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# Thailand Trapped: Catch-up Legacies and Contemporary Malaise

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**Abstract**

*A better understanding of Thailand's contemporary malaise needs a perspective that combines political and economic aspects without losing sight of history. This article applies the concept of path dependence to examine how pre-1997 catch-up industrialisation shaped the post-crisis trajectory. It argues that the catch-up process has left a number of important legacies, especially the symbiotic relationship between the military, banking conglomerates, and technocrats; dominant growth narrative with a focus on macroeconomic stability; and overly centralised and bloated state structures. These legacies have shaped the strategies and legitimacies of today's political actors and rendered the pursuit of growth increasingly contradictory to maintaining order.*

**KEYWORDS:** Thailand, Catch-up, Path Dependence, Economic Growth, Sarit Thanarat

## Introduction

Thailand has fallen into decline, politically and economically. While political conflict has endured since the mid-2000s, marked by two military coups in 2006 and 2014 and a violent crackdown in 2010, the country's GDP growth has fluctuated dramatically. Although the interplay between political and economic factors is undeniable in explaining the decline, a prism of two distinct approaches is evident. Political analysts attribute the country's protracted conflict to the power struggle between the establishment centring on the palace and electoral force led by Thaksin Shinawatra (e.g. McCargo 2005; Farrelly 2013) alongside the ideological battle over notions of legitimacy (e.g. Dressel 2010; Ferrara 2015). In contrast, economic observers consider Thailand caught in the 'middle-income trap', signified by its paucity of human and institutional capabilities (e.g. World Bank 2011; Somchai 2012; Warr 2014). In short, political enquiries hold little or no interest in economic issues and vice versa. In this article, I suggest that understanding Thailand's contemporary malaise needs a perspective that combines political and economic aspects without losing sight of history.

The argument is twofold. First, in political economy terms, contemporary Thailand faces a growth–stability contradiction. Neither the military nor civilian

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government since 2001 has managed to achieve good economic performance and socio-political stability at the same time. When the elected governments were in office, their growth strategies usually led to political conflict, paving the way for coups d'état. In contrast, under military rule, stability was restored at the expense of economic growth. Second, this contradiction is rooted in the catch-up period forged by Field Marshal Sarit Thanarat (1959–63). From the Sarit era until 1997, the process of capitalist development in Thailand created certain legacies: a symbiotic relationship of the traditional elite, specific meaning of stability and the dominant growth narrative, and centralised and bloated state structures. These legacies, alongside the increasing inequality and informality resulting from the catch-up strategy, have far-reaching consequences that shape the characters of political contestation and legitimacies of post-1997 political actors. This eventually renders the pursuit of growth contradictory to maintaining stability.

The article proceeds as follows. Section II discusses the theoretical issue by exploring the development of path dependence as a concept to study political-economic evolution and how it can shed light on the Thai doldrums. Section III examines the process of economic catch-up heralded in the late 1950s, which continued until the Asian financial crisis in 1997. Section IV puts Thailand's catch-up in a comparative and long-term perspective by juxtaposing its underlying coalitions and strategies with East Asia and assessing the repercussions for the post-1997 era. Section V illustrates how the elected governments since the new millennium (Thaksin, 2001–6 and Yingluck, 2011–14) were relatively successful in the pursuit of economic growth, but failed to maintain political and social stability. Section VI turns to the contrasting situation of the military-backed governments (Surayud, 2006–7; Abhisit, 2008–11; and Prayuth, 2014–present), which restored order but not impressive growth. A short section of concluding remarks follows.

## Path Dependence and the Middle-income Trap

Catch-up industrialisation in post-war Asia is a subject of considerable interest. However, most existing literature pays attention to the different political and policy configurations that led to varying economic performances, especially between East and Southeast Asian countries (e.g. World Bank 1993; Doner *et al*. 2005). Fewer studies explore the extent to which the political and policy configurations underpinning the catch-up process left legacies for subsequent periods. Even among first-tier newly industrialising economies, divergent catch-up strategies significantly impact their development trajectories. For example, in South Korea, a chaebol-led growth strategy led the country to higher inequality and more contentious democratisation compared to Taiwan, which strongly supported small and medium enterprises (SMEs) and state-owned enterprises (Jeon 1995; Veerayooth 2017). Theoretically, this is a question about path dependence or how "the trajectory of change up to a certain point itself constrains the trajectory after that point" (Hay 2006: 64–65).

Path dependence theorists focus on forces driving increasing returns and positive feedback. For example, once the nation's rulers set down a particular path, the possibility of remaining on that path increases over time, because of the cumulative effects of institutional reinforcement. The reinforcing mechanism is driven as much by the interests of those who benefit from the chosen path as embedded norms and ideology. Furthermore, the expected costs of change increase and become more complex, engendering commitments, expectations, and 'sunk costs' that encourage further steps in similar directions to avoid uncertainty (Parsons 2007). Consequently, people and organisations "fit problems into pre-existing solutions which they have used in the past, rather than analysing every situation from first principles and designing a bespoke solution" (Lowndes and Roberts 2013: 115).

Nevertheless, the dynamic nature of path dependence should be underlined. There should be no presumption that self-enforcing mechanisms will automatically function. Mahoney and Thelen (2010: 9) note: "Ensuring such continuity requires the ongoing mobilisation of political support as well as, often, active efforts to resolve institutional ambiguities in their favour". More important, the coalitions underpinning such continuity can be changed over time. Thelen (2004: 289) asserts, "The institutions created by one set of actors and for one set of purposes can sometimes be embraced and 'carried forward' on the shoulders of another coalition altogether".[2]

This article applies the concept of path dependence to examine the legacies catch-up industrialisation in pre-1997 Thailand left for the subsequent period. As Doner and Schneider (2016: 635) generalise, "Many contemporary countries find themselves on a path-dependent trajectory where the very factors that contributed to and/or accompanied their movement into middle-income status…both reinforce each other and constitute obstacles to progressing out of [middle-income]". In the case of Thailand, as elaborated in the next section, path dependence looms in three interrelated domains of interests, institutions, and ideologies.[3] The catch-up coalition, centred on the monarchy, military, and Sino-Thai conglomerates, became entrenched interests backed by established

[2]This also means: (a) the need to ensure institutional continuity carries its own dynamics of potential change in the future and that (b) it is misleading to assume that path dependence will maintain in perpetuity. Therefore, recent scholarship pays more attention to endogenous sources of change and variations in the patterns of gradual change. However, these are not the theoretical focus of this article. For a detailed discussion, see Mahoney and Thelen (2010) and Lowndes and Roberts (2013).

[3]Theoretically, these three competing cores (interests, institutions, and ideas) are debated as alternative explanations for political-economic phenomena (see Blyth 2009). However, this is not the objective of this article, which considers path dependence in the case of Thailand as taking place in all three domains in an interrelated manner. As elaborated in Section IV, the reinforcing mechanism is driven by the increasing interests of those who benefit from the chosen path (the

institutions. Macroeconomic stability has become a top priority among technocrats. Thai-style state-led development has also resulted in a bloated, yet highly fragmented bureaucracy, while inequality and informality have increased along the catch-up path. These legacies have largely, although not entirely, shaped the rules of the game for and impediments to political actors in the post-1997 era.

## Thailand's Catch-up: Coalitions, Strategies, and State Structures

This section examines the catch-up process in Thailand from the time it gained momentum in the late 1950s until the Asian financial crisis in 1997. After dissecting the composition of the coalition behind the process, we discuss how Sino-Thai banking conglomerates in alliance with macroeconomic technocrats led industrialisation in Thailand. Along this catch-up path, the state machinery enlarged, becoming increasingly bloated and fragmented.

### Sarit Coalition: Partners and Legitimacy

Since the absolute monarchy was toppled by the People's Party in 1932, the period from then until 1957 was marked by political turbulence, domestically and internationally. The economic catch-up process began with a clear orientation when Field Marshall Sarit Thanarat (henceforth Sarit) staged a coup in 1957. This catch-up project was directed by what I call the *Sarit coalition*, which centred on a group of royalist military, the monarchy as the ultimate source of political legitimacy, and a small circle of leading bankers and technocrats manning investment policy and capital accumulation.

In September 1957, the Phibun incumbent regime (1948–57) was overthrown in a coup by then General Sarit. Sarit installed two caretaker prime ministers, Pote Sarasin (September to December 1957) and Thanom Kittikachorn (January to October 1958), while he went to the US for medical treatment. Sarit returned to Bangkok and launched another coup in October 1958 to consolidate his grip on power, officially becoming prime minister until his death in December 1963.

The Sarit regime raised the crown to its best position since 1932 by reasserting its role at the country's epicentre. As Thak (1979) elaborates, Sarit re-legitimised the monarchy by propagating selected aspects of traditional Thai kingship revolving around the 'father king' (*phokhun*). Sarit claimed he was part of this system by rooting his political legitimacy in notions of patriarchal rule and the ability of civil servants to oversee the Thai people. The focus was on order and development. However, the use of the *phokhun* concept should not be considered a return to the idealised past. Sarit sought a more stable

traditional elite) as well as the embedded ideology (the macroeconomic growth narrative) and established institutions (state structures).

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path in harnessing royalist themes and rearticulating democracy in authoritarian terms (see Connors 2003: 49–50).

Legally, the Sarit regime was underpinned by the 1959 Constitution, or officially the Charter for the Administration of the Kingdom, the country's shortest and most authoritarian constitution. It consisted of 20 short, vague articles, as suggested by Napoleon's famous adage (Harding and Leyland 2011: 17). The premier was granted near absolute power, including the authority to order summary executions. Political parties were banned, and 240 mostly military appointees filled parliament. This Constitution lasted for nine years, longer than most constitutions in Thai history.

Politically, the alliance led by Sarit can be characterised as a *two-level settlement*. At the upper level lay the monarchy–military reconciliation, with support from the US. The monarchy–military oversaw the country's orientation, pace, and timing of major changes, while the US was heavily involved in policy formulation and funding that strengthened the penetration of the Thai state into society to the point that "dollars consolidated Thailand's militarised state" (Baker and Pasuk 2009: 149). At the lower level lay the alliance among economic technocrats, commercial bankers, and business tycoons, who were in charge of macroeconomic management and investment directions.

Although Sarit passed away in 1963, the two-level settlement was *carried forward* by new groups of individuals and agencies in the monarchy, military, and by high-ranking technocrats. The capital accumulation that took place almost without disruption in the next few decades intertwined the material interests and personal connections underpinning the Sarit coalition, albeit without Sarit.

## Bank-led Industrialisation

The final years of the Phibun administration were characterised by economic stagnation due to the end of the Korean War boom, domestic drought, and poor harvests. Local and foreign businesses blamed state interference, signified by the collapse of the National Economic Development Corporation (NEDCO) project.[4] Private investment had more room for manoeuvre under Sarit, with a small group of banking conglomerates as the lead players. Before the Second World War, European banks dominated Thailand's banking sector. However, their activities were suspended during the Japanese occupation, paving the way for the birth of domestic banks founded by Sino-Thai families in the early 1940s. Of the 20 domestically owned banks established before

[4]NEDCO was established in 1954 as a private holding company with five manufacturing subsidiaries owned by members of the Soi Rajakhru clique, who staged the 1947 coup that installed the Phibun regime. With strong political connections, NEDCO received state-guaranteed debts of more than 600 million baht. However, NEDCO went bankrupt within three years and became notorious for its ineffective state intervention (see Ayal 1961).

1950, 14 were founded by overseas Chinese families and the remaining 6 by the Crown Property Bureau (Chutathong *et al*. 2002: 4).

The post-war banking sector was predominated by the five largest commercial banks: Bangkok Bank, Krung Thai Bank, Thai Farmers Bank, Siam Commercial Bank, and the Bank of Ayudhya.[5] These five banks accounted for more than two-thirds of the country's total bank assets from 1960 to 1990, with the founding families retaining ownership. Together, they formed a cartel-like structure organised under the Thai Bankers' Association (TBA) and collectively set the standard rates for service charges and loans (Warr 1993: 24).

Under the Sarit regime, the major banking groups closely allied with military leaders by inviting them to sit on their boards of directors and offering them free stock in exchange for protection and policy favours. This alliance underpinned the oligopolistic structure of the sector. One example is the established banks' implicit demand that the state reject applications to establish new banks, especially foreign-owned ones (Hewison 1989: 188). Together with the formal regulation that prevented foreign banks already operating in Thailand from branch banking, the banks of Sino-Thai families were strongly protected from international competition until the 1990s.

In addition to having oligopolistic control over loans, these banking families diversified into various economic activities. For example, the Sophonpanich family, which owned the Bangkok Bank, possessed five finance companies and six insurance companies, and held large interests in rice trading, rice milling, warehousing, textiles, vehicle assembly, restaurants, real estate, cement, tin, soft drinks, iron and steel, and plastics (Hewison 1989: 192–198). Moreover, these big banks extended loans based on family ties rather than expected future cash flow or government strategies. A study based on data from 270 non-financial companies listed in the Stock Exchange of Thailand in 1996 found that 'connected firms', which had close ties with banking families, needed less collateral and obtained more long-term loans than firms without such ties (Chutatong *et al*. 2002).

Accordingly, banking conglomerates became the outright winners of wealth accumulation during the catch-up process. The concentration ratio of the top five banks increased from 56 per cent in 1962 to almost 70 per cent in 1980. In 1980, their total assets totalled 480.52 billion baht, or approximately 70 per cent of the GDP (Hewison 1989: 179). Despite the two oil crises in the 1980s and reform in the early 1990s, the concentration and power of domestic banks prevailed.[6] The Bangkok Bank alone claimed over 30 per cent of the banking sector's total

[5]Among these five, only Krung Thai Bank was state-owned, the other five were private-owned, including Siam Commercial Bank, which was owned by the Crown Property Bureau.

[6]In 1992, the Anand government deregulated foreign exchange and established the Bangkok International Banking Facility (BIBF), which allowed local and foreign commercial banks to take deposits or borrow in foreign currencies from abroad and lend the money in Thailand and abroad (Lauridsen 1998: 1576).

financial assets throughout the 1980s. This trend continued in the 1990s, as the top five banks stood for around 70 per cent of both the assets and deposits of the entire banking sector (Lauridsen 1998: 1577).

### Macroeconomic Primacy and Growth Narrative

While banking conglomerates controlled private investment, the state's key economic agencies focused on maintaining macroeconomic stability, which was meant to be low inflation and fiscal balance.

The tradition of conservative monetary and fiscal policies is rooted in the reign of King Chulalongkorn (1868–1910), who reorganised the Treasury that later became the Ministry of Finance (MOF). The practice of appointing British experts as financial advisors continued from the late nineteenth century until World War II, leaving a practice that emphasised personal integrity, Treasury control, and Gladstonian orthodoxy. This code of conduct spread to the newly formed Bank of Thailand (BOT) in 1942 by Prince Wiwatthanachai Chaiyant, its first governor (see Silcock 1967). Yet, before the Sarit regime, the BOT was politically weak and forced to follow 'unorthodox' demands from the government. The technocrats' dream to cautiously protect foreign reserves and budget balance and a hands-off approach to foreign currency remained unfulfilled.

Sarit unleashed these macroeconomic technocrats, especially those at the BOT under Governor Puey Ungphakorn. Organisational reform was implemented directly after the coup in 1957. Three of the so-called 'Gang of Four' of the Thai macroeconomic agencies, namely the National Economic and Social Development Board (NESDB), Budget Bureau (BB), and Fiscal Policy Office (FPO) were created. Puey was in charge of the BOT, BB, and FPO, and held veto power on budgeting. During the authoritarian regime from 1957 to 1973, the technocrats gained the upper hand in the formation of fiscal and foreign exchange policy. From 1973 to 1997, the technocrats' power fluctuated, increasing when the military was in power (1980–8, 1991–2) and decreasing under civilian governments.

Dominated by macroeconomic technocrats, there was virtually no strategic industrial policymaking in Thailand.[7] Although Thailand has shifted to an export-oriented strategy involving manufacturing exports since the late 1970s, the composition of the manufacturing sector is determined by the investment and trade strategies of multinationals (Christensen and Ammar 1994: 5). The international development community also praised Thailand for its hands-off approach, as seen in the *East Asian Miracle* report (World Bank 1993: 7): "… in Indonesia and Thailand balanced budget laws and legislative procedures constrained the scope for subsidies. Indeed, when selective interventions have

[7] The exceptions were automobiles and to a lesser extent, petrochemicals. Automobiles are among Thailand's first targets of import-substitution industrialisation, and the local content requirement is a key industrial policy (see Doner 2009). Industrial policy was also implemented in petrochemicals as part of the Eastern Seaboard Development Plan (see Lauridsen 2008).

threatened macroeconomic stability, [these] governments have consistently come down on the side of prudent macroeconomic management. Price distortions arising from selective interventions were also less extreme than in many developing economies".

## State Machinery: Increasingly Bloated and Fragmented

The Thai state had expanded to oversee new ranges of activities over the course of catch-up. However, such expansion unfolded with neither a grand strategy nor a careful plan, leading to the increasingly bloated and overlapping structures of the state apparatus.

Since 1932, the Thai bureaucracy has enlarged, and the number of departments and divisions has more than tripled over the subsequent five decades (see Table 1). Being a bureaucrat was a social privilege. Before 1997, public officers received greater material welfare than did ordinary Thai citizens, ranging from a subsidised health-care scheme that covered themselves as well as their parents and family members to additional allowances such as waived tuition fees for their children's education. The number of public officers increased from approximately 78,300 (or 6.6 per 1000 people in the 1930s) to around 800,000 in 1980 (18 per 1000 people), 1,000,000 in 1990 (18.5 per 1000 people), and 1,250,000 in 1997 (20 per 1000 people). The expansion was motivated by each department's thirst for increased budgets and new positions, especially for senior bureaucrats (Arunee and Bidhya 2014).

Nonetheless, for all its haphazard expansion, centralisation was the prominent feature. Tight traditional central–provincial–local relations were modelled after British colonial administration. This strong central state was designed to secure control over outlying rural areas. Internal communist insurgency during the 1970s and 1980s further reinforced the aim. Before decentralisation started in the mid-1990s, policy initiatives, budget allocation, and personnel administration in all ministries were determined at their Bangkok-based headquarters. The Interior Ministry retained its incubator status, designated from the absolute monarchy era. It held the power to appoint every provincial

**Table 1.** Expansion of Thai civilian bureaucracy, 1933–1979

| Year | Number of Ministries | Number of Departments | Number of Divisions |
|---|---|---|---|
| 1933 | 7 | 45 | 143 |
| 1941 | 10 | 49 | 317 |
| 1957 | 12 | 90 | 550 |
| 1969 | 12 | 113 | 827 |
| 1979 | 13 | 131 | 1264 |
| 2000 | 15 | 155 | 2337 |

Source: Author's compilation from various sources.

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governor and village heads, and the authority to supervise the provincial officials of other ministries (Achakorn and Chandra 2011).

Internal administration within the Thai bureaucracy was restructured only with minor changes over the catch-up period. From 1957 to 1997, Sarit made the most radical change by consolidating the prime minister's position and installing a stronger institutional base to manage a larger budget. However, while macroeconomic agencies were relatively close and granted the authority to run fiscal and monetary policies, line ministries were fragmented and ineffective. Doner (2009: 100) describes this fragmented and ineffective structure as follows:

> The Ministries of Industry, Agriculture, and Commerce, among others, exhibited little of the sector-specific expertise, coordination, or autonomy of their macroeconomic counterparts. Competition and duplication were common: five departments in three ministries had authority over permits and licenses…This lack of coordination was largely a function of the line ministries' participation in clientelistic networks linking firms or groups of firms to individual members of the political–military elite.

## Comparison and Repercussions

The abovementioned features of Thailand's catch-up process largely explain the relative mediocrity of its performance and impediments constraining political actors in the post-1997 trajectory. These legacies are multifaceted, ranging from the material and institutional to ideological dimensions.

### A Comparative East Asian Perspective

Thailand's catch-up strategies starkly contrasted the East Asian experience. First and foremost is the relationship between the state and commercial banks. For example, in South Korea, one of the first missions undertaken by General Park Chung Hee once in office (1961–79) was the nationalisation of private banks and tight control over lending activities (Dornbusch *et al*. 1987: 441). In 1962, a new Bank of Korea Act turned the central bank into an arm of the Ministry of Finance. Fiscal and monetary policies were employed to sustain high investment. South Korea was known for its 'policy loans' allocated by the state to target industries, accounting for 57.9 per cent of total bank loans between 1962 and 1987 (Heo 2001: 222). Although Taiwan and Singapore did not have as tight control over commercial banks as South Korea, they had clear industrial policy and target industries during the catch-up period (Veerayooth 2015).

The emphasis on macroeconomic stability also differentiates Thailand from the East Asian tigers. While there were some preferential credit arrangements to industrial sectors in Thailand, these never amounted to any significant share of total bank credit. The small extent to which the government operated subsidised credit facilities was directed towards agriculture and small-scale industries.

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Between 1960 and 1985, more than 60 per cent of BOT rediscounts and over half the Industrial Finance Corporation of Thailand's (IFCT) loans were granted to agriculture and textile industries, with SMEs being the major recipients (Atchaka 1986).

Consequently, *bank–industry ties* in Thailand were relatively weak. Sino-Thai bankers may have been instrumental in transforming Thailand's productive structure from trading and agriculture to manufacturing. Nonetheless, the proportion of loans and overdrafts to the manufacturing sector increased from 10.0 per cent (1958) to 16.3 per cent (1966), 18.5 per cent (1974), 21.5 per cent (1983), and 25.1 per cent (1990). These numbers are very low compared to South Korea, in which the proportion of loans to manufacturing accounted for between 40 and 57 per cent of total loans from 1960 to 1990 (Zhang 2002: Table 3.4). In addition, *no* formal institutionalised links existed between the TBA and Federation of Thai Industries (FTI), the organisations representing bankers and manufacturers respectively. The TBA normally did not consult its industrial counterpart when formulating responses to government policies (Zhang 2002: 55).

## Catch-up Legacies: Interests, Institutions, and Ideologies

The distinctive features of Thailand's catch-up process left legacies for the post-1997 path in three interrelated domains: interests (symbiosis of the Sarit coalition), institutions (bloated and fragmented state apparatus), and ideologies (a preference for social and macroeconomic stability).

The first legacy is the entrenched interests of the Sarit coalition. Although not necessarily, having this group of traditional unelected elite as a driving force of national development seems to be a deficit, rather than an advantage, to long-term economic upgrading. Coalitions steering a latecomer to successful industrialisation usually "broke the power of traditional elites" such as those led by Vargas in Brazil, Ataturk in Turkey, and Cárdenas in Mexico in their moves to middle income (Doner and Schneider 2016: 618). South Korea and Taiwan shared this trait, with General Park staging a coup against the Korean establishment and the Kuomintang coming from Mainland China to occupy native Taiwan (Veerayooth 2017). Sectors in which this traditional elite nurture indigenous businesses also matter. Conglomerated, family-owned business groups, which accumulated their wealth through natural resources, regulated sectors (especially banking and utilities), natural oligopolies (e.g. cement and beer), and low-tech manufacturing "have had little to gain from pushing for policies that would help their economies break out of the [middle-income] trap" (Doner and Schneider 2016: 622). This is because their interests are embedded in the old authoritarian politics and institutions favourable to them.

The second legacy is the bloated and fragmented state structures. A sizeable bureaucracy may initially drive rapid development. However, "igniting economic growth and sustaining it are somewhat different enterprises", since the latter requires "constructing over the longer term a sound institutional underpinning to endow the economy with resilience to shocks and maintain productive dynamism" (Rodrik 2007: 6). Expansion from the 1950s to 1990s without a strategic direction and efficiency measures turned the Thai state into a clumsy leviathan.[8] In a cross-national assessment by Evans and Rauch (1999),[9] Thailand was awarded 8 points, ranked in the middle range between the highest, Singapore (13.5 points), and lowest, Kenya (1 point). If we presume that competent, cohesive bureaucracies are a precondition for economic upgrading, the post-1997 political actors in Thailand inherited the formidable task of dealing with these oversized and overlapped state agencies.

The third legacy is the accepted ideologies about 'stability'. Along the catch-up path driven by the Sarit coalition, stability was framed as a regime in which (a) royal dominance prevails in the political realm alongside (b) hard-budget constraints in the economic realm and (c) the minimisation of anti-incumbent forces in the social realm. In socio-political terms, this stability was based on the discourse of 'Thai-style governance', which was promoted as a legitimate alternative to Western-style democracy. It portrays Thai society as an organism in which the king is the head and the government and bureaucracy its organs. The nation is viewed as a patriarchal family, and its unity is considered of paramount importance. The leader is like the father of the family nation. If the father-leader is ethical and righteous, the public need not worry about the potential abuse of power. It is promoted that the Thai-style governance existed for centuries, long before the birth of western-style democracy, under benevolent monarchs whose rule was tempered by Buddhist principles (Hewison and Kengkij 2010; Saichol 2005).

In economic terms, *good macro- bad micro-management* became a dominant 'growth narrative', as much for the Thai public as the scholarship on Thailand's political economy. This narrative depicts Thailand as a bifurcated state, "divided between a centralised, insulated, and efficient set of macroeconomic agencies on the one hand and more politicised, fragmented sectoral agencies on the other" (Doner and Ramsay 1997: 248). Essentially, even though sectoral policies operated within a clientelistic setting of elected politicians and military generals, Thailand still managed to achieve rapid growth thanks to conservative fiscal and monetary policies championed by the BOT and MOF. This growth narrative persists, even in the wake of the Asian financial crisis, as the technocrats were considered 'politicised', not as mismanaging the economy (see Hewison 2006: 76–78).

[8]Note that there were a few spells in which we observe effective coordination among key agencies. Most important was policymaking in response to a financial crisis in the early 1980s (see Thitinan 2001: Chapters 5 and 6). However, it was short-lived and limited to macroeconomic issues.
[9]Evans and Rauch (1999) develop the "Weberianness Scale" measured by the degree of meritocratic recruitment and rewarding long-term careers for the 1970–90 period.

### Catch-up Consequences: Unequal and Informal economy

In parallel with the abovementioned legacies, Thailand's catch-up strategy itself resulted in burgeoning *inequality* and *informality*. Even though high rates of economic growth greatly reduced poverty, the share of gains across segments of people was increasingly disproportionate over time. This is because the catch-up strategy in Thailand strongly favoured capital and urban workers over labour and rural peasants, without redistributive measures and programmatic welfare reforms. The Gini Index on income rose from 0.41 in 1962 to 0.54 in 1992 (a higher figure means greater inequality), making Thailand among the world's highest unequal countries (Pasuk 2016: 407). Inequality is more daunting in wealth and land, with a Gini Index of 0.70 and 0.88 in the 2000s respectively (Duangmanee 2016).

Informality in the economy is another momentous outcome. A study by Schneider *et al.* (2010) found that among 151 countries, Thailand was ranked the ninth largest according to the average size of its shadow economy[10] at 50.6 per cent of the official GDP, calculated from 1999 to 2007. Using a different measure, Pasuk and Baker (2008) determined that in the early 2000s, the 'informal mass', a combination of agricultural and urban informal sectors, accounted for around two-thirds of Thailand's workforce.

Consequently, political actors in contemporary Thailand need to deal with the high levels of inequality and informality, which have become the country's Gordian knot. While inequality tends to "make politics more discordant and fractious, thus discouraging the centripetal and consensual politics", informality "constitutes a crucial cleavage within the labour force that involves, among other things, divergent policy interests" (Doner and Schneider 2016: 620, 624–625).

Put together, the legacies and consequences of the catch-up process have an important bearing on the post-1997 trajectory. For, the contemporary political actors have to deal with both inequality and informality, within the context of the traditional elite's entrenched interests, bloated and fragmented state apparatus, and the accepted ideologies about stability. However, they pose impediments and incentives to elected and military governments in different ways.

## Elected Governments after 1997

Thailand became ground zero for the 1997–8 Asian financial crisis. Economic growth, which in the past four decades "seemed as natural as the annual arrival of the rains" (Pasuk and Baker 2008: 8), became a luxury good. In most of the post-crisis era, a few years of high growth were followed by political tumult, as seen in the Thaksin and Yingluck governments.

[10] According to Schneider *et al.* (2010: 5), the shadow economy includes the market-based legal production of goods and services that are deliberately concealed from public authorities.

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## A Politician's Dilemma

> The Thai political elite would choose to go back to the pre-1997 constitution with its numerous small parties, rather than 'submerging' their personal interests to the greater good.
>
> Lee Kuan Yew[11]

Short-lived coalition governments in the 1990s pushed a group of academics and technocrats into the movement for political reform, resulting in the 1997 Constitution that aimed to create a strong party and stable government. The Constitution, used for general elections in 2001 and 2005, changed the electoral system from multi-member to single-member districts, effectively reducing intra-party conflicts and party switching. Party leaders had greater leverage over members of their own parties.

Even though the 1997 Constitution was thrown away by the military coup in 2006, the political game in Thailand had already changed from a local to national enterprise. In the post-crisis era, if any political party wants to win a majority vote and deliver economic performance impressive enough to get re-elected, the following tactics are almost prerequisites. Given the catch-up legacies and consequences, the party has to: (a) offer a set of policies that appeal to rural voters across regions who are the majority, (b) restructure and streamline the bureaucracy to improve the quality of policy delivery, (c) increase public spending when facing stagnation, and (d) advance international trade agreements to boost export volume.

Nonetheless, doing these things tends to cause political discontent and street protests. Given the symbiotic relationship of the monarchy–military–technocracy alliance, macroeconomic growth narrative, and centralised and bloated state structures, the above electoral tactics (a) incite class politics by arousing the expectations and collective action of rural voters; (b) marginalise the military–technocracy alliance by putting the genie back in the bottle; and (c) consciously or not, challenge the sole leadership of the monarchy by claiming to be an alternative saviour of the poor. Discontent also emerges in the economic realm. Expansionary fiscal policies, especially money poured into the countryside and the resulting deficits and high inflation, have always pushed high-profile technocrats and academics sympathetic to the macroeconomic growth narrative into the mass media to criticise the government. This creates conditions that the opposing force can manipulate for street demonstrations as well as for judicial and military coups.

[11]As Singapore Minister Mentor (MM) Lee Kuan Yew told US Ambassador to Thailand Ralph L. Boyce, available at https://wikileaks.org/plusd/cables/06SING APORE3591_a.html (accessed 31 May 2017).

Yet, if a political party is motivated by a genuine attempt to win a majority vote, it hardly avoids following the above tactics. Without policy appeal to the rural population and bureaucratic restructuring, the chance of electoral winning and successful policy implementation is greatly reduced. Consequently, political conflict is inherent in the route that takes a political party to a majority government and to winning the re-elections.[12] This is a dilemma created by the legacies of the catch-up process faced by the Thai Rak Thai and Pheu Thai parties.

## Thaksin, 2001–2006

Thaksin Shinawatra is a tycoon turned politician, who made his fortune through state concessions in telecommunications. With the 1997 Constitution, Thaksin and his Thai Rak Thai Party (TRT) won two electoral victories in 2001 and 2005, and oversaw a period of unprecedented single-party dominance. In 2001, the TRT won 248 seats in the House of Representatives Parliament, just 2 short of an outright majority. In 2005, the TRT won more than 75 per cent of the total seats, the largest number a party has ever won in the Thai elections. Not only was the political executive dominant over parliamentary factions, but executive power was also concentrated in his hands. In addition to imposing 8 cabinet reshuffles totalling 55 individual new appointments in the first 3 years (Painter 2006), Thaksin closely controlled key appointments within the police, military, and civil service to reward his sympathisers and punish his opponents (McCargo and Ukrist 2005).

Industrial policy was prioritised over macroeconomic stability. The National Competitiveness Committee chaired by the prime minister was inaugurated with the overarching concept of cluster development. Moreover, a special investment package to promote skills, technology, and innovation was initiated by the Board of Investment (BOI) (Lauridsen 2009). The most successful outcome was evident in the automobile industry. The four-year master plan was detailed, and all objectives such as producing 1 million cars per year and achieving localisation of 60 per cent were achieved in 2005, one year ahead of schedule (Ohno 2006: 39–40).[13]

The bureaucracy underwent radical transformation for the first time since the Sarit era. The downsizing plan was designed to reduce the public workforce by 500,000 through the early-retirement scheme. At the end of the first-round reform in 2004, a survey by the Office of Public Sector Development Commission claimed to have cut red tape and procedures by 30–50 per cent, while approximately 70,000 civil servants opted to retire early (Bangkok Post 10 October 2005). Budgetary management was also reoriented. The Budget

[12] If political parties aim to be 'small-and-medium enterprises' to avoid such conflict, then Thai politics may revert to that of the 1990s, when all civilian governments were multi-party, short-lived, and indecisive enough to partly cause and subsequently mismanage the 1997 Asian financial crisis.

[13] Despite impressive initiatives, the industrial upgrading projects under Thaksin had mixed success. Apart from automobiles, other target sectors were less successful (see Lauridsen 2009).

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Bureau was ordered to replace the old system with a new policy of Strategic Performance Based Budget System. This shifted the budget allocation procedure from (a) the bottom-up approach from line ministries to the top-down approach from the prime minister and ruling party, and (b) function-based budget allocation to an agenda-based one (Suehiro 2014).

The economy was performing well with mild fluctuation. GDP growth rose from 3.4 per cent in 2001 to 6.1 per cent (2002) and 7.2 per cent (2003) in the following years, before slowing down to 6.3 per cent (2004), 4.2 per cent (2005), and 5.0 per cent (2006). Meanwhile, political tensions were emerging. Thaksin went from a "modernist reformer championing businessmen in the face of economic crisis, to populist championing the poor against an old elite" (Pasuk and Baker 2008: 66), thereby walking on a collision course with the monarchy–military–technocracy alliance in both material and moral terms. Thaksin's increasing power initially conflicted with Prem Tinsulanonda, Chief of the Privy Council, over key appointments in the military and bureaucracy. Thaksin also curbed military spending, meaning fewer commissions on the procurement of expensive weapons for the army (The Economist 19 September 2009), and planned to privatise certain military assets (Chambers 2011: 298).

Political tension heightened from late 2005. Street protests by the 'yellow-shirt' movement were followed by the military coup on 19 September 2006. At the core of the yellow shirts were a group of "royals, aristocrats, old Sino-Thai money, trusted intellectuals, judges, and some senior military, police, and administrators" (Hewison 2010: 127). Many were marginalised by the TRT or not part of Thaksin's patronage network. Another wing comprised social movements and non-governmental organisations (NGOs) with a grassroots base, such as workers, farmers, teachers, and students (Pye and Schaffar 2008). The rage of the Bangkok middle class reinforced the royalist opposition to Thaksin that arose earlier through disenchantment with Thaksin's 'populist' policies and leadership in rural Thailand. The crux of it lay in the symbolic challenge to the monarchy as *the* champion of the downtrodden, as Thaksin "offered a very different approach to the same constituency" of the king (Hewison 2010: 129). General Surayud was installed as prime minister by the coup-makers and was in office from October 2006 until an election in December 2007.

## Yingluck, 2011–2014[14]

In the general election in July 2011, the Pheu Thai (PT) Party, the third-generation successor to the TRT, won a landslide victory again. The PT was led by Thaksin's younger sister, Yingluck Shinawatra, whom Thaksin referred to as his 'clone'. The PT captured 53 per cent of the votes, making it the second

[14]The Samak and Somchai governments are excluded in this analysis because of their short durations in office (224 and 84 days respectively). Both were from the Thaksinite party, the People's Power Party, and confronted with intense street protests including the airport siege by the yellow shirts throughout 2008.

political party in Thai history to win an absolute majority following the TRT. Yingluck brought a number of small parties into her coalition government, which held a 70 per cent majority in Parliament. She did not pursue a tit-for-tat strategy, but sought to accommodate most of her brother's enemies. Even so, as an electoral force functioning in the context of the catch-up legacies, the Yingluck government remained on a collision course with the traditional elite.

The government pursued two main economic policies. First were capital-intensive mega-projects such as a high-speed railway service linking Bangkok with major cities, 'land bridge' linking the Gulf of Thailand with the Andaman Sea, and ten new electric train lines in Bangkok. Second were redistributive measures including an increase in the minimum wage to 300 baht per day, a farmer's credit-card project, tax cut for first-home and first-car buyers, and a rice-pledging scheme (Warr 2011: 61). Among these, the rice-pledging scheme, or a guaranteed above-market price of 15,000 baht per tonne for unmilled rice, was the most controversial. As the market price remained low and rice accumulated in storehouses, the government sold it at a loss estimated at 100 billion baht ($3 billion) per year. The scheme caused corruption scandals and hence fierce tensions between government proponents and macroeconomic technocrats.

Under Yingluck, The Thai economy reached 7.2 per cent of GDP growth in 2012 before a slowdown to 2.7 per cent growth in 2013. High growth in 2012 was due to government stimulus packages aimed at rebuilding infrastructure damaged in the 2011 floods and boosting domestic consumption (Ockey 2014: 42). Inflation remained at between 1.6 and 3.7 per cent from 2011 to 2013, despite the increased minimum wage. A planned infrastructural project was delayed by opposition challenges in court and not implemented until the coup toppled the government in May 2014.

The compromising strategy facilitated Yingluck's stay in office for longer (32 months) than the tit-for-tat tactics of Samak and Somchai (11 months altogether in 2008), but not long enough for a re-election. In late 2013, the government introduced an amnesty bill granting a reprieve to individuals across the political spectrum including Thaksin. This provoked demonstrations in Bangkok involving thousands of protestors. The protests were organised by the People's Democratic Reform Committee (PDRC), a rebranded version of the earlier anti-Thaksin movement that included supporters of the Democrat Party, hard-line Network of Students and Citizens for Reforms, and residual elements of the old People's Alliance for Democracy (PAD) (McCargo 2015: 338). The PDRC rallies peaked on 13 January 2014, when they mounted the 'Bangkok Shutdown' campaign by blocking 20 key locations and intersections across the city. The survey of 350 protesters found that 54 per cent were from Bangkok, and 72 per cent had household incomes of 30,000 to 60,000 baht, the upper income by Thai standards. The two major motivations for protesting were to end the Shinawatra family's political dynasty (40 per cent) and protect the monarchy (15 per cent) (Asia Foundation 2014).

During the protests, the local newspaper reported a list of 32 financial backers (19 companies and 13 famed individuals) who allegedly funded the PDRC. The list included well-known conglomerates such as Saha Pathanapibul, Gaysorn Plaza, Siam Paragon Department Store, King Power Group, Dusit Thani Hotel, Siam Intercontinental Hotel, Riverside Hotel, Mitr Phol Sugar Group, Wangkanai Sugar Group, Boon Rawd Brewery, Thai Beverage, Yakult, Neptune, Thai Namthip, Muang Thai Life Assurance, Hello Bangkok, and Metro Machinery Group (Bangkok Post 12 February 2014). When Yingluck called an election in February 2014, the PDRC prevented voters from casting their votes at a ballot box, particularly in the South and certain areas of Bangkok. While the elections went ahead, there was only a 47.7 per cent turnout (Prajak 2016). Consequently, there were not enough Members of Parliament to convene a new Parliament. This political tumult paved the way for the military coup on 22 May 2014 (see Veerayooth and Hewison 2017).

## Military-backed Governments after 1997

### Traditional Elite's Dilemma

The military-backed governments face a dilemma *different* from that of their elected counterparts. Since 2001, Thailand has seen three military-backed governments under Surayud Chulanont (2006–7), Abhisit Vejjajiva (2008–11), and the current Prayuth regimes (from 2014). Many Thai people would remember social order and royalist campaigns from these administrations, while economic prosperity and income redistribution are unlikely to be issues most people associate with them. To achieve order and stability, as defined by the Sarit coalition, this type of government is incentivised to employ an ultra-royalist stance to legitimise their political interventions, suppress political dissidents, and appoint traditional technocrats and familiar tycoons in key positions across the state apparatus.

However, it is these political alliances and their underlying tactics and ideologies that deter military-backed governments from a range of policies such as supporting conglomerates outside their small circle, pursuing bureaucratic restructuring, and taking a pro-globalisation stance. Moreover, with legitimacy based on the traditional value of the monarchy and military, they cannot allow significant political or ideological competition to gather momentum. Therefore, the power and legitimacy that brought the military juntas to office diverted them from addressing the country's impediments to long-term growth.

Of course, this does *not* mean all military-backed governments are structurally determined to have poor economic performance. If measured purely numerically, annual GDP growth in some years under this type of administration is comparable to or higher than that of elected governments. However, their growth strategies, especially policy mixture and budget allocation, differ fundamentally. Most feasible policies implemented by military-backed governments to promote growth can be characterised as a *short-term liberalisation* strategy, a desperate attempt to attract overseas capital such as easy grants for foreign investors and exorbitant infrastructural projects. Moreover, this type of government evidently allocates a substantial amount of resources and budget to unproductive nationalist campaigns and military expenditures.

## Surayud, 2006–2007

Following the coup in September 2006, the military junta settled on former army commander Surayud Chulanond, who resigned from the King's Privy Council to become prime minister. His cabinet was composed of handpicked technocrats, while a legislative council primarily comprised conservative bureaucrats, technocrats, and soldiers (Ockey 2007: 138). With the monarchy and military highlighted, budgets were dissipated based on the ideological promotion of a 'sufficiency economy' and 'gross national happiness'. Both the increased role of the military and king's economic principle were officially written into the 2007 Constitution to be followed by future governments.

Government expenditure was re-prioritised. The military budget was increased by 34 per cent and 28 per cent in 2007 and 2008 respectively (McCargo 2008: 351). It earmarked several billion baht for projects supporting the sufficiency economy and asked academics to write reports illustrating how the sufficiency economy benefits Thailand and the world (Chambers 2013: 93). Surayud abolished subsidies for rice farmers and other initiatives launched by Thaksin. However, he made the 30-baht universal health-care scheme free, although he cut funding and eligibility for the programme by half. Thaksin's village funds were renamed the 'sufficiency village development scheme', as villagers now needed to propose projects based on sufficiency economy principles (Chambers 2013: 94).

The Surayud government endorsed the Defence Ministry Administration Act of 2008 to limit the elected politicians' authority to appoint high-level military officers.[15] Another critical change was the re-empowerment of the Ministry of Interior to appoint village heads and sub-district heads (*phuyaiban* and *kamnan*), formerly elected positions. Both positions were viewed as the political base of Thaksin in the rural North and Northeast. Surayud cited high election costs and possible rifts caused by the election process as a principle for the return to the appointment. Moreover, the newly appointed village and sub-district heads would be allowed to assume office until they turned 60, instead of serving the 5-year term (Bangkok Post 20 May 2007).

Under Surayud, GDP growth was 5.0 per cent in 2006 and 5.4 per cent in 2007. The economy suffered a slowdown of exports, baht appreciation, inflation

[15]Even though the committee consists of the defence minister and deputy minister, more voting powers come from the other five military officers, namely the permanent secretary for defence, supreme commander, and chiefs of the three armed forces: the army, air force, and navy.

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acceleration, and growing political tensions (Chambers 2013: 94). The charges of corruption against the Thaksin administration cast doubt on infrastructure spending (Ockey 2007: 138). In December 2006, the BOT launched the 30 per cent reserve requirement, a strong anti-speculation measure equivalent to capital control. The stock market plunged by 15 per cent, forcing the authority to rescind some measures in the following days (Bangkok Post 1 October 2010). In January 2007, the plan to tighten control over foreign-owned businesses caused concern among foreign embassies and the foreign Chambers of Commerce in Thailand. This did not settle until the government ended. Economic uncertainty prevailed throughout the Surayud regime. Overall, as Ammar (2011: 80) summarised: “The [Surayud] government attempted little and therefore achieved little”. After an election in December 2007, the king reinstated Surayud to the Council a few days after the Samak cabinet came into office.

### Abhisit, 2008–2011

Abhisit gained the premiership with the helping hand of the judiciary and military (see Chairat 2010). Note that all the governments from 2008 to 2010 faced bloody protests and political pressures from their opposition. However, while the tenures of the two leaders of the Thaksinite party (People’s Power) lasted only ten months, the Abhisit government stayed for 32 months until Abhisit’s decision for House dissolution in August 2011. In his government, the fragmented coalition government returned. Key ministries were distributed to the smaller parties, weakening the prime minister’s decision-making authority.

Long criticising Thaksin’s populism, Abhisit called his two economic stimulus packages, worth 117 billion baht and 1.4 trillion baht, the ‘Keynesian policy’, arguing, “This is…Keynesian policy which everybody is doing. I don’t know of any country that is not pursuing this line” (The Nation 23 February 2009). Key measures included the 15-year free education scheme; skills training scheme; 500-baht monthly allowance for the elderly; excise and value-added tax waiver for diesel; and subsidies for electricity, water, and transport.

Industrial development and bureaucratic reform were not prioritised. Nationalism and moralism came first. The Foreign Ministry announced that “defending the dignity and reverence of the king is now the uppermost task”. The government blocked 113,000 websites considered a threat to national security, that is, the prerogatives of the monarchy (Pavin 2011: 1035). The military budget increased by 50 per cent to a record high for the 2000s. In 2010, the military accounted for 1.8 per cent of the country’s GDP, compared to 4 per cent in the US, 2 per cent in China, and 1.3 per cent in Germany (Matichon 1 June 2011). Relations between Cambodia and Thailand deteriorated sharply during this government. The territory dispute covered the Preah Vihear Temple and 4.6-square-kilometre area around it.

The early period of his government was marked by the global financial crisis that led to the economy shrinking by 0.7 per cent in 2009, the first annual contraction since 1998. From the low base and stimulation by fiscal and monetary policies, the economy expanded again in 2010, with a 7.5 per cent growth in GDP due to the surge in export, tourism, and domestic demand (Bank of Thailand 2011). However, the recovery was viewed as led by external factors rather than by the policy, as Ammar (2011: 82–83) asserts, "The sharp export recovery deserves more credit than the government programmes".

## Prayuth, 2014–present

> I am a soldier. I was taught to fix the nation's problems.
> Prayuth Chan-o-cha (Chicago Tribune 4 February 2016)

Army Commander General Prayuth Chan-o-cha staged a military coup on 22 May 2014 to topple the Yingluck government. Likely, "the military had been gearing up for a coup for some time, but the final decision to seize power was taken at a very late stage" (McCargo 2015: 344). Prayuth became prime minister, instead of assigning the role to a respected civilian (as in 1991) or retired military figure (as in 2006). The appointed 32-member Cabinet and 197-member National Legislative Assembly were dominated by military officers and figures with "extremely conservative credentials" (McCargo 2015: 345).

From the coup in mid-2014 until the end of 2015, the focus was on the crackdown on dissent, mainly red-shirt leaders, pro-democratic academics, and students. Around 690 people were summoned for questioning, 399 were arrested including 144 at peaceful protests, and at least 47 new cases were filed to prosecute people for defaming the monarchy under the country's draconian *lèse-majesté* law (Unaldi 2015). Unproductive social campaigns gained high priority and extra funding, signified by the 'twelve core values' the junta made compulsory for schoolchildren to repeat daily, such as upholding the monarchy, being grateful to their parents, and treasuring Thai tradition.

While the junta paid attention to social order, the economic growth rate decreased from 2.7 per cent in 2013 to 0.9 per cent in 2014. It mildly increased to 2.9 per cent in 2015 and 3.2 per cent in 2016, with the help of fiscal-stimulus programmes and vast number of Chinese tourists. However, the recovery is not broad-based, because of tepid private investment and consumption. A survey conducted in December 2017 by the National Institute of Development Administration (Nida) on a sample of 1250 persons nationwide, found that the government's economic management had not delivered results for low and middle-income groups, despite the higher GDP growth rate of nearly 4 per cent in the third quarter of 2017 (Nation 18 December 2017). Similarly, according to the BOT, in early 2018, purchasing power, particularly for people in the low-income segment, was still weak as household income fell from the previous year (Bangkok Post 31 March 2018). This led one investment research company to sum up that, "the economy has never been the key focus of the junta" (Chicago Tribune 4 February 2016).

## Concluding Remarks

Various facets of Thailand are in the doldrums. This article tried to tease out one of them, namely the *growth–stability contradiction*. Since the new millennium, neither the military nor the civilian government have achieved simultaneous impressive growth and political stability. Under military rule, the country's stability was broadly attained at the expense of broad-based economic expansion. In contrast, when elected governments took office, their successful growth strategies usually brought about political discontent, paving the way for *coups d'état*. This contradiction has been increasingly acute over time, from the Thaksin era (2001–6) to the Prayuth Chan-o-cha regime that has been in place since the 2014 coup.

This article argues that this contradiction is not a result of policy rhetoric or leadership styles. It is about the particular power and legitimacy underpinning each type of regime, and subject to the legacies of Thailand's relatively smooth catch-up process from the late 1950s until 1997. The process of capitalist development created many important legacies, especially the symbiotic relationship between the military, banking conglomerates, and technocrats; dominant growth narrative focusing on macroeconomic stability; and overly centralised and bloated state structures. Furthermore, the catch-up strategy heightened the country's inequality and informality to extremely high levels. These features form the rules of the game confronting post-1997 political actors. However, they incentivised elected and unelected leaders in different ways.

If a political party aims to win a majority, it needs a policy package that induces the informal mass, marginalises the traditional elite, debunks the macroeconomic growth narrative, and restructures the state bureaucracy. These tactics would trigger political discontent, as evident in the Thaksin and Yingluck governments. On the other hand, a military regime has to base its legitimacy on the traditional value of the monarchy, while appointing conservative technocrats to key positions and restricting room for political-economic and ideological competition. This may enable the military regime to restore social order, but concurrently impedes it from achieving impressive and across-the-board growth.

Sarit was prime minister for less than five years before passing in December 1963. However, Thailand's catch-up industrialisation, which gained momentum under his regime, has been carried forward by the coalition he settled surrounding the crown, the royalist military, macroeconomic technocrats, and Sino-Thai banking conglomerates. The *Sarit coalition* and its strategy have constrained the country's subsequent development trajectory through path dependence effects. Post-1997 political actors behave and interact within this exogenous obstacle course. As such, even without Thaksin, any party that aims to win a majority vote must follow most of Thaksin's electoral tactics and policy choices, and hence on a collision course with the establishment and its supporters. A better understanding of Thailand's contemporary malaise should therefore consider the legacies from the catch-up process.

This does not mean that this path and the growth–stability contradiction will perpetuate. Even if there is no external shock (such as the 1997 Asian financial crisis), gradual change and endogenous sources of change can form path alteration. For example, an attempt by the Prayuth government to embed military power through the 2017 Constitution may have unintended consequences such as the emergence of new mass political parties or political realignments. Catch-up legacies in Thailand may impose constraints in path dependent ways, as they are intertwined in all material, institutional, and ideological terms. Yet, after all, institutions and ideologies are man-made and thus malleable, if not manipulable. However, this remains to be seen in reality.

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