be required to work together closely—which has hitherto not been the case—as would all Cabinet members and all the directors involved.

Third, and perhaps most important, the ideal structure would require a major adjustment in the traditional attitudes of the Thai military. This is because in practice the new structure would give the Supreme Command Headquarters more authority over the other three services. It would be less likely that a single service could completely dominate the arms procurement process because the emphasis would be placed on a horizontal division of authority. This would be very difficult for the army to accept.

Finally, even if major structural changes were achieved, it is not certain that arms procurement policy would become more responsive to the changing environment or more accountable to the general public, because Thai society as a whole is still very hierarchical and based largely on patron–client relationships. In such a society, a person’s status is ranked primarily according to his or her socio-economic position. Privileged persons usually command more respect (have more *baramee*)⁶⁹ than lesser ones. The military élite and top-level bureaucrats gain respect simply because of their positions.

⁶⁹ *Baramee* describes a polite and non-aggressive personality, and is among the highly valued cultural traits expected by the Thai people of a leader. A person who has *baramee* gains respect, love, loyalty and

According to Thai social values the ability to maintain influence depends on good interpersonal relationships and networks.⁷⁰ This means that a client typically obtains a job, gets promotion or resolves disputes through the contacts of a patron. In this type of society, there are social limits on who can challenge whom. In many cases, the prevailing norms are those of referring decisions to higher levels of authority, non-questioning, avoidance of express disagreement and an expectation of a benevolent rather than accountable leadership.⁷¹ Any good decision-making structure should be able to deal with significant socio-cultural influences imposed by the decision makers themselves.

VII. Conclusions

Various aspects of Thai society have undergone a fundamental transformation. In the area of national security, threats to the country have changed significantly from the threat of communist insurgency and armed separatists to the uncertainties of the post-cold war environment and conflicting territorial claims. In domestic politics, stability has been strengthened by an emerging democratic parliamentary system. The military, traditionally a dominant force in society, has been forced to relinquish its political control.

For the military élite, the basis of the new security strategy centres on the uncertainties of the post-cold war regional environment, competition for offshore resources and conflicting maritime claims in the region. It considers that sea lines of communication will become more critical to Thailand's security. Arms modernization is largely a reflection of these concerns. In particular, the RTN and the RTAF are focusing their capabilities on maritime strategy, as reflected by the acquisition of an aircraft-carrier and multi-role fighter aircraft with maritime attack capabilities. Emphasis has also been placed on compact forces with light armoured artillery and supporting vehicles to deal with complications arising along the border areas such as illegal migration and smuggling.

The military hitherto has basically arrived at the decisions to procure a significant amount of modern armaments in a top-down manner. A few élite groups have decided which arms to procure, when to acquire them and how much to spend. No politicians, civilian officials or others have had such a direct influence over arms procurement policy. Consequently, the present arms procurement policy does not allow for any greater transparency to the public. Moreover, the current structure of arms procurement decision making is highly centralized and based mainly on the traditional bureaucratic system of the country. The decision-making process has been dominated by the army. The process also suffers as a result of several weaknesses in the democratic system

sacrifice from his subordinates. This Thai term does not have an English equivalent: the closest would be charisma, goodness and loving-kindness.

⁷⁰ On Thai social values, see Sutaree, K., 'National decision-making behaviour in Thailand', SIPRI Arms Procurement Decision Making Project, Working Paper no. 59, pp. 9–17.

⁷¹ Sutaree (note 70), p. 30.

of government. Attempts by MPs to control armaments spending through the budget process appear to be symbolic rather than real as the actual cuts in the defence budget have been minimal. The present arms procurement policy is thus not responsive to the changing domestic environment.

In the 1990s, the democratically elected prime ministers and the Cabinet have been more successful in influencing military spending on armaments. Fourteen proposed procurement projects, including two submarines, additional F-18 fighters and new rifles for the army, were shelved by then Prime Minister Banharn Silapa-Archa in early 1996. The official reason was that military spending could create a major financial problem for the country. Although financial difficulties have been cited by politicians several times in the past, it is under current domestic conditions, when the influence of the military is decreasing, that the government has been more successful in using financial reasons to delay or oppose the military's arms procurement programmes.

Only two constraints have a significant impact on arms procurement: budget constraints and deficiencies in domestic arms production. The budget constraints have become increasingly significant to the military as the MoD's share of the government budget has continued to shrink since the early 1980s, and the practice of moving funds from one budget heading to another to pay for earlier procurement commitments may not last long if costs of modern weaponry and other costs rise rapidly in the near future. Budget constraints may therefore become a real obstacle to arms modernization sooner than most have expected. Efforts to diversify arms procurement sources and create an indigenous defence industry have been going on since the 1960s. So far, success has been limited to small items of military equipment.

In order to make arms procurement policies more transparent and responsive, several suggestions have been made to alter the existing structure of arms procurement decision making. On the basis of the problems in the current structure, three ideal-type arrangements are suggested in this chapter. They focus on: (a) a unified military decision-making structure; (b) an inclusive decision-making Cabinet; and (c) an effective parliamentary mechanism for control over arms procurement. Several difficulties in implementing these arrangements are anticipated. Problems include a lack of political support and socio-cultural obstacles. Nevertheless, the suggestions are the first small step towards making arms procurement policies more responsive and relevant to an emerging democratic society.