

THE DEVELOPMENT OF LABOR INSTITUTIONS IN THAILAND

by Bevars D. Mabry



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PREFACE

The need for a study of labor institutions in Thailand became apparent to me in 1967 when I began a visiting professorship appointment to Thammasat University in Bangkok. As a specialist in labor relations, I had looked forward to examining the industrial relations system of a developing country. Because literature on the Thai system is sparse, I arrived at my post not knowing exactly what to expect. I found that formal labor unions were totally absent; they had been suppressed since 1958. Moreover, the business community was giving little attention to industrial relations policy and procedures, and the universities offered no courses in labor relations. The lack of subject matter to teach in my major area of specialization made me intensely aware of how culture-centered the practice of labor relations is.

Strikes were rare, and those that did occur were regarded as aberrant behavior and were front-page news. My casual inquiries into labor matters were answered by assurances from Thai faculty colleagues, by government officials, and industry representatives that the Thai worker had little or no interest in joining labor organizations, and that labor relations policies in industry were both unnecessary because of employer paternalism and unworkable because of the workers' complete acceptance of employer authority. The individualism of the Thai, I was told, was such that if a worker objected to his employer's actions he would simply quit rather than confront his supervisor. Because of the relatively short duration of my appointment and because of the pressure of other research commitments, I did not at that time pursue my inquiry into the nature of Thai industrial relations at any great length.

Another visiting professorship during 1971-73 afforded a second chance to examine the Thai system. There was no increase in the amount of published literature, but interest was evident among transient scholars, who, hearing of my own interest in the subject, frequently requested briefings. This interest was heightened by the rapid economic growth that occurred in the 1960s, by dramatic departures from Thai passivity, and ultimately by the legalization of worker associations in May 1972. In attempting to answer our questions about the nature of these developments, it became obvious that an understanding of a broad spectrum of Thai culture was necessary. For example, in attempting to identify the circumstances surrounding the rise and fall of embryonic labor organizations, I found myself learning more and more about Thai history. An analysis of the labor organization as an instrument of power required an examination of the Thai political structure and the reaction of the power elite to the emergence of this institution. My efforts to understand the character of the Thai worker, his attitudes and values as they relate to industrial, urban employment and to union affiliation, led me to examine the Kingdom's religious, ethnic, and spatial composition. No less important was an

awareness of the Thai business community's perceptions of the master-servant relationship, and the roots in Thai culture of its attitudes. An understanding of labor laws required an examination of the Thai legal structure and the system of public administration. Economic development and demographic pressures were operating to transform traditional attitudes and roles, and these focused my attention on the mechanics of the Thai labor market.

Because of the dearth of serious literature on industrial relations in Thailand, the emerging system had to be studied through a seemingly endless search for bits and pieces of information which could fit together into a mosaic. The anthropological character of this study, I think, was reflected in the initial drafts of this manuscript, which attempted to present and interpret diverse sources of information to novitiates among students of Thai labor relations. Successive drafts have condensed these interpretations and deleted material which, though providing an interesting background, is not directly relevant. Because this work is now addressed to more mature students of Thai society, the novitiate is reminded that a deeper insight into the development of Thai labor institutions requires a comprehension of the broad cultural context within which they are evolving.

I have accumulated many debts of gratitude in conducting this study. Professor Kundhol Srisermbhok of Thammasat University provided valuable liaison and research services, and coauthored Chapter IV. Dr. Puey Ungpakorn, former Dean of the Faculty of Economics and Rector of Thammasat University, provided inspiration and encouragement, and two more recent deans, Dr. Vinyu Vichit-Vadakan and Lily Kosiyanon assisted me in making contacts and in providing space facilities. Portions of the manuscript have been discussed with Dr. William McCleary, formerly of the Rockefeller Foundation's Thailand staff and of Thammasat University; with Drs. Ammar Siamwalla and Narongchai Akrasanee of Thammasat University; with Professor Seiji Naya of the University of Hawaii; and with Professor Pasuk Phongpaichit of Chulalongkorn University, all of whom have provided helpful comments.

I especially appreciate the encouragement, technical advice, program scheduling, and moral support of Dr. Laurence Stifel of the Rockefeller Foundation, who was my chief of party during my two tenures at Thammasat University.

Appreciation is expressed to numerous labor, industry, and government officials in Thailand for their generous assistance in the conduct of this study. I am grateful to the Rockefeller Foundation for providing a Visiting Professor Grant to Thammasat University in 1967-68, again in 1971-73, during which this study was initiated, and a research grant for Summer 1976 to permit its completion. A Faculty Research Grant from Bowling Green State University also supplemented the summer grant. The responsibility for the study and for all errors or omissions rest, however, with the author.

CHAPTER I
CHARACTERISTICS OF THE
LABOR FORCE

Introduction

The Thai worker, just as one from any other country, is a product of his or her environment and culture. The values which he brings to the work site, which motivate him to perform, and which influence his responses to the myriad job stimuli, all are rooted in and grow out of the experiences to which he has been exposed in his immediate society. Insight into Thai work behavior, therefore, requires some knowledge of this milieu of common experiences which comprise his culture. As Thailand develops, of course, the set of experiences and patterns of relationships which compose the daily life of the Thai is enlarged and changed, and behavior is modified as new responses are conditioned to new stimuli. Over time, perhaps slowly, values are modified to meet the realities of new life styles. Hence, it is imperative to remember that the model of the Thai worker of the 1970s is not quite the same as that of the worker of the 1930s or of the 1990s.

Until World War II, with only limited exceptions, the overwhelming majority of the economically active population was engaged in rural occupations, essentially agricultural. Ethnic Thais were almost exclusively rice farmers. The picture has changed but little, for in 1975 about 85 percent of the population was rural. The average Thai worker, even today, resides in a village and is a farmer. Before World War II, ethnic Thais found urban employment principally in government civil service, state enterprises, the military, or domestic service. Commercial, financial, and industrial activities remained the province of aliens, predominantly urban Chinese, who supplied the leaders and personnel for enterprises in these sectors. The prewar "labor force" of the private sector in Thailand was therefore basically Sino-Thai, with distinctive cultural characteristics.

The non-Thai character of the nonagricultural labor force, however, is changing for a variety of reasons. By government decree, Chinese immigration virtually ceased in 1955, and entry-level jobs no longer can be filled with unskilled aliens. Moreover, through a series of legislative enactments, aliens have periodically and persistently been excluded from employment in a growing number of occupations. Again by conscious government policy, assimilation of the Chinese community into the Thai social and national fabric has proceeded at an increasing rate, so that only about 200,000 residents of Chinese heritage in 1973 were noncitizens. Most of the Sino-Thai under age forty have been educated in Thai schools, are Buddhists, use Thai as their primary language, and identify themselves nationally as Thai. Hence, the distinction by national origin and cultural heritage is no longer as sharp as it once was. The size of the urban labor force

then increased with the entry of indigenous Thai and Thai-Chinese, whose differences are more of the kind found between urban and rural sectors of the population, between educated and uneducated, or between skilled and unskilled than among nationalities and diverse culturesⁱ

Although the urban labor force is becoming "Thai-fied,"¹ to the extent that rural migrants are absorbed into nonagricultural employment and provide an increasing proportion of it, the values they bring with them will influence the process of their adaptation to the demands of that labor force and will modify its character. Their values will impose corresponding demands upon entrepreneurs and management if they are effectively to deal with and efficiently to utilize the services of the rural Thai. Failure to recognize and accommodate the requirements of adaptation posed by diverse values can generate industrial relations problems -- labor disputes, turnover, absenteeism, training and skill development, etc. Indeed, the process by which a labor force is disciplined to the requirements of modern technology involves the transformation of the value system of its constituents. Hence, in terms of ethnic and occupational composition and in terms of degree of modernization, the Thai labor force has continued to changeⁱ

Institutions both reflect and influence the characteristics of a society and persist as long as they are functional in serving its endsⁱ. To the extent that the society is stable and subject to few exogenous disturbances, the structure, goals, and the patterns of beliefs that form, support, and are served by its institutions may be slow to changeⁱ. It is this "slow to change" feature of a society that characterizes it as *traditional*, and it is that sector of the society which is exposed to exogenous disturbances and is undergoing sometimes rapid change which is described as modern, particularly if the source of disturbance is an accelerating process of urbanization, commercialization, and industrialization. On balance, whether a country is traditional or modern depends upon the degree of mix of the two sectors and on the degree in which the modern sector is or is not transforming, through interaction, the traditional.¹ Thailand, in terms of the mix of its population and the dominance of its cultural orientation, is still traditional, although the process of modernization is expandingⁱ

The focus of this study is on the emergence of Thai labor institutionsⁱ. Labor institutions in any country are a product of that nation's culture and stage of economic developmentⁱ. Development operates on these institutions by influencing the size, composition, and location of the labor force and the processes by which human activity is allocated in the labor marketⁱ. The institutions of the labor market -- worker organizations, labor laws and agencies, and employer organizations and personnel practices -- facilitate the distribution of the labor force by region, industry, and occupation. Within the market context, labor force adjustments respond to the push and pull of changing compensation patternsⁱ

The culture of the people can also influence their occupational preferences and the extent of their work commitmentⁱ. Moreover, that culture can influence the nature of institutions through the manifestations of the basic values and attitudes that condition people's behaviorⁱ

¹Norman Jacobs has argued that Thai modernization is only a veneer; that in fact traditional Thai culture dominates the goals and orientation of its leadersⁱ. See his *Modernization Without Development, Thailand As An Asian Case Study* (New York: Praeger, 1971)ⁱ

As a prelude to examining the development of Thai labor institutions, it is thus appropriate in this initial chapter to examine the dimensions of Thailand's labor force, her compensation patterns, and the work behavior of her citizens.

I. Dimensions of the Economy

Introduction

Thailand is an underdeveloped country, whose annual per capita gross domestic product (GDP) in 1976 was only about US \$300 (6,000 baht). Greater Bangkok, the capital, enjoys a degree of prosperity that is not typical of this tropical Southeast Asian kingdom. This center of vibrant economic activity, rich in capital and modern technology, comprises less than 4 percent of the Kingdom's 200,000 square miles and almost 20 percent of her 43 million people. The central region's income is heavily weighted by the greater economic development of the Greater Bangkok area, and it far exceeds the income of the other three, less developed regions. Except for small cities, the top twenty varying in population from 40,000 to 100,000, the country is predominantly agrarian, primarily using traditional farming techniques.

Although economic growth since World War II has centered dramatically in the Bangkok area, planned expansion of the infrastructure has permitted the fruits of this development to filter through to other regions of the country. Roads, educational facilities, public health services, public utilities, and communication media have reached remote rural villages and brought new levels of awareness and aspirations to their inhabitants. Control of disease and improved health care has extended life expectancy from 35 years at birth in 1945 to over 58 years in 1973, and the resulting population explosion has increased the number of inhabitants of Thailand in the same period by 235 percent. This natural rate of population growth of about 3.1 percent annually, if continued, obligates Thailand to maintain her unusually high postwar rate of real economic growth of almost 8 percent if the Malthusian spectre is to be avoided.

The higher growth of per capita income in urban and rural areas has motivated only a slight redistribution of population through migration to urban areas. Rather, much migration has been interrural, to unoccupied lands, and much of the expansion in agricultural output has resulted from the cultivation of new acreage rather than from the use of improved technology. Since the amount of unused arable land is finite, the continued growth of rural population will increasingly be difficult to accommodate; the rural-urban income differential will widen and rural to urban migration will accelerate. The urban economy then will be under increasing pressure to generate jobs in order to absorb the rural immigrants.

The Labor Force

In Thailand the measure of the economically active population ages 11 or above is used to represent the labor force.² Those who were classified in 1960 either as employers, self-employed or unpaid family workers totaled almost 88 percent of the economically active population,

²M.L. Gupta, in "Patterns of Economic Activity in the Philippines and Some Methodological Issues Involved," *International Labor Review*, 4 (April 1970), pp. 384-87, argues that persons under age 15 should be excluded.

but in 1974 the corresponding figure had declined to about 78 percent.ⁱ The proportions of employers and self-employed workers increased, so that the major decline has been in the percentage of unpaid family workers.ⁱ On the other hand, over the same period, the proportion of paid employees has increased from about 12 to about 22 percent, and this indicates the degree of expansion of the conventional labor market (see Table 1).ⁱ

The pace of development can in part be revealed by examining changing patterns of labor use in an economy. Because urbanization, industrialization, and growth in per capita income all are positively related and because these variables are negatively associated with labor force participation rates, Thailand has in the 1970s used relatively fewer youths and females in economic pursuits than she did in the 1960s.ⁱ This decline has resulted in a slower rate of growth of the labor force and of employment than in the rate of population growth.

The most striking change in the industrial distribution of the employed is found in the primary sector, here identified as the A sector since it is dominated by agricultural employment (see Table 2). This decline appears to be accelerating. From 82.4 percent of the employed in 1960, the A sector employment had declined to slightly less than 80 percent in 1970, but in the succeeding four years the decline accelerated, so that by 1974 only 65 percent were employed.ⁱ Almost two million fewer workers were in the A sector in 1974 than in 1970, and total employment here in 1974 was even less than that recorded in 1960.ⁱ The numerical decline in primary sector employment in 1974 was more than offset by numerical gains in the goods-producing (M) and service-producing (S) sectors, and the greater percentage of those employed in these two sectors is inflated by that numerical decline in the A sector.ⁱ Although some movement from the A to the M and S sectors undoubtedly occurred, they would have grown even if the participation rates in agriculture had not declined.ⁱ The expansion of employment in the M and S sectors, while numerically significant between 1960 and 1970, were not matched by correspondingly large percentage gains during the same period. This suggests that employment expansion in all sectors was relatively uniform, with only slightly more growth in the M and S sectors. Between 1970 and 1974, however, the pace of employment growth in the M and S sectors quickened, with relatively greater growth occurring in the goods-producing sector, where employment more than doubled.ⁱ Significant but less spectacular employment growth occurred in the S sector, both in the commercial and service industries.ⁱ

The quality of the labor force is influenced by the educational attainments of the population.ⁱ In terms of educational development, Thailand has been classified as a semiadvanced country along with such nations as Norway, Czechoslovakia, South Africa, and Mexico.³ Between 1960 and 1970, the proportion of population classified as literate increased from about 71 to 82 percent.ⁱ Literacy is high among both young male and female adults, but rates decline rapidly for those of age forty and over, and this is especially true for females.ⁱ A

³F.H. Harbinson and C.A. Meyers, *Education, Manpower and Economic Growth*, (New York: McGraw Hill, 1964), pp. 23-48. This classification was derived by giving heavy weight to the proportion of the population having secondary and postsecondary education.ⁱ

TABLE 1
Work Status of the
Economically Active Population, 11 Years of Age and Over
1960, 1970, 1974

Work Status	1960		1970		1974	
	Number	Percent	Number	Percent	Number	Percent
Total	13,722,104	100.00	16,652,267	100.00	17,159,140	100.00
Employer	43,600	.32	60,758	.36	98,910	.57
Self-Employed	4,084,792	29.66	4,935,205	29.64	5,805,750	33.83
Employee	<u>1,632,686</u>	<u>11.85</u>	<u>2,597,870</u>	15.60	<u>3,817,450</u>	<u>22.25</u>
Government	489,452	3.55	777,984	4.67	992,780	5.79
Private	1,143,234	8.30	1,819,886	10.93	2,824,670	16.46
Unpaid family	7,982,836	57.96	8,934,983	53.66	7,437,030	43.34
Unknown	28,190	.20	123,451	.74	----	.00

Source: National Statistical Office, *Labor Force Survey, Census of Population*, 1960, 1970 (July-September, 1974).

TABLE 2
Economically Active Population 11 Years of Age and Over, By Industry
1960, 1970, 1974
(000)

Industry and Sector	1960		1970		1974*		Mean Years of Education, 1974
	Number	Percent	Number	Percent	Number	Percent	
<u>A</u>	<u>11,332.2</u>	<u>82.4</u>	<u>13,201.9</u>	<u>79.3</u>	<u>11,226.3</u>	<u>65.4</u>	<u>4.94</u>
<u>M</u>	<u>749.3</u>	<u>5.4</u>	<u>1,244.4</u>	<u>7.5</u>	<u>2,546.7</u>	<u>14.8</u>	<u>6.22</u>
Mining	29.5	0.2	86.6	0.5	49.4	.3	5.72
Mfg.	470.1	3.4	682.6	4.1	1,693.6	9.9	6.12
Construction	68.6	0.5	181.5	1.1	276.8	1.6	5.96
Utilities	15.5	0.1	25.3	0.2	61.5	.4	9.83
Transport & Comm.	165.1	1.2	268.4	1.6	465.1	2.7	6.52
<u>S</u>	<u>1,433.6</u>	<u>10.4</u>	<u>2,085.3</u>	<u>12.6</u>	<u>3,386.2</u>	<u>19.7</u>	<u>7.16</u>
Commerce	779.3	5.7	875.8	5.3	1,628.6	9.5	6.01
Services	654.2	4.8	1,209.5	7.3	1,757.6	10.2	8.23
Unknown	233.7	1.7	145.9	0.9	----	----	----
Total	13,748.7	100.0	16,652,267	100.0	17,159,140	100.0	5.56

*Number includes only the category Employed Persons, which constitutes 99.58 percent of the economically active population.

proxy for the quality of the labor force is the mean years of schooling completed by participants. In Thailand in 1974, the average number of years of schooling was 5.56, little more than a lower primary education (see Table 2). In most industries, only a small percentage of the labor force has acquired more than a primary education.

Recent labor force surveys reveal that between 1969 and 1974, the growth of the Thai labor force has almost stagnated, increasing at an unusual rate over the five-year period of less than one-half of one percent. Although the urban labor force has grown at about 1.5 percent annually, the rural labor force has had a negative rate of growth, produced by the absolute decline in the number of participating females. Even the annual rate of growth of the rural male labor force has been less than one percent. Since the natural rate of growth of the population entering the working age has been about 3 percent, the data suggest a strong possibility of the withdrawal of both males and females of working age from active participation in economic pursuits.

Labor Force Participation and Unemployment

Between the mid 1960s and 1974, and particularly since 1970, dramatic declines in labor force participation rates (LFPR) have occurred for those age groups between twenty and fifty, especially for females in rural areas (see Table 3). The decline in participation rates since 1969 may be either real or illusory. Certainly, increasing educational opportunities, increasing urbanization, and increasing family income levels are real forces which produce declines in such rates, and to the extent that these influences are present in the Thai economy, decreases are to be expected.⁴ Nevertheless, real economic growth in the 1970s has been less than that of the 1960s, and the labor-absorption capacity has been correspondingly reduced. Hence, given the earlier high birth rate, the labor force ought to grow proportionately after an appropriate time lag, if real labor participation rates are only marginally reduced by marginal increments in urbanization, family income, and school attendance. In fact, the first two of these influences have indeed been marginal, and the greatest increases in school attendance has been experienced by males in the 11-19 age group. Yet, it is female participation in all age groups that has shown the greater declines. If influences reducing labor force participation rates have not been strong, a consequence of this mix of forces, reflecting a lower rate of real economic growth and a marginally reduced rate of labor force growth should have been reflected in significantly higher unemployment rates. Yet, measured unemployment rates remain only a fraction of one percent, and total measured unemployment increased less than 20,000 between 1969 and 1974.

⁴Four recent studies on Thai LFPR are: (1) Sidney Goldstein, Alice Goldstein, Penporn Tiraservat, *The Influence of Labor Force Participation and Education on Fertility in Thailand*, Institute of Population Studies, Chulalongkorn University, Report No. 9 (Bangkok, December 1972); (2) Nibhon Debavalya, *A Study of Female Labor Force Participation and Fertility in Thailand* (paper presented at the Seminar on Labor Supply, sponsored by the Council for Asian Manpower Studies, Makati, Rizal, Philippines, June 21-25, 1976); (3) Suvanee Chitranukroh, *The Female Labor Force Participation Rate in Thailand* (idem.); and (4) Srawooth Paitoonpong, *The Labor Supply of Thailand: An Empirical Analysis of the Determinants of Participation Rates*, (Ph.D. Dissertation, University of Hawaii, 1976).

TABLE 3(a)
Urban Labor Force Participation Rates

Age	1964			1969			1974		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
11-14	11.4	10.6	13.2	7.5	5.5	9.5	5.8	4.7	7.0
15-19	41.3	39.9	42.6	36.5	35.0	38.0	34.6	35.5	33.8
20-24	68.5	81.7	57.6	63.5	74.4	54.9	63.9	72.8	55.4
25-29	73.9	95.2	55.4	73.1	95.1	55.1	76.2	94.5	58.3
30-34	75.1	96.9	54.9	73.0	97.5	52.8	76.1	97.4	54.7
35-39	79.3	97.9	59.9	74.5	97.5	52.5	76.1	97.1	54.7
40-49	78.8	96.7	60.6	74.1	96.3	52.0	75.4	95.7	54.6
50 +	51.7	80.4	35.6	48.9	67.1	29.5	44.3	65.0	26.2
Total	56.2	68.6	44.7	53.1	65.8	40.3	52.1	64.2	40.2

TABLE 3(b)
Rural Labor Force Participation Rates

Age	1966			1969			1974		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
11-14	53.1	54.4	51.7	34.7	33.5	36.0	22.2	21.4	23.1
15-19	85.8	87.5	84.2	82.2	84.9	79.7	70.8	70.9	70.7
20-24	86.8	88.2	85.5	88.6	95.6	82.1	83.1	90.8	75.7
25-29	90.8	97.3	83.9	88.1	96.2	81.0	83.7	95.4	72.6
30-34	90.2	96.5	85.0	91.1	98.2	85.3	87.0	97.8	76.6
35-39	89.7	96.3	82.8	92.0	97.4	86.8	87.1	98.8	75.5
40-49	90.5	96.5	85.3	92.0	98.3	85.8	87.5	98.2	76.9
50 +	63.3	80.4	56.1	68.5	79.1	56.4	58.4	74.4	44.0
Total	79.8	87.6	73.7	76.3	81.5	71.3	68.7	76.3	61.3

This slow growth in measured unemployment suggests that the definition of the labor force may have been constructed to conceal the number of unemployed. Persons excluded from the labor force definition since 1969 included those who (a) are voluntarily idle (b) work unpaid in nonfamily enterprises or in other households, or (c) work unpaid in one's own household for less than twenty hours per week. Definitions (a) and (c) in particular can contain the hidden unemployed and can explain the decline in urban and rural female participation rates that have dominated the aggregate LFPR. Perhaps females are participating relatively less not through choice but because opportunities for employment are fewer. An important question now facing Thailand is whether she will be able to generate enough new jobs fully to employ her growing labor force.

The existence of much disguised unemployment in the Thai economy has been recognized by the Labor Department, which in 1976 estimated that actual unemployment exceeded one million. Open unemployment, however, as revealed by preliminary results from the 1976 Labor Force Survey, remained of the same dimensions as existed in the 1974 Labor Force Survey; namely, 31,000 or 1.5 percent of the urban labor force and 41,000 or 0.3 percent of the rural labor force. The impact on social welfare is, of course, related to total unemployment, both open and disguised, and to its future trend.

Thailand's future labor supply will depend essentially upon her rate of population growth, and changes in her labor force participation rates. With given estimates of population, by age and sex, and with given labor force participation rates, by age and sex, future estimates of the size of the labor force can be made. Both high (LF_H) and low (LF_L) estimates are presented in Table 4.

The aggregate demand for labor can also be estimated with a given set of assumptions. The conventional technique used to estimate future labor demand has been to calculate output - labor ratios, then to estimate rates of growth in these ratios and in real output, and finally to divide estimated real output by estimated output - labor ratios to get estimated labor demand. Both high (A) and low (B) estimates are presented in Table 5.

Estimates of future unemployment follow from combining labor force projections with those for labor demand. The low estimate of the labor force is admittedly an extreme lower limit and is not likely to exist when either estimate A or B of labor demand holds. With either estimate of labor demand, the demand exceeds the supply of labor by substantial amounts. Obviously, such a situation would cause wage rates to rise, and this would tend to increase female labor force participation rates and shift labor force participation rates in a direction towards the high labor force estimate. Table 6 presents the estimated unemployment when high (A) and low (B) estimates of labor demand are compared with the high, and the low estimates of the labor force. Projected unemployment is, of course, highest when low labor demand (estimate B) is combined with high projections of the labor force. Unemployment is also substantial when the more realistic high estimate (A) of labor demand is combined with the high estimate of the labor force.

TABLE 4
Labor Force Projections,
1980-1995

Year	LF _H ^a	LF _L ^b
1980	20,841	16,792
1985	24,455	19,710
1990	28,730	23,183
1995	33,381	27,044

^aCalculated by applying age specific Labor Force Participation Rates in September 1974 for the entire Kingdom by sex, to the projected population age distributionⁱ

^bCalculated by applying age specific Labor Force Participation Rates in September 1974 for municipalities by sex, to the projected population age distributionⁱ

TABLE 5
High^a and Low Estimates^b of
Projected Labor Demand, 1980-1985
(In Thousands)

Sector	1980		1985		1990		1995	
	A	B	A	B	A	B	A	B
A	14,579	13,100	16,283	13,874	18,185	14,693	20,313	15,558
M	1,691	2,186	2,039	3,115	2,477	4,581	3,026	6,938
S	3,557	2,900	4,748	3,610	6,335	4,573	8,454	5,879
Total	19,827	18,186	23,070	20,599	26,997	23,847	31,793	28,375

^aCalculated from 7 percent average annual growth rate in GDP, using Third Five Year Plan Estimated Sector Growth Ratesⁱ Output per worker growth rate is low rate by sector as estimated by Saburo Yamada, *The Measurement and Promotion of Productivity* (Bangkok: National Economic Development Board, Manpower Planning Division, 1971), Table 11, p. 21b.

^bCalculated from 7.84 percent average annual growth rate of GDP experienced in 1960-1970 period, and sector output labor ratio growth rates experienced in the 1960-1970 period. Except for mining, construction and transportation, sector growth rates of output-labor ratios exceeded Yamada's estimatesⁱ

TABLE 6
Estimated Unemployment, 1980-1995
(In Thousands)

Labor Force Estimates	Labor Demand Estimates							
	1980		1985		1990		1995	
	A	B	A	B	A	B	A	B
High	1,014	2,655	1,385	3,855	1,733	4,883	1,580	5,006
Low*	(3,035)	(1,394)	(3,360)	(888)	(3,814)	(664)	(4,749)	(1,331)

*Overemployment is indicated by parentheses.

II. Compensation in Thailand

Money Wages and Salaries in the Private Sector

The money wage labor market in Thailand is essentially a free market. The existence of an open immigration policy until 1948 and since then the movement of agricultural labor into the urban labor market has provided Thailand with a highly elastic supply of unskilled labor. As a consequence, theory suggests that real income should have been fairly stable over time, and the evidence tends to confirm this hypothesis.⁵ Wages for semi-skilled labor in the private sector have tended to equal or exceed wages paid by the government, and wages have unilaterally and initially been set by employers and revised according to market conditions. Since 1932 labor organizations have intermittently exerted some influence on wages, although they have not possessed much consistent bargaining power. Since 1973, the labor movement has revived and has been able to achieve widely publicized wage gains through strikes for its members. However, the primary influence of the unions may have been more in the timing of the wage increments than in their magnitude, considering the degree of inflationary pressure in the 1973-75 period. These pressures would have necessitated monetary wage increases even in the absence of unions. The military coup of October 1976 undermined the bargaining strength of organized labor, because strikes and other outbreaks of public disorder have been forbidden by the military leaders who have ruled since then.

⁵James Ingram notes that real per capita income, approximating the subsistence real wage, remained relatively constant during the 1870-1950 period. See his *Economic Change in Thailand Since 1850* (Palo Alto: Stanford University Press, 1972), p. 214. Pasuk Pongpaichit states that the real wages of unskilled labor remained stable during the first half of the 1960s. The cost of living between 1961 and 1966 rose 11.2 percent while wages in nonagricultural employment rose by 10.6 percent. Pasuk Pongpaichit, *Wages and Economic Development in Thailand* (M.A. Thesis, Monash University, Melbourne, Australia, 1971), pp. 57-87.

Minimum wage edicts have been imposed since 1973, and these represent a departure in principle from the free labor market. A wage board first established the minimum wage in February 1973 at 12 baht for the six provinces in the Greater Bangkok area, and this was increased at intervals to reach 30 baht in late 1977. In October 1974, a minimum wage of from 16 to 18 baht was extended to the remaining sixty-five Changwads.

A 1975 study of seventy-seven Greater Bangkok employers conducted by the Bank of Thailand Business Conditions Section revealed that about 36.3 percent of their 37,483 employees were receiving wages less than 25 baht per day before the January 1, 1975 increase.⁶ Although the study did not reveal whether these seventy-seven employers complied with the new minimum, it did estimate that as a direct result of the increased wage, average production costs rose only 1.9 percent. Given the ease with which it is possible to evade the minimum wage, especially in the provinces, it is questionable whether the edicts have had much effect in raising the real wages of workers. The exception to this appears to be in the textile industry in the Greater Bangkok area, where a large proportion of female employees experienced wage gains.

Wage Payment Patterns

Wages are normally paid on a daily, weekly, or monthly basis.⁷ The law requires that wages must be dispensed at least once a month, although in practice firms pay their employees more frequently. In

⁶"Effects of New Minimum Wage on Industry" *Investor* 7, 9 (September 1975), p. 41. By industry, the percentage of employees who, prior to January 1, 1975, received daily wages below the new minimum wage, was as follows:

Industry	Percentage of Workers Receiving Under 25 Baht	Number of Firms	Average Number of Workers Per Firm
Agriculture Products	19.45	10	109
Metals, Ceramics	2.49	7	167
Chemicals	14.08	16	123
Mechanical & Electrical	32.37	9	223
Construction	16.09	8	95
Textiles	43.93	16	1,642
Hotels	14.98	7	548
Misc.	46.68	4	94

Employees of industries fabricating metal and ceramic products were affected the least by the minimum wage; textiles and mechanical and electrical fabricators were affected the most. The large size of the textile industry, comprising over 70 percent of the employers in the sample, weighted the impact of the 1975 minimum wage on the high side. Most of those affected in the textile industry were female employees.

⁷The occupational wage survey of 1971 revealed that in firms with fifty or more employees, 47 percent of employees were paid on a monthly basis, 43 percent on a daily basis, 7 percent received wages based on an hourly rate, and only 3 percent received wages determined on a piece-rate basis.

most cases, rates are based upon daily or monthly time intervals, although in some instances hourly rates and piece rates are used. Piece rates are more common in smaller establishments, in construction, and in rice warehousing, and they are frequently associated with labor supplied by a labor contractor. In addition to the base wage, other components of pay include overtime premiums, annual bonuses, maternity and/or sick pay, savings contributions, and pensions. Severance pay constitutes a form of deferred compensation.

The Wage Structure

The Bangkok metropolitan area, of course, has the most active labor market, and in 1974 the Greater Bangkok area comprised over 22 percent of the Kingdom's approximately 6 million workers employed in nonagricultural pursuits. Hence, the wage structure in Bangkok is of more than passing importance. Unfortunately, wage data in Thailand is not collected on a systematic basis, and knowledge of the wage structure must be inferred from surveys taken intermittently, with samples of varying sizes. Moreover, average wage data can vary, depending upon the weighting effect of firms and occupations that have been sampled, and without measures of dispersion, it is almost impossible to assess the reliability of the data. Nevertheless, on the premise that some information is better than none, wage data by sector for selected industries are presented in Table 7.

The 1975 manufacturing wage survey also permits regional comparisons of industry wage structures in the Kingdom. Several interesting points are revealed by the data in Table 8. First, it is obvious that employees paid on a daily basis earn less than those paid by the month. Second, the average daily wage in each industry exceeds the specified minimum wage applicable to each region. Moreover, Bangkok manufacturing wages exceed the average of the Kingdom on a daily basis by less than two baht, and they exceed the average of the Central region by less than one baht. On a monthly basis, Bangkok wages are actually below those for the Central region and for the Kingdom as a whole. Consequently, insofar as manufacturing employment is concerned, jobs in Bangkok carry little or no urban premium over those in the contiguous Central region. This appears to contradict a frequent assertion that wages in Bangkok exceed those in the rest of the Kingdom.⁸ Also of interest is the standing of the North relative to the Northeast. Daily wages in six of the seven industries for which comparable data exist are higher in the Northeast than in the North, and monthly wages are higher in the Northeast than in the North in five out of seven industries. The Northeast is by most economic measures the poorest region in the country, and the ranking of manufacturing wages in the Northeast over those in the North is unexpected.

Average salaries do not tend to increase quickly in Thailand, except during periods of rapid inflation, suggesting that trained manpower is being generated at a rate consistent with the growth needs of the Thai economy. The wide variations in salaries within occupational classifications are caused by a number of characteristics in

⁸For example, "As noted, pay in Bangkok-Thonburi generally is higher than in other parts of Thailand." Harriet Micocci, *Labor Law and Practice in Thailand*, Bureau of Labor Statistics, No. 405, (Washington, 1972), p. 45.

TABLE 7

Monthly and Hourly Earnings, Bangkok- Thonburi
by Industry Sector (In Baht)

<u>Industry</u>	<u>1966</u>		<u>1969</u>		<u>1970</u>		<u>1975</u>	
	<u>Monthly</u>	<u>Hourly</u>	<u>Monthly</u>	<u>Hourly</u>	<u>Monthly</u>	<u>Hourly</u>	<u>Monthly</u>	<u>Hourly</u>
Mfg.	718.14	3.27	759.58	3.72	781.96	3.66	1,050.24	4.57
Construction	1,331.19	6.16	1,187.16	6.03	1,199.12	5.76		
Utilities	1,079.25	5.48	982.96	5.55	1,324.00	6.43		
Commerce	1,398.85	7.26	1,281.70	6.52	1,364.65	6.62		
Transport, Comm.	942.98	4.00	904.48	4.29	1,166.82	5.98		
Services	676.37	2.82	836.25	3.68	913.13	4.25		

Source: Department of Labor, Wage Surveys, 1966, 1969, 1970, 1975. (Bangkok: Ministry of Interior).

TABLE 8

Daily and Monthly Wages for Selected Manufacturing Industries, By Region, 1975 (In Baht)

Industry	DAILY						MONTHLY					
	King-dom	Bang-kok	Central	North	N.E.	South	King-dom	Bang-kok	Central	North	N.E.	South
Food, Beverage, Tobacco	24.27	26.43	25.37	20.13	26.35	21.68	910	1,025	994	801	898	790
Textiles, Wearing Apparel	26.51	27.52	26.79	18.99	26.25	-	880	826	892	447	614	271
Wood and Wood Products	25.47	30.84	28.93	20.26	19.67	24.79	1,038	1,114	1,123	1,003	844	1,042
Paper and Paper Products	27.03	27.47	27.18	22.10	37.50	18.00	1,075	1,101	1,120	704	572	658
Chemicals and Petroleum Products	26.53	27.08	27.19	16.61	18.73	24.35	1,296	1,114	1,302	823	1,074	1,403
Non-metallic Mineral Products	24.17	28.19	26.32	18.18	19.34	23.82	1,189	1,282	1,167	1,332	752	3,518
Basic Metals	34.53	35.85	34.63	25.10	-	33.00	1,282	1,096	1,282	-	-	2,000
Fabricated Metals	31.65	31.84	31.38	30.94	35.24	36.49	1,349	1,149	1,395	788	829	1,030
Other Manufacturing	27.93	28.08	27.93	20.64	-	-	933	929	933	-	-	-
Total	27.66	29.54	28.77	20.64	22.64	26.25	1,071	1,050	1,135	847	852	930

Source: Ministry of Interior, Department of Labor, Bangkok, 1976

TABLE 9

Salary Patterns for Selected Occupations in Eighty Member Firms of the
American Chamber of Commerce, Bangkok, 1971, 1973
(In Baht)

Job Titles	Average Salary		Range			
			Minimum		Maximum	
	1971	1973	1971	1973	1971	1973
Executives:						
Personnel Manager	8,300	10,000	2,000	4,000	18,000	20,200
Purchasing Manager	5,200	5,700	1,200	2,600	11,900	8,700
Financial:						
Auditor	3,800	5,500	1,900	2,000	16,000	13,200
Accountant	6,000	8,900	2,300	3,000	18,000	22,500
Cashier	2,600	3,700	500	1,100	7,900	8,400
Office:						
Executive Secretary	5,400	5,900	1,300	600	9,000	12,100
Senior Secretary	5,200	4,700	1,900	300	8,900	8,100
Senior Stenographer	4,100	3,700	1,700	3,000	7,400	4,000
Typist	1,300	1,800	700	1,000	4,600	2,500
Clerk	2,000	3,500	400	1,700	8,900	6,700
Receptionist	1,800	2,000	700	800	5,500	3,200
Messenger	900	1,300	500	200	3,800	3,000
Janitor	600	1,000	200	600	2,000	1,800
Accounting Machine Operator	2,000	2,400	700	1,000	2,700	3,300
Professionals:						
Engineer, Mechanical	5,400	8,400	2,100	2,000	11,900	15,100
Engineer, Systems	9,000	9,400	6,500	3,200	11,500	30,300
Lawyer	4,000	7,400	3,100	1,500	4,800	15,100
Nurse	2,700	2,900	2,500	1,200	3,000	8,600
Engineer, Plant	4,800	8,500	1,200	3,500	16,000	13,200
Technical:						
Draftsman	3,200	3,600	1,100	1,000	20,000	5,600
Laboratory Technician	4,800	4,200	1,700	1,400	7,900	7,000
EDP Programmer	4,800	10,100	2,500	3,500	7,900	20,200
Plant Production:						
Maintenance Mechanic	1,600	2,000	400	400	6,400	3,500
Machine Operator	1,200	2,100	400	1,000	3,300	4,000
Laborer	1,000	1,100	300	700	5,000	1,900
Miscellaneous:						
Driver	1,000	1,500	500	300	3,900	2,700
Sales Clerk	2,500	2,500	800	1,000	6,000	4,000

Source: American Chamber of Commerce in Thailand, *Compensation Survey for Resident Employees, 1971 (Bangkok, 1971)*, pp. 13, C.D.; 1973.

Thai labor markets.⁹ Alien owned or operated firms tend to pay higher compensation because of the nature of demands placed upon Thai employees, who are subject to cross-cultural stress when supervised by alien managers and to higher standards of performance than in domestic establishments. In certain types of firms with an international clientele, supplemental language skills are required and are paid a premium. In addition, those employees who have acquired an education in Western countries typically earn a premium for their foreign degree on the premise that their training has been more rigorous and that they are better able to adapt to superior norms of performance. As in any country, salary variations also reflect the variety of social skills and attributes which employees possess. On-the-job training and learning, of course, occur, and salary increments which accompany tenure accumulate and produce a spectrum of earnings in each occupation. The degree to which these various influences explain salary variations has not yet been studied, and indeed such a study will require more complete wage data than have yet been collected in Thailand.

Compensation in Public Employment

Government service in Thailand has enjoyed exceptionally high prestige and status during and since the reign of the absolute monarchies. The Thai name for civil servants, *karajakarn*, is translated as "servants of the King," and, historically, proximity to the King conveyed power and honor. Public servants were since the 15th century assigned status rankings termed *sak di na*.

Beginning with the organization of the court and extending into and through the provincial officials to the lowliest villager, a hierarchy was established with territorial implications where each rank was quantitatively measured by status units in terms of land, so that an official of very high status might have had a *sakdina* authority over 10,000 acres, whereas a lowly official might have *sakdina* authority over only one hundred acres. The higher the *sakdina* ranking, the higher the power and privilege, and hence status of the official.

<u>Person</u>	<u>Sakdina Rank</u>
King	Infinite
Prince	10,000-50,000
Noble	400-10,000
Commoner (phrai)	10-400
Slaves	5-10
Destitute, beggars	5

Although in practice the *sakdina* measure of an official's position was in terms of control over a quantity of land, it also in essence bestowed on the official control over the labor that used the land. In Thailand, men were scarce relative to land. Designed to mobilize manpower rapidly the *sakdina* system assigned men (*phrai*) to leaders (*nai*) in a client-patron relationship. Some *phrai* were assigned to the king, others to princes.

⁹The American Chamber of Commerce surveyed biennially member firms located in Bangkok covering Thai employees. (Recent surveys were made in 1968, 1971, and 1973). Data were also collected on expatriate employees, but these data were not reported.

Local princes or governors; although unpaid, were permitted to extract remuneration from their subjects; *kin muang* through corvée and through a network of fees charged for every conceivable service. In turn, the official, as a patron, was obligated to secure favors and benefits (prebends) for his subjects, or clients; and to attend to their needs. All Thais stood in a nested set of patron-client relationships, one to the other; the relationships were personal and direct; and at the top, holding supreme power, was the king.¹⁰ Thus, the Thai view of the social order is one of vertical ranking in which a person's status is precisely determined by his position.

The patron-client relationship; although personal; was nevertheless a loose one. If, for example, the client felt his interests could better be served by another patron; he was able to change, even though edicts sought to restrict such changes. A client owed the patron deference and respect but was free to pursue his own self-interest, an individualistic trait of great importance in the Thai set of values. The patron-client relationship, then, was ideally one of a pattern of reciprocal obligations and rights which was preserved as long as the principle of reciprocity was honored. Each official presided over an enclave which functioned in a self-contained manner so far as economy and government were concerned. Although pleasing a superior was more important than doing a good job in terms of maintaining one's position, "functional skills were not lacking in the traditional bureaucracy. Records were kept and reports were made. There were patrols and investigations. Corvée labor was mobilized and put to work. Buildings were built; canals were dug. Taxes were collected and commodities were stored and transported."¹¹ This was all done, however, at a leisurely pace. Later, in the seventeenth century, annual bonuses at the King's pleasure; *bia wat* were supplementally bestowed on officials. These traditional forms of compensation, mostly in kind, persisted well into the twentieth century, and land rights associated with government service were not abolished until 1932 when a constitutional monarchy replaced the absolute one. The civil service system, formally established in 1929, was revised at the time of the revolution; and a salary structure was then formulated. Although revised in 1954; 1959; 1968, and 1975, the basic structure has remained the same. The ranks of civil servants are ordered by classes, with steps within each class, and the pay scale follows this system of ordering.

Hence, the hierarchal structure has been preserved, although transformed, and the traditional Thai perception of status as a vertical ordering continued. However, officials were no longer legally permitted to live off the land (to practice *kin muang*) but instead a

¹⁰This nested relationship of patron-client relationships persists. For example, even today the peasant social structure of Northern Thailand has been described as a hierarchical linkage of overlapping patron-client relationships called *entourages*, in which one man's patron is another man's client. See Edward Van Roy, "An Interpretation on Northern Thai Peasant Economy," *Journal of Asian Studies* 25, 3 (1967), pp. 421-32.

¹¹William Siffin, *The Thai Bureaucracy: Institutional Change and Development* (Honolulu: The East-West Center Press, 1966), p. 35.

salary structure was developed to provide remuneration and to correspond to rank. Status is now conferred by rank and by salary, and in addition titles, decorations, and awards are used as supplemental symbols to motivate advancement in the bureaucracy. Germane to this hierarchy and to the self-enforcing nature of its authority is the persistent Thai belief that the power and privileges associated with a position have been earned by the person occupying that position; that power, conferred by morality, is self-legitimizing; and it is right and proper for subordinates to defer and to show respect to those in superior posts. Because position is a reward for virtue, it is the Thai belief that anyone through an act of will, is capable of rising in the hierarchy and advancing his status.

Government employment, although principally structured by the civil service system, exists also in such other areas as the military, the police system, and in over one hundred state-owned enterprises.¹² Numerically, government employment has expanded rapidly since 1960, from about 490,000 at that time to almost one million employees in 1974, and the government remains the largest single employer in the Kingdom. Until 1970, the public component of paid employees (as distinct from employers, family workers, or the self-employed) increased proportionately with the private sector, but by 1974, the percentage of such public employment had declined. (Table 10). A striking feature of the change in composition of government employment is the increased female participation. Although public service is still predominantly masculine, the percentage of female employees has more than doubled since 1960, and the data reveal that females have tended to enter the public labor market more rapidly than the private.

Until 1975, the civil service was divided into five classes, beginning at the bottom with the fourth class and rising to the special grade. The 1975 revisions not only increased the level of salaries, but also introduced two new innovations (see Table 11). First, the number of grades or classes was increased from five to eleven, and the total number of salary steps were reduced from fifty-seven to forty-seven. Hence, under normal one-step annual increments, the time of progression through the salary scale was reduced by about ten years, and this was designed to improve morale. Second, the scale was structured to accommodate future increases in cost of living and/or labor market changes by establishing six patterns of remuneration. Pattern one was implemented in 1975, and the range of the forty-seven steps varied from a low monthly salary of 750 baht to a maximum of 10,900 baht. When market conditions merit, successive patterns can be implemented by the government, and, in effect, each successive pattern moves the hierarchy of steps within each grade up one notch or step. For example, when pattern two is implemented, grade one will vary in monthly salary from 800 to 2,230 baht; grade eleven will vary from 8,505 to 11,445 baht.

The private sector pays higher compensation than does government service, and the differential appears to widen with the order of the position in the occupational hierarchy. At lower levels, the ratio of private to public sector wages is about two to one, and at higher professional or administrative levels, the ratio is four or five to one.

¹²H.F. McCusker, *The Role of Incentives in Human Resource Development: A Case Study of the Civil Service in Thailand*, (Ph.D. Dissertation, Stanford University, 1973), p. 55.

TABLE 10
Wage and Salary Employment in the Public and Private Sectors,
1960, 1970, 1974

Sector	1960			1970	1974		
	Total	Male	Female	Total	Total	Male	Female
Government	489,452	423,384	66,068	777,984	992,780	722,950	269,830
Private	1,143,234	775,028	368,206	1,819,886	2,824,670	1,803,000	1,021,670
Total	1,632,686	1,198,412	434,274	2,597,870	3,817,450	2,525,950	1,291,500
Percent Government of Total	29.98	35.33	15.21	29.95	26.0	28.62	20.89
Percent in Government By Sex	100.00	86.50	13.50	Not Available	100.00	72.82	27.18

Source: National Statistical Office, (a) *Statistical Yearbook of Thailand, 1969-1972*; (b) *Labor Force Survey, July-September, 1974*, Bangkok

TABLE 11

Royal Thai Government Civil Service Monthly Salary Scale
By Grade and Pattern, 1975 (In Baht)

STEPS IN PATTERN						GRADES										
One	Two	Three	Four	Five	Six	I	II	III	IV	V	VI	VIIi	VIII	IX	X	XI
1						750	1,375	1,750	2,230	3,030	4,085	5,175	5,810	6,505	7,260	8,075
2	1					800	1,460	1,860	2,370	3,220	4,335	5,485	6,150	6,875	7,660	8,505
3	2	1				850	1,550	1,975	2,520	3,420	4,600	5,810	6,505	7,260	8,075	8,950
4	3	2	1			900	1,645	2,100	2,680	3,630	4,880	6,150	6,875	7,660	8,505	9,410
5	4	3	2	1		955	1,750	2,230	2,850	3,850	5,175	6,505	7,260	8,075	8,950	9,885
6	5	4	3	2	1	1,015	1,860	2,370	3,030	4,085	5,485	6,875	7,660	8,505	9,410	10,380
7	6	5	4	3	2	1,080	1,975	2,520	3,220	4,335	5,810	7,260	8,075	8,950	9,885	10,900
8	7	6	5	4	3	1,150	2,100	2,680	3,420	4,600	6,150	7,660	8,505	9,410	10,380	11,445
9	8	7	6	5	4	1,220	2,230	2,850	3,630	4,880	6,505	8,075	8,950	9,885	10,900	12,015
10	9	8	7	6	5	1,295	2,370	3,030	3,850	5,175	6,875	8,505	9,410	10,380	11,445	12,615
11	10	9	8	7	6	1,375	2,520	3,220	4,085	5,485	7,260	8,950	9,885	10,900	12,015	13,245
12	11	10	9	8	7	1,460	2,680	3,420	4,335	5,810	7,660	9,410	10,380	11,445	12,615	13,905
13	12	11	10	9	8	1,550	2,850	3,630	4,600	6,150	8,075	9,885	10,900	12,015	13,245	
14	13	12	11	10	9	1,645	3,030	3,850	4,880	6,505	8,505	10,380	11,445	12,615		
15	14	13	12	11	10	1,750	3,220	4,085	5,175	6,875	8,950	10,900	12,015			
16	15	14	13	12	11	1,860	3,420	4,335	5,485	7,260	9,410	11,445				
17	16	15	14	13	12	1,975	3,630	4,600	5,810	7,660	9,885					
18	17	16	15	14	13	2,100										
	18	17	16	15	14	2,230										
		18	17	16	15	2,370										
			18	17	16	2,520										
				18	17	2,680										
					18	2,850										

Source: Civil Service Commission of Thailand, 1976.

Wage Supplements in the Thai Economy

Wage supplements, or fringe benefits, are an important component of the Thai employee's compensation both in the public sector and in the modern segment of the private sector. The proportion of fringes to salaries tends to be higher for upper level occupations than for lower in the private sector, while the reverse is true in the civil service. Blaug found that wage supplements in the private sector accounted for 35 percent of the average salary of college graduates,¹³ while another private sector survey revealed that such supplements for all employees comprised about 19 percent.¹⁴ In the public sector, fringe benefits as a percentage of base salary for each grade were estimated in 1970 to be:¹⁵

<u>Grade</u>	<u>Percentage Fringes to Salary</u>
Fourth	28
Third	27
Second	26
First	25
Special	25

Because private sector direct wages and salaries are substantially higher than those in the civil service, a nominal fringe benefit differential also exists that favors the private sector.

In the United States, fringe benefits have become an increasing proportion of compensation. This trend has been attributed to a number of causes: the growing influence of labor unions; the existence of a progressive income tax structure which exempts fringe benefits from the tax base; the desire of employers to reduce turnover by making the receipt of such fringes conditional upon the length of service; and the desire of employees for assured forms of protection against the insecurities of fluctuating industrial employment. These motives do not explain the fringe benefit phenomena in Thailand. Labor unions have either been nonexistent or weak; the income tax structure is easily evaded and only mildly progressive; turnover among employees in the modern sector has been unusually low by Western standards; and fluctuations in unemployment have not been severe in view of the predominant agricultural base of the economy and the relatively small industrial labor market. Rather, fringe benefits in Thailand probably can be ascribed to a latent paternalism, blended with the traditional set of obligations in the patron-client relationship found in Thailand. In the modern sector, legislation, or its threat, has had a large role in inducing employers to provide wage supplements. Moreover, the

¹³Mark Blaug, *The Rate of Return to Investment in Education in Thailand*. (Bangkok: National Education Council, 1971), p. 11-24.

¹⁴*Business International. A Survey of Local Compensation Policies and Practices: Thailand, 1975*. (Hong Kong; 1975), pp. 144-45.

¹⁵Pongpaichit, *Wages and Economic Development*, p. 143. Another estimate, on the low side, gave the following percentages: Special - 30%; First - 12%; Second - 10%; Third - 9%; Fourth - 10%. In view of Blaug's findings that public sector college graduates receive about 25 percent of their salaries in supplements, the higher estimate here is probably more accurate.

pattern established by the Civil Service has also induced many firms to emulate the government. Nevertheless, by American standards, both wages and wage supplements remain relatively low.

III. Characteristics of Thai Work Behavior

Attitudes of Thais towards work have been formed in the milieu of their experiences. Moral values, as transmitted by religion, condition attitudes and are reflected in behavior. Current attitudes towards paid employment have been conditioned by historical patterns of servitude, and these attitudes have been reflected in occupational choices. Motivation, or the will to work, is a response to a set of values transmitted more specifically by the family's ethnic heritage, so that the ethnic composition of the labor force can be expected to influence behavior patterns at work. This section examines some of the determinants and manifestations of work behavior.

Buddhism and Thai Work Values

Theravada Buddhism is the official religion of Thailand, with over 93 percent of the population identified as adherents to the faith. The identification of Thais with their religion is well-documented, and there appears no question but that Thais are comfortable with their faith -- i.e., it is stable and enduring. Although some scholars question whether a quantitative relationship can be established between Buddhism and the behavior of Thais, there does appear to be a remarkable consistency between Buddhist teachings and Thai social values.¹⁶

To what extent does Buddhism permeate the working lives of the Thai people, and at the practical level of day-to-day living how much of Thai character-personality is in accord with the elements of their religion? All societies have hierarchies and status rankings, but the Thais have a highly developed awareness of these rankings. Is this due to the world-view of the Thai as interpreted for him by the Buddhist cosmology? In all societies, subordinates defer and pay homage to superiors, but in Thailand is the attention given to the forms of showing respect influenced by the Buddhist belief that merit is inherent

¹⁶ Buddhism accommodates a spiritual world by acknowledging a supernatural world in which a hierarchy of spirits, ranked by Karma, exists. Brahmic rituals operate at the Royal Court and village levels and complement and support Thai Buddhist beliefs. See A.T. Kirsch, "Complexity in Thai Religious System: An Interpretation," *Journal of Asian Studies*, 36, 2 (February 1977), pp. 241-66. Angela Burr notes that it is in part the commonality of the spirit world that binds Thai Muslims and Buddhists together in southern fishing villages, despite the differences in their formal religions. In fact, Muslim doctrine repudiates a spirit world, but in practice even Mosque officials attribute illness and misfortune to spirits. Hence, villagers of both faiths believe that spirits have influence over human affairs. See her "Islam and Buddhism in a Southern Thai Coastal Village," *Journal of the Siam Society* 60, 2 (July 1972), pp. 190-95. See also Jean Barry, *Thai Students in the United States: A Study in Attitude Change*, Southeast Asia Program Data Paper: No. 66 (Ithaca: Cornell University, 1967); Jane Bunnag, "Loose Structures: Fact or Fancy? Thai Society Reexamined," *Journal of the Siam Society* 59, 1 (January 1971), p. 9, or R.L. Mole, *Thai Values and Behavior Patterns* (Portland, Vt.: C.E. Textile Co., 1973), p. 27.

in position?¹⁷ Is Thai individualism unique, and if so is this due to the belief that the individual Buddhist alone bears the consequences through the law of Karma for all of his acts, and hence determines his own fate? Does this unique sense of the burden of responsibility for acts lead to intensive self-awareness or self-concern, and is this the essence of the narcissism which has been attributed to the Thai? Or, in a different vein, does self-concern lead to self-acceptance, another trait that has been associated with Thai individualism? Finally, does the Thai trait of individualism, reinforced by the Buddhist virtue of non-involvement as a vehicle of renouncing desire, inhibit the development of effective social organizations, or, alternatively, explain the paucity of such organizations?¹⁸

It has been observed that the Thai moves easily among roles and that this movement is facilitated by the lack of structure in Thai society.¹⁹ Interpersonal relationships are typically superficial and deference is expected only in face-to-face confrontations between subordinate and superior. If Buddhism encourages a detachment from the concerns of others, an avoidance of emotional involvement -- especially face-to-face conflict -- then, when combined with the ideal of speaking no ill, does this lead to an appearance of superficiality, certainly an appearance of pleasantness, in interpersonal relations?

The pursuit of happiness or fun in all forms of interpersonal action, including work, can be related to the Buddhist perception of the impermanence of all things mortal and the folly of making binding commitments; to live each day to the fullest. Does this explain the Thai preoccupation with having fun -- *sanuk*? But does not "sanuk" imply a capitulation to desire and is this not contradictory to the attainment of Nibbana? Perhaps so, but the Buddhist admonition to face reality, to be pragmatic may also explain the typical Thai acknowledgement, excepting among the priesthood, that Nibbana is not achievable for him. Given that realization and taken with the transient nature of life, is it not rational for the Thai to live for the

¹⁷One observer of the Thai labor scene has described the Buddhist concept of master-servant relations as follows: A master shall: (1) assign work according to the ability of his subordinate; (2) provide food and reward for him; (3) provide care when he is sick or injured; (4) share with him what is good to eat; (5) provide rest for him as needed. A subordinate shall: (1) get up first in the morning; (2) leave work after the master; (3) take only what is given to him; (4) improve his work skill; (5) be loyal, speaking no ill of his master." Glenn Halm, *Report of the Labor Administration Project to the U.S. Operating Mission* (Bangkok, October 1970), p. 1.

¹⁸Jane Bunnag has observed that Thais do not form effective social organizations because historically they have not needed them. "Loose Structures," pp. 11-12.

¹⁹J.F. Embree, "Thailand - A Loosely Structured Social System," *American Anthropologist*, 52 (1950), p. 182. Embree seems to argue that indeed Buddhism is at the heart of this loose structure that permits individuals to assume a variety of roles. Jane Bunnag argues that it is not so much the Buddhist element, but rather it is the simplistic, unspecialized nature of the roles in the Thai economy. Given the state of development of the society, however, it may well be that the Buddhist ethic conditions the unique behavior found in Thailand. Bunnag, "Loose Structures," pp. 9-11.

moment?²⁰ If practical, the ideal of "cool heart, cool mind" in the face of adversity, consistent with the principles of noninvolvement and self-perception, would imbue the Thai with equanimity. Therefore, is it because the Thai is Buddhist that he is pleasant, fun loving, and composed?

The Legacy of Bondage

From 1238 until 1932 Thailand was ruled by a succession of monarchs whose absolute authority typically was tempered by a tradition of benevolence towards their subjects.²¹ The king in theory owned all the land in the country, and each king made his own laws through edicts, although in practice custom and tradition constrained these edicts. The people as subjects existed to serve without question the king and/or his designated representative, for the king was the source of all authority. In practice the power of the king extended as far as his effective administrative control, and geographic distance tended to weaken it.²² As a part of this obligation to serve, free Thais had to provide the king and/or his representative with labor services (corvée) for up to six months a year, but over time this obligation was reduced to three months. Land was abundant; and labor was the scarce resource. The power structure or hierarchy of the social system was based on control of labor. Two types of commoners existed: *phrai som* and *phrai luang*. The former owed corvée duties only to a prince; the latter owed corvée duties to the king's representative. The latter were more likely to be called for military service; hence, *phrai luang* sought to become *phrai som*. This process tended to alter the power relations between the king and the princes. Additionally, this corvée labor service was used in constructing various public works, or to till the land assigned to the king's representatives--the princes or nobles of the provinces. Three categories of slaves existed. Those slaves who could not redeem their independence were exempt from corvée, and many young girls from this class were sold into prostitution. There was a second, more numerous, class of slaves who could redeem their freedom, and were also subject to corvée. These could buy

²⁰This is the conclusion of Barry, "Thai Students," p. 60. Herbert R. Phillips notes that play is an end in itself and that a motivator to engage in an activity is the amount of *sanuk* contained in it. *Thai Peasant Personality*, (Berkeley: University of California Press, 1966), p. 60.

²¹Three major kingdoms have existed in Thai history. In the Sukhothai period (1238-1378) the king's relation to his people was paternalistic; an autocratic structure was developed early in the Ayudhya period (1351-1767); the third reign is the Bangkok period (1782-) and the present monarch, King Bumipol, continues in the Chakri dynasty established at the beginning of this period. Under the tradition of benevolence, the ideal king is viewed by his subjects as a kindly father who strictly practices the virtues of charity, mercy, gentleness, self-restraint, non-anger, and non-enmity, devotion, pity, patience, and rectitude. However, his image was jointly that of a warrior king, able to protect and defend his realm from hostile outsiders. The history of Thailand is rich in wars with neighboring Cambodia, Laos, and especially Burma.

²²Provinces were of four classes of varying degrees of independence whose chiefs acknowledged the authority of the king. Many were vassal states with their own rulers, and in most provinces the governorships were inherited. Ministries in the Royal Court administered the provinces by geographical divisions.

release on an annual basis from their corvée duty, with their masters making payment. Redeemable slaves, then, often voluntarily sold themselves into bondage to escape corvée. This category of redeemable slaves also included war prisoners, slaves purchased from Chinese slave traders, and children or even wives who had been sold into slavery. Even today one occasionally reads about young prostitutes from rural areas who were "sold" by their impoverished parents and taken to Bangkok for service in brothels. A third class of slaves were "proforma," where a wife or child was pledged as security on a loan. The "collateral" person would continue to reside in his or her own household; only the labor of the collateral was pledged. In the middle of the nineteenth century, it has been estimated that up to one-third of the population were classified as redeemable or "proforma" slaves.²³

It must be noted, though, that redeemable slavery in Thailand was more akin to the indentured servant system used in Colonial America. Slavery was one method of repaying debt, and by the nineteenth century the condition did not involve a loss of personal rights. Many slaves preferred bondage, probably because of the security it provided. A slave could transfer servitude from one master to another by using a loan from a second master to repay the debt to the original; he could redeem his liberty by retiring his debt, all at the option of the slave. Slaves were clients of their patron masters, and they could own and transfer property, maintain a family life, and children of redeemable slaves were born free while the others were permitted to purchase their freedom. Cruikshank has developed a plausible thesis that slavery was but another form of commoner status, involving only a minor variation in the scope of reciprocal rights and duties possessed by client *phrai*. Slaves and *phrai* had approximately the same rank, their duties and tasks were intermixed, both could be punished and sold, and both had protected rights. The major difference was in the marginally greater amount of work the patron or master could demand of the slave over the *phrai*. How slaves were actually treated in earlier times is not well understood, and what is known about the practice has been discerned from analysis primarily of historical legal documents. No one born after 1868 was permitted to establish a new master-slave relationship after reaching age 21; in 1897 all selling of slaves was prohibited, and in 1905 the system was completely abolished, primarily after old relationships had largely expired.²⁴

The use of paid Chinese immigrant labor in such public work projects as canal and railroad construction had proven by 1899 to be a more efficient source of labor than corvée. Hence the system of corvée in the central plains contiguous to Bangkok was formally abolished in 1899 and replaced by a head tax. Earlier, corvée obligations

²³Siffin, *Thai Bureaucracy*, pp. 9-10. For excellent summaries of the system of slavery and corvée see James Ingram, *Economic Change in Thailand, 1850-1970* (Stanford: Stanford University Press, 1970), pp. 58-63, and R.B. Cruikshank, "Slavery in Nineteenth Century Siam," *Journal of the Siam Society*, 63, 2 (July 1975), pp. 315-33.

²⁴The process of making basic social changes gradually has been a feature of Thai officialdom. Existing debt slaves in 1905 had four baht per month credited to their account until all debts were paid, and the slave was then automatically freed.

had been transformed into payment in kind of produce from outlying regions. This subsequently involved the payment of a head tax in lieu of corv   obligations. Nevertheless, corv   persisted in outlying provinces into the twentieth century, and a rudimentary sense of obligation among rural Thai still provides labor services for those projects beneficial to the village and instituted by public officials. An extension of the principle of the obligation to serve the king, upon which the system of corv   is based, was the king's or lord's right to requisition artisans of high skill for service in the court, positions which were of low status, demanding, arduous, and which could involve an extended separation from family and village friends. Moreover, children of artisans were frequently bonded into the service of the lords. This negative reward for craftsmanship may account for the low regard which artisans encountered and may have inhibited the development in Thailand of the quality handicraft found in other Southeast Asian countries.²⁵ The corv   bondage may also have been responsible for the low esteem in which ethnic Thais hold employment in commerce and industry.²⁶

The Changing Ethnic Mix

As a result of increasingly restrictive immigration policies,²⁷ there has been a decline in the number of alien Chinese residing in Thailand who were born in China. Among the generations of Chinese born in Thailand, there are those who are a product of traditional Chinese families and Chinese schools and who identify themselves primarily as Chinese, although they possess Thai nationality. These numbers too are declining with the passage of time. An intermediate group are those who are partially assimilated -- at home and in Chinese society, they function as Chinese, but they are equally comfortable in Thai society and function as Thai in their business and professional relationships. They share many Thai values and are likely to be practicing Buddhists. This group remains large, but their precise numbers are difficult to estimate, for they are identified ethnically as Thai in recent censuses. Finally, there are those of Chinese ancestry who have been completely assimilated and fully regard themselves as Thai. Yet, undoubtedly they retain some residual influence of their Chinese heritage, but how much is an unknown factor. It is extremely difficult to quantify this group, which includes most Chinese descendants under age 35. There is prejudice among the Thais against the Chinese, and for those who think of themselves as Thai, there is no advantage in displaying their Chinese heritage.

Chinese in Thailand are primarily urban dwellers. Skinner estimated the proportion of Bangkok's population in 1954 who were either Chinese nationals or of Chinese descent to be about 46 percent.²⁸

²⁵Siffin, *Thai Bureaucracy*, p. 56. Also Jacobs, *Modernization without Development*, p. 177.

²⁶*Ibid.*, p. 181.

²⁷Total Chinese immigration of both sexes in the 1946-55 period was only one-half of that in the 1932-45 period; and that in the 1932-45 period was only thirty-five percent of that in the 1918-31 period. Since 1955 only a few hundred Chinese are legally permitted to immigrate annually. See G.W. Skinner, *Chinese Society in Thailand*, (Ithaca: Cornell University Press, 1957), p. 191.

²⁸*Ibid.*, p. 206.

This number of identifiable Chinese had declined to about 33 percent in 1970,²⁹ partly because of increasing assimilation of Thai-born Chinese and partly because of ethnic Thai migration to the metropolitan area.

Hence, urban Thailand has a different ethnic mix from rural Thailand, and until two decades ago, the urban labor force was predominantly of Chinese origin. To the extent that more diverse characteristics are present in the urban setting, the work ethic and behavior of the labor force may be influenced thereby. Assimilation moves members of an ethnic group into the mainstream of the larger society so that the distinctiveness of the group is no longer patently evident, yet it does not require affiliates of that group to sacrifice traits that do not compete with the values of the larger society. Latent influences can remain and will be present in some degree as characteristics of the integrated society and its labor force. These latent influences, however, will ordinarily not be captured by a census, by a labor force survey, or by attitudinal surveys.³⁰ Today, the labor force is increasingly composed of indigenous Thais, and the younger generation of Chinese now think of themselves as Thai and so identify themselves.

Work Behavior in the Modern Sector

Occupations in business have historically been held in low esteem, while those in government and agriculture were of high status. Yet, these were attitudes for the most part of a rural, indigenous population towards the set of activities engaged in by a group of alien Chinese who occasionally, if not frequently, were not opposed to exploiting those same native rural inhabitants. If aliens were of low status, then what they did would also be of low status. However, urban occupations to urban inhabitants are not strange, distant endeavors. Exposure to their function, purpose, and importance generates a knowledge and appreciation of them. If a hierarchy of remunerations can also be associated with their structure, then the relative set of disadvantages and advantages becomes clear, and attitudes towards them can be expected to undergo change through exposure. The degree of knowledge about a set of occupations, then, can be expected to influence the status ranking of those occupations, and the changing set of attitudes of the public towards a variety of occupations presumably will influence their willingness to seek training for and employment in them.

²⁹ V. Prachnabmuk and J. Knodel, et al. *The Rural and Urban Population of Thailand: Comparative Profiles*. Institute of Population Studies, No. 8, (Bangkok: Chulalongkorn University, 1972), pp. 43-47. This survey found that about one-sixth of provincial urban communities were Chinese.

³⁰ Mezey and Barry both failed to distinguish the ethnic origin of their surveyed population of Thai students; the former at Thammasat University and the latter in the United States. In both cases, a large majority have Chinese parents. The assumption that these populations have been influenced by traditional ethnic Thai values through their family structure may be fallacious and may invalidate their conclusions. S.G. Mezey, "Political Socialization and Participation among University Students in Thailand," *Asian Survey* 15, 6, (June 1975), pp. 502-509; Barry, "Thai Students."

The hierarchical structure of Thai society is present in private enterprise as it is in government service. As in the bureaucracy, status is conferred by rank and especially by salary. Authority relations between superior and subordinate extend only to face-to-face relationships and usually only through one link at a time in the chain of command; a subordinate is answerable only to one superior. Horizontal relations are only mildly cooperative since an official need not concern himself with one who merely is his equal. Respect for authority requires that subordinates not correct or advise superiors. This hierarchical relationship and relationships between superior and subordinates and between equals also is found in the Thai factory.³¹ In this setting, education bestows status and is a condition of occupational rank; and the wage-salary structure reflects both.

The importance that Thai employees attach to leadership can better be understood in the context that a good leader is one who can show these workers how modifications in their behavior can benefit them through helping the firm.³² The style he uses in educating them and motivating them is most important. He must be himself a moral person and worthy of respect; he must be concerned with their welfare and be benevolent; he must be tolerant of their weaknesses but supportive in helping them overcome them; and he must be able to communicate all this in a manner that does not offend the sense of dignity of the individual. In return, workers are obligated to follow his directives, and failure to do so deprives them of merit. The leader, therefore, is an agent in the implementation of the informal set of rules by which the firm operates. It is his personal relationship with his subordinates which enables them to fulfill their duties in a manner pleasing to the leader. In turn, the supervisor is able to please his superior, and the firm can function through a nested set of personal superior-subordinate relationships. In many ways, then, there is much in the traditional patron-client relationship that is found in the labor force of the urban firm. Yet the traditions have been modified to meet the requirements of a modern technology while preserving the values of the Thai culture.

Although a system of informally specified occupational duties and responsibilities works well enough in Thai firms with Thai personnel who understand the social code, it has not been followed by alien employers. These firms have relied upon conventional western techniques of motivation and discipline, although reproving an errant employee has, of necessity, had to accommodate itself to traditional Thai methods so that sanctions do not deprive the worker of "face." Formal rules are issued and Thais attempt to comply with them within the limits of their understanding of them. Unfortunately, because of the reluctance of Thai subordinates to challenge or contest directives of superiors,

³¹Koji Taira, "Work Force Management and Labor Markets in Thai Industry" (Paper presented at the Midwest Japan Seminar, University of Kansas, Lawrence, November 22, 1975), pp. 8-11.

³²Sanit Snuckarn has observed, "To be promoted rapidly, you have to have a big boss supporting you. Otherwise, you will never be in a top position even though you may have worked really hard and you are as intelligent as your colleagues. Hard work is therefore secondary to good relationships with the boss," *Bangkok Post*, April 8, 1973, p. 13.

inappropriate or capricious rules and directives are either ignored or, in cases where they are inescapable and have become an increasing source of frustration or burden, the Thai workers may simply walk out in mass protest against the rules.ⁱ In order to make more explicit to alien employers some of the more important mores about the employer-employee relationship, various labor laws have been enacted pertaining to the set of obligations which Thai society requires of these employers.ⁱ Hence, separation pay is made a function of the length of employment, various holidays are specified, and health and educational fringe benefits are legislated to protect employees.ⁱ

The superior wages that Western firms pay, then, reflect this developing orientation of workers to the market economy, for it is this higher wage which attracts them and compensates them for the traditional guarantees that they forego. Increasingly, civil servants are leaving secure jobs for the higher paying ones in private industry.ⁱ McCusker has noted that many former civil servants experience considerable stress in their new jobs, in which they are now held accountable for their decisions. In the Civil Service, the committee system permits anonymity in decision making and allows the sharing of responsibility, a condition not possible in private industry. The painful transition has caused some transferees to refuse promotions in order to escape the burden of more responsibility.³³

Work Values

Work values in Thailand vary between rural and urban people, among levels of education and occupations, and between ethnic groups.ⁱ As the mix of these components of the labor force is changed by economic development, work values themselves undergo change.³⁴ The changes proceed from a base rooted in traditional culture which, in turn, reflects a mixture of historical political organization, religious and moral orientations, and an agrarian economic mode of livelihood.ⁱ This culture has been functional and sufficiently homogenous among the population to give the ethnic Thai people a sense of identity, an awareness of national personality. They, therefore, value the culture, its premises and its corollaries, and accept modifications in it only to the extent that the modifications themselves are more functional. In this sense, Thais are neither more nor less conservative than are any other people. Scholars frequently have critically examined Thai society, not so much in terms of the goals of the Thai people, as enunciated by their spokesmen, but rather in terms of their own personal

³³Western firms find it advantageous to employ upper grade civil servants, for it provides them some entrée to influential persons in the government who can assist them in short-circuiting the red tape.ⁱ These civil servants are a recruitment source for managers in private industry.ⁱ McCusker estimated in 1969 that those who had left the civil service had an average annual salary in their new jobs of 5,070 baht, an increase of 280 percent. One or two years later after the transfer, this salary averaged 7,420 baht.ⁱ "Role of Incentives," pp. 145, 253.ⁱ

³⁴A distinguished Thai professor of administration, Sri Prinya Ramakomud once noted to me that "it is difficult to generalize that this or that behavior is Thai culture. Urban culture is different from rural culture, and changes are occurring rapidly.ⁱ In the urban setting, rural traditional values are not as binding." Interview, March 8, 1973.

set of values. Hence, we are told that Thai society is "loosely structured" because the set of institutions and formal patterns of interaction of other traditional societies are not discernibly paralleled by Thai society.³⁵ We are reminded that the leaders of the government are responsible to only a limited group of bureaucrats, partly by design and partly by the isolation or non-infranchisement of the polity, and that this lack of responsiveness permits the government to be self-serving, as though somehow governments all over the world, even in democracies, have not possessed in some degree this characteristic.³⁶ Finally, we are cautioned to discount the development accomplishments of the economy because the traditional patron-client network of social relationships still persists in muted form in organizations of recent vintage, composed of personnel experienced in no other form of social interaction;³⁷ as though the Thais somehow ought to adapt in a few short years to new forms of organizational behavior developed over decades in Western countries.

Whereas, anthropologists characterize the Thai society as being "loosely structured", other social scientists are impressed with the element of hierarchy or status rankings in all forms of Thai political and social life. That Thai society is structured seems undeniable.³⁸ What are still not widely understood are the principles of social organization that hold this fabric together and permit it to function. Essential elements appear to be these: a hierarchy of roles exist; the roles are functional and each has a specified and hence a constrained set of duties and obligations; role confers status; status is earned by moral merit; each person must earn his own store of merit; merit is gained or lost as one's accepted role is fulfilled or evaded. The hierarchy of roles defines a system, and the system is functional because morality prevails through the accumulation of merit. It is the acceptance by the system's members of the validity of the premise of morality and the sense of self-responsibility that it implies that permits the system to work. The morality premise is re-enforced in major areas of almost every Thai's life-- the family, the schools, the Buddhist religion.

The morality premise conditions Thais to accept authority. A leader is not to be disobeyed within the limits which his role confers. One must respect the position even if the holder of it appears to be undeserving of it. A true leader, of course, deserves his position, and he leads because he is able to show his subordinates that it is in their interests for him to do so. A challenge to the position is

³⁵ Philips, *Thai Peasant Personality* pp. 77-78.

³⁶ Siffin, *Thai Bureaucracy* p. 130.

³⁷ Jacobs, *Modernization Without Development*; pp. 85, 168.

³⁸ J.M. Potter identifies eleven functional elements of rural Thai village social structure: (1) the extended stem family cycle and compound; (2) the bilateral kindred; (3) neighborhoods; (4) cooperative labor exchange groups; (5) class divisions based on land ownership; (6) junior-senior relationships; (7) the entourage; (8) factions; (9) and (10) "natural" vs. "administrative" village identities; and (11) the local wat or temple. These functional elements, he believes, refute the loose structure thesis of Thai village society. *Thai Peasant Social Structure* (Chicago: University of Chicago Press, 1976), pp. 147-223. Organizations exist and function effectively in villages bonded by kinship and interdependent economic ties.

a challenge to the morality premise and is not condoned. It is the leader's function to lead, and the subordinates' function to follow. Hence, Thais do not seek to surpass their superiors, although this does not imply that they have no initiativeⁱ. They may not exercise initiative in areas where doing so would reveal disrespect towards a superiorⁱ. In addition, to show disrespect is to invite reprisal and, hence, to incur unnecessary risk. By adhering to the restrictions of one's role, one complies with the holder of authority, who from the benevolence principle must not impose ill upon a loyal subordinateⁱ.

Thai individualism also derives from the morality principleⁱ. The inescapable fact to a Thai is that he alone is responsible for his own store of meritⁱ. Everything he does or does not do has moral implicationsⁱ. He is a person with a tremendous burden -- his own salvation. He wishes to fulfill his role, but he must know what that role isⁱ. He may be expected to do those things he is capable of doing, but he cannot be required to do those things which he cannot do or which are against his conception of right. He must "to his own self be true." In this sense, a Thai is a law unto himself, as indeed we all areⁱ. This sense of responsibility imposes on the Thai, as a practical matter, an awareness of reality -- to see things as they areⁱ. He must perceive that which is or is not in his own self-interestⁱ. He is taught the reality principle as a child by being permitted to bear the consequences of his actions. If he wants to break his toy, he may, but the consequence is a broken toyⁱ. The reality principle has made Thais pragmatic. If something works or is pleasurable or useful, they accept it, for it is in their self-interest to do soⁱ. If it doesn't work, then they do not concern themselves with it. Since each person has his own role, his own status, from which he earns his merit, he must be permitted wide latitude in performing that role. Another must not interfere, and by implication from the reciprocity principle, one should not concern himself with the affairs of others. He must be non-involvedⁱ. To be non-involved ideally requires control of one's emotions, for emotional involvement causes one to forget the reality principle. Hence, a "cool heart" means self-control. Yet, man, being the type of combative creature that he is, cannot be completely self-controlled. How then must he deal with emotion-laden or threatening situations? Simply put, he must avoid themⁱ. Grievances cannot be presented in face-to-face confrontations. Withdrawal from relationships that are potentially hostile is requiredⁱ. Acquiescence to superior power is expedientⁱ. Only when no other course is available may aggression be used.

Thai individualism does not exclude the formation of voluntary social organizations, but it does explain the paucity of them. Although Thai individualism leads to tolerance of the behavior of others, it also generates a healthy skepticism of the motives of others.³⁹ If self-interest is everyone's valid pursuit, and if relationships are contingent and revocable at will, then reciprocity that occurs over time gives the advantage to the one who gets the service first. Unless a continuing organization can assure the fulfillment of reciprocal obligations, then it will find it difficult to recruit or hold membersⁱ. Roles must be specified and risks must be delineatedⁱ. Moreover, the manner by which the organization can serve the interests of each as well as the interests of all members must be clearly perceived. Thais are not joiners because they do not perceive it to be in their interests to affiliate with organizationsⁱ. But this does not imply that

³⁹This is because, to the Thai, the world is composed of arbitrary people; there are no impersonal rulesⁱ.

they cannot learn to recognize how their interests can be served by formal associations, and that in so learning they will not develop an organizational technology.

Given the morality premise and the pragmatism which is associated with its individualistic implementation, a motivational system underlying Thai behavior can be discerned. First of all, it assures that Thais will be at least as materialistic as persons in any Western society, if by materialism is meant an attitude which values the means to make this life more pleasant. Although Thais believe that their life force will be reincarnated, their pragmatism and sense of reality requires them to focus on their current condition. Moreover, it tends to give them a short time preference; current gratifications are greatly preferred over future ones. It also requires a knowledgeable employer to structure the work environment so that Thais can find meaning and satisfaction in their job. Contrary to the literature, *sanuk* is a positive Thai value, and it depends greatly upon the opportunity for pleasant social interplay.⁴⁰ If such an ingredient is present in a job, the Thais will discover virtue in the job. Moreover, systems of control can be developed which are formal. Thais do not feel bound to abide by abstract rules or procedures, but they will accept comprehensible rules and they will follow relevant directives if they can be shown that compliance is truly in their own self-interests. Similarly, performance can be obtained if care is taken to prescribe the duties and tasks associated with a job. The trick is to enlarge the Thai worker's sense of responsibility to himself to include the interests of the firm. Thais value their relationship with their employer; they understand patron-client relationships. They typically approve of themselves and they appreciate the approval of others. In this sense, basic motivational principles that support the development of morale in any organization are applicable to the Thai environment. Implementation of the principles, however, must occur in the context of Thai values.

⁴⁰ An activity which is satisfying is called *sanuk*. Many alien social scientists have observed that Thais look for *sanuk* in everything they do and concluded that Thais are characteristically fun-loving to the exclusion of other interests. But a *sanuk* activity is one which is non-boring, and ideally it is pleasurable. Essentially, as a work attitude it is like the Mary Poppins' prescription "just a little bit of sugar helps the medicine go down." If a job contains elements that are meaningful and self-satisfying and is a source of companionship, it is *sanuk*.

CHAPTER 2

THAI LABOR HISTORY

Introduction

The Thai system of labor relations corresponds remarkably to the dynastic-feudal pattern of development. Its evolution has been influenced by distinctive attributes of the Thai labor market, particularly the almost complete Chinese composition of the private sector work force in earlier times and the later ethnic divisions remaining in its labor force. In order to appreciate the unique nature of the labor movement in Thailand, it is necessary to understand why Chinese have composed the bulk of the labor force until recent times.

I. The Chinese in the Thai Labor Force

Thais have long preferred rice cultivation and communal village life. With the elimination of slavery, beginning in 1874 and completed in 1905, and the conversion in 1899 of compulsory male corvée to a male head tax,¹ Thai labor in effect became free. This freedom permitted Thais to open up new lands and expand rice cultivation, and few chose the opportunity to enter the wage labor market, except in agriculture. Thailand, then, since 1905 has had a free labor market during a period when the demand for labor was growing. In 1900 Thailand had a population estimated at 7.3 million, distributed throughout the country so that almost every region had a surplus of land.² Any Thai who was willing to clear land could become an independent farmer, could grow rice and sell his surplus at favorable prices to a world market which was rapidly expanding. Trade and commerce developed, and canal and railroad construction expanded. The reluctance of indigenous Thais to offer their labor services for pay in such projects resulted in labor shortages and a high wage market, which increasingly attracted poverty-stricken but opportunistic immigrant Chinese, mostly from five provinces in southern China.

¹The annual head tax of from 1.5 to 6 baht, depending upon the region of the country, replaced the labor obligation to the king or prince. King Mongkut had in 1851 in the Bangkok area permitted a money payment in lieu of the labor obligation. Labor services continued to be required into the 1920s, mostly in the provinces, if the money tax could not be paid, but such services were completely abolished in 1938.

²James Ingram, *Economic Change in Thailand, 1850-1970* (Stanford: Stanford University Press, 1971), p. 55.

Until the twentieth century all but 2 or 3 percent of the annual Chinese immigrants were male, and their "coolie" labor was used extensively in canal and railroad building, tin mining,³ stevedoring and other port work, rice milling, sawmilling, and on Chinese commercial plantations. Others moved into construction and into mercantiling. Because of the Buddhist prohibition against the taking of life, animal slaughtering was left to the Chinese. The immigrants were hard working, thrifty, and were culturally motivated to improve their economic lot. Entrepreneurial activity thrived among them whenever sufficient capital was raised to go into business.⁴ Coolie labor was arduous and on up-country projects disease and accidents took a heavy toll -- sometimes up to 60 percent of the newly employed. Moreover, it is estimated that for every five Chinese entering Thailand, four eventually returned to China. In the first half of the twentieth century the proportion of returnees fell to about one-half. Thus, the Chinese population increased.

Chinese immigration was encouraged by the Thai authorities. In addition to trading concessions granted to Chinese entrepreneurs on favorable terms, Chinese laborers were exempt initially from corv  e and later subject to a lower head tax than indigenous Thai. Immigrant fees were minimal. Moreover, the predominantly male immigrant population were a source of revenue to the Crown, since such vice monopolies as the lottery, other forms of gambling, alcoholic beverages, and of most importance -- opium -- were sold to operators, and these monopolies provided up to one-half the state revenues until 1900.⁵ Native Thais were forbidden to indulge in these activities, especially opium.

In addition to a few Thai artisans and small shopkeepers, most native Thai laborers in the capital were employed by the government or as domestic servants. Thais were also later employed in municipal transit, the state railroads, as mill laborers, and as seamen. Thais remained a minority element in the wage labor market, however, until the 1950s, and as late as 1940, it was estimated that the Chinese constituted as much as 75 percent of all labor.⁶

³Some tin mines employed 900 men or more. Although wages were high, working conditions were abysmal. In the late 1920s about 95 percent of the more than 700,000 laborers in mining were Chinese. Virginia Thompson, *Thailand: The New Siam* (New York: Macmillan Co., 1941), p. 604.

⁴G.W. Skinner reports that in 1873 even day laborers could save up to two-thirds of their wages. *Chinese Society in Thailand* (Ithaca: Cornell University Press, 1957), p. 116.

⁵*Ibid.*, p. 120. Thompson reports on a League of Nations survey made in the 1920s which found in Siam that "the average Chinese coolie spent 50 percent of his earnings on opium, but not one out of fifty among them was an opium smoker" before his arrival in Thailand. Thompson, *Thailand: The New Siam*, p. 609. In mining, over 70 percent were smokers.

⁶*Ibid.*, p. 217.

Chinese Organizations

The Chinese immigrants brought with them two types of organizations that have subsequently influenced the development of the Thai labor movement--the guilds and the secret societies.⁷ The guilds, imported in the second half of the nineteenth century, were tightly organized along speech lines to include both masters and journeymen, and the masters trained their apprentices in their own shops. Not only did they attempt to restrict their trade to their own speech group, but they also sought to exclude the Thai from the craft. It was the guild's tight organization and exclusionary policies, together with their superior workmanship, that led to the demise of the Thai artisans.⁸ The guilds, then, were vertical organizations--a feature of Chinese society in Siam--designed to further control over their respective crafts, and by the twentieth century such crafts were clearly delineated by speech groups.⁹

The second type of organization of which guilds were in fact a part, were more pervasive and also more fearsome.¹⁰ These were the secret societies--the Chinese mafia--also organized by speech groups and introduced originally into Thailand in the seventeenth and eighteenth centuries, but whose power reached its zenith at the close of the nineteenth century. The influence of a society was pervasive.¹¹ One function was for it to gain control over certain occupations and to enlarge its sphere of influence into others, as well as to prevent the encroachment of other secret societies into its domain. Thugs were used to enforce its rules, and each speech group exercised control over its respective vice monopoly.¹² Membership in a speech group was a prerequisite for employment, as work gangs were controlled by society headmen--not unlike the pier boss system that once existed on the New York waterfront.¹³ Skinner reports that in 1902 "all Chinese belonged to one or other of the numerous secret societies."¹⁴ Many societies existed in Bangkok, and at least one was found in every large provincial town with a sizeable Chinese population.¹⁵

The societies at first were permitted to exist by Thai authorities for the purpose of maintaining order within the Chinese community. Periodically, internecine conflicts erupted among the secret societies as they struggled for power and advantage within the Chinese community; thus, the Chinese fell prey to their own organizations.¹⁶ Chinese leaders were powerless to control these rival factions.¹⁷ Moreover, the sense of power which these societies exercised over the occupations that they controlled led to labor disturbances, as secure coolies struck over real or imagined grievances. Strikes by port labor were not uncommon, and one in 1889 for higher wages lasted several days.¹⁸ In the tight labor market existing around the turn of the century, strikes and boycotts were often used to extract higher wages from employers. Although the secret societies were not true labor organizations, their power enabled them to provide freedom from scab labor to striking members and,

⁷ Skinner, *Chinese Society*, p. 140.

⁸ Outbreaks occurred in 1869, 1883, 1889, and 1895, and the Thai military were required at times to control the street battles.¹⁹ *Ibid.*, p. 144.

hence, to win their disputes.⁹ A tradition of collective action in various occupations dominated by Chinese was thus established, and vestiges of this tradition remain today.

At the turn of the nineteenth century, rising Thai nationalism led to a series of acts designed to bring the Chinese under control. In 1897 the Secret Societies Act was passed, requiring registration of all alien organizations and subjecting them to numerous controls. Heavy penalties were provided for violations, and the police established a Chinese bureau. However, the societies became even more secretive, and the act was not successfully enforced. In 1910 a confrontation between the leadership of the secret societies and the Thai authorities occurred when the Chinese were made subject to the same head tax as native Thais, signaling an end to the period of Chinese favoritism. Even though the societies called for and sought to enforce a general strike in all establishments owned by Chinese or using Chinese labor, the government was able to prevent major disorders outside the Chinese community, and in five days the strike had run its course. Not only was the strike unsuccessful but it enhanced anti-Chinese sentiments among the Thai populace. The societies were revealed to be powerless when placed against the reorganized and modernized Thai army. This confrontation marked the beginning of the decline of these organizations. The societies gradually disappeared, although a resurgence occurred in the 1920s in some provincial towns. In 1976, remnants of the secret societies reappeared, and there is some evidence that Chinese employers have made use of them to intimidate leaders of emerging labor organizations.¹⁰

The 1910-1930 period was one in which Chinese organizations adopted a low profile. On an informal basis worker organizations did exist, which provided social and recreational, as well as various welfare services to the participants. Such informal organizations had long existed within the secret societies and were found even among Thai employees in such government establishments as the railroad and the tobacco monopolies. One of the earliest such organizations was the Tramway Workers Association formed in the Siam Electric Company in 1897 which consisted of 300 Thai members. These workers even went on strike in 1900 in response to rising prices and wages, which were then a severe problem in Bangkok.¹¹

⁹Thompson regards these activities as those of secret societies and not as labor problems. However, the fact is that collective action backed by organizational power was used to achieve workers' objectives. Virginia Thompson, *Labor Problems in Southeast Asia*. (New Haven: Yale University Press, 1947), p. 238.

¹⁰The secret societies appear to be most active in the underworld of Bangkok and other Southeast Asian cities with large Chinese populations. See "Sinister Chinese Secret Societies Flourish," *Bangkok World*, July 3, 1976, p. 3.

¹¹Thompson attributes the wage crisis to a severe labor shortage brought on by the King's requisitioning of workers at twice the wages paid by the Public Works Department in order to speed up the completion of his new Dusit Palace. *Thailand: The New Siam*, p. 610.

During this predepression period, the government's regulation of labor affairs was limited. For example, rickshaw pullers were largely composed of Chinese immigrant labor who rented their carts on a daily basis.¹² The numbers of such pullers was extremely large relative to the demand for their services, and competition was vigorous. Pedestrian traffic was repeatedly threatened by the momentum of these vehicles. To try to bring some order into this traffic, the government imposed in 1913 licensing requirements on the pullers, with a registration fee of three satangs. Under these requirements, a puller had to know enough Thai to follow directions, to be physically fit, and to be between the ages of eighteen and forty.

The government's role in labor matters increased only slowly. In 1917 it provided relief public employment to unemployed migrant Laotian farm workers in the Central Plains. The government also dealt on an emergency, *ad hoc* basis with a few strikes which mostly occurred on the grounds of alleged unfair treatment. One of these was a 1921 strike in the Bangkok dockyard of the Royal Thai Navy by an informal Chinese association of workers. Control over strike activities of informal organizations was imposed in 1927 when the Penal Code was extended to apply to strikes, and the police were made responsible for dealing with them and resolving such disputes. Two years later an unsuccessful effort was made to establish a Labor Bureau to deal with rising labor problems, and it was not until 1932 that an Employment Service Section was established to register the many private employment agencies that had developed in Bangkok.

II. The Great Depression and the Revolution

The basically agricultural character of the Thai economy insulated it from the most severe repercussions of the worldwide depression beginning in 1930, but in relative terms severe unemployment was experienced in Bangkok. A 1931 survey revealed that over 4000 unskilled workers were unemployed.¹³ This was sufficient to generate a movement for reform, and when the revolutionary government established a constitutional monarchy, the lack of attention given to the unemployment problem was one of the major criticisms leveled against the former regime. In addition to establishing a number of government enterprises in paper, textiles, sugar mills, distilleries, tobacco, electricity generation, shipping, railways and other industries, steps were taken to expand employment to native Thais in a variety of occupations. Many of these efforts were designed to replace alien labor and to reserve selected occupations exclusively for Thais, and the stimulus for these actions was generated by a series of strikes beginning in 1932, involving primarily Chinese workers.

By European or American standards the incidence of strikes after the 1932 Revolution was not frequent nor violent.¹⁴ Yet, by Thai standards they were unusual. Either social or political change or

¹²The same procedure, in which taxi drivers rent their automobiles on a 12-hour basis, is still used today. Much of the wild driving associated with taxis has been attributed to their helter-skelter competition for passengers whereby care for the condition of the rented vehicle is ignored. Earlier rental of pedicabs is discussed in *ibid.*, p. 611.

¹³*Ibid.*, p. 613.

¹⁴*Ibid.*, p. 614.

economic distress alone has not been sufficient to cause spontaneous worker protests in Thailand, but combinations of these events do seem to precipitate such action. Because so many of the strikes involved alien employees, the disorders ultimately proved to be counterproductive.

The series of strikes began in August 1932 when two disputes occurred.¹⁵ The first involved the rickshaw pullers who had been caught in an income squeeze. On the one hand, competition from motorized taxis and buses had cut into the demand for their services, and on the other, the high rental rates charged by Chinese owners made it difficult for the pullers to earn enough even to feed themselves. Hence, 6,000 of them struck. Both the Chinese Chamber of Commerce and the Ministry of Interior mediated the dispute, and rental rates were lowered from 75 to 50 satangs per day. In the same month, Chinese women dyer factory workers also struck successfully, protesting a cut in their daily wages from 40 to 30 satangs, and again the government mediated the dispute. Later, in November of the same year, the Tramway Workers Association, recognized by the government only the previous month as a meritorious welfare society, struck against the Siam Electric Company over the discharge of fellow workers. The company had refused to recognize the association's grievance and the government entered the dispute in response to a petition by the Tramway Workers Association. Although the government took no formal action, its promise to monitor the future conduct of the company appeared to appease the workers.

In 1934 three strikes of significance were noted.¹⁶ Chinese rice mill workers walked out in protest of the discontinuation of their customary year end bonus, which in Chinese employer-employee relations was an implicit deferred form of regular compensation. The workers petitioned the Tramway Workers Association for assistance and asked the government to take over the mills. The government did intercede but in support of the mill owners' contention that the decline in the world rice price had rendered them unable to pay the bonus. The few Thai workers in the mill, kept in place by the informal and secret organizations of the Chinese workers, separately petitioned the government to guarantee a percentage of the jobs in rice mills for Thai workers. Moreover, the violence accompanying the strike angered the government, and it subsequently deported seven Chinese workers who were alleged to be the strike organizers. Concurrent with the rice mill strike was a short interruption in rail service in Bangkok, brought about by demands from both Thai and Chinese workers for better working conditions and for more responsible management. The true issue was reported to be the discontinuance by the railroad of the service providing free worker transportation to and from their homes to the job site at the Makasan Repair Factory. The government, again in response to the workers' petition, intervened, and it promised to let army officers manage the railroad and to establish a permanent grievance committee under the chairmanship of the Governor of Bangkok. Later, Thai workers replaced many Chinese workers and those thought to be leaders of the strike. In the same year, a strike by Chinese taxi drivers for higher

¹⁵ See *ibid.*, p. 615 for an expanded discussion.

¹⁶ Skinner, *Chinese Society*, pp. 218-219.

wages resulted later in a statute restricting taxi driving to Thai nationals. Strikes in 1935 involved bus drivers in Chiangmai, who demanded and received higher wages, and in 1936, 300 miners in Yala struck unsuccessfully in protest over a 10 percent wage cut.

These series of strikes led eventually to the 1939 Thai Workers Act which required at least 50 percent of Thai nationals to be employed in rice milling, 75 percent in mining, and employment, for example, as taxi drivers and seamen was restricted exclusively to Thai nationals. Although the law initially was unenforceable because of a shortage of Thais willing to enter such employment, especially in mining, it did represent a first step in ending the control exercised by the Chinese over many occupations, and it provided one more inducement for the Chinese to adopt Thai citizenship.¹⁷ Because of the adverse government reaction to strikes initiated by Chinese workers, for some years after 1935 Chinese workers abandoned the use of the strike as a form of labor protest.¹⁷

Lack of concern for the welfare of alien labor has been the reason often given for the failure of the Thai government to enact protective labor legislation.¹⁸ Yet, although only a small minority of wage workers were Thai, their numbers were still large. Indeed, in 1937 some thirteen labor candidates ran for office in the National Assembly. Early in the following year a bill was introduced in the National Assembly to regulate wages, hours, and child labor. Although it was defeated, a committee was established to study the problem. A major argument against such legislation was that its impact could not be determined until the dimensions of the labor force itself were surveyed.¹⁹ Another more plausible explanation of the reluctance of the government to enact such legislation was that it was itself a principal employer, and as such it was unwilling to impose upon the managers of state enterprises any more onerous regulations than were absolutely necessary. Notwithstanding this reluctance, the government did enact in 1939 the Factory Act, which required owners to obtain a permit to open or extend a factory, and also required their premises to be kept clean and safety devices and practices to be in effect to protect workers from injury. The law was largely ignored, however, because no provision was made for factory inspectors and the workers themselves were ignorant of the law's provisions.¹⁹

World War II

Thailand became an ally of Japan during World War II, partly because to do otherwise would have deprived her of her national independence. Japanese troops did participate *de facto* in the occupation of Thailand, landing in January 1942, although Thailand continued to administer her own internal affairs. Labor organizations and labor disputes were, of course, muted during the course of the war, but Chinese dockworkers did on occasions refuse to load Japanese vessels. Chinese were drafted into military labor battalions for work on projects planned by the Japanese. The Chinese were further excluded in

¹⁷*Ibid.*, p. 220.

¹⁸See *ibid.*, p. 220; Thompson, *Thailand: The New Siam*, p. 618.

¹⁹"Industrial Peace Through Law," *Investor* (September, 1969), p. 719.

1942 from twenty-seven occupations and professions, including hair-dressing, toy manufacturing, and the law, and they were expelled from selected military strategic provinces. Many lost homes and businesses. In addition, the Free Thai Movement under British-American sponsorship carried on sporadic resistance against and surveillance of the Japanese, and out of this movement in late 1944 developed the Bangkok Federation of Trade Unions. This federation formed the nucleus of the postwar labor movement. Other resistance movements were found among the Chinese, both the Kuomintang loyal to General Chiang Kai-Shek and the Chinese Communists. In July 1944, while the Japanese looked on, the Free Thai Movement ousted the incumbent government in a parliamentary election, and thereafter the Free Thai Government increasingly cooperated with the resistance movements and lessened the wartime restrictive controls on Chinese. The change of government was said to be in anticipation of the ultimate Japanese defeat, and the Thais wished to have a government in office sympathetic to the Allied cause.

Nevertheless, postwar relations between the alien Chinese in Thailand and the Thais did not remain harmonious.²⁰ A pitched six-day battle occurred in late September 1945 between the Thai army and the Chinese Kuomintang in their sector of Bangkok, as anti-Sinetic sentiments erupted. This complicated the official attitude of China, which at the time was resisting internal pressure to consider Thailand a defeated enemy because of the latter's alliance with Japan during the war. To appease China, Thailand agreed to permit unrestricted immigration of Chinese, and to reopen schools of Chinese nationals, and in late 1945 she formalized diplomatic relations with China for the first time in forty years. Thailand incurred only brief Allied occupation; she was able to preserve her sovereignty and freedom of action, and in 1946 she was admitted to the United Nations. Sino-Thai relations thereafter continued to improve until 1948.

III Postwar Labor Relations

A Ten-Year Period of Flux

The immediate postwar period in Thailand was one of social change as she sought acceptance as a responsible democratic nation by the victorious Allies. Together with this process of liberalization and relaxed tensions with her Chinese residents came economic exigency in terms of rising inflation and domestic shortages. In this context, a new wave of strikes occurred. Immediately after V-J day, over 4,000 Chinese stevedores and rice mill workers in Bangkok struck for higher pay. Subsequent strikes in 1946 by Sino-Thai laborers occurred over political issues in China and over the handling of relief supplies to China, but initially these 1945 strikes were economic in origin. In the next two years there were 173 strikes, of which twenty-eight were major ones, and most involved wage issues during an inflationary period. Even civil service workers demonstrated in January 1947 for a higher salary scale. During this time, the most disruptive labor disputes occurred in rice milling, lumber yards, state railways, naval dockyards, and tobacco factories.

The diplomatic relations established with China in 1945 gave the Chinese in Thailand a form of representation that restricted the Thai government's repressive measures and resulted in a relaxation of ethnic

²⁰ Skinner, *Chinese Society*, pp. 278-89.

tensions. This feeling of cooperation was evident on the strike scene in Bangkok when Chinese workers were able to maintain their walkouts without fear of "scab" Thai labor. Efforts were made to bring Chinese and Thai workers together into a labor movement, and on May 1, 1946, the distinguished Prince Sakon Vorawan, advisor to a liberal political party, cautioned a conference of Thai-Chinese union delegates to act with restraint so as not to harm efforts being made to legalize collective bargaining.²¹ No provisions for collective bargaining had been included in the postwar Thai constitution, and for purposes other than benevolent activities labor unions were still illegal. At this conference, the General Trade Union Association (GTUA) was formed. It was a descendent of the Bangkok Federation of Trade Unions earlier established by Prime Minister Pridi Panomyong. During the remainder of 1946 the GTUA coordinated labor disputes involving Thai and Chinese workers. Concurrently, membership drives occurred in associations of laborers in printing, among tricycle drivers, transport workers, and bus drivers.

Agents of the Communist faction in China, loyal to Mao Tse-tung and operating in Thailand, had in 1946 infiltrated a number of Sino-Thai unions and gained control of them. These representatives were content to work behind the scenes in order to encourage the development of a formal labor movement in Thailand. The success of GTUA led in January 1947 to its successor organization, the Saha Achiwa Kamakon, known by its English name as the Central Labor Union (CLU). This organization nominally was led by Thai political figures of a liberal bent and contained both Thai and Chinese member unions. Thais were strong in railway, tramway andibus driver unions, and Chinese dominated the port, rice mill and sawmill unions. Initially, Chinese membership was reportedly a minority, but during the next year Chinese labor organizations joined the CLU and by 1948 they comprised a majority of the membership. Estimates of the total membership varied from 12,000 to 100,000, and eventually some sixty-four unions were affiliated with it.²² The stated purposes of the CLU were: (1) to cooperate with progressive social forces and to promote labor associations; (2) to improve worker education and welfare; (3) to promote the settlement of labor disputes; (4) to promote mutual aid and cooperation among member organizations; and (5) to function as a nonpolitical representative of workers.²³ These objectives served in part as window dressing, particularly the fifth one, since labor associations for political purposes were clearly illegal. The CLU had good relations with the government until the November 1947 coup. The Communist leaders were able to strengthen their control of labor unions as their prestige and power in Thailand increased in the 1948-1950 period after the defeat of Chiang Kai-Shek. By 1948 they had captured control of the Central Labor Union, and in February 1949 the CLU affiliated with the communist-dominated World Federation of Trade Unions. In November 1949 the CLU

²¹Thompson, *Labor Problems* p. 248.

²²*Ibid.*, p. 261. Vijit Sangthong reported that the organization had 75,000 members and that member unions paid one-fourth of their dues to the Central Labor Union. "Industrialization and the Labor Movement in Thailand" (Paper presented at the International Symposium in Industrialization in East Asia, Kyoto, Japan, September 1971), pp. 7-8.

²³*Ibid.*, p. 8.

sent a delegation to the World Federation Conference held in Peking.²⁴ In 1952, the CLU was deemed to be subversive, and it was disbanded and its leaders arrested under the Anti-Communist Act.

On November 8, 1947, a coup restored to power Pibun Songkram, the author of the severely restrictive anti-Chinese wartime controls. Because the communists had increasingly infiltrated Thai-Chinese schools and worker associations, Pibun responded by tightening his control of the Chinese. Subsequently, both Chinese schools and worker associations in Bangkok were raided and some of their leaders were arrested.²⁵ A rival labor federation to the CLU, the Thai Labor Union was established exclusively for Thai workers in May 1948, and Marshal Pibun sought to use this organization as a political base of support. The membership consisted primarily of government railroad and harbor workers, although shop clerks, tricycle rickshaw operators and some agricultural workers were also members. Many were self-employed. In 1950 the Thai Labor Union affiliated with the International Conference of Free Trade Unions, and in 1951 it was reorganized and renamed the Thai National Trade Union Confederation (TNTUC). At this time, it claimed sixty affiliated associations and up to 50,000 members, all of Thai citizenship. The associations were weak, their members paid little or no dues, and as government employees or self-employed farmers, hawkers, or pedicab drivers they had little interest in labor relations. The offices of the labor associations were supplied by the government and their chief activity was to administer subsidized government welfare programs.²⁶ Few, if any, strikes were promoted by member associations.

Since labor associations provided a political base of support, rival political factions found it in their interest to establish a second federation. In February 1954 the Free Workmen's Association of Thailand (FWAT) was established under the sponsorship of General Phao, the head of the Police Department and an ally of Prime Minister Pibun. The FWAT was designed to represent Chinese workers who no longer were allied with the defunct CLU. It was composed primarily of rice mill and dock workers, although many members were self-employed, and about 60 percent of its 14,000 members were Chinese. Its nominal leadership also jointly held high office in the TNTUC. Affiliated with FWAT was the Overseas Chinese Labor Union of Thailand, originally established in 1907 as the Association of Industry and Commerce, which had operated since its formation as a beneficial society.²⁷

²⁴ Skinner, *Chinese Society*, pp. 322-23. He estimated a membership of 50,000 in CLU in 1950. In the postwar period, the Thai-Chinese have tended to support whichever Chinese government has been most effective in containing restrictive Thai policy against alien Chinese. Since the end of the Viet-Nam war in 1975, Mainland China's influence in Thailand has increased as Taiwan's has diminished.

²⁵ These arrests were followed by later ones in August and the closing of schools friendly to Chiang Kai-Shek. Hence, these actions were as much anti-Chinese as anti-Communist, *Ibid.*, p. 325.

²⁶ Alice Shurcliff, *Labor in Thailand* (Washington: U.S. Department of Labor, Foreign Labor Information, June 1959), p. 20.

²⁷ *Ibid.*, p. 24. In World War II it was active in the Thai underground against the Japanese.

In 1955 political parties became legal and press censorship was abolished, which made influence in the labor movement even more important. A power struggle between two newspaper publishers, Champol Kornpase and Prayoon Chunswadee developed over the leadership of the TNTUC; hence, it is questionable whether either the TNTUC or FWAT were truly workingmen's organizations. Later in 1955, the Labor Party was formed from three large affiliates of TNTUC: (1) The Tricycle Drivers Union; (2) Transport Workers Union; and the (3) Federation of Women Workers. By late 1956 the Labor Party had gained control of TNTUC, and thereafter the organization moved politically to the left.

The period between 1948 and 1958 constituted an important era during which the support of the Thai worker was solicited by Thai leaders. Not only was it a period in which renewed pressure was exerted upon the Chinese to assimilate, but it was a time in which efforts were made to promote the interests of Thai labor. In addition to the establishment of an all-Thai labor federation, attempts were made to expand employment opportunities for Thai workers. The 1949 Thai Occupational Act reserved ten occupations exclusively for Thais, including bus driving, barbering, salt manufacture, pedicabs, and metal inlaying, although aliens already holding positions in these occupations were permitted to continue to do so. However, in 1952 the alien registration fee was raised from 20 to 400 baht annually, despite a series of violent protests by Chinese mobs. Hence, the carrot and the stick was used to force aliens to apply for Thai citizenship in order to acquire jobs and to avoid paying the registration fee. Because communist leadership was active in inciting the mobs protesting the fee increase, the government was able to enact quickly an Anti-Communist Bill applicable to individuals or organizations supporting communist causes, a law directed principally at Chinese institutions friendly to Peking. Under its authorization, numerous Chinese were arrested, imprisoned or deported over the next several years, and factions in the Chinese community favoring the Taiwan government acquired new prestige and government support. Because of the suppression of Chinese interests, the labor force in rice and saw milling became increasingly Thai, and more Thais were represented in the labor force of the mining and rubber industries. Vocational schools were established to train Thais for skilled occupations. In 1951 and 1952, additional occupations were closed to aliens, including manufacture of charcoal and umbrellas, operation of wharves, fish marketing, commercial fishing, hairdressing and dressmaking.²⁸ Government enterprises were expanded in 1953 and 1954 to force out or offer competition to alien firms and to provide more jobs for Thais. Finally, in 1956 the Thai Employment Assistance Act required that 50 percent of all new vacancies in firms with ten or more employees must be filled with Thai employees. To assist in the administration of these provisions, a Labor Division was established in 1955 in the Ministry of the Interior.

The Golden Era of Thai Relations

Until 1956 labor unions *per se* had no protected legal status. Those worker organizations that did exist justified themselves on the basis of their welfare functions and were essentially Chinese in composition. Associations comprising Thai workers were typically organized by politicians, newspaper editors, or employers, and their membership consisted of unskilled, subservient Thai workers. The political

²⁸Skinner, *Chinese Society*, pp. 355-56.

base which such organizations provided aspiring politicians in this era of experimentation with democracy generated a climate generally favorable to labor's interests. As the associations were without legal protection, however, employers or the police were free to deal with them as they pleased, to ignore them, recognize them, or suppress them. Labor disputes did occur from time to time, but they were not numerous. Yet, indicative of the favorable climate of this time was the government declaration of May 1 as Labor Day.

The most important fruit of this favorable labor climate was the Labor Law enacted in November 1956 to become effective on January 1, 1957, and to apply to firms with ten or more employees. The law was comprehensive.²⁹ It regulated wages and hours; established work standards for women and children; made mandatory such benefits as sick leave, separation pay, and vacations; and it established comprehensive labor relations regulations.³⁰ Worker associations were given the right to organize and to bargain collectively with employers. However, the government could deny a union's certification if its activities were deemed to be against the public interest or were non-peaceful. Government employers or supervisors of firms were excluded from membership, and no aliens were permitted to form a union, although the status of their rights of membership was not clear. Unions were required to register and to submit annual reports of their activities; they were enjoined from engaging in political activities; they could be sued and their leaders were subject to criminal penalties for illegal coercion or extortion. However, the right to strike was recognized only after a dispute settlement procedure had been utilized. The law listed a number of employer labor practices that were declared unfair, not unlike those in the National Labor Relations Act of the United States.³¹ Both the closed shop and union shop were prohibited.

²⁹Sangthong, "Industrialization," p. 10.

³⁰The law has been summarized as follows: "It provided a normal working week of 48 hours, a daily rest period and a full one-day holiday every week, annual vacations of six days for those employed continuously for not less than a full year, and thirty days sick leave per year. Women were to work a maximum eight-hour day, were not to undertake nightwork, and if under eighteen years of age, were not to be employed in hotels, places where liquor was sold, or in night clubs or dance halls. For expectant mothers, a two-month leave of absence was prescribed. Children were not to be employed under twelve years of age, and between twelve and fourteen were to be employed only on light work in family establishments. For all workers, overtime pay at time-and-a-half for work over the normal forty-eight-hour working week was prescribed, and double pay where the worker was employed on a full holiday. Wages were to be paid in Thai currency, and payments in kind were forbidden. After six months' service, an employee was entitled to thirty days' pay if he were dismissed without due notice, except in the case of gross misconduct. For injuries, diseases or death during and arising out of the course of employment, the employer was liable, and had to pay compensation and treatment expenses. Registers of employees were to be kept and to be made available to the Labour Inspectors." "Industrial Peace Through Law," *Investor* (September 1969), p. 719. It is apparent that the provisions conformed to the recommended code of the International Labor Organization.

³¹In fact, an American adviser assisted in the drafting of this legislation.

A seven member, tripartite Labor Relations Committee was established to receive unfair labor practice complaints and to mediate labor disputes. It could also recommend arbitration. Before a strike or lockout was permitted, a dispute first had to be submitted to the Labor Relations Committee, which had twenty days to intervene. Only after the twenty-day period had expired, and then with another seven day's notice were strikes or lockouts authorized. Hence, a twenty-seven day cooling-off period was required. Strikes or lockouts were completely prohibited in public utilities or during national emergencies. The government obviously believed that these dispute settlement provisions were adequate to deal with the relatively few strikes that characterized Thai industrial relations. For example, in 1956 only twelve strikes had been reported. The major flaw, however, in these and subsequent dispute settlement procedures was that they placed restrictions on the scheduling of strikes, without providing any alternative procedure whereby workers' dissatisfactions could be expressed or resolved. Workable grievance procedures are uncommon, and although companies were required by law to establish formal grievance procedures, little or no use was made of them. The consequence has been that these and later formal dispute settlement procedures have been ignored, partly because the Labor Relations Committee developed the reputation of being promanagement in the cases with which it dealt.

In terms of promoting the formation of labor unions, the act was a success. Some 136 unions were formed in 1957 with a membership of about 25,000; and the number increased to 154 by November 1958. Most of the unions (70 percent) varied in size from 40 to 400 members. Many unions were sponsored by politicians, and their leadership was limited in each case to a few individuals inexperienced in collective bargaining or grievance administration. Their political orientation and the general elections early in 1957 led to an increase in the number of strikes; twenty-one were recorded in that year and they involved more workers and averaged almost twice the duration of strikes in earlier years. The number of strikes declined in the second half of 1957 and into 1958; and only four strikes were recorded in the latter year. Although strikes were nominally called to protest wage and worker grievances, their obvious political relationship did not go unnoticed.

Because control of the TNTUC had passed to political rivals of the incumbent leaders of the government, a new federation was established in 1957 under government sponsorship as the Thai National Federation of Trade Unions (TNFTU). The new federation claimed seventeen affiliates and depicted itself to workers as an alternative to the "leftist" TNTUC. Early in 1958 a new name for the Free Workmen's Association was adopted, the Federation of Free Workers Union of Thailand, with the hope of revitalizing the political fortunes of the organization. Hence, three federations, all politically oriented, existed to which the fledgling labor associations were attached. All three federations provided for an annual general assembly composed of delegates from the member unions, and an executive council with a president and secretary general implemented policy between conventions.

In October 1958, Marshal Sarit seized control of the government. He proclaimed that the nation was imperiled by organizations such as unions which threatened the peace and stability of Thai society. The Labor Code of 1957 was repealed on October 31, 1958 on the grounds that it was unsuitable for existing labor conditions in Thailand, and that it generated labor dissension which nullified the normal cooperative spirit that exists between workers and their employers. Moreover,

it was alleged that workers were being made pawns of politicians, some of whom were communist. Hence, unions were made illegal, and twenty-four of their leaders, fifteen of whom were affiliated with TNFTU, were arrested and imprisoned as subversives for the duration of Marshal Sarit's rule. Most were released after his death in 1963, although some spent up to eight years in jail. The effect of the repeal of the Labor Code was to reinstitute the provisions of the Penal Code which prohibited strikes and lockouts. However, most of the labor protection provisions were reinstituted in the next year through Ministry of Interior regulations.

The abolishment of labor organizations in 1958 caused hardly a ripple on the Thai socio-economic scene. The organizations possessed little bargaining power and had little influence on the practice of industrial relations. Employee commitment to the organizations was not great for a variety of reasons. Many members were self-employed. The Chinese still comprised between 60 and 70 percent of the labor force, and most were believed to have aspirations eventually to go into business for themselves. Workers of peasant origin could always return to the farm. Those members who were Thai as Buddhists were culturally preconditioned to be non-involved in the affairs of others. Hence, the American unionist rallying cry of "an injury to one is an injury to all" had no corollary among the Thais, and there was almost no recognition of the principle, "in union there is strength." Ethnic hostilities divided the ranks. Most employers had small establishments, and they were able to maintain personal relationships with their few employees. The reluctance of Thais to challenge authority made collective bargaining an alien procedure, and the inexperience of union leaders made grievance administration unlikely; hence, there were few union victories or accomplishments to bind the workers to a continuing organization and for which they were willing to make unusual sacrifices.

Why then did a union movement arise in the 1946-58 period? There is some question as to whether one really did develop. Leaders did form labor organizations for various purposes, and they *claimed* a body of members; yet, membership affiliation may at best have been a courtesy on the members' part to appease some patron with whom a client relationship was sought. A political figure, for example, could protect hawkers or pedicab operators from police harassment. On the other hand, a good many labor organizations had already existed informally as welfare or beneficial societies, and they simply took advantage of the opportunity to obtain formal status under the registration provisions of the Labor Code. Labor relations functions remained a hazardous pursuit for a union leader. He was subject to employer retribution, against which the Labor Code in practice provided him little protection. The need for unions was not always obvious. Thailand was industrializing but slowly; the government remained paternalistic and provided minimum labor protective standards; and the course of political change was such that a government friendly today to organizations with political potential could be hostile tomorrow. Moreover, because the organizations' membership was largely alien and they were chronically being infiltrated by subversive elements, the government was cautious about their development.

A labor leader of that era acknowledged that the government had been alarmed by Chinese leaders' influence in unions.³² However, he

³²Interview, May 1973. The union leader has asked to remain anonymous.

did emphasize that in his opinion, the union leadership of that period was not communist. Some of the lesser leaders had attended a trade union conference in Peking in the mid-1950s, but they had been advised to make the trip by national political figures who had been instrumental in organizing the unions. These lesser leaders were naive and went primarily because they wanted a chance to travel. Later, when union leaders were jailed, only some were accused of being communist; the others were political opponents of Marshal Sarit.

Although the size of the union movement of that period was grossly overstated, at its peak it did enlist about 30,000 true workers. When unions were abolished in 1958, some unions resumed their earlier informal structure--much like recreational or social clubs. Although the railway workers had been well organized, their ranks became divided and their informal organization did not function well. The tobacco monopoly workers deserted the movement completely, primarily because their terms of employment were sufficiently good for them not to jeopardize their job position by continuing an unregistered, informal organization. However, informal organizations continued among port and transport employees.

The Dark Ages

The fourteen-year period between 1958 and 1972 was one in which formal labor organizations did not exist. The Labor Code had repealed dispute settlement procedures on the false premise that if unions did not exist, labor disputes would not occur. Yet, disputes did not disappear and, in fact, in 1959 their number increased to eleven, although in subsequent years, there were fewer recorded strikes.

After the Labor Code of 1957 was abolished, labor disputes were mediated by a variety of government offices. Disputes were referred to provincial governors, to provincial welfare officers, to district officers, but most frequently to the police. These officials had little understanding of and no expertise in matters pertaining to labor relations. In 1962 the Division of Labor in the Ministry of Interior was upgraded to bureau status, and increasingly thereafter disputes were referred to this office. Officers of the Labor Bureau sought to obtain settlements among the parties, but often they merely rendered a decision. This could be appealed to the Director-General of the Public Welfare Department, whose decision was final. During the 1958-65 period, there were thirty-eight strikes, most of which occurred, as is the Thai custom, prior to the presentation of worker demands. Most of the strikes were over wage issues, poor working conditions, management discipline of workers, or failure of a firm to follow the labor laws. In the first half of 1965, eleven strikes occurred involving 3,400 workers, and it became obvious that existing dispute settlement provisions were inadequate. The government responded by taking two actions. In February 1965 the General Assembly passed the Labor Dispute Settlement Act, and in October the Bureau of Labor was raised to department status. The Labor Dispute Settlement Act provided for the implicit organization of an elected group of worker representatives to present grievances and negotiate terms of employment--a type of *ad hoc* labor union. Moreover, it outlined a complicated procedure that had to be followed before a strike was legalized.

The procedure essentially involved three steps. First, employees or employers wishing to change conditions of the employment contract had to formulate written demands, which were then to be presented to

the opposing party for negotiations, either through their chosen representatives, or alternatively for employers through the Labor Mediation Officer. In Bangkok, this officer was affiliated with the Department of Labor and in the provinces the district officer of the Ministry of Interior performed this function. Negotiations were to be scheduled within seven days after presentation of demands. In the second stage negotiations were to proceed for up to thirty days, after which the dispute was referred to the mediation officer. Again, if no settlement had been reached through his efforts after a period of fifteen to thirty days of mediation, the parties as a third step were advised to accept binding arbitration. Arbitration was non-compulsory, but only after it had been rejected was a strike legally permitted. Even then, strikes were prohibited in railways, harbours, utilities, among public employees, or during times when martial law was in effect. In all, up to sixty days of delay could occur before a strike could legally be called.

Employees neither understood nor followed the provisions of the Labor Disputes Act. First, the procedure was sufficiently complex that workers could not have followed it even if they wished to do so. It is reported that many Labor Department officials did not understand the procedure.³³ In the next six years there were 113 recorded strikes, all of which were illegal, in that none had made use of the dispute settlement procedure. A director-general of the Department of Labor reported in 1969 that "under the existing system, workers elect representatives half-heartedly, have little confidence in them, and prefer to resort to strikes as a method of making demands known to employers."³⁴ Later in 1971, the director-general remarked that "employers had a tendency to prolong the consideration of employees' demands and grievances instead of taking immediate action, and this provokes employees into taking direct action. Neither party bothers to consult with the Department of Labor in the early stages of the dispute."³⁵

Two features of Thai society inhibit the presentation of grievances and the negotiation of settlements. First, Thais have an intense cultural reluctance to engage in face-to-face conflicts. As a result, workers are reluctant to complain to any official, either from the company or the government, in an interpersonal confrontation. Typically, as it was once explained to me, even two parties in a symbiotic relationship who have a complaint against each other will normally use the services of a third party intermediary to present the complaint and to mediate the dispute.³⁶ Hence, if a Thai worker

³³ Interview, March 8, 1973, with former Department of Labor inspector. In view of the varied and conflicting reports of its provisions in printed media, it is readily apparent that the Labor Dispute Settlement Act was generally not understood.

³⁴ Reported in "Industrial Peace Through Law," p. 723.

³⁵ Thai Management Association, *Labor Disputes of 1971*. (Information Series, 2, 2), p. 6.

³⁶ Interview with Sri Prinya Ramakomud, National Institute of Development Administration, March 8, 1973.

has a grievance with his employer, he normally either accepts it or quits, and then he goes to the Labor Department to request its services in obtaining the mandatory separation pay. Only if the grievance is general and severe will he engage with others in collective action. Moreover, most strikes are spontaneous, and the Thai worker does not expect any reprisal or social disapproval from such action. He believes that other Thais, like himself, will not make a moral judgment concerning the people's disputes, because of the Buddhist precept of non-involvement in the affairs of others.

Second, the strike offers a dramatic but impersonal method of demonstrating worker dissatisfaction, and it protects the individual worker from employer reprisal, against which he has no recourse. The strike action brings a benevolent government official quickly into the dispute, who can deal with the employer at an equal or superior status at little risk to the employee. A Labor Department official has explained that no legal action is taken against either employers or employees because both parties are usually at fault. Moreover, the department has recognized that "workers and employees are uneducated, are ignorant of the law and see the strike as the only weapon possible to enforce their claims."³⁷ In such a situation, there is no motivation to go through the lengthy process required by the Labor Dispute Act. The strike remained as the only reasonable way for aggrieved workers to get quick redress.

Until 1974, strikes in Thailand were typically of short duration. No strikes in 1969 and 1970 lasted more than one day, and in 1971, less than one-third of the strikes lasted more than three days. Workers have few resources to sustain a long walkout and use the strike primarily as a device to call attention to their grievance. Labor Department officials recognized that the weakness of the Labor Dispute Settlement Act lay in the communications barrier that exists between worker and management, and as strikes have increased over the years, they have faced the necessity of ultimately developing a labor movement with organizations that can effectively negotiate with employers about matters of concern to employees. In 1969, a draft labor relations bill, similar to the 1957 statute, had been prepared and awaited the approval of the Prime Minister and cabinet.³⁸ However, opposition among the ruling generals delayed enactment of such legislation until 1972.

IV. The Renaissance of the Labor Movement

As past events in Thailand had clearly demonstrated, labor organizations were potential centers of political power. Although there was some legitimate concern that communist influence might reemerge through labor unions if they were legally permitted, this was overshadowed by a more general fear of the political opposition they might engender. Thai leaders naturally preferred to continue to block formation of labor unions, but both domestic and international pressures combined to force a change in their policy. Labor unrest at home was increasing because of inappropriate and inadequate measures for alleviating worker job dissatisfactions, while abroad the ILO was under pressure to censure

³⁷Hans J. Krueger, "Strikes," *Business in Thailand* (November 1971), p. 33.

³⁸"Organized Labor Ahead?" *Investor* (January 1969), p. 113.

Thailand as a member for suppressing labor organisations. Thailand has long been sensitive to her international image, and the increasing criticisms leveled against her by world organizations in positions to influence her access to developmental funds, forced her to reconsider her opposition to labor organizations and to develop a positive labor union policy.

In encouraging the development of weak labor associations, Thai leaders were motivated not only by political, but also by economic considerations. Influential governmental and military leaders frequently held directorships in large and profitable enterprises; and a businessman's natural fear of the economic power of organized labor was present among them. Among the technocrats in government, economic development was a dominant national objective, and this could be achieved through high foreign investment and a high level of national savings. Strong labor organizations could reduce profits either by raising wages or through expensive labor disputes, and high wages could lead to a consumption-oriented society that would reduce savings. Hence, if labor organizations were to exist, they would have to be structured so as to remain weak. Their role essentially would be limited to processing member grievances, administering limited employee benefits and assisting in the enforcement of the labor laws. The latter activity would also ally these organizations with the Department of Labor, and this could keep the unions under the department's control, while at the same time the spread of such organizations would enhance its power and influence in the bureaucracy.

TABLE 12
Strikes in Thailand, 1956-1974

Year	Number of Strikes	Number of Workers Involved	Man-days Lost From Strikes
1956	12	66	3,673
1957	21	203	12,947
1958	4	458	4,202
1959	11	846	8,160
1960	2	23	64
1961	2	68	93
1962	3	81	63
1963	4	118	159
1964	6	300	539
1965	17	3,753	6,566
1966	17	5,413	18,764
1967	2	470	470
1968	14	1,867	3,216
1969	18	5,345	23,593
1970	25	2,888	6,004
1971	31	5,153	12,646
1972	34	7,803	19,903
1973	501	177,887	296,887
1974	358	105,883	507,607

Source: *Yearbook of labor statistics, 1974*. Bulletin No. LB/98/75 (Bangkok: Department of Labor Ministry of Interior May 1975), p. 118i

In this context, then, worker associations again became legal in April 1972.³⁹ Since martial law had been in effect since the November 1971 coup, and because labor associations had been suppressed for so long, those organizations that *de facto* functioned as worker associations were at first reluctant to declare themselves openly and to seek registration. Similarly the government moved cautiously in processing applications for worker associations. The Criminal Investigation Division checked the leaders' records as well as rosters of members, to ascertain their Thai nationality, loyalty, and good citizenship. During the first year, only fifteen labor associations were established.

Other factors have hindered the formation of associations.⁴⁰ Some companies have discharged workers for association activity, although the new labor law makes such company activity an unfair labor practice.⁴¹ Some workers have been blacklisted for showing interest in associations and others have found company property hidden in their clothing, awaiting discovery at the plant gate and the charge of theft filed against them. Bribes have been offered worker representatives to follow the company line. Recalcitrant workers are transferred.⁴²

Many observers of the Thai industrial scene believed that Thai workers would not be anxious to join unions unless they could see how such organizations could benefit them. Thais are not "joiners" by nature, they argued, and some association organizers have indicated they were having difficulty in signing up members.⁴³ On the other hand, some leaders in the new union movement as well as Labor Department officials believed the evidence demonstrated that Thai workers would join such associations.⁴⁴ Labor Department officials in 1973 were of the opinion that workers needed to be educated to the advantages of associations and that this would take a number of years. In the meantime, the department operated training courses in labor relations practices at night and on weekends for inexperienced leaders of new associations.

The ethnic division in the labor force that inhibited the development of a unified labor movement in the 1950s had diminished by the early 1970s. Although there were then still about 200 thousand registered Chinese aliens in the labor force, few of them were willing to work in industry at the wages paid there. Most Chinese were self-employed workers who had come to Thailand in the 1940s, and maintained

³⁹The terms "trade unions" or "labor unions" were carefully avoided in the language of the new labor relations edict, Announcement 103. The law was scheduled for passage on November 19, 1971, but the coup occurred on November 17. Rumour has it that the edict was put into effect in April in time for the June 1972 annual meeting of the ILO.

⁴⁰Frank Lombard, "The Thai Worker on the Move," *Bangkok Post*, Supplement, August 31, 1973, pp. 5,7.

⁴¹A Thai academician, Pasuk Phongpaichit, who attends many worker meetings reports that often 300 to 400 workers are present. They are interested, but uninformed about how to organize. Interview, April 17, 1973.

⁴²Some leaders have been quite active in recruiting workers. The new leaders appeared to be a different breed from those who gained their experience in the 1950s. The new ones were true "bread and butter" unionists; pragmatists and job site improvement oriented. Foremen have been active in worker organizations, and at labor relations training seminars held at Chulalongkorn University in 1973, mostly foremen and academicians attended.

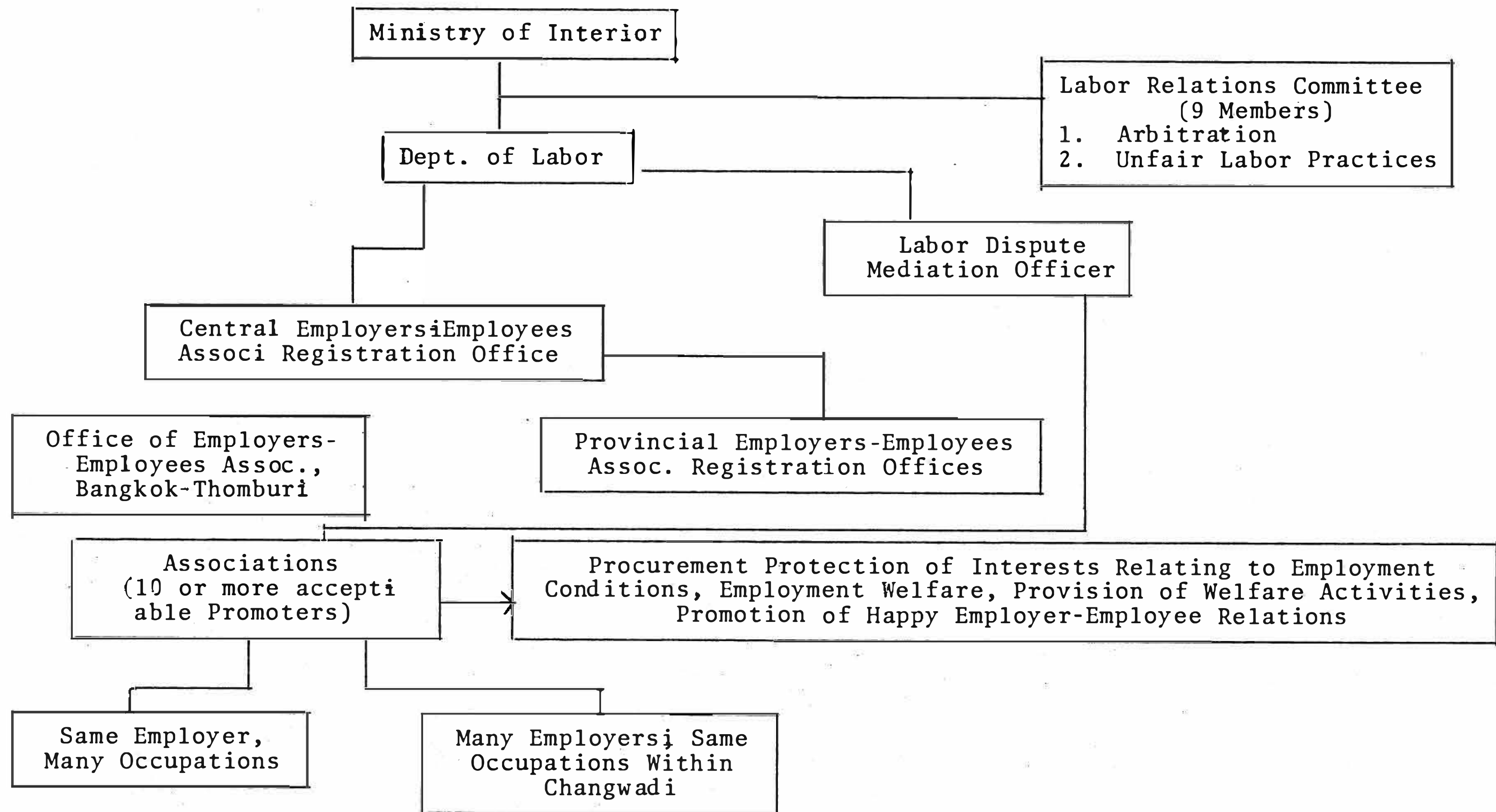
their alien status either to avoid the military draft or because they could not read or write Thai. Hence, the industrial labor force is now essentially Thai. Yet despite the ethnic homogeneity of the work force early in 1976, the World Bank reported that labor organizations were still relatively weak and few in number.

New employee associations were required to register with the Department of Labor and have a minimum of ten members. Employers were also permitted to form associations, with at least three members, for purposes of representing their interests to employee associations, but none have done so. Organizers of worker associations themselves had to be employees, but foremen were required to form organizations separate from those of employees. The employee associations were to be internally administered by an elected three-man board of directors, and the association's regulations had to be approved by the membership. Rosters and annual reports were required. Members had to be at least eighteen years of age, and they could not be affiliated with more than one such association. Associations were limited to an enterprise which could be local, provincial, or national, or to an occupation; but in the latter case, the association could not encompass employees from more than one province. Mergers of associations were permitted if these restrictions were not violated, subject to the approval of the Ministry of Interior. In effect, these regulations prohibited the formation of national unions.

To protect the rights of organization under the regulations, unfair labor practices were specified. Interestingly, although the employer (or association) was obligated to accept the association's demands concerning employment conditions, the employer did not have to negotiate with the association over the demands. Under the 1965 Labor Dispute Settlement Act, some company executives had refused to confer with worker representatives, absenting themselves in order to avoid receiving the workers' demands. Moreover, the 1972 regulations were silent with respect to procedures which could assure formation of worker associations free from employer interference, and they did not require employers to recognize associations as the representatives of workers. However, the edict did provide for a nine-member Labor Relations Committee to process unfair labor practices, to arbitrate labor disputes, or to engage in fact-finding missions. The committee was made up of the Director-General of the Department of Labor and had a majority of public members, most of whom were university professors. The administrative organization for worker associations is outlined in Chart 1.

By mid 1976, some 150 worker associations had been established in a variety of occupations. Port employees again were among the first to organize. Associations were formed in Japanese and Thai textile companies; and personnel employed by foreign airlines combined into a large association. Worker associations were formed in such international companies as Esso and Lever Brothers. Hotel workers and transport employees also formed associations. Workers in the state railways formed an association, as did those in the metropolitan electrical authority and the state tobacco monopoly. Iron workers, glass workers, gunnybag workers, and teachers all formed separate organizations. The associations were initially moderate and responsible; no strikes were declared by members of any association up to May 1973. Leaders of the associations met frequently with Labor Department officials and were aware that their organizations were on trial. Many leaders acknowledged that they must remain non-political in order to survive, but they feared the effects if Thailand should reinstate general elections,

CHART 1



for they did not believe that politicians would permit labor to remain politically neutralⁱ

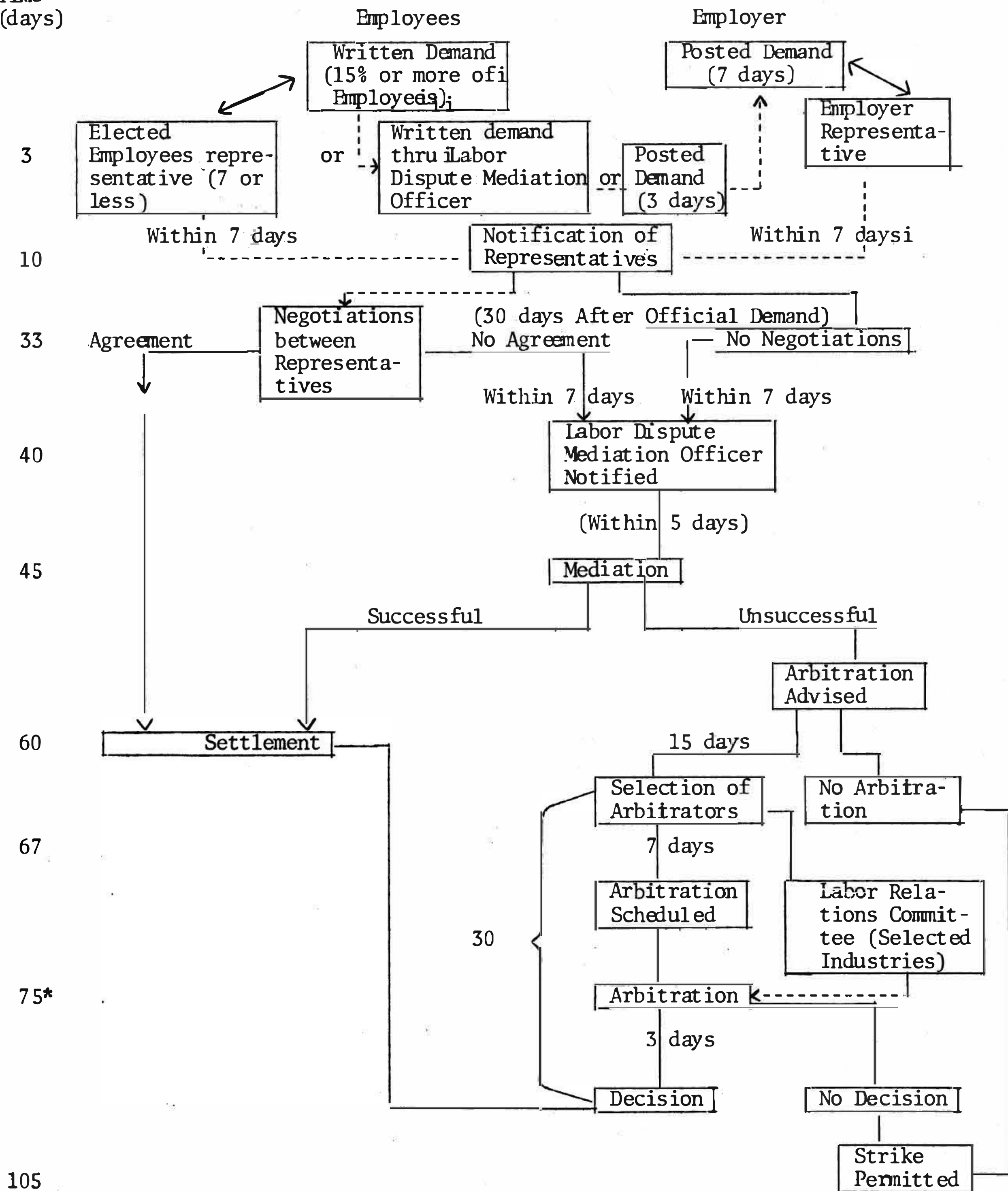
Announcement 103 also repealed the 1965 Labor Dispute Settlement Procedure Act and substituted a similar procedureⁱ Although most labor officials acknowledged the inadequacy of the 1965 act, the delays inherent in it were also present in the 1972 edictⁱ Under the 1972 procedure legal strikes could be delayed for a period up to 105 daysⁱ Written demands of employees presented through their representatives or the Labor Dispute Mediation Officer might be delayed for seven days while the employer's representative was identified. If the demands were posted after three days the employer was considered to be informedⁱ Negotiations had to begin within seven days of identification of the representatives, and if no settlement was reached within thirty days after receipt of the demand, the mediation officer had to be notified within seven days after the negotiations were stalematedⁱ The mediation officer was to begin mediation efforts within five days after his notificationⁱ Hence, forty-five days could elapse before any mediation occurred. The mediator could attempt to conciliate the dispute for up to fifteen days, and if the dispute remained unsettled, he could advise arbitrationⁱ Fifteen days were permitted for the selection of arbitrators, who had to render a decision within thirty days. If this route were followed, it could take up to 105 days to obtain a decisionⁱ If the parties did not accept arbitration within fifteen days after being advised to do so, a legal strike was then permitted. This route consumed up to seventy-five daysⁱ

If the 1965 act could not prevent strikes, neither could the 1972 labor dispute settlement proceduresⁱ In spite of the existence of martial law throughout 1972, the number of strikes did not diminish. In the first half of 1973, forty strikes were recorded and labor unrest acceleratedⁱ Strikes were over a variety of issues: bridge construction, workers protested they were being laid off prematurely by a Japanese contractor so that they could not qualify for separation pay; other construction workers protested against irregular pay practices; employees of a movie producer protested regulations requiring them to schedule time to go to the toilet; gunny bag workers struck in protest over management absenteeism; Chinese newspaper workers and hotel workers struck in protest of their New Year's bonus cuts; and textile women workers protested the company's denial of a weekly day of rest and failure to pay overtime; bus drivers struck for higher commissions on faresⁱ The longest strike in Thai history occurred in the Thailand Steelworkers Company from May 18 to June 16, 1973, when the management ordered a worker's arrest because he sought compensation for a fellow worker who had suffered serious injuries while at work. The detained worker was alleged to have defamed the managerⁱ The strike united fifteen of the existing worker associations behind the steelworkers, and it received widespread publicity and appeals for ILO mediationⁱ The Labor Department's mediation efforts eventually succeeded, as the company agreed to improve work conditions, to reinstate all strikers, and to pay each striker 200 baht in compensation for lost wagesⁱ

These disputes were widely publicized, as were other evidencesⁱ of social unrestⁱ Thai university students, once a passive, conservative body, emerged as a forceful, well-organized and critical political

CHART 2
SETTLEMENT OF LABOR DISPUTES

Cumulative
Time
(days)



* Shortest Possible Time for Legal Strike to Occur

voice.⁴³ They were becoming alienated from Thai society, believing they were a generation without a job.⁴⁴ In the past, a college degree automatically led to government employment. Graduates were now finding greater difficulty in obtaining employment, and it was not unusual for them to be unemployed for two years.

Increasingly, students began to press for the restoration of a National Constitution, since the one of 1968 had been suspended in the November 1971 coup. In August 1973 some student groups began drafting a constitution themselves, while others requested one in six months. The Prime Minister responded by promising one in three years.⁴⁵ On October 6, distributors of leaflets calling for a new constitution were arrested, including at least two Thammasat University professors. Immediately a wave of outrage was generated among students; tens of thousands of secondary, college, and university students began assembling in Bangkok to protest the arrest. By Saturday, October 13, several hundred thousand students marched through the streets of Bangkok supported by thousands of ordinary citizens. The government feared a crisis, and police and military units were alerted. Early the next morning, shots were fired in front of the King's palace and students were killed or injured. All during Sunday, October 14 the students fought police and selected military units with stones and crude Molotov cocktails. Scores were killed and hundreds were injured as the army stood by, refusing to enter the fray. The generals in anguish cried, "These are our children! We can't shoot our own children!" Late that evening, in response to the efforts of the King to end the bloodshed, the government resigned and its principal leaders fled the country. The students, who had merely wished to restore the Constitution and to secure the release of their arrested allies, had brought about the demise of a military dictatorship.

⁴³In 1967 when I first began a Visiting Professor appointment at Thammasat University, Thai observers of American university student demonstrations protesting the Viet-Nam War and other things assured me confidently that such events could never happen in Thailand. Thai students, they argued, were too traditional; had too much respect for authority; and were only interested in having fun, graduating, and getting a good job. A few months later, in August 1968, students at Thammasat in mass boycotted their classes for several days in protest of the transfer of two military academy soccer players into the Law School. Even though they wanted the skills of the players on their team for the annual match with Chulalongkorn University, they felt it was unjust for these two students to gain admission to the university without going through the examination procedure that screens applicants for the relatively few openings available. (Many students repeat the annual examinations several times before gaining admission.) The boycott succeeded and the two soccer players were removed. My students anxiously assured me that no discourtesy was intended, but that they could not on principle attend class; and none did.

⁴⁴"Student Stirrings," *Far Eastern Economic Review*, July 23, 1973, pp. 24-26.

⁴⁵"Student Militancy," *Far Eastern Economic Review*, August 13, 1973, p. 32.

Labor Unrest Under the Democratic Experiment

The social unrest was in part a result of adverse economic conditions. Unemployment was increasing and inflation was accelerating.⁴⁶ Just as employees are led to strike to seek redress of grievances because they are culturally constrained from communicating with their employers, so were students and other common people alienated from the political process, where the leaders were unaware and unresponsive to their needs. The combination of economic exigency, declining real wages, the Arab oil embargo, and a political and social revolution generated in late 1973 and through 1974, produced a wave of strikes and demonstrations that far surpassed any that had occurred heretofore in modern Thai history. Over three hundred work stoppages occurred in November and December of 1973 alone, three-fourths of them in December.⁴⁷ The pace continued throughout 1974, and the average duration of walk-outs tripled. The lid was off; demonstrations were in vogue; and dissatisfied economic groups were quick to give vent to their frustrations. In contrast with the 1957-58 period, neither communists nor politicians were initially responsible for the unrest. Demonstrations were truly at the grassroots level,⁴⁸ occurring in response to every conceivable complaint. Farmers demonstrated against rising costs and falling farm prices; students demonstrated against banks for not making credit available to farmers; two thousand teachers demonstrated against the Education Ministry, protesting layoffs during the Thai summer; Dusit zoo workers struck for higher wages, threatening to release the caged wild animals if their demands were not met. Workers at the Metropolitan Electric Authority cut power for two minutes on December 7, 1973, to indicate the difficulties they could cause if their demands were not met; planes went unfueled at the international airport as service workers sought higher pay; pilots of the domestic airline company struck to remove the director of the company, as did television employees. Strikes for higher wages occurred in other state enterprises: among railway workers, telephone employees, in the Bangkok Waterworks, the Government Savings Bank, the Port Authority, and in the Tobacco Monopoly. Hospitals were struck, as were newspapers. Banks quickly capitulated and raised wages as strikes in leading financial institutions closed them for a day. Petroleum companies, textiles, mercantile establishments, transit lines, hotels, factories all experienced strikes. All

⁴⁶Consumer prices had increased as follows:

<u>Year</u>	<u>Percentage Increase in Consumer Price Index</u>
1972	4.8
1973	15.6
1974	24.3
1975	3.4

⁴⁷Frank Lombard, "Labor Unrest: The Pendulum Swings," *Business in Thailand* 5, 1, (January 1974), pp. 7-12. His data, showing fewer strikes, have since been revised by the Department of Labor. However, Lombard correctly reports the pattern of unrest.

⁴⁸"Manpower: Still a Few Teething Problems," *Bangkok Post*, Supplement, December 30, 1975, p. 27.

were successful in their demands. Even Civil Servants, and units of the police and the military demonstrated in vain for adjustments in the salary schedules, but for their efforts they only gained a promise to consider the feasibility of an adjustment. However, this promise was honored by a revised civil service pay schedule that raised salaries in 1975 by 50 percenti

The government urged moderation in the workers' demands and pleaded for negotiations rather than walkouts over the issuesi The reluctance of subordinates to confront management continued, however, and often walkouts occurred against a management eager to reach a settlement but with no one with whom to negotiate. Other employers, alarmed at the assertiveness of their once docile employees, called for stern government enforcement of the anti-strike lawsi But the interim civilian government was reluctant to act for fear of inciting a military coup to "restore" order, and the police, still chafing under the public's hostility at their actions against the students in the October revolution, could not suppress the demonstrations.⁴⁹ The government did, however, implement a number of measures to relieve erosion of workers' real incomei The export tax on rice was lowered in order to lower the domestic price of the basic food staple; gasoline and canned milk excise taxes were lowered; and the minimum wage in Bangkok was progressively raised from 12 to 16 to 20 to 25 baht over the next two years. The money supply was tightened and developmentiexpenditures were cut to ease excess demand. To appease vocal farmer groups agricultural reforms were promised, and a social welfare program was worked outi

⁴⁹Normally, Thai strikes are neither violent nor destructivei Even in labor disputes, Thais pursue "sanuk." An appropriate description is the following:

"A typical strike begins by surprisei Workers suddenly walk out and later submit a list of demands to the management. The list bears no signatures and is usually submitted by someone who is obviously not a true representativei If the matter cannot be settled immediately, the Labour Department must be called in and conciliators foundi Workers' representatives, real or unreal must be rounded up.

"While negotiations are going on, many strikes take on a festive atmospherei Dancing, drinking and on at least one occasion, a band was hired. The climax comes when the workersi representative announces the terms of the agreement to a crowd of employees, only to be greeted by a chorus of boos together with accusations he has been bribed by managementi A strike in Thailand is like nowhere else in the worldi"

Frank Lombard, "Labor Unrest," p. 9. Elsewhere Lombard has written that it is customary for strikers to ask forgiveness from management for their actions once a strike has been settled--a tribute to authority, for the management is the patron and the worker is the client, and the client is expected to show loyalty to the patroni The management has lost face by the public strike, and a public apology is necessary to restore the normal relationship.

In July 1974 the police were given the opportunity to act decisively, and the Chinese community in Bangkok was the scapegoat of their pent-up frustration.⁵⁰ A taxi driver was arrested in Chinatown and an angry mob became unruly because they felt he was being abused. A riot outside the police station resulted in six Thais being killed and others wounded. In subsequent nights of rioting by Chinese youths, twenty more were killed by police fire. Crack anti-insurgency troops were then called in to restore order, and Thai authorities were quick to deny that any anti-Chinese sentiments were behind the police action. Yet the willingness of the police to use force to quell a Sino-Thai disturbance and their unwillingness to act against enthusiastic Thai strikers was a fact that did not go unnoticed by Thai newspapers, who condemned such acts of prejudice. In any event, the strong action did have the effect of reminding Thais that the authorities were capable of dealing with violent behavior, and it probably had a moderating effect upon future demonstrations.

The behavior of the police may have been in response to an earlier massive demonstration by thousands of striking textile workers, mostly women, who converged on Bangkok on June 9, 1974. Earlier in 1974, Thai textiles were doing well in world markets,⁵¹ but their fortunes quickly changed as "rising oil prices, cotton shortages, a glut of world textile products, and dumping by the Japanese and Taiwanese caused Thai producers to reduce output twenty-five per cent."⁵² Impending layoffs led workers to seek mediation through the Labor Department, and even though employers agreed not to lay off workers, a strike erupted and large numbers of the more than 70,000 textile workers in Thailand marched into Bangkok and camped before the ancient, ornate Royal Palace for five days and nights. The strike was supported by university students and labor leaders of both conservative and leftist leanings, and demands were made for greater employment security for all Thai workers. Fearful of a repetition of the previous October riots, uniformed policemen were kept away. A compromise was reached in which the government promised to extend the recent minimum wage decree of 20 baht per day to all of Thailand (rather than just Bangkok), and to legalize labor unions for collective bargaining (instead of worker associations). In addition, strikers were paid for wages lost during the walkout.

The new government moved to modify labor relations legislation, and a bill was drafted in September 1974 that would speed up the dispute mediation procedure and would also permit workers to join associations in the same trade across provincial boundaries. This bill was modified and adopted into legislation on February 26, 1975. The

⁵⁰"Riots in Bangkok," *Far Eastern Economic Review*, July 15, 1974, pp. 11-12.

⁵¹*Wall Street Journal*, March 4, 1974, p. 6. Their primary comparative advantage was in low wage rates. Wages in Thai textile factories in 1974 averaged \$1.00 per day, while in Taiwan they average \$2.00 per day and in Hong Kong \$4.00 per day.

⁵²"Labour Relations," *Far Eastern Economic Review*, June 24, 1975, p. 16. There were 600 textile factories in Thailand in 1975 and 80 percent of the employees were young women.

revised bill reduced the "cooling off" period from fifty to eight days. Negotiations were required within three days after demands were presented, and Labor Department mediators had to be notified within twenty-four hours when an impasse was reached, in order to participate in the negotiations. If after five days of conciliation, negotiations reached an impasse, then either arbitration or a strike, with twenty-four hours notice, could take place. National associations were permitted as workers could form inter-provincial organizations. Leaders of associations were to be given thirty days of paid leave annually by their employers to attend to union business.

The legislation also allowed associations to merge, opening the way for the formation of a national federation. Later in the year sixty-five associations affiliated to form the Federation of Labour Unions of Thailand (FLUT), an informal body, but the first such federation since 1958. Also, a Labour Coordinating Center, composed of some of the more activist leaders, apparently with Marxist leanings, was established in May. The federation quickly took joint action to prevent police from assisting a back-to-work movement in a strike by escorting nonstriking workers through picket lines. It threatened a general, nation-wide walkout to protest such police strike-breaking support, and only the police force's hasty repudiation of this role at the last minute prevented the first such general strike in Thai history. In January 1976 the federation successfully opposed attempts to raise support prices for rice, which would have increased the cost of living of industrial workers. In May 1976, FLUT was reorganized into the Labour Council of Thailand (LCT) and a constitution was drafted with an initial membership of 101 unions. By July 1976 affiliation had increased to 120 unions, or 80 percent of the registered unions in Thailand.

The frequency of strikes in 1974 diminished from 1973 and fewer workers were involved. However, labor disputes lasting for several weeks or months and involving large numbers of workers in the textile, metal working, and hotel industry, increased the average duration of strikes over 1973. A good agricultural harvest and a boom in Thai export prices in 1974 subsequently relieved inflationary pressures.⁵³ The political elections of early 1975, in which liberal political parties--including a labor party--were well represented, defused the anxieties of a populace fearful of a new military coup. The enactment of labor laws that permitted effective worker associations and encouraged labor dispute settlement by negotiation and mediation, brought about a dramatic reduction in the number of strikes in 1975. Yet, their duration increased. In 1976, the Colgate-Palmolive strike lasted ninety-three days; the National Semi-conductor strike endured for over a month, and the much-publicized Hara clothing strike lasted over six months.⁵⁴ Moreover, the interest of socially-minded college students,

⁵³ Consumer prices rose less than 4 percent in 1975.

⁵⁴ In October 1975 The Hara Garment Factory, a seamstress shop which had been run as a "sweatshop," was seized by seventy women employees and operated as a cooperative. The girls locked themselves in and management out. University students not only assisted them in this action but also purchased their "bluejean" product to provide a market for their output at a third of the previous price. Originally, wages were from \$1.00 to \$1.50 per day, but during the strike the girls earned up to \$2.00 per day. Before, the shop was filthy and hot with no fans and only one toilet for 200 employees. No drinking water was provided. During the sit-in the workers cleaned up the plant and made it more habitable. "Workers' Take-Over of Thai Plant Reportedly Boosts Wages, Cuts Prices," *Toledo Blade*, March 15, 1976, p. 1. (The CBS Morning News in late February 1976 also carried an account of the seizure.)

who were working with and educating employee groups, influenced the militancy of worker associations. Weekend labor schools were regularly conducted on university campuses to educate neophyte labor leaders in the law and practice of labor relations, and in economic and political principles. The participation by students gave rise to much controversy and confusion within Thai society. Some observers praised the students for their social consciousness, while others were convinced that communists had infiltrated student ranks, had radicalized them, and had used student idealism to foment disruption and discord in Thai industrial society. It appears now that some Thai students and professors were socialists, and a few may have been Marxists, but it was a socialism with a peculiar Thai nationalistic flavor. Flirtations with new ideologies are not uncommon in student bodies throughout the world. However, for the most part the students were motivated more by idealism than by commitment to a political ideology alien to traditional Thai political values.

The unfamiliarity of Thai students with industrial conditions, with worker needs, and with bargaining strategy, however, often led to ill-conceived strike recommendations and to the presentation of excessive demands. As a consequence, strikes were lost, workers were discharged, and public opinion mounted against outside student involvement in labor disputes. Labor organizations began rejecting student involvement, and the arguments of conservative "bread and butter" unionists seemed to carry more weight among rank and file Thai workers. The mainstream of the labor movement in Thailand by 1976 had become conservative, concentrating on improving the economic lot of its members. The unions were becoming aware of their political influence, but they appeared to be committed to working within the existing political system. The thunder from the left was still heard, but the rumble became more distant as intrinsic Thai pragmatism adjusted to the realities of traditional Thai conservatism. There were rumours that the Russians were pouring large sums of money into Thailand and that they were fomenting industrial unrest; charges were made that university students were pawns in an ideological contest, and that students were used as carriers of funds from the "communists" to "union leaders." Industrialists wondered where strikers obtained funds to sustain them over protracted strikes and broadly hinted that subversive elements were present in the labor movement. Union leaders retorted that this was merely anti-union propaganda, originating from biased employers anxious to discredit a growing, powerful labor movement, not unlike the anti-union movements that characterized employer resistance to spurts of union growth in American labor history. The truth probably lay somewhere in between these opposing contentions.

Protective Labor Legislation

Since 1972 a number of other significant events on the Thai labor scene have occurred. Although since 1958 employers had been legally responsible for worker injuries and occupational diseases, they could easily evade this responsibility since they were not required to establish financial arrangements nor provide insurance to meet their monetary obligations to injured workers. A government-administered workmen's compensation fund was established in 1973 for firms with twenty or more employees. Until 1975, this measure applied only to the Bangkok metropolitan area; it was extended to five contiguous provinces in 1976; and in 1977 it was further extended to other provinces with metropolitan centers. Under it employers are taxed on payrolls at rates varying from 0.2 to 4.5 percent, depending upon their accident

record, and employer compliance has been complete. Compensation for specified injuries are awarded by the Compensation Fund Committee. Minimum wages were established also in February 1973, first for Bangkok at 12 baht per day, and subsequently extended throughout Thailand. In January 1975, the minimum wage for Bangkok and the surrounding five provinces was set at 25 baht per day, and for the rest of the country at from 16 to 18 baht. In September 1977, the Greater Bangkok minimum wage was raised to 30 baht. The minimum wage is kept current through a continuing wage board, and the Labor Department reports that it permits few exceptions to the regulation. A 1975 Bank of Thailand survey of ninety Bangkok establishments found that 36.3 percent of workers in these firms earned less than 25 baht per day, and hence benefitted from the minimum wage. Wages of workers earning more than 25 baht were also adjusted upward in 65 percent of the firms in order to preserve the status and differential among jobs. Overall, production costs were minimally increased, rising by only 1.9 percent as a result of the minimum wage increase. Most firms reported that they planned to increase their efficiency in order to cover their higher wage costs. Effects on unemployment, however, were not measured.

Also in 1973, after years of discussion and publicity,⁵⁵ two edicts were finally implemented, one of which regulated alien business activities and the other alien occupational privileges. The latter is an extension of earlier Thai efforts to enlarge the employment opportunities for its people.⁵⁶ Existing employment privileges of aliens were extended, although some 300,000 aliens in affected occupations were required to register, obtain a work permit, and pay a 100 baht fee.⁵⁷ Some forty-one occupations have been restricted to Thai

⁵⁵The Thais in effect gave foreign businessmen and alien workers extended notice that future privileges would be curtailed. This is customary procedure in Thailand, where progress proceeds slowly enough to minimize adjustment problems, but it proceeds nevertheless. The two edicts were Decree 281 and Decree 322 of the National Executive Committee.

⁵⁶For those unfamiliar with this past Thai pattern, some thought it was a response to the anti-Japanese sentiment that had developed in Thailand. Many Thais felt that the Japanese permitted too few management opportunities for Thai workers, but the Japanese were not alone the objects of this sentiment. See "Focus on Thailand," *Far Eastern Economic Review*, May 14, 1973, pp. 29-31.

⁵⁷The Thais have demonstrated some ingenuity in creating job opportunities for Thai executives. In June 1973 a German expatriate executive in a German-Thai firm complained to me at a Thai Management Association monthly meeting that he was having difficulty in replacing one of his German middle-level executives who was being transferred back to Germany. His replacement had applied in Germany at the Thai Embassy for a non-immigrant visa in order to come to Thailand to assume his new post. His visa application was denied because he had not concurrently submitted a work permit under the new Alien Occupations Act. Yet, the Labor Department would not issue a work permit unless the executive first had obtained a non-immigrant visa. The regulation has since been clarified to prevent such confusion by permitting an employee to apply for a work permit within thirty days of his arrival in Thailand. Work may not commence, however, until the permit has been issued. Renewal of visas, however, is a chronic problem for foreign businessmen, and this procedure has sometimes been called "Thailand's Catch-22." "Residency: It May Take Longer Than You Think," *Bangkok Post*, Supplement, December 31, 1975, p. 31.

nationals, including such professions as the law and engineering, as well as such positions as financial analysts, underwriters, managers, and technicians.

The Military Coup of October, 1976

Conservative Thais--a rightist element--became increasingly concerned with the public disorder. Crime in the streets of Bangkok was reportedly out of control; insurgency in the provinces generated a growing number of casualties among the soldiers seeking to contain this expanding threat; hostile neighbors existed along the Burmese, Laotian, and Cambodian borders; and internally, the coalition government was barely able to maintain its majority, much less take effective and immediate action to deal with the pressing social problems of unemployment and land reform. Internally, the activist university student movement, centered at Thammasat University, demonstrated at every opportunity, and used such demonstrations to criticize the "ineptness" of the democratically elected government. Issues ranged from demands for complete withdrawal of American military personnel from Thailand, to protests against injustices to workers, to assistance to fledgling labor organizations, or to expressions of outrage at the return of exiled leaders deposed in the October 1973 revolution. Teams of students were sent into the countryside to generate pressure on the government to speed up and extend plans for land reform. Rumours persisted that student leaders maintained liaisons with leftist labor leaders and served as couriers of funds from the Russian Embassy to striking employees. By June of 1976, many Thai citizens had become convinced that the student movement had become "communist" and that the goal of the movement was to establish a leftist society in Thailand.

Carefully orchestrated by rightist elements, including a coalition of business and the military, a growing public reaction against "leftist" elements was evident by June 1976. Rival student movements developed, committed to preserving traditional Thai values. At Chiangmai University in the north, students repudiated the radical student leadership and disassociated themselves from such leaders. Villagers began to stone students who criticized the government at village gatherings. The military-controlled radio stations began playing a dozen times or more each day the "Scum of the Earth" song, directed against those "traitors"--students--who would deliberately divide the Thai people. In effect, the university student movement was made the scapegoat for the frustrations and fears of the Thai people.

It became increasingly evident that a military coup was imminent. Such a coup was apparently merely awaiting an event that would justify such an action--that would outrage Thai sensibilities and make the people more acquiescent to the return to open military rule. In this sense, given the myopia and obstinacy of the student leaders and their penchant for demonstrating at perceived provocations, they became pawns in the ensuing cabal. In 1958 it was the unions who were cast as subversives; in 1976, the students were set up.

Early in October, two labor organizers, without trial, were hanged by national police in the village where they appeared. On October 5, at a rally at Thammasat University called to protest the hangings, a mock play of the event cast a student who remarkably resembled the Crown Prince in the role of one of the hanged organizers. A televised account of the dramatised hanging appeared to the Thai public as a hanging in effigy of their future sovereign and the outrage was spontaneous. On October 6, rightist students and policemen stormed the

gathering of students at Thammasat University, scores of demonstrating students were massacred, and hundreds were injured. Within a few hours, the military seized power to "restore public order", parliament was disbanded, and the 1974 Constitution was abrogated. Martial law was proclaimed, strikes and other public disorders were prohibited, and thousands of suspected subversives were arrested.⁵⁸

The survival of the labor movement was threatened by these events. Since 1974, moderate labor leaders had begun to disassociate themselves and their organizations from activist student groups and from leftist union leaders, and to develop a central labor federation with a business union philosophy not unlike that of the American Federation of Labor in the early twentieth century. Labor associations in Thailand were becoming more conservative, more interested in job-oriented improvements in worker welfare, and less political. The forty unions that supported the student demonstrations against Thanom Kitticachorn's return in late September, 1976 represented less than one-third of all registered unions in Thailand. If democracy had survived, the labor movement would have represented a source of potential power in Thai society. Political realities under the new military government, however, suggest that this positive force will be suppressed, or at least contained. The action making the strike illegal deprived Thai labor organizations of one of their most effective instruments, and such emasculation could erode membership support.

V. The Future of the Labor Movement

The conditions for the development of a labor movement as a viable institution in Thailand existed early in 1976. About 153 labor unions had been organized, workers had experienced success in their strikes, and they were more willing to take militant action. They had demonstrated a degree of materialism that many observers of Thai society had thought alien to the Thai character, although they still respected authority, and hence their militancy was tempered by this cultural trait. A labor official in 1973 correctly predicted this development: "Thai workers will confront management and they will demand their rights even to the extent of 'pounding the table.' Workers want to defend their rights but they need to be educated as to what their rights are and how they can achieve them. The Thai worker is not greedy and wages will not be a major issue unless the cost of living rises."⁵⁹ The lack of communication from the bottom up and the latent development of workable grievance procedures did leave workers dissatisfied and made them ripe for union organizers. Rising educational levels had begun to increase the willingness of Thais to join labor organizations. Legislation had been liberalized to encourage the development of worker associations, and the Department of Labor had forged an alliance with the new associations, both to guide them in a path of responsible worker representation and to make use of them as an agent for the enforcement of the labor protection laws. These laws were well developed, considering the stage of Thailand's industrial development. On the negative side, the labor movement had the support and assistance of the most vocal and most controversial body of public opinion in Thailand--the university students--and both radical and

⁵⁸Robert Milliken, "Democracy Dies in Thailand," *Atlas World Press Review*, October 11, 1976, p. 42.

⁵⁹Interview with Khun Charoen, Director of Labor Protection and Labor Relations, Department of Labor, May 1973.

conservative groups vied in their attempts to influence the course of its development. The resurgence of political activity in Thailand made public seekers of office court the leadership of the associations, and this enhanced their potential power. Finally, the ethnic divisions that had prevented a unified labor movement in earlier years were now only a minor irritant and have continued to diminish.

The restoration of military rule in October 1976, however, has altered the favorable legal environment for the development of organized labor. Even if democratic government had survived, problems would still have confronted the embryonic labor movement. Thai society remains traditional and conservative. Business and government are still allied and will continue to be so as long as economic development remains a dominant national objective. Business had not previously been confronted by well-organized, ably-led, and militant worker organizations, and business leaders were reluctant to acknowledge the challenge to their traditional authority raised by emerging labor organizations. As these have developed, industry resistance has arisen, as expected, and countervailing employer organizations and procedures were already forthcoming in 1976. Allegations have been made that employers were discharging actual or potential leaders and intimidating others with threats of personal harm. There have been assassinations and some union leaders have mysteriously disappeared. Thailand has an active personnel management association which can be expected to provide responsible leadership in training its members in labor relations skills, and foreign companies have actively begun to train its managerial personnel regarding implementation and administration of industrial relations programs. Unemployment is a constant specter on the horizon, as Thailand's population continues to grow, mature, and enter the labor force. Such unemployment would have constrained the labor movement from achieving economic objectives through direct confrontations with management, and this might have turned the associations' efforts to the political scene. Indeed, both labor officials and labor leaders have acknowledged to me the underlying and intrinsic political character of labor unions. The willingness of the government to continue to accept labor organizations would have been tempered by its concern regarding the impact on foreign and domestic investment of an unstable labor relations climate.

Since 1976, the danger is greater that the military government and business leaders may fail to appreciate the nature of unions and may again seek to suppress them.⁶⁰ Unions are organizations to protect the interests of their members. As such, they must protest and use power to obtain their ends. The rise of unions and industrial unrest go hand in hand. Unrest is not caused by unions; rather, unions are a symptom of an industrial system unresponsive to workers' needs. Workers are both inputs to the productive process and citizens of the realm, and they are entitled to basic civil rights. Failure of employers to recognize their rights generates labor disputes. Unions view hostility and opposition from employers as threats which only tend to increase their militancy. Nevertheless, since 1972 the transition to labor associations has been relatively peaceful, and their emergence was in general constructive. Had these associations been suppressed, they may well have become subversive and even more

⁶⁰William Shawcross, "How Tyranny Returned to Thailand," *New York Review of Books*, December 9, 1976, pp. 59-62.

politicized. Strikes may have been more violent. A need for them had developed and they would have arisen as underground organizations, as a number actually did. They undoubtedly will remain a force in promoting continued social change in Thailand.

A conservative government, tuned more to the interests of business and slow to acknowledge the rights of labor organizations, unwittingly may alienate the constituencies of these organizations, opening them to influence from leftist ideologies. If such leftist sentiments should become influential in them, however, the government would once again abolish the labor organizations, and if labor unions were to become politically active, their survival would also be threatened. To their credit, labor leaders have rapidly become sophisticated in acquiring organizational skills and adopting pragmatic goals. A government responsive to and reinforcing a leadership committed to operating within the framework of basic Thai values can do much to further the development of responsible trade unionism. It remains to be seen whether the Thai government and organized labor can develop a pattern of mutual accommodation.

CHAPTER 3

THE STRUCTURE, GOVERNMENT, AND FUNCTIONS OF LABOR UNIONS IN THAILAND

Introduction

From some fifteen in June 1973, the number of labor organizations had increased to about eighty in late 1974, and to 153 in July 1976. Labor organizations in Thailand, as in any country, are most likely to arise as firms increase in size and impersonal relations develop between the employer and patron and the worker and client. Only 503 firms in Greater Bangkok in 1973 employed more than 100 workers, representing less than one percent of the 110,000 firms in the area, but over 39 percent of the employees. Since many of these establishments are in industries not easily organized--trade, finance, and services--the development of this number of labor organizations in such a short period of time undoubtedly reflected a strong, latent desire among workers for organizations capable of representing their interests. An important constraint on the growth of unions in this period was the scarcity of leaders who were willing to identify themselves and to initiate the procedures for registering the organizations as required by the labor relations law. Thai labor leaders have needed to possess a combination of fearlessness of employer (or government) retribution, the ability to articulate worker sentiments, and sufficient education to carry out the registration formalities.

I. Dimensions

Unions can be formed with as few as ten registered employees, but the smallest union of record in 1976 was the Photographic Workers' Union of Thailand with thirty-one members. The largest union was the State Railway Workers' Union with a registered membership of 3715 members; however, their president, Ahmud Karmthethong, claimed that his union actually contained twenty thousand members, with eight thousand employed in Bangkok.¹ Because membership lists are filed with Department of Labor and are public records, many employees have been reluctant to identify themselves as members, even though they support the union and willingly participate in strike action. Others fail to join in order to avoid paying dues, which usually are nominal but nevertheless are considered by many workers to be a nuisance. Others are indifferent. Because minority unions can be registered, some large establishments have multiple unions representing the same class of workers, and in these situations many workers will hold simultaneous membership in more than one union.² Union leaders, in

¹Interview, July 4, 1976, Bangkok.

²Such was the case described to me in the Metropolitan Waterworks Authority by one of its officers, Amnat Nujprophai. Interview, July 15, 1976.

ving for status and wishing to have their union appear to be stronger than it really is; have often inflated their membership support. One estimate placed actual membership in 1976 at 80,000, but union support among workers was estimated to be 200 thousand or more. A distribution of unions by reported size is given in Table 13i

TABLE 13
Percentage Distribution of Unions By
Membership Size, June 1976

Number of Members Registered in Union	Percent
Over 3000	2.50
2000 - 2999	5.00
1000 - 1999	13.75
500 - 999	16.25
400 - 499	6.25
300 - 399	11.25
200 - 299	7.50
100 - 199	21.25
50 - 99	13.75
Less than 50	2.50
Total	100.00

Ninety-five of the 153 unions were found in Bangkok-Thonburi, primarily because most large establishments are found in the metropolitan area. Another thirty-three were registered in provinces adjoining Bangkok-Thonburi, which are rapidly attracting industry which cannot be accommodated in Bangkok. Another ten were located in cities within a fifty mile radius of Bangkok. Hence, almost 90 percent of the labor organizations were found in establishments in Greater Bangkok. Labor organizations were found in only sixteen of the Kingdom's seventy-one Changwads. These provinces, however, contain some of the country's largest cities, although interestingly no unions were registered in Chiangmai, the province with the second largest city.³ The distribution by Changwad is indicated in Table 14.

Most unions were located in manufacturing, although some of the largest and also the strongest were found among state enterprises in transportation and utilities. Rumours abounded in early 1977 that the NARC would revise the 1975 Labor Relations Act to prohibit union membership among state enterprise employees, which would remove an important source of union strength. The public sector contained twenty-three unions. Only one union was registered among construction industries, and this union of skilled workers was located up-country in Udorn Thani. Three of the eight agricultural processing unions were found to be in sugar; others were in rubber, tapioca, canning, and fishing. Altogether there were four air transport unions: one representing the foreign international carriers, each with a separate labor agreement; one the weaker (now bankrupt) of the Kingdom's two international carriers; one the domestic carrier; and still a fourth the chartered airlines. About twenty-five unions existed in foreign-owned

³Only about 6 percent of the population of Chiangmai province is found in municipalities. Employment is principally in government service, small scale handicraft shops, or the tourist industry.

firms and the remainder were in firms which were either completely or predominantly Thai-owned.

TABLE 14
Distribution of Unions by Changwad, June 1976

<u>Changwad</u>	<u>Number</u>	<u>Percent</u>
Bangkok-Thonburi*	95	62.09
Samut Prakarn*	20	13.73
Chonburi*	7	4.58
Pathumthani*	5	3.27
Nontaburi*	5	3.27
Nakornratchisima	4	2.61
Udonthani	4	2.61
Samutsakhorn	2	1.31
Phuket	2	1.31
Songkla	2	1.31
Ayudhya*	2	1.31
Sakornnakhorn	1	.65
Nakorn Srithammarat	1	.65
Phetchburi	1	.65
Nakorn Pathom*	1	.65
Total	153	100.00

*In or within 50 miles of Bangkok-Thonburi.

TABLE 15
Distribution of Unions By Industries, June 1976

<u>Industry</u>	<u>Number</u>
Agricultural Processing	8
Construction	1
Mining	1
Manufacturing	89
General Industrial	43
Textiles and Clothing	23
Metal	6
Beer, Whisky, Soft Drinks	5
Petroleum	5
State Enterprises	3
Glass	2
Rubber Products	2
Transportation	28
Railways	2
Bus	7
Port	10
Transport, Truck	5
Air	4
Utilities	5
Trade and Finance	5
Service	13
City Government	2
Hotel and Restaurant	8
Hospitals	2
Teachers, Private	1
Unclassified	3
Total	153

II. Structure and Government

The Labor Relations Act requires that unions be governed by an executive board elected by the membership, and that each labor organization must have a constitution and set of bylaws defining membership rights and privileges. This information must be kept as a matter of record in the Department of Labor. Since most labor organizations are enterprise unions, and are single plant firms, the structure of most unions is simple. The elected representatives function much as shop stewards do in unions in the United States, conveying information to the membership and reflecting their wishes and problems. In some cases, a separate grievance committee may be elected to receive complaints, investigate them, and report to the union executive board their recommendations concerning the merits of the charges. Other committees may organize labor education programs, and a sub-committee of the executive board normally functions as a bargaining committee. Officers of the union maintain contact with other labor organizations and with Labor Department officials.

Unions with membership in multi-plant establishments have a second tier added to their organizational structure. Some of these organizations, such as the State Railway Labor Union, also have a geographically dispersed membership. Representatives are elected to a plant, firm, or area council, and these councils in turn elect representatives to the executive board. Some of the larger organizations have one or two paid full-time staff members such as an executive secretary and/or clerical personnel, but none has an elaborate supportive staff. The services provided for the membership are simple and limited, and funds are insufficient at present to extend them. Hence, no elaborate intermediate structure of appointed, paid full-time personnel exists. For legal advice, unions have had to depend on the services of volunteer attorneys. Until the 1976 coup some leaders obtained legal aid from law students.

The law permits unions in similar occupations or industries to affiliate into a national organization. This type of affiliation represents a loose amalgamation of unions with similar interests, but in 1976 only two such organizations existed in transport and in textiles. Rather than combining, there has been a stronger tendency for new unions to be formed from established ones. This has been true, for example, in stevedoring and warehousing, in the metropolitan waterworks, the hotel industry, and attempts have been made to split the airlines union. In part this tendency develops when the leadership of rival cliques in existing organizations vie for influence, or because employers themselves attempt to weaken the union by sponsoring a rival organization in a "divide and conquer" strategy.

A major federation of unions was organized under a constitution in May 1976 under state enterprise union leadership. This unregistered federation, the Labor Council of Thailand, claimed to have had an affiliation of 80 percent of the registered unions. However, it was *ultra vires* and had no legal status as such. It had unofficial acceptance from the Labor Department and in fact developed from informal weekend conferences of union leaders called by department officials in 1975. Officers of the Labor Council consisted of the principal leaders of the state enterprise unions because, not only were these government-endorsed unions the most powerful in Thailand, but their leadership was less likely to suffer employer retribution. The Labor Council developed as the spokesman for organized labor and led campaigns to subsidize the price of rice for urban workers, to extend

the labor laws, and to upgrade the Labor Department to ministerial status. It also provided advice to workers involved in labor disputes and assisted them in forming unions. Although it had no permanent staff, its leaders successfully served as conciliators in labor disputes which could not be resolved by government mediation. Long-range plans called for the establishment of a staff of trouble shooters to provide organizational, negotiation, and legal services. In 1976 the Labor Council had taken a nonpolitical affiliation stance, and it had discouraged its constituency from identifying itself with radical student movements or with alien labor bodies; the latter had been suspected of being funded by Russian, Eastern European, or American secret intelligence organizations. In view of the past history of the labor movement which had been suppressed whenever it became suspected of being either disloyal or political, the Labor Council had sought to develop an image of a responsible, conservative, independent labor body. Nevertheless, about forty of its affiliates called for a general strike on October 12, 1976, to protest the return of the exiled former Prime Minister. Following the October 6 coup the military junta's proclamation of martial law banning strikes ended the call for a general strike, and the planned action discredited the Labor Council and led to its demise.

Another informal labor federation, the Labor Coordinating Center, was formed in 1974 by some of the more radical labor leaders, although more traditional leaders also aligned themselves with the LCC for a short period. Activist student groups also participated and worked through the LCC, offering advice primarily to strikers. The more conservative leaders became disillusioned with the LCC after a series of unsuccessful strikes and demonstrations, when the radical leaders of the LCC passed up opportunities to settle disputes by reasonable compromises. The activist leadership appeared more interested in generating social unrest, and labor disputes and demonstrations were used as forums through which to attack the government. Prolonged strikes were rumored to have been subsidized with funds made available by the Russian Embassy and distributed by activist university students through the LCC.⁴

Alien organizations have attempted to influence the pattern of development of the Thai labor movement by presenting seminars to labor leaders on the model of unionism practiced in their individual countries. Such organizations as Friedrich-Ebert-Stiftung from West Germany and the Asian-American Free Labor Institute from the United States represented the more conservative trade union movements of the Western world. The U.S.S.R. was also reported to have made available large amounts of resources to Thai labor leaders. Seminars offered by F-E-S and by AAFLI were essentially of the "bread and butter" form, such as (1) how to organize a union, (2) how to negotiate, (3) how to process grievances. Similarly, literature on trade-union functions written in simple Thai were distributed to interested leaders. Apparently, Thai labor leaders, anxious to learn, had readily accepted literature from all sources. Arrangements for the seminars were made and paid for by the foreign institutes, and some uninformed employers questioned how existing labor organizations, poorly financed, could afford to hold such seminars in the better hotels of Thailand. The Friedrich-Ebert-Stiftung financed

⁴Adrej Amalrik, "KGB in Asia: Thailand," *Far Eastern Economic Review*, December 31, 1976, pp. 24-27.

the conference in May 1976 at a popular seaside resort in which the Labor Council of Thailand drafted its constitution. The executive officers of the German and American institutes both emphasized that they had no wish to influence directly or meddle into Thai labor organizations; but they were willing to offer advice and conduct seminars upon request.⁵ The American director indicated that as the AFL-CIO international representative and in keeping with trade union philosophy, he was interested in promoting a free, democratic, noncommunist, Thai labor movement. Because the institutes were alien organizations; the Thai police maintained surveillance of them.⁶

Union development was also aided by labor educational programs offered on weekends by volunteer faculty at three Thai universities in Bangkok--Thammasat, Chulalongkorn, and Kasetsarti. Union members were screened in order to take a series of eight to ten week courses in labor union organization, collective bargaining, and labor law; short courses in economics, political science; social welfare; cooperatives, and other adult education oriented subjects were also offered. Experienced participants in Thai labor relations served as guest speakers. Enrollments were heavy; reflecting the great interest of Thai workers in developing their union leadership skills. These seminars were terminated when the universities were closed, following the massacre of demonstrating students on October 6 at Thammasat University by police and rightist supporters. The savage attacks gave the military the excuse it needed to assume power. The junta promised eventual restoration of the seminars, but as of mid-1977; they had not been resumed.

III. Leadership

Although labor movements are conditioned by the economic and political environment and the stage of economic development, the perceptions and goals of their leaders are of no less importance in shaping the form and practices of the institution. The 1958 purge of labor leaders by Marshall Sarit and the continued surveillance of incipient leaders by the Special Intelligence Service of the Thai police have all but wiped out the old-style leaders of an earlier age. Indeed, those leaders who did survive the 1958-72 period of suppression followed a conservative and loyalist philosophy of unionism. One of them, Suwit Raviwongse, president of the Transport Export Service Workers Union (Rice Warehouse Longshoremen), survived partly because of family connections in the Labor Department, partly because in the mid-1950s he was not a principal leader of the unions of the times, and partly because he was one of the fortunate few to have taken an open stance against the politicization of the labor movement and against its affiliation with leftist elements. During the intervening

⁵ Interview with AFFLI director, Valentin Suazo, July 2, 1976 and with Arnold Wehrmhoerner; director of F-E-S, July 7 and July 12, 1976.

⁶ Both directors indicated they did not mind being kept under surveillance; for they had nothing to hide. Interestingly, the German director had a residence visa and the Russian trade-union advisers had diplomatic privileges, but the American director had a non-immigrant visa that required renewal every fifteen days. Many labor leaders and personnel officers alike voice to me the suspicion that AAFLI was a CIA front. However, it is my impression that it was not.

years, he remained one of the few spokesmen for labor, and on occasions he served as the Thai representative to the ILO's meetings. A college graduate, he has become perhaps the senior statesman of the modern labor movementⁱ

Among the numerous arrests by the junta in October 1976 were eighteen union leaders suspected of being leftist ideologists, eight of whom were still in detention some three months later, including the deputy president of the Thai Labor Council. Strikers in two labor disputes in January 1977 were also arrested. This latest round of suppression, although less harsh than under the Sarit regime, produced a sense of caution and restraint in the public stance of labor leaders, contrary to earlier positions taken in the more liberal 1973-76 period. The modern leaders have been young. Among some twenty founders of the Labor Council of Thailand, fifteen were not over age forty, two others were in their early forties, and only one had reached the age of fifty. Several were in their late twenties. Most had secondary educations, many had postsecondary technical training, and a few were college graduates. One had a law degree. Most leaders came from supervisory ranks, and the labor statute prohibiting union membership of supervisors in employee organizations had been interpreted loosely to permit their affiliation. All have been articulate and have been able to verbalize worker sentiments, an essential qualification. Moreover, they are willing to be identified publicly as labor spokesmen. In view of the rash of assassinations prevalent in Thailand in 1975 and early 1976, and considering the less tolerant labor position of the National Administrative Reform Council, this is indeed an important trait. As American labor leaders are fond of proclaiming their participation in strikes and revealing the scars from past industrial disputes, so also do many Thai union officials, even though their contests are of more recent vintage. They view themselves as fighters for workers' rights, and they proudly relate their labor battles. However, they noted that registered unions even in the 1972-76 period had surprisingly few strikes and that none of those in early 1977 involved such unions.⁷ In 1977 leaders have cautioned the government against siding too closely with employers and against regarding workers who seek justice in labor relations as being communists.

Just as in village councils, only the native reluctance of the ordinary Thai to involve himself in the affairs of others and the inhibition against face-to-face confrontations constrains him from accepting or participating in a leadership role in union governance. This reticence often makes it difficult for unions to secure shop stewards and to staff committees. Hence, those leaders who do come forward not only tend to have combative personalities, but their aspirations for public recognition and higher status are intense. Occasionally, in large establishments when two or more dominant personalities vie for the role of president, the loser may collect his adherents and form a separate union. This tendency for voluntary bodies to splinter was also evident in the multiplication of political parties under the former democratic government.

As in the United States, the leaders have been from farm and working class origins, and their earlier educational attainments and their rise to low-level supervisory positions or to positions requiring considerable technical competence attest to their drive and motivation.

⁷ Norman Peagam, "Trade Unions under the Microscope," *Far Eastern Economic Review*, February 4, 1977, p. 20.

The obstacles facing them in the quest for upward mobility are probably of a higher order than those experienced by leaders in the United States, if for no other reason than the paucity and inferior nature of rural educational institutions, and the general lack of parental support in motivating educational achievement among their offspring. A few leaders, such as Pan Wongsiddee⁸ of the Iron and Metal Workers Union, or Ari Bhokthavi of the Oil and Petroleum Products Union, have only lower primary educations, and have achieved their positions because of their charismatic and forceful personalities; they are natural leaders. These have been two of the strongest, most cohesive unions, although not the largest, in Thailand.

The dominant philosophical trend in the Thai labor movement since 1972 has been conservative. Under the leadership of Paisarn Tharvat-chainant, former President of the defunct Thai Labor Council, who heads the powerful Metropolitan Electrical Authority Union, the largest and most influential unions have pursued a moderate line. Paisarn, a master of using the non-directive approach in Council meetings, subtly steered the movement towards a neutral political position, not unlike the stance that Gompers developed for the AF of L. This stance led NARC to tolerate the existing labor unions and to promise an eventual restoration of normal union activities. Union leaders have tried to control the propensity of Thai workers to strike before negotiating, illegal under Thai labor law since 1965, and to teach them that the survival of the labor movement under the military government depends upon following the dispute settlement procedures of the Labor Relations Act. They have emphasized the goal of obtaining a written labor agreement with faithful adherence to its terms throughout its duration.

Nevertheless, militant language in public utterances is still used, although statements such as the following, which was attributed to Arom Phonghangan of the Metropolitan Waterworks Authority Union, have ceased: "Thailand should be under Socialism... The Labor Council will be able to fight against the injustice of the capitalists."⁹ Rather, spokesmen for labor have softly but persistently reminded the government of its promises to restore the normal functions of unions.¹⁰

This general concern for social reform and social welfare, and antipathy to public corruption have been articulated by most labor leaders since 1972. Indeed, their public utterances were likely to have been directed as much against corrupt government practices as against "exploitative capitalists." In fact, there has been little ideology in the Thai labor movement other than pragmatism. Thai

⁸Pan was identified as the leader of a group of union leaders with links to the army's intelligence center for anticommunist operations and who vied for control of the country's central labor movement. See Richard Nations, "Labour: The First Round to Bangkok," *Far Eastern Economic Review*, November 12, 1976, p. 68.

⁹*The Nation*, May 18, 1976, p. 5.

¹⁰Richard Borsuk, "Thailand's Approach to Labor Is Seen As Harming Long-term Industrial Peace," *Asian Wall Street Journal* (Hong Kong), April 5, 1977, p. 3.

leaders remain keenly aware that survival of the movement requires accommodation to political power realities. Because leaders of the movement have espoused traditional Thai values of morality, deference to legitimate authority, and political independence, it has remained acceptable to the established government. Their disassociation in 1974 from more radical labor leaders and from the suspect Labor Coordinating Center, and their severing of their ties with activist student groups after 1975 reflected their desire to keep the labor movement in the mainstream of legitimate Thai institutions.

Even before the October coup, public officials had recognized and reenforced public officials through adopting appropriate policies when worthy union demands were expressed through legitimate channels of protest. Support of urban rice prices and subsidies to rice farmers, containment of police excesses against arrested strikers who had violated the dispute settlement procedures, extension of the minimum wage law to industrial provinces, and upgrading of the status of the Labor Department are cases in point. Moreover, the credibility of responsible labor leaders had been strengthened by the increased willingness of the Labor Department to use their services as private mediators in protracted strikes that were unresponsive to the efforts of public mediators. Officers of unions in the public sector had assumed leadership in the prestigious Thai Labor Council primarily because the acceptance by the government of the principle of unionism and the willing participation of these public agencies in collective bargaining had resulted in the development of these unions into the strongest in the Kingdom. Public management acceptance of unions permitted these worker organizations to ignore the tempest of the more radical elements within them. After the coup, a change in attitude of state enterprise management against unions was reported, and fears abounded early in 1977 that their unions would be banned.¹¹ However, in April the government reaffirmed its acceptance of labor organizations so long as they continued to operate within the law,¹² and because of this, conservative labor leaders with business unionism orientations are likely to continue to be the dominant influence in a weakened Thai movement in the years ahead.

IV. Functions

The major activities of unions in Thailand in the 1972-76 period were similar to those in other noncommunist countries in which an adversary relationship has existed between labor organizations and employers. As worker representatives, unions (1) bargain with employers in order to establish wages, hours, terms and conditions of employment, (2) receive and process worker complaints, (3) assist in labor law enforcement, and (4) in general act as spokesman for the working class. The substance of these activities and the style in which they are performed, however, reflect the culture of Thailand, the stage of union development, and the government's attitude.

The bargaining procedure has rapidly evolved from a unilateral presentation of demands, typically preceded by a strike, into a rudimentary, bilateral discussion of the issues. Bargaining skills are still not well developed and an understanding of the nature of the procedure for both management and labor remains incomplete, but the

¹¹Peagam, "Trade Unions," pp. 19,20.

¹²Borsuk, "Thailand's Approach."

parties are learning. A major complaint repeated by many union officials is that no public record exists of company profits; and they are often at a loss to know at what level to begin their demands. Few companies are registered on the Thai Securities Exchange, and even these are not required to publish detailed statements of earnings. Dividends are only occasionally announced. Moreover, union officials are not skilled in deciphering those financial statements that are available. Hence, bargaining often is initiated in an informational vacuum. A typical pattern, involving a paternalistic employer and a new, inexperienced union, was observed in March 1976 in the negotiations between the Siam Cement Corporation and its recently established union. Before the promoters of the union petitioned for recognition by the Labor Department, they chose a delegation to inform company officials of their plans and to receive tacit approval. "Do you mind?" asked the delegation. "No," replied the company, "but please be reasonable."¹³ With these formalities behind them and upon being registered, a bargaining committee respectfully "petitioned" the company to grant a list of ten requests. The phrase "bargaining demands" was studiously avoided. The requests included a 25 percent cost-of-living increase,¹⁴ a request that all employees be reclassified as salaried; 180 days sick leave per year; complete, extended family medical coverage; increased shift differentials; more frequent merit evaluations; paid housing; and longer vacations. The company deliberated for a respectable period of time and rejected the petitions, explaining that current benefits were among the best in Thailand and that, because of the higher price of oil and a government ceiling on cement prices, the company was operating at a loss. No counter-proposal was offered by the company, nor did the union reduce its demands.¹⁵ The Labor Relations division was notified, a mediator was assigned, and efforts to resolve the impasse were unsuccessful. A fifteen-day strike then occurred, after which, upon request of the Prime Minister, the parties agreed to refer the dispute to the Labor Relations Committee (LRC). The LRC denied a cost-of-living adjustment; shift differentials and merit evaluations were compromised; the company willingly agreed to pay all employees monthly since it simplified its payroll procedures. Sick leave and vacation leaves remained unchanged. In effect, both parties used LRC to save face. The union learned the limitations to its power, and the company discovered that in the three operating plants affected by the strike, most of the workers supported the union.

Among multi-unit employers or multi-employers bargaining methods differ from one industry to another. A single union is the bargaining

¹³ Interview with the Industrial Relations Director, July 15, 1976.

¹⁴ The company had at intervals given cost of living increases totaling 38 percent over a two-year period during which the cost-of-living had increased about 35 percent. The annual inflation rate in Thailand since 1975 has been less than 4 percent. To produce a pound of cement, three pounds of petroleum are required.

¹⁵ Sometimes demands are such that they are immediately rejected. In the wave of strikes occurring in late 1973 and throughout 1974, a frequent demand was for dismissal of management. Such a demand is not likely to be considered by employers when they are not permitted to discharge employees participating in legitimate labor activities. See "Labour--The Leaders Speak," *Business in Thailand* (October 1974), p. 491.

representative for employees of ten major airlines, and the union negotiates with each international airline principally the issue of wages. Except for wages, employees appeared to be uninformed of the terms of the written agreementsⁱ. The airline agreements were superficial documents which only incorporated rights established by the labor lawsⁱ. For example, in the 1976 Air Siam Flight Service Employees Agreement, hours of work, holidays, paid leave,ⁱ and overtime were identical to those specified in the labor statutes, and in other agreements separation pay, discharge procedures, and shift differentials were similarly consistentⁱ. Most provided for a cost-of-living allowanceⁱ. On the other hand, the Rice Warehouse Stevedores are employed in seventeen large individually owned warehouses, and these owners bargain as a unit with the Transport Export Service Workers Union. The written agreement only incorporated the piece rates paid to all stevedores in the companies. The agreement was not considered a contract; its duration was unspecified and could be revoked upon notice. The agreement in July 1976ⁱ has been in effect some sixteen monthsⁱ. The union runs a private welfare program, providing sick and death benefits, funded from dues of 10 baht or one-half of one percent of monthly earnings, whichever is greaterⁱ. The employers' association is not registered, and it is a defensive reaction to past whipsawing tactics by the unionⁱ¹⁶. Earlier, the union would select one employer, present its demands, and strike if they were not granted. Little or no negotiation occurred. Now, some "give and take" is present in the discussions, but the balance of power appeared in 1976 to favor the employersⁱ.

At the other extreme, there were actual bilateral negotiations in early 1976 between the Esso Refinery Workers' Union and the Company. Some polite table pounding was utilized and issues were discussed on their meritsⁱ. The result was a written agreement of some thirty pages covering a broad spectrum of shop issues, not unlike many labor agreements in the United Statesⁱ.

Labor organizations have developed only rudimentary grievance proceduresⁱ; although shop stewards are found in large unions covering dispersed workersⁱ. Thai workers have not been sufficiently informed about their rights or sufficiently secure in their jobs to overcome the cultural conditioning that inhibits them from raising complaints with their superiors. Hence, grievances have not been communicated to management, except in those rare cases when a foreman has sufficient empathy and rapport with his subordinates to counsel them about their problemsⁱ. In 1976, however, some workers were beginning to refer problems to their grievance committee. (Frequently, these problems related to matters involving job rights or supervisor favoritism, which should have been clarified or covered by an agreement clause but were not, because the concept of joint determination of shop rules and safeguards on transfers and promotions have not yet been accepted by management.) Typically, the grievance committee investigates the charge, determines its merit, and then refers the complaint to the executive board of the union for presentation to managementⁱ. This time-consuming process reflects a lack of leadership awareness that, to be effective, a grievance procedure must work quickly. Perhaps in no other area of industrial relations has such an important union function been so slow to develop, nor does a viable grievance procedure have high priority in union plans for strengthening solidarity and increasing worker allegiance. Herein may lie the most fundamental

¹⁶As of June 1976, only eight employer associations were registered in Thailand, and some of these, such as the Pattaya Resort Hotel Association, were formed primarily for other purposes.

long-range weakness of the Thai labor movement.

The Labor Department has at times sought to forge an alliance with unions to assist its personnel in discovering violations of the law, but union leaders have not been vigorous participants in labor law enforcement. Collaboration has been inhibited because of the general distrust which many labor leaders feel towards the personnel of the Labor Department. Since government employees are better educated, have middle or upper class values, are on a higher status level,ⁱ and have rarely been employed as blue collar workers, union officers regard Labor Department officials as possessing either a promanagement bias or an unawareness of labor problems.ⁱ The appointment in late 1976 of a former general inspector of the Interior Ministry with little experience in labor administration as Director-General of the Labor Department has strengthened this skepticism.ⁱ¹⁷ Moreover, enforcement requires detection of violations, which in turn requires knowledge of the law and the precedents established under it. Union leaders themselves are appallingly ignorant of the labor laws, and their members are even less informed.ⁱ Hence, unless a violation is gross and patently obvious, the membership will not normally seek labor union assistance.ⁱ Even then, the typical response is for the union leader to write a letter to the Labor Protection Division, requesting an official investigation of the alleged infraction.ⁱ Hence, labor law enforcement duties have only passively been assumed by unions.ⁱ

Union leaders have enjoyed their role as spokesmen for the industrial worker. In this role, the leader receives publicity and acquires status.ⁱ It is a functional role, for the urban worker, just like the peasant farmer, has long been disenfranchised in the political process.ⁱ Union officials have learned that on "bread and butter issues" with wide appeal, it is easy to muster the support of urban workers in mass demonstrations and in general strikes.ⁱ This appeal to the masses has not gone unnoticed by the government, and a working class constituency through the medium of the labor movement has developed.ⁱ By 1976, organized labor had usurped the student movement as the most credible spokesman for the urban masses, primarily because of the sensitivity of its leaders to the issues to which the working public are most attuned.ⁱ¹⁸ Labor advisers were appointed from union ranks to

¹⁷Peagam, "Trade Unions," p. 20. A Bangkok source has reported to me that the appointment's purpose was to increase the Interior Ministry's control of the department for internal security reasons.ⁱ Letter, March 18, 1977.ⁱ

¹⁸The influence of the university student movement, crushed in a bloody massacre at Thammasat University on October 6, 1976, continued to diminish as it championed causes with little immediate economic relevance to the welfare of the urban masses. American imperialism, land reform and general corruption in the government were the three principal targets of student activists.ⁱ Rival student groups, favoring an American alliance and accepting the established political order, had at times violently clashed with radical student elements.ⁱ The public became distrustful of the students and alarmed at their sometimes destructive rivalry.ⁱ Moreover, the public became aware that some impressionistic student leaders had become pawns in the contests between extreme right-wing and left-wing political factions. A typical man-in-the-street reaction to the Thammasat massacre was, "they had it coming to them."ⁱ

serve the Prime Ministers of the 1975-76 period and union officials envisioned the day when their favor would be courted in the same manner as that of labor leaders in the western democracies. As an avenue to power, leaders of the labor movement had learned that issues that touch the pocketbook or stomach of the average worker are the ones to champion.¹

The degree of worker support and allegiance to their unions has varied with the immediacy of the issues and with the degree of official tolerance. In general, with a passive or neutral government, workers have accepted and identified with their unions and have shown an amazing willingness to "hit the bricks" and to sustain a protracted strike. Yet, as in American unions, meetings have been sparsely attended when negotiations were not imminent or when immediate threats to their welfare were not present. They have also been reluctant to pay dues except during the months immediately preceding and following negotiations. Most unions impose dues of from three to five baht per month, but because the checkoff has rarely been provided by management and because a network of shop stewards is not common, dues evasion is easy. This inconsistent flow of funds does not permit the union to provide a broad network of continuous services and weakens the contact of the worker with his union.¹

Lack of contact with the membership remains a problem. Since October 1976, union meetings have been prohibited. Some unions have published a monthly newsletter, and several labor magazines were published in Bangkok with news of union activities. However, censorship imposed by NARC limits union criticism. Some unions have clerical staff who send out notices to members. In state enterprises, offices on plant grounds accessible to employees were once made available, but this is rare in the private sector. The traffic congestion in Bangkok contributes to the isolation of workers once they leave the work site. Communication between members and union, then, has faced severe impediments, and has reinforced the worker's rationalization that he is obligated to support the union financially "only when it does something for him." Most workers responded affirmatively to a 1976 questionnaire that asked, "should the government fund labor organizations?" They thought this was a marvelous idea since it would obviate the need for their financial support.¹⁹ Nevertheless, the evidence at hand regarding worker sentiments supports the contention, voiced to the author in 1973 by labor department officials, union leaders, and informed industrial relations directors, that the time for unions in Thailand has finally arrived, and that this development is now irreversible.

V. The Weapons of Labor Disputes

Union Weapons

Until martial law was declared in October 1976, the strike was the principal weapon in the union arsenal for winning contests with employers. Whereas the grievance strike was initially used to attract the attention of the Labor Department, which then would dispatch mediators to resolve the complaint, more varied forms were later used. The general strike has been used to obtain ends sought by the labor

¹⁹Petsri Bumrungcheep, *A Comparison of the Thai and Singapore Airline Unions*, (M.A. Thesis, Thammasat University, 1976). This attitude is typical of Thais who are conditioned to accept authority and who tend to rely upon the government as the arbiter of their problems.

movement, as, for example, the Federated Labor Unions of Thailand's threat of a general strike in January 1976, which won a subsidized price of rice for urban industrial workers.²⁰ Sympathy strikes have also been called to support the demands of fellow labor unions, such as the action of thirty-one unions who struck on January 3, 1976, in support of the strike of the telephone workers against the Telephone Organization of Thailand.²¹ Economic strikes were over grievances or wages, caused by employer unfair labor practices, and these strikes assumed a variety of forms.²² Female employees of the Hara Bluejeans Factory used the sit-down strike as a response to a management refusal to honor the terms of agreement reached through mediation efforts. For several months, the girls occupied the factory and excluded all but student advisers until they were eventually evicted by the police.²³ Even the United States Chamber of Commerce openly acknowledged that many of the 102 strikes in the first five months of 1976 were caused by poor management practices.²⁴

"Some of the strikes were in the opinion of the Chamber brought about by Management failing to observe the minimum requirements of the Labor Law.²⁵ Other strikes were the result of management failing to meet the benefits provided by other members in the same industry or of that adopted by similar organizations in the same community. Several strikes were the result of Management's failure to develop a line of communication and understanding of employee grievances.²⁶"

The Chamber of Commerce goes on to note that other strikes were strictly economic in origin.²⁷

A noted strike that began as a grievance dispute and which never would have occurred if an effective grievance procedure had been operational was the Dusit-Thani Hotel strike on May 1, 1975. In April the union sought to open an existing agreement, scheduled to expire the following October, to discuss cost-of-living adjustments and fair

²⁰"The List of 31 Labour Unions on Strike," *The Nation*, January 3, 1976, p. 1.

²¹The Hara strike has been described in detail by Yupha Klangman, "How the Girls Took Over Hara," *Business and Thailand*, (February 1976), pp. 32-37. In this article and in a subsequent personal interview, Yupha clarified the role of the student advisers to the girls. A misconception exists that the students persuaded the employees to strike. Rather than the students instigating the strike, the girls approached the students and requested their council to advise them on how to deal with an employer who had clearly indicated that he was implementing a plan to shift production from the unionized plant to a non-union one. Towards the end of the strike, Yupha found that the striking girls no longer openly admitted her to the besieged shop. They had become suspicious of journalists and felt that such reporters were conveying information about shop defenses to the police to be used in their final eviction.

²²Newsletter to Members. A copy was graciously furnished to the author.

dispersal of service charge receipts to hotel employees.²³ The strike quickly mushroomed into one with political overtones, allegedly designed to generate an issue sufficient to repeat on the National Labor holiday the massive show of worker support that had been evidenced in the textile demonstration during the previous June. Although several hundred demonstrators periodically appeared, it never caught the imagination of the working class. This strike, however, violated an existing agreement and had little support from other unions. Moreover, the hotel management refused to consider the demands, and they locked out the workers after strikers, who had occupied the lobby until May 22, had been evicted and after the hotel management had publicly called upon strikers to return to work. In spite of repeated demonstrations, the hotel remained closed until the strike was broken. The hotel reopened for business on July 31 after filling the 200 vacancies created by discharge of the strikers.

Strikes with ideological content were sometimes instigated against American or Japanese firms as protests against "foreign imperialism," even though these companies were wage leaders in the Kingdom and practitioners of enlightened labor relations.²⁴ An example of this, it is alleged, was the Colgate-Palmolive strike in early 1976 which lasted ninety-one days, the longest strike in Thailand's history. It is rumoured that Russian money was used as strike funds to enable workers to remain out on strike. Eventually, the strike was settled when the company agreed to expand its compromise offer, a gesture, it has been said, made in part because of its compassion for the suffering of the strikers.

The Colgate-Palmolive strike reflected the growing tendency for longer strikes. Collaboration of unions in mutual self-help programs had increased the ability of workers to sustain a strike, and their limited needs in a hospitable tropical climate also permitted them to hold out longer. Disputes were settled eventually through the economic duress imposed upon both parties or through the mediation efforts of Labor Department officials. Arbitration, either voluntary or compulsory, has been available as an option, although the parties have been reluctant to use the former. Disputes which have a discernible impact on the economy, regardless of whether or not they occur in critical industries, are often referred to an arbitration panel, and in the case of the 1976 Tejin Textile strike, the government ordered the workers to return to work while negotiations continued. The tendency of the government to interfere in noncritical disputes and the prohibition on strikes since October 1976, could permanently impair, or at least seriously delay, the development of mature collective bargaining relations between the parties. Yet, a government that, historically, has been oriented to a pattern of imposing settlements in labor disputes even before the advent of unions, and which is keenly concerned about the tarnished investment climate that labor disputes generate, is not inclined to stand idly by as the process of economic siege brings the weaker party to its knees.

²³ See "The Dusit Thani Affair: Focus on Labour," *The Investor*, (July 1975), pp. 23-37.

²⁴ This point was made in the U.S. Chamber of Commerce Newsletter which added: "These strikes, it is believed, are intended to disrupt the Thai economy, discredit American employers and discourage further investment in Thailand."

Employer Weapons

Employers had not revealed, as of 1976, a willingness to combine to offset union bargaining power. Most Thai employers, it is safe to say, have not yet accepted the reality of unions, and even in such large, modern companies as Siam Cement, major changes in industrial relations practices have not been implemented. Some managers undoubtedly expected the rightest coup to occur, and hoped that in its aftermath there would be another wave of suppression of labor organizations. Certainly, in July 1976 a deluge of antiunion propaganda was emanating from various sources, which depicted Thai labor organizations as being infiltrated by subversive elements and financed by communist funds. Would such organizations, it was implied, be in the national interest? More directly, it was alleged that some business leaders used their political connections to persuade the government to intervene in labor disputes and to impose a settlement favorable to their interests.

Other traditional tactics have also been used to oppose unions. Prospective labor leaders have been identified and discharged before they were able to build a base of support. Unions have been infiltrated by company spies, who have either provided the company with information about union activities and union supporters, or sought to undermine the union's leadership and membership support. Intimidation has also been used. It is said that some Chinese employers, protected by their secret societies, will never be unionized, for to attempt to do so would be sure suicide for union promoters.²⁵ One trick used by employers has been that of "framing" a troublesome employee by planting company property on his person and accusing him of theft. This, in turn, under the labor law justifies discharging him for cause. A variation of such a tactic involves planting illegal drugs on his person and then having him searched by the police. Their subsequent arrest removes the worker from the plant.

No statute requires bargaining in good faith, and a strong employer can simply refuse to consider a union demand, take and ultimately break a strike. The credibility of the union is then destroyed, and workers are disillusioned with union affiliation. Another related technique is to provoke an illegal strike, and then lock out or discharge the strikers.

These tactics are, of course, not unfamiliar to students of labor contests in other countries. The newness of the labor movement in Thailand means, however, that many Thai employers are utilizing them for the first time and finding them no less effective than when used by other employers in other lands in earlier times.

A tactic which, fortunately, is also often used by employers is to accept the reality of labor unions, and by building a well-trained management team, aid in the education and development of a modern personnel program which leads to the evolution of responsible unionism. This acceptance has most frequently been found both among state enterprises and in predominantly Western-owned corporations. The former reflected government policy of the 1973-76 era. The latter is in response to good management practice, but also is designed to limit

²⁵ Whether or not it is true, a widely-held belief is that assassinations can be arranged for as little as \$25, the cost depending upon how much protection the intended victim may have and, consequently, the risk to the assassin.

the growth of hostile sentiments among the citizenry of Thailand. Were the foreign companies to adopt a policy of containment or opposition towards emerging unions, the resulting pattern of disputes could easily be used to demonstrate the validity of the charge of "Western imperialism" that seeks to exploit the masses of Thailand. Moreover, in a contest between an alien firm and Thai citizens, it is not consistent with political realities to expect the government to be neutral in arbitrating the dispute.

If the labor movement continues to grow, eventually Thai management must face up to the challenges and cost implications of a movement committed to improving the lot of the Thai worker. As both parties gain experience and maturity, it is to be hoped that the practice of labor relations will become as peaceful and orderly as it is in the United States.

VI. Summary and Evaluation

The Thai labor movement is currently faced with a number of serious obstacles that threaten its survival and/or growth. The political leadership is now more sympathetic to the antiunion views of the business community. The NARC objective of rapid economic development, with a concomitant emphasis on foreign and domestic investment, has replaced the reform and income redistribution goals of its democratic predecessor.²⁶ An attractive investment climate is provided by domestic stability, low labor costs, and peaceful labor relations. Union wage pressures and disruptive strikes are, therefore, viewed as anti-social behavior. Hence, strikes are forbidden and wage demands contained by a weakened labor movement. The values of a Buddhist society which perceive the community as morally structured and inherently tranquil reinforce the sanctions placed upon instruments of union power and protest. Employers, aware of the change in government sentiment, proceeded in 1977 to take advantage of the shift in power and sought to contain labor organizations and to abrogate existing agreements.²⁷

The military junta that comprises the NARC has also sought to minimize internal disorder for purposes of national defense. Surrounded on three sides by hostile neighbors, two of whom recently acquired through civil war communist governments, the Thai military has been especially sensitive to public unrest. On the one hand, it has been this fear of demonstrations that has prompted the proclamation of martial law and the quick arrest of strikers. On the other hand, the NARC appears to be aware that complete suppression of trade unions might radicalize the urban labor force and drive it underground, which in turn implies a recognition that the commitment of urban workers to organized labor has developed to such an extent that a reversal of the process would involve substantial risk of open conflict. Such risks might have been taken if the junta itself had been unified and stable,²⁸ but an unsuccessful coup in March 1977 confirmed rumours of

²⁶Richard Nations, "Thais Rely on an Old Formula," *Far Eastern Economic Review*, February 4, 1977, pp. 37-40.

²⁷Borsuk, "Thailand's Approach."

²⁸Norman Peagam, "Political Stability at Stake," *Far Eastern Economic Review*, February 11, 1977, pp. 8, 9.

factions within the junta.²⁹ This fear of a potentially hostile labor movement that could become the formidable ally of a rival clique has led the junta to adopt a policy of toleration towards a weakened, constrained and controllable set of unions. The NARC has resisted pressures from within to abolish the legality of unions, and periodically military spokesmen have calmed labor's fears of ultimate suppression by reaffirming the government's commitment to the labor laws and by admonishing employers to deal fairly with their workers. Nevertheless, NARC has used rumours to control union militancy, since such rumours serve to remind labor leaders that strikes or overt forms of worker protest can lead to trade union suppression. Indeed, a positive sign that unions remain a viable movement was the replacement of the appointed civilian cabinet on October 21, 1977, by the NARC. The military leaders rejected the far rightist policies of the Prime Minister and his cabinet, among which were those that banned most normal union activities.³⁰

²⁹ An astute observer of the Thai political scene, Dr. Naronchai Akrasanne, noted that the failure of the March coup in fact strengthened NARC and the Thai government because by supporting the entrenched junta, the loyalty of certain generals to the junta was thereby confirmed. Interview, April 14, 1977.

³⁰ "Thai Junta Ousts Civilian Regime," *New York Times*, October 21, 1977, p. 2.

CHAPTER 4

LABOR LEGISLATION AND ITS ADMINISTRATION*

I. The Development of Labor Administration

The growth of labor legislation and of agencies set up to administer the laws has paralleled the development of the industrial labor force and the degree to which it has become composed of Thai nationals rather than immigrant Chinese aliens. Occupations have become progressively restricted to Thai nationals, and permits and fees are now required from all aliens employed in Thailand. Hence, the interest of the government in establishing and maintaining labor standards and in stabilizing employer-employee relations has been reinforced by the protection which such regulations impart to what is now a nonagricultural labor force comprised overwhelmingly of Thai citizens.

One of the rationalizations given for the military coup of 1932, which replaced the absolute monarchy with a constitutional one, was the high incidence of unemployment in the Kingdom. (At most, however, it consisted only of a few thousand in Bangkok.) Hence, the first agency in Thailand to deal with a labor problem was established in 1933 in the form of an Employment Service Section in the Registration Division of the Ministry of the Interior. The following year it was transferred to the Ministry of Economic Affairs. The office continued in the Department of Commerce of this ministry until 1940, when it was transferred to the Department of Public Welfare and upgraded to division status. When the 1956 Labor Protection and Labor Relations laws were enacted, it was further upgraded to bureau status. The bureau was reorganized functionally into three divisions: (1) the Employment Service Division, which included the employment exchange and the Vocational Guidance and Training Sections; (2) the Labor Protection and Industrial Relations Division, which handled labor inspection and labor disputes; and (3) the Labor Research and Statistics Division.

In October 1965, in order to deal more effectively with growing manpower problems, departmental status was conferred upon the bureau, and it continued as such for the next eleven years. During this period, the number of personnel of the Department of Labor increased from two hundred and fifty to about seven hundred; new divisions were added as new statutes conferred increasing responsibilities; and the number of regional offices grew from two initially to forty-six. New duties included the establishment of minimum wages for the metropolitan area of Bangkok and for the rest of the Kingdom, the implementation of workmen's compensation insurance and benefits, the registration and regulation first of worker associations and later of labor unions, the extension of controls over alien employment, and expanded mediation duties under a revised Labor Disputes Settlement procedure. These responsibilities,

*This chapter has been coauthored with Kundhol Srisermbhok.

together with those pertaining to labor protection and inspection, were reflected in the 1976 organizational structure of the department before it assumed ministerial status (see Chart 3)i

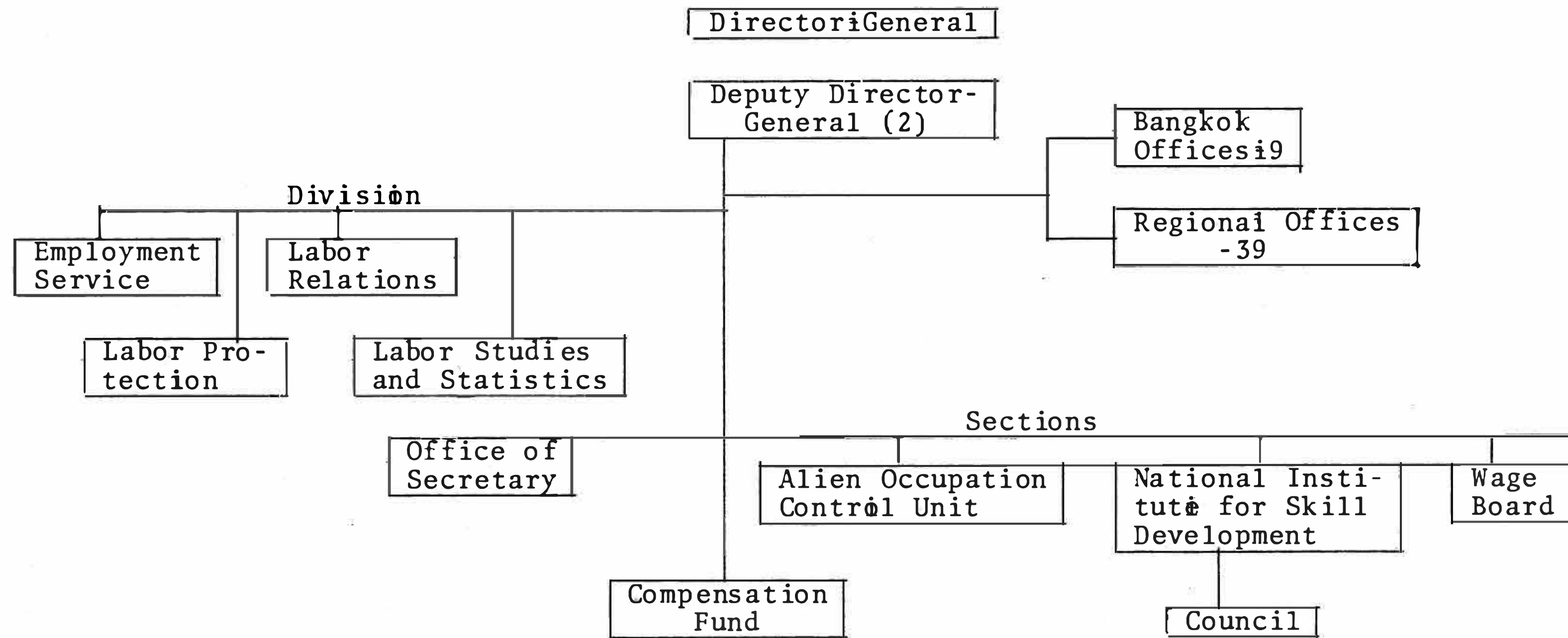
The evolution of the labor administration agency to cabinet rank was begun in mid-1976 when a Ministry of Labor was proposed by Parliament. Increasingly, labor disputes were disrupting the economy, and there were predictions of unemployment growing from over one million in 1976 to an estimated 3.3 million in 1981. In addition, the expanding organizational and political strength of organized labor called for recognition on a par with other interest groups in Thai society. In response to these developments, the upgrading of the Department of Labor to ministerial status was seriously considered.

The proposal called for upgrading each of the divisions of the old Department of Labor to departmental status, although the Employment Service Division would be renamed the Labor Development Department, and the Occupational Skill Development Institute and the Alien Occupational Control Unit would be placed in this department. Apprenticeship programs and the development of a standardized occupational classification system would remain under the supervision of the Skill Development Institute and its affiliated council, and additional training programs would be supervised by the Labor Development Department. The Office of the Secretary would be attached to the proposed Office of the Minister, and the Wage Board and Compensation Fund would remain as separate units under the direction of the Under-Secretary of Labor. The Office of the Secretary would administer internal personnel matters, supervise regional offices, register private employment agencies, and handle complaints made against these private agencies. Child labor and female labor certificates would be issued by the Under-Secretary of Labor.

The research functions of the Ministry of Labor would be performed by the Labor Studies Department. Three principal divisions were to be established within the department; Labor Statistics, Labor Studies and Labor Affairs. The pre-1976 Labor Studies Division had maintained an extensive library, but in 1976 it did not have its own computer. Rather, it relied upon the National Statistical Office for processing its data. The proposed Labor Statistics Division would be responsible for collecting annual data on firm size and employment in the Greater Bangkok metropolitan area. It would also continue to collect monthly data on labor turnover from firms throughout the Kingdom with twenty or more employees, and questionnaires would continue to be distributed monthly in which employers were asked to indicate the number of vacancies currently existing or anticipated within the next three months. This information was published quarterly, and, as in the past, reports would continue to be sent to the Labor Development Department in which the Employment Service is located. The Labor Studies Division would still undertake specific research assignments, as for example in 1972 its predecessor had surveyed the extent of industrial injuries in Thai industry to ascertain the need for a state-administered workmen's compensation fund. That study had revealed that only one in four industrial accidents involving injuries were being reported, and that few of the injured workers received any form of indemnity. The division also conducted wage surveys and engaged in studies on rural and urban unemployment and seasonal migration. A 1976 unemployment study revealed that the national unemployment rate was closer to 5 percent than the less than 2 percent figure indicated by the National Statistical Office's biennial Labor Force Survey. The Labor Affairs Division would maintain liaison with statistical agencies of other countries and supply

CHART 3

Organizational Chart of the Department of Labor



data required by the International Labor Organization. Its predecessor had been involved in establishing a standard occupational classification system for Thailand.

The existing Labor Studies Division has had resources diverted from it since 1973 as new duties have been imposed upon the Labor Department. Personnel declined from about 130 to about 80 in 1976. As a result, data gathering and processing were impaired, and fewer independent studies were undertaken after 1975. Its director in 1973 had argued against the charge that Thais do not understand or respect the use of statistics. "On the contrary," he stated, "Thai administrators do appreciate the need for data, but often they are called upon to make a decision before the data are available. The appreciation of the need for data is more advanced in Thailand than the collecting, processing, or interpretation of it. Often, data are gathered by statisticians with no understanding of the form in which it should be presented or for time intervals that are consistent and which permit the making of valid comparisons. Therefore, if data are not in the form that permits interpretation and/or use, then Thai administrators can make no reference to it in making their decisions."¹ Yet, the reduction in staff reflects the priorities which Thais attach to data gathering and analysis.

While deliberations were in progress concerning upgrading the Department of Labor to ministerial status, opposition began to develop from business interests and from within the Ministry of Interior in which the Department is located. In part, business was opposed to granting increased status (and resources) to an agency designed to enforce labor laws, which until 1976 had been easily evaded. Vigorous enforcement could impose substantial additional operating costs upon employers. The Ministry of Interior, on the other hand, was not anxious to be divested of a large agency with great potential political influence. Consequently, in July 1976, Parliament considered instead upgrading the department to an intermediate level between its present position and that of a ministry. For want of a better name for the intermediate structure, it was to be called a bureau, a term used to identify the labor agency between 1956 and 1965, before it achieved departmental status. The upgraded bureau, however, would be headed by a deputy-minister of interior rather than by the initially proposed independent minister or by the existing department director-general.

In keeping with the Thai custom of making changes slowly and after long deliberation in order to allow interested parties ample time to adjust to the changes, deliberations on the new status of the department continued in Parliament through August and September. The military coup on October 6, 1976, the resulting dissolution of Parliament, and the conservative, probusiness orientation of the new leaders, effectively terminated legislative action on changing the department's status. Eventually the process of industrialization must increase the functions of the labor agency sufficiently for its position in the bureaucratic hierarchy to be raised, but this event is unlikely to occur before the 1980s.

Two other agencies outside the Department of Labor administer allied labor laws. The Factory Control Department of the Ministry of

¹ Interview, June 1973. A follow-up interview in June 1976 with a new director revealed that attitudes of administrators had changed little in the three-year interval.

Industry has almost a hundred factory inspectors and technicians, whose functions are to approve plans and specifications of factories under construction and to certify that such factories, when completed, continue to comply with factory safety and health legislation. When compliance has been achieved licenses are then issued. In addition, the department inspects and licenses industrial boilers and elevators. It would seem logical that such factory inspectors during their periodic visits to establishments should also investigate whether legal labor standards are being practiced, and to report any violations to the Labor Protection Division. In practice, although a liaison committee exists for coordinating the activities of the two agencies, little communication actually takes place, and there is no coordination. Factory inspectors are not concerned with labor standards enforcement, and unsafe working conditions are not reported to the Workmen's Compensation Office. Although accidents that result in disabling injuries for more than three days or in death are required by law to be reported to the Factory Control Department, in fact many, if not most, are not reported and their reports that are made are not forwarded to the Department of Labor. Industrial health and hygiene are responsibilities of the public health authorities, and little coordination or cooperation occurs between these three agencies. These factory safety and health agencies are typical of Thai government offices in general; each is an enclave unto itself, and interrelationships occur primarily within vertically structured agencies rather than horizontally across ministries. Normally, agencies functioning in the same general field may have little or no knowledge of one another's activities.

The second outside agency involved in administering a labor law is the Labor Relations Committee (LRC), attached to the Office of the Ministry of Interior. Its function has been to hear unfair labor practice complaints filed under the Labor Relations Act of 1975 and to arbitrate unsettled labor disputes referred to it by the Prime Minister, principally in state enterprises concerned with the public interest. It consists of fifteen members, each appointed for terms of three years with one-third of the terms expiring each year. Three of the members represent management, three organized labor, and nine are public representatives. The committee utilizes the staff of the Office of the Secretary of the Labor Department to run the day-to-day affairs of the committee. The members are, however, not full-time employees, and in fact subcommittees of LRC consisting of one labor, one management and three public members have done the actual deliberating on cases. Each subcommittee in the 1974-76 period met at most two afternoons per week. The committee members have been paid an honorarium of 800 baht (forty dollars) per month. Cases are allotted to the subcommittees and scheduled by the chairman of LRC. The committee has no investigative staff, no services of an attorney, and is not required to utilize strict judicial procedure, although minimum requirements of due process must be followed. Its rulings, however, are developing a body of precedents which apply to the Labor Relations Act. Legislation exists to permit the establishment of a labor court at some time in the future, whose functions would replace the unfair labor practice hearings of LRC, but there is a general consensus that such a labor court is for political reasons a remote possibility.

The duties and functions of the regulatory departments of the Department of Labor will be described in succeeding sections in terms of the statutes and edicts which they administer. Both the laws and the agencies can be classified under the heading of (a) Labor Protection, (b) Labor Relations, and (c) Labor Development.

II. Labor Protection

Laws pertaining to labor protection were enacted in 1956 and repealed and revised in 1972 under the National Executive Council Announcement 103. In this announcement, the Minister of the Interior was authorized and did so promulgate a wide variety of regulations pertaining to child and female labor and to other forms of labor standards. These regulations were still in effect in 1976, although growing pressure on Parliament has developed to transform these ministerial regulations into statutes. Some of the regulations generically deal with employment security or labor relations problems, and these will also be considered in this section.

The labor protection regulations apply to all firms in Thailand, regardless of size, although because of limited resources, the Labor Protection Division concentrates its enforcement activities upon the Greater Bangkok metropolitan region. In 1973, there were almost 100,000 firms in this region and the number has continued to increase. Government agencies, agriculture, nonprofit organizations, and household employers of domestic employees are excluded from the regulations. There are only about thirty inspectors in the division assigned to Bangkok and fewer than twenty assigned to regional offices. Their activities, of necessity, are restricted to investigating and mediating complaints concerning violations of the regulations. Only a few hundred employers each year are fined for violating the regulations, but there is general agreement that evasion of the regulations is much more common. Although severe penalties are provided for violations, the fines imposed are normally light. Even major infractions carry at most a twenty-five to fifty dollar assessment. Labor officials believe that loss of face from a conviction is punishment enough.²

Employment of children below the age of twelve is prohibited in nonagricultural occupations, although exceptions are made for family employment, newspaper or flower vendors. This prohibition is widely violated through a number of ruses. Children between the ages of twelve and fifteen may not be employed in hazardous occupations, in jobs injurious to their morals, or at night, but again it is acknowledged that the regulations are ignored.³ There is little coordination between the Education Ministry, which requires compulsory school attendance to age fourteen, and the Labor Protection Division, and, in fact, school facilities are not sufficient to accommodate all such students. In effect, school attendance ceases for the majority of Thai students upon the completion of grade four. In a country where urban working class family income is not far removed from the subsistence level, the utility of

²Jan Schut, "Focus on Labour: Are the Laws at Fault," *Investor* (June 1975), pp. 7-16. This article contains an excellent account of the enforcement problem associated with the labor protection laws.

³An Associated Press story reported the use of children as "slave labor." Fifty-four children, aged between ten and fourteen, barefoot and ragged, had been held seven months as captives and forced to work daily from 6:00 a.m. to 9:00 p.m. in a Bangkok factory. Underfed and beaten, the children were kept on the top floor of the factory to prevent their escape. Some had been lured to work for promised wages of \$10 per month, none of which had been paid, and others had been sold outright to the factory owner by impoverished rural parents. "Thais Raid Fortress-Like Factory, Free 54 Hungry, Ragged Child Slaves," *Toledo Blade*, November 12, 1975.

TABLE 16

Total Employment in the Greater Bangkok Metropolitan Area,*
by Size of Establishment, September 1970 and January 1973.

Establishment Size by Number of Workers	Number of Firms		Cumulative Percent of Firms		Number of Workers		Cumulative Percent of Workers	
	1970	1973	1970	1973	1970	1973	1970	1973
1000 and over	35	46	.05	.04	77,119	120,867	15.14	15.67
500 - 999	44	82	.12	.11	31,951	56,763	21.41	23.03
300 - 499	77	106	.24	.21	28,972	41,099	27.10	28.36
100 - 299	315	503	.72	.67	52,765	82,264	37.46	39.02
50 - 99	500	825	1.49	1.42	33,837	56,784	44.10	46.38
20 - 49	1,774	2,776	4.21	3.95	52,731	82,541	54.46	57.08
10 - 19	3,774	4,899	10.00	8.41	41,034	64,243	62.52	65.41
5 - 9	12,402	14,756	29.03	21.86	75,705	92,816	77.39	77.44
1 - 4	<u>46,251</u>	<u>85,736</u>	100.00	99.99	<u>115,103</u>	<u>174,117</u>	99.99	100.00
Total	65,172	109,729			509,217	771,494		

Source: Department of Labor, *Yearbook of Labor Statistics, 1972, 1974* (Bangkok: Ministry of Interior, 1975).i

*Includes Bangkok, Thonburi, Samut Prakan, Nonthaburi, Pathum Thani

marginal wages earned by children is high, and the incentive of parents to permit them to be employed is great.

Female labor laws are designed similarly to protect the health and morals of employed women. Limits are placed upon the weights that women can be required to lift; nightwork for females under eighteen is prohibited; and employment in hazardous occupations in manufacturing, construction, and mining is forbidden. Pregnant females must receive maternity leave of up to sixty days annually, thirty of which are paid if employment has been for longer than six months. Again, these provisions are more often than not violated. Certificates are required of employers utilizing child labor and in some cases female labor, but their issuance is more often the exception than the rule.

The conditions of work of female industrial workers are often appalling, especially in small establishments. The following describes such conditions in small and middle sized establishments:

...workers use half of their working space as combined bedroom and kitchen. This makes it very unhygienic and creates fire hazard. Some women who have small children, bring them into the work place. Sometimes the whole family works in the same place and the children's ages range from 10-14 years. In textile, candy and bakery factories women work about 12 hours per day when orders are urgent and there is no overtime pay. In construction work and road building, women work as diggers, cement mixers, gravel and sand carriers, iron cutters, floor polishers and some also work in high and dangerous places."⁴

Hours of all employees are regulated. A 48-hour workweek is mandated in industrial employment; a 54-hour workweek in commercial firms is permitted, and in transportation, no more than 8 hours per day may be scheduled. In hazardous industries, no more than 42 hours per week are allowed. A rest period of one hour must be scheduled for every five consecutive hours worked. Where the standard workweek is exceeded, an overtime premium of time and one-half of the regular hourly rate must be paid. If a piece-work rate is utilized, the rate for overtime hours must be 150 percent greater than the piece rate standard. Work schedules and regulations pertaining to hours must be posted, in order for employees to be able to ascertain their rights. However, few firms post such regulations or schedules, and overtime pay at premium rates is unusual. In general, employees are not well informed of their rights under the labor laws, and few risk employer retribution by complaining of violations.

Thailand requires employers to give extensive periods of leave. At least thirteen official paid holidays must be given to employees who have completed their probationary service, and work on a holiday must be compensated at twice the normal rate. A six-day workweek is defined, and work on the seventh day is to be remunerated at double the regular rate. Paid sick leave up to thirty days annually must be provided, and for absences in excess of three days, a doctor's certification of illness may be required. A minimum vacation period of not less than six days must be provided for employees who have one year or more of service with an employer. In Western countries such benefits have normally

⁴Translated from Nikom Chandravithun, *Labour Problems in the Industrialisation of Thailand* (Bangkok: 1968).

been achieved only after there has been a high level of economic development, and even then they have frequently been the result of labor union pressure. It has been debated whether or not such liberal paid leave provisions are appropriate for a country anxious to develop its economy and to attract foreign investors, for such leave provisions fix the costs of labor and increase the risks of doing business. Maternity leave provisions, for example, may even encourage women to have children, which in a country whose natural rate of population growth is as high as Thailand's may not be consistent with development objectives. On the other hand, it is argued that, as the laws are easily evaded and there is no tradition of vigorous enforcement, then the regulations represent no real barrier to development. The purpose of such laws is not so much to improve working standards and protect employees, as to demonstrate to the rest of the world, including the International Labor Organization, that Thailand, too, has modern, progressive labor legislation.

In addition to protective standards pertaining to paid leaves, vacations, holidays, and premium pay, the labor protection regulations also include another area frequently associated with labor relations. These are regulations which prescribe the imposition of disciplinary penalties involving discharge. Separation pay is required of employers for employees who have served beyond their probationary period unless they have been discharged for cause. Discharge for cause includes (1) dishonesty or conviction of a criminal offense; (2) action intended to damage the employer; (3) repeated violation of a work rule after a written warning has been given to the offending employee; (4) absence without notification or justifiable reason for more than three consecutive days, and (5) negligence which causes injury or damage to the employer. One of the most frequent complaints an employee makes to the Labor Protection Division is that he has been discharged without cause and denied his separation pay. A large percentage of these complaints originate in alien firms in which voluntary compliance with the labor laws is perhaps most likely.

In addition to safeguarding the health and safety of employees under the Factories Act, employers are required to provide sanitary toilet facilities and pure drinking water at the work site. In a tropical country where intestinal disorders are epidemic in occurrence, these facilities are of paramount importance to public health. Annual physical checkups must be arranged for employees, and first-aid facilities in smaller establishments of between 10 and 200 employees are required. In establishments of over 200 employees, nurses and, in the largest firms, even physicians must be available to treat employees in the company infirmary. In 1976, safety standards were established for the construction industry, and such protective clothing as hard hats, leather gloves, and safety shoes must now be worn by employees.⁵

Employers of more than ten employees must maintain complete personnel records of all their workers, including their wages, work schedules, and work assignments. The Director-General of the Department

⁵One American official assigned to observe the labor scene expressed his opinion that, of all regulations designed to protect labor, this one would be violated most willingly by the workers. In a tropical climate, they simply would not wear the protective clothing, even if they could afford to purchase it. Interview, June 28, 1976.

has confirmed that these records are not kept nor are posting requirements met.⁶ Inspectors, who are lower grade officers with little industrial experience, lack technical knowledge, and it has been said that these officials are not strongly committed to improving the conditions of employment of the working class.⁷ The job of enforcing the law is made more difficult due to the employees' general lack of information about their rights under the law, since enforcement is mostly by complaint.⁸ It was thought that the development of worker associations and labor unions would provide new avenues to discover labor law violations, and even though in 1976 unions were increasingly taking the workers' part in notifying the department of violations, unions are still few in number, and channels of communication between union leaders and members have been sufficiently limited for little information concerning legal rights to be transmitted to workers.⁹ Union volunteers in June 1974 did accompany factory inspectors on their rounds in hopes that they could assist in making inspections more effective.¹⁰ The program was abandoned after one month of operation because the worker volunteers "got too excited and asked too many questions."¹¹ A record of complaint enforcement is presented in Table 17.¹²

Inspectors typically make one visit to an establishment. If violations are discovered, a written warning is issued to the offending firm with an order to correct the violation.¹³ It is inconceivable to an inspector that compliance with his order will not be forthcoming; hence, few if any follow-up inspections occur.¹⁴ Since it is physically impossible for the handful of inspectors to visit even a small proportion of the establishments in Bangkok, both large and small firms report that they are rarely inspected. The smaller firms are anxious to avoid any official contact with the government.

Minimum daily wages have been in effect in Bangkok since 1972.¹⁵ Initially set at 12 baht per day, the minimum wage was increased to 25 baht in 1975.¹⁶ In addition, the minimum daily wage for provincial establishments has been set at 18 baht for Changwads contiguous to Bangkok and at 16 baht for more distant ones.¹⁷ The consensus of department officials is that compliance is reasonably good in Bangkok, but that it is poor in the provinces.¹⁸ Some evasion occurs in Bangkok by employers who take advantage of the "learner" exemption; many employees simply remain "learners."¹⁹ Enforcement of the minimum wage is principally by complaint, and in a labor market faced with increasing unemployment, as is true of Bangkok, even informed workers can be expected to be reluctant to jeopardize their jobs by informing on their employers.²⁰

Labor protection legislation must be regarded as excellent, given Thailand's stage of economic development. The paternalistic attitude of government towards its working citizens is reflected in the variety and extensiveness of the regulations, and there appears to be a commitment to securing these standards for the workers among the top officials.

⁶Interviews, April 1973; July 2, 1976.

⁷Many are recent college or secondary school graduates. Little progress in training inspectors seems to have been made since 1965.²¹ See earlier reports of American advisors to the Labor Department: (1) Edgar C. McVoy, "Department of Labor--Functions and Programs, Thailand," December 20, 1965 (Mimeo), pp. 19-20; also (2) Glen E. Halm, "A Report of the Labor Administration Project to the U.S. Operating Mission, Bangkok," October, 1970 (mimeo).²²

⁸Jan Schut, "Focus on Labor," p. 11.

TABLE 17

Rulings on Labor Law Violations in Bangkok Metropolitan Area By Number of Complaints,
Workers Involved, and Amount of Settlement, Selected Years 1965-1974

Nature of Com- plaint	1965			1970			1974			Kingdom (1974)		
	No. of Com- plaints	No. of Workers	Total Awards (Baht)	No. of Com- plaints	No. of Workers	Total Awards (Baht)	No. of Com- plaints	No. of Workers	Total Awards (Baht)	No. of Com- plaints	No. of Workers	Total Awards (Baht)
Dismis- sal Pay	197	287	134,684	249	507	276,817	791	1,784	2,578,293	1,153	3,535	5,657,797
Wages	75	146	55,236	277	907	422,412	443	2,054	1,375,743	989	5,425	3,706,006
Savings Fund	3	3	8,478	3	3	4,330	13	14	43,255	16	17	43,910
Damages Deposit	10	14	5,966	6	12	6,596	12	14	9,903	19	21	21,583
Over- time	60	259	168,398	17	40	47,072	25	85	239,302	70	229	359,838
Discrim- ination	5	25	300	2	15	66,861	-	-				
Combin- ed Issues	-	-	-	95	177	154,003	223	720	2,343,941	9,737	10,760	23,696,269
Vaca- tion Pay	10	16	1,930	6	6	11,426	25	63	54,001	41	170	104,532
Others				-	-		60	97	95,244	81	522	8,143,457
Total	361	751	374,992	655	1,667	989,518	1,592	4,831	6,739,682	12,106	20,499	41,733,391

Source: Department of Labor, *Yearbook of Labor Statistics, 1974* (Bangkok, 1975).

of the Labor Protection Divisioni However, resources are woefully inadequate for enforcement and labor market conditions and traditional employer attitudes encourage evasioni It remains to be seen whether economic development and high protective labor standards are consistent objectives, and if they are not, which one of the objectives will yield to reality. If respect for law, however, is to be encouraged and if the Labor Department is to maintain its credibility among the workers, perhaps the Thai government should take another look at standards that encourage evasioni

IIII Labor Relations

The Labor Relations Division, formerly combined with Labor Protection, was established to administer the Labor Relations Act of 1975i This Act incorporated the 1972 Ministry of Interior regulations pertaining to the registration and operation of worker associationsi The 1975 Act broadened these regulations by (1) permitting the transformation of worker associations into *bona fide* labor unions; (2) revising the labor dispute settlement procedure, to shorten the time before strikes are legal and to increase the efficiency of peaceful means to resolve disputes; (3) allowing unions to combine into labor federations; and (4) providing for the establishment of employee committees to confer with management on employment problemsi In carrying out these expanded functions, the Labor Relations Division maintains a staff to investigate applications for the formation of unions and to register those that are approved, to receive notification of impending labor disputes, and to record written agreements. Other functions are concerned with mediating labor disputes and with labor educationi At times the staff may be called upon to advise the parties or to arbitrate unresolved issuesi The responsibilities of the division apply primarily to firms with twenty or more employees, which in the Greater Bangkok Metropolitan Area in 1973 comprised only 4 percent of the firms, but which employed 57 percent of all employeesi Although Employer Associations are also permitted under the Act and are subject to the Labor Relations Division jurisdiction, employers have been hesitant to register such groupsi

A labor union may be formed by application of as few as ten employees, acting as promoters, who either work for the same employer or work in the same line of work. This clause is intended to assure that homogeneous organizations will be established, and it is sufficiently broad so that outside organizers with employee status may assist in forming the unioni The promoters must be loyal Thai citizens who are over age twenty. However, the statute is so constructed as to permit multiple unions within an establishment, all with minority status, and no provisions exist to establish "an appropriate bargaining unit" whose members may elect an exclusive representative agent. In practice, the Labor Relations Division scrutinizes applications for union registration and it has been reluctant to establish multiple unions within the same operating unit of a firmi However, the possibility remains, and this potential source of union rivalry and labor relations instability is a danger to which the government eventually must address itself.

Membership is restricted to Thai nationals of at least age fifteen, and they possess the right to elect representatives to the union executive boardi The union must have a charter and set of bylaws and conduct regular meetingsi Supervisors may not be members of an employees' union, although they may form organizations of their owni This regulation is often ignored, since many union leaders in fact have supervisory statusi Unions may sue or be sued as legal entitiesi

Upon proper application to management union leaders are entitled to time off to attend to union business and to engage in negotiations, and such time off is with pay if approved by management. Moreover, they possess immunity from arrest for engaging in legitimate concerted activities in behalf of their union. Hence, criminal laws cannot be invoked against them for calling, organizing or participating in strikes or demonstrations or for making demands upon the employer. Indirectly, the government bestows legitimacy upon forms of worker protests and inhibits employers from using law enforcement agencies to break a union or to intimidate its leadership. Unions in the same industry are permitted to merge across Changwad boundaries in order to form national associations, in addition to their right to form larger labor federations. Although some unions in state enterprises have multiple locals dispersed throughout the Kingdom and actually have the character of national unions, most unions are restricted to one employer, and in many cases to one set of operations of an employer. In July 1976, there were 153 unions in the country with an estimated membership of about 100,000. The informal Federation of Labor Unions of Thailand, organized initially by the Department of Labor in 1975, developed into the more formal Labor Council of Thailand. In May 1976 the Labor Council adopted its constitution, which initially was signed by 101 unions. An additional twenty-four unions affiliated with the Labor Council in the next few months, and the council became the accepted, unofficial voice of organized labor in the Kingdom. Because voluntary associations in Thailand have had a tendency to splinter, even if the council had not been suppressed in late 1976 after the October military coup, it may still have lost its influence.

The Labor Relations Act encourages the development of bilateral determination of wages, hours and conditions of employment in firms subject to the Act. The employer must enter into a written agreement with his employees which will have a maximum duration of three years and a minimum duration of one year. Moreover, the agreement must specify separation procedures, the grievance procedure used in the company, and procedures by which the agreement may be amended. In practice, firms without unions can simply issue to employees a written set of rules covering the required items. Many firms do not even do this, and the required posting of the written terms of employment is generally ignored. On the other hand, firms must file a record of the written rules with the Labor Relations Division, but the latter normally does not investigate to determine if employees have been given the rules.

At the anniversary date of the agreement, either a minimum of 15 percent of the employees may submit a written demand under their signatures, or, if 20 percent of the employees are registered members, the union may submit a written demand on behalf of the employees to the employer. Demands which arise out of grievances associated with the agreement may also be presented in writing to the employer. In both cases, negotiations must begin within three days of the submission, with representatives, not to exceed seven, from each side. If negotiations do not take place within three days or if negotiations have occurred but an impasse is reached, a conciliation officer in the Labor Relations Division must then be notified within twenty-four hours. The conciliation officer upon receipt of the notice must immediately undertake efforts to resolve the dispute or impasse, and such efforts may continue for five days, during which time no strike is permitted. After this period has expired, if the dispute remains unresolved and if a written notice is given within twenty-four hours, either the union or employees may initiate a strike, or an employer may institute a lock-out, or the issue may be referred to voluntary arbitration in private

firms or to compulsory arbitration in firms essential to the public welfare.

Strikes or lockouts are illegal if any one of the following procedures are violated: (1) a *written* notice to negotiate issues in dispute is not communicated to the opposing party; (2) the three days waiting period for negotiations to begin *is not* honored; (3) the mediator is not informed of the deadlock; (4) the mediator is not given the full five days to resolve the dispute; (5) a twenty-four hours written notice of intent to strike or lockout is not given to the opposite party. The government has indicated its commitment to enforce these requirements, and leaders of strikes who have contravened them have been arrested.⁹

A compulsory arbitration award in industries essential to public welfare may be appealed to the courts. In other industries vital to economic development, the Labor Relations Committee may be called upon to render a decision in the dispute, and this decision may be appealed to the Prime Minister. If either party fails to abide by the decision of the final reviewing authority, only then may the other legitimately call a strike or impose a lockout. In practice by late 1976 the parties had never agreed to voluntary arbitration.

Most illegal strikes that do occur are instigated by employees not affiliated with a union or by recalcitrant employees who ignore the advice of the unions. The leaders of most unions seek to comply with the requirements of the revised labor dispute settlement provisions, and the strikes that are called by them are typically legitimate. It remains true, however, that most employees are predisposed to "strike first and to negotiate only after a mediator appears,"¹ and it probably will take a period of vigorous enforcement before employees will accept the wisdom of utilizing the reverse procedure.

The new labor dispute settlement procedures are a significant improvement over those contained in the 1965 act. There are, nevertheless, some important flaws either in the procedures or in their administration. A primary deficiency is that the procedure does not distinguish between disputes arising from contract interpretation or agreement violation and those arising from the negotiation of an initial or modified labor agreement. The procedures as specified are more suitable for the latter than for the former. Flagrant contract violations may provoke a lockout or strike, and the legality of such may be open to question. Certainly, procedures should be instituted that encourage the voluntary, private adjustment of differences of opinion arising from agreement administration--that is, reliance upon a workable grievance procedure must be encouraged. At this stage of the development of labor relations, it may be too early for the participants, who are too close to traditional society, to have learned the advantages of such a voluntary system.

⁹An article in the *Bangkok World* revealed that of eight strike leaders who had been arrested at a gunny bag factory in Korat, six were being held in chains in prison while awaiting trial. Their lawyer protested the action as being unfair, since they were being detained on minor charges and, if convicted, would serve a maximum of 6 months or pay a 1,000 baht (\$50) fine. Police had asked the court not to grant bail to the detainees. See "Strike Leaders Chained," *Bangkok World*, July 10, 1976, p. 1. Not only will such zealous police action discourage illegal strikes, but it may discourage strikes of any form, whether legal or not.

of dispute settlement. An effective grievance procedure requires that employers must have accepted the reality of the continued existence of organized labor, and evidence exists that employers are not yet convinced that this is true.

The newness of the practice of labor relations is also reflected in the immaturity of the labor conciliators. With experience, their expertise will increase. To some extent, it is as unreasonable in Thailand to expect lower grade officers to have sufficient status to persuade executives of large companies or leaders of powerful unions to accept their proffered compromises as it is to expect similar status officers in the United States to effect a settlement, say, between U.S. Steel and the United Steel Workers. In such cases, the intervention of high level Labor Department officials or of the cabinet may be required to bring about a settlement. Yet, well-trained, experienced mediators can be persuasive in less dominant firms, when their solutions are practical and their credibility has been established. Moreover, it is important for the government to develop procedures to control the intervention of outside agitators or of well-meaning but ill-informed student advisers who interject themselves into disputes of which they are not intrinsically a part. In either case, such intervention is likely to increase the alienation of the employer from his employees and impair even further effective communication between the primary parties. This is precisely the type of alienation that is not needed for the development of stable labor relations. Unless a dialogue can be established between the employer and his employees, or between their representatives, mutual problems cannot be resolved peacefully and promptly. In the process of developing mutual respect and awareness of one another's power and problems, conflicts unfortunately are inevitable. However, it is important that emotions not be inflamed any more than they already are and that the issues not be enlarged to include those of generalized class warfare. In other words, in order for necessary conflict to be contained and kept in proper perspective, the parties should be permitted to work out their own problems, with the help of neutral government experts, rather than by the intervention of unrelated third parties with ulterior motives.

The act does attempt to encourage a dialogue among employees and employers in firms which are so large that impersonal employment relationships may develop. In firms of fifty or more employees, an "Employees Committee" may be established consisting of elected representatives. The size of the committee varies with the size of the establishment and may consist of from five to twenty-one members. The committee must meet and confer with the employer at least once every three months to (1) make arrangements for the welfare of employees, (2) consider employment regulations, (3) consider employees' grievances, and (4) to attempt to resolve disputes through compromise. Provision is made for union representation on the committee, and all members may be appointed by a union which has majority status in the company. Several large enterprises, primarily of Western ownership, have instituted "Employee Consultation Committees" and company labor relations officials meet weekly or monthly with employee representatives. In many of these enterprises no union exists, although in others, despite the existence of unions, the committees have been formed in those operations not organized by the union. The establishment of such committees has not been without controversy, for unions fear that they will dilute employee allegiance and make membership drives less productive. Unions in Thailand have not generally concerned themselves with details of shop or job problems administration, and such committees may increase this organizational deficiency in the unions. Moreover, the productivity of such committees

may be questioned if they meet with employers only once every three monthsⁱ Even if job problems are identified in such meetings, there will be sufficient delay in finding or working out solutions to deprive the committees of any credibility in the eyes of workersⁱ

Unfair Labor Practices

Union leaders, union members, and representatives on Employee Committees are protected from employer coercion and discrimination for participating in worker organizations by a list of unfair labor practicesⁱ Employers are forbidden to:

- (1) discharge or prevent an employee, employees' representative, committee member or a union or federation from working because of participation in a legitimate union activity or because the person appeared as a witness in a case arising out of an unfair labor practice or disputeⁱ
- (2) discharge an employee for union membershipⁱ
- (3) prevent an employee through threat or promise of reward from joining a unionⁱ
- (4) obstruct legitimate union or federation activitiesⁱ
- (5) otherwise to interfere with a labor unionⁱ

It is also unfair to compel an employee to become a member of a union against his wishes, which in effect outlaws the closed shop, or to assist or encourage an employer to commit unfair labor practicesⁱ No unfair labor practices have been defined for union actions, and employers have voiced concern that this may lead to irresponsible union behavior.

Unfair labor practice charges must be filed with the Labor Relations Committee within sixty days of the alleged commission of the violation, and LRC is obligated to hear the case within ninety days of receipt of the complaint. Preliminary investigation of the validity of the charges is not madeⁱ In addition to hearing unfair labor practice cases, the LRC also may be called upon to arbitrate and render decisions in disputes involving industries critical to economic development. The Labor Relations Committee was enlarged from eight to fifteen members by the 1975 Act, and terms of office were extended from two to three years. Over 90 percent of its cases involve unfair labor practice charges, and in the first two years of its existence, nine out of ten cases were decided in favor of the complaining workerⁱ In addition, many charges are disposed of by mediation or voluntary compliance by the offending employer who, when apprised of his probable guilt, acknowledges his willingness to repair the injury to the workerⁱ Unfair labor practice awards are remedial in nature and require (1) reinstatement of the full rights of employees victimized by discrimination and/or (2) reimbursement for economic losses incurred by the victims of unfair labor practicesⁱ

A former member of the LRC reported that only the most flagrant violations are brought to the attention of the committee,¹⁰ and that these probably constitute only 10 percent of all unfair labor practices committed by employersⁱ Only gross violations will motivate employees to risk employer reprisals by filing chargesⁱ Most charges are filed by individual employees, although increasingly unions are bringing charges to the committee on behalf of their membersⁱ The LRC member

¹⁰Interview, July 6, 1976ⁱ

acknowledged that probably most public members have a promanagement bias. When the inconsistency of this judgment with the pattern of decisions was mentioned, he replied, "Not at all. Please understand that these cases were flagrant violations and that a decision in favor of the employer was impossible.¹¹" However, in other respects the bias of the committee members was evident. LRC members often roughly question the workers who, in appearing before the Board, are already intimidated by their inferior status. Moreover, the size of the settlement was often less than that to which the worker laid claim. Such practices have contributed to a widespread belief that the LRC is not pro labor.

The decisions of the LRC are not published, nor is much publicity given to them. This is in keeping with the wishes of many LRC members, but it may not contribute to effective compliance with the Labor Relations Act. It will neither stimulate workers to bring charges of violation before the committee, nor further the education of workers as to their legal rights and of employers as to their obligations under the Act. In part, my informant declared, this reluctance of the LRC to publicize its decisions is because the members have other full-time duties and they have no wish to add to a work load that is already substantial and for which they are only nominally remunerated. Furthermore, there is some concern over the tendency of the government to refer more disputes to LRC for arbitration before the collective bargaining process has been allowed to run its course. This is damaging to the development of collective bargaining, but it is in keeping with the tendency of Thais to let the government make the decisions, even though in the process of making those decisions the development of a mature and operational system of voluntary dispute settlement may be inhibited. Government interference has also been noted through the efforts of some prominent government leaders to influence the decisions of the LRC in favor, presumably, of their clients. Fortunately, the LRC has been able to maintain its integrity and to resist such interference.

The Act provides varying penalties for thirty-six violations. Penalties range from two years' imprisonment and/or a fine of 40,000 baht (\$2,000) down to one month's imprisonment and/or a fine of 1,000 baht. The most severe penalties can be imposed for failing to comply with decisions of the Labor Relations Committee or the Minister of the Interior, with the next highest applying to bribery or corruption "to negate labour decisions or to reduce the amount or benefits due."¹¹ Failure of leaders to register membership lists in employers' associations and labor unions is also penalized. Only minor penalties are imposed upon outsiders who interfere with labor negotiations or in labor disputes, and hence the attempts of activists to disrupt society in 1976 were only mildly discouraged.¹¹

IV. Labor Development

Labor development in 1976 consisted of three basic programs: (1) employment exchanges, (2) skill development and occupational training, and (3) the Alien Occupation Act. Employment exchanges are operated in nine offices in the Greater Bangkok area and in thirty-nine regional

¹¹ Less technical discussions of the Labor Relation Act are found in "Laws and Regulations: Labor Relations Act, B.E. 2518," *Business Review* Part I (October, 1975), pp. 478-79; Part II (November, 1975), pp. 528-29; Part III (December, 1975), pp. 602-3. See also "Labour Law Synopses," *Business in Thailand* (June, 1975), pp. 71-74.

offices. Unfortunately, since the regional offices are administered through the Office of the Secretary of the Labor Department, personnel in the provinces are not responsive to communications originating from the operating departments in Bangkok, including the Employment Security Division. As a result there is a lack of coordination among the regional offices and with Bangkok, and informational exchanges, so important in a national employment exchange system, are poor. Throughout the Kingdom in 1976, some eighty persons were involved in registering job applicants and attempting to place them in available vacancies. The principal Bangkok office of the Employment Security Division provides a number of services, including job counseling (on an individual basis) primarily for youths, occupational guidance to public schools through a visitation program, some skill testing--principally for motor vehicle operatives and for typists--and private employment agency supervision. In addition, monthly bulletins of labor market information are published. The staff for these services, however, are few and their activities are only token in nature. The primary task of the Employment Service, of course, is soliciting job vacancy requisitions from prospective employers and the referral of job applicants to these employers. Applicants over the age of seventeen who register with the Employment Service must possess an official identification card, and migrants who have not registered with municipal authorities or applicants who have a police record may sometimes try to pass as youths in order to escape this requirement. Applications of job seekers who do not find employment and who fail to maintain an active file are closed after one month. The service does not refer applicants to firms engaged in strikes. Many if not most employers, particularly in the modern sector, are reluctant to use the Employment Service in recruiting workers because they claim that the service does not properly screen referrals to them. The exchange is principally for low-skilled employees. A summary of the employment exchange program is presented in Table 18.

TABLE 18
Vacancies, Registered Applicants and Placements
in Thailand, 1965-1974

Year	Vacancies	Registered Applicants	Placement	
			Public Agency	Private Agencies
1965	13,940	14,985	8,105	5,572
1966	14,601	16,410	7,452	6,422
1967	13,765	12,955	6,805	7,840
1968	13,552	15,911	6,928	11,524
1969	14,171	18,628	7,659	14,396
1970	14,947	21,557	8,637	14,423
1971	21,666	38,280	11,466	15,587
1972	33,944	60,587	18,769	16,014
1973	52,715	61,443	25,352	14,864
1974	49,308	77,553	24,651	16,507

Source: Department of Labor, *Yearbook of Labor Statistics, 1974* (Bangkok, 1975), p. 37.

The skill development program has been assisted by International Labor Organization advisers, and an occupational training center exists as the National Skilled Development Institution (NSDI). Ultimately, the Department of Labor seeks to establish training institutes in each region of the Kingdom. About sixty personnel are assigned to training

programs, most of them are at the Din Daeng Vocational Training Center where skill development is taught in carpentry, auto mechanics, cabinet making, building construction, air conditioning and refrigeration, radio and T.V. repairs, welding, metal working, machine shop and other crafts. Most of the trainees reside in dormitories at the center, although both day and night programs are offered to Bangkok residents. Military veterans may attend without paying tuition, although the program is oriented more towards youths from poor families who have completed at least seven years of schooling. A second program of NSDI has been to arrange in-plant training programs based upon the needs of employers. Programs have been developed for hotels, auto assembly plants and domestic workers. Apprenticeship standards have been developed for certain crafts, and registration and placement of graduates have begun. A third program is directed towards supervisory training in personnel administration and human relations skills. This type of program is viewed as having a two-fold pay off. Not only does it serve to upgrade Thailand's managerial skills, but supervisors trained in the program may be more willing to list vacancies with and accept applicants from the Employment Service. However, this type of training program is directed towards middle-size firms and towards lower level supervisors. Larger firms arrange their own in-service training programs for lower and middle-level management. The Development Institution does not participate in vocational rehabilitation programs nor does it cooperate with agencies dealing with problems of the handicapped. It has neither the trained personnel nor the facilities for this type of program.

Public unemployment compensation insurance does not exist in Thailand and no system is now being planned. Although unemployment is a growing problem in Thailand, the fact that over 80 percent of Thailand's population is rural means that many unemployed are able to return to relatives on the farm. Hence, the economy can absorb workers experiencing temporary unemployment more easily than could a more urbanized society. In addition, the legal requirement of separation pay which increases with years of service, together with an implied commitment of employers of smaller firms to provide continuous employment, cushions the impact of cyclical swings in economic activity. Employment tends to vary seasonally with the planting and harvesting months, as uncommitted migrants enter and leave the urban labor force (see Table 19).

Thailand has also sought to increase employment opportunities for its nationals by restricting the employment of aliens. In recent years, the Thai government has sought to promote employment opportunities for nationals at the skilled, technical, and managerial levels, and since 1973 new aliens entering the country for employment purposes have had to register with and obtain work permits from the Office of the Secretary of Department of Labor, securing the appropriate visas from the Division of Immigration. These two offices do not always agree or coordinate their policies, much to the distress of companies needing to import specialized technical and managerial personnel. "The only government office whose word in labour matters is not challenged is the Board of Investment, which may insist on alien employees in promoted companies."¹² The Labor Department in the first two years of the Alien Occupation Act had issued about 400,000 alien work permits, of which there are three types. About 300,000 residence permits have been granted to aliens, mostly Chinese, who had lived and worked in Thailand for years before the 1972 Alien Occupation Act was promulgated. A second type is a temporary work permit issued to holders of nonimmigrant visas, and only about 5,000 of these have been issued. The nonimmigrant

¹²"Alien Occupation Laws," *Business Review* (November, 1974), p. 551.

TABLE 19
Labor Turnover Rates in Establishments with Twenty or
More Employees in Bangkok Metropolitan Area, 1973

Month	Total	Accession Rates		Total	Separation Rates	
		Manu- turing	Non-Manu- facturing		Manufac- turing	Non-Manu- facturing
January	1.7	2.1	1.4	1.4	1.9	1.2
February	2.0	2.5	1.8	1.2	1.8	1.0
March	1.9	2.4	1.6	1.8	2.2	1.6
April [#]	1.6	2.2	1.2	1.6	2.3	1.3
May [#]	2.4	2.7	2.3	1.8	2.3	1.5
June [#]	2.2	2.9	1.8	1.5	2.2	1.2
July	1.5	1.5	1.5	1.4	1.5	1.3
August	1.7	1.8	1.6	1.1	1.3	1.0
September	1.2	2.1	0.8	0.8	1.2	0.7
October [*]	1.6	1.6	1.6	1.5	2.0	1.2
November [*]	1.8	2.2	1.5	1.4	1.7	1.2
December [*]	1.3	1.4	1.2	1.0	1.0	1.0

Planting Months

* Harvesting Months

Source: Department of Labor, *Yearbook of Labor Statistics, 1974*
(Bangkok, 1975), pp. 52, 53.

visa is good for only thirty days, and it may be extended twice. Hence, every three months (or sooner), holders of these visas must leave the country and reenter on a new nonimmigrant visa. The third type of work permit is an annual one which is given to permanent residents who have entered restricted occupations since the enactment of the new law. In 1974, some 1,639 alien work permits in Bangkok were requested and 1,343 were granted.¹³ In order of national importance, the most frequent applicants were the Japanese, Americans, English and Chinese and by industry most applicants sought employment in hotels and restaurants, manufacturing, and personal services.

V. Social Security

In 1976 the only law relating to social security was the Workmen's Compensation Act, the fund for which is financed by a payroll tax on employers. The draft of a social security law providing for compulsory retirement insurance has been in preparation since 1965 and was submitted in 1975 to the Cabinet Ministers comprising the "Committee to Eradicate Poverty and for De-centralization of Government," where it received unofficial approval.¹⁴ A new division in the Department of Labor to administer the proposed act is contemplated, the personnel for which will have to undergo several months training before the act can be implemented. The Workmen's Compensation Fund will be transferred to and administered by this division, and the social security program will apply first to firms and employees in the Bangkok metropolitan area, from which it will be expanded throughout the Kingdom. In 1976, however, there was considerable opposition among business groups to the enactment of this law, and it may well be 1980 or beyond before the Thai government, in its customary fashion, has educated opposing interest groups sufficiently to accept the concept.

¹³ Department of Labor, *Yearbook of Labor Statistics, 1974* (Bangkok, 1975), pp. 57, 59.

¹⁴ Jan Schut, "Focus on Labour," p. 13.

Thailand has long required employers to report accidents, to maintain safe and healthy conditions of employment, and to assume medical expenses and to pay indemnity to workers injured on the job. Although most employers historically have insured themselves, many have subscribed to workmen's compensation insurance issued by private companies. In both cases the financial incentive to evade or contest payment to disabled workers has been considerable. To eliminate such problems, in 1973 The Workmen's Compensation Fund was established, financed by a tax on employers of twenty or more employees. The tax varies from 0.2 to 4.5 percent of the total payroll, depending upon the accident and disabling injury experience of the employer. The tax was imposed from 1973-75 only upon employers in Bangkok and Thonburi; in 1975 it was extended to the surrounding Changwads of Samut Prakan, Nontha Buri, Pathum Thani, Samut Sakhon, and Nakhon Pathom, and in 1977 it will be applied in other urban centers in the Kingdom, including the Changwads of Phuket, Songkhla, Chon Buri, Saraburi, and Ratchaburi. No problems of major consequence have been encountered in securing employer compliance with the tax.

Notice of a disabling injury must be given by the employer to the Labor Protection Division within fifteen days of its occurrence. Disabled workers must file for compensation from the fund without undue delay. Employers are obligated to provide at their expense immediate medical care to the injured employee. Death benefits are provided to dependent survivors upon application to the compensation fund. These benefits consist of a lump sum payment equal to three times the average monthly wage of the deceased employee to cover funeral expenses, and a monthly payment to dependent survivors equal to 60 percent of the average monthly wage for up to ten years. Also, the latter payment applies if a worker becomes totally, permanently disabled. Lump sum payments are discouraged to prevent misuse of the compensation award by the recipients. For temporary disabilities lasting from seven days to one year, compensation is paid to the disabled worker in amounts equal to 50 percent of his average monthly wages; for permanent, partial disabilities, compensation is equal to 50 percent of the average monthly wage for periods varying up to five years, depending upon the type of physical impairment incurred by the injured worker. This form of compensation is in addition to temporary disability payments to which he may be entitled. Limits are placed upon the amounts of monthly compensation payments, varying from a minimum of 250 to a maximum of 3,000 baht. A variety of occupational diseases are also covered by the act, including various forms of chemical poisoning, diseases of the skin, and diseases caused by noise, heat, intense light, darkness, vibration, air pollution, and other environmental conditions.

The Compensation Fund in 1974 disbursed 3.4 million baht in lump sum payments and approved claims to be dispersed monthly amounting to 12 million baht. Tax receipts are deposited with the Department of Labor and the fund at mid-1976 had accumulated reserves of over 21 million baht. If the fund continues to accumulate reserves after coverage of the act is expanded to major urban centers throughout the country, the tax premium may be reduced. At present, the program is functioning successfully, although no protection is offered to the 43 percent of the nonagricultural labor force employed in establishments of under twenty employees. Many of these, however, consist of paid or unpaid family workers who will receive care if they incur a disabling injury. Other major faults with the program lie in the failure of the government to institute a coordinated safety inspection, accident reporting, and safety training program to accompany the Workmen's Compensation Law. Accidents are costly, and firms should be assisted in accident prevention campaigns not only to safeguard their employees but to reduce their operating costs and tax premiums. Injury statistics are reported

in Table 20.

TABLE 20
Injuries Sustained by Industry in the Bangkok
Metropolitan Area, 1974

Industry	Total	Death	Temporary	Permanent Partial	Permanent Total
Agriculture and Other Primary	1	-	1	-	-
Mining	8	-	7	1	-
Manufacturing	2,469	34	1,977	450	8
Electricity, Gas and Water	15	1	11	3	-
Construction	354	23	386	40	5
Trade	415	28	366	18	3
Transport and Communication	291	27	240	22	2
Services	127	16	94	15	2
Other	10	2	7	1	-
Total	3,690	131	2,989	550	20

Source: Department of Labor, *Yearbook of Labor Statistics, 1974* (Bangkok, 1975), p. 89.

VI. Summary

Thailand has made great progress in the development of labor legislation in recent years. Substantial success has been achieved in developing administrative programs in labor relations and in Workmen's Compensation. Major deficiencies remain, however, in enforcing the labor protection laws and in providing employment exchange services. In these areas, the development of legislation has outpaced the extension of administrative services. However, with the eventual upgrading of labor administration to cabinet rank, it is to be hoped that it will be allotted more resources to carry out its programs. Not only will the Department of Labor be able to act more independently and be more neutral than is possible in the probusiness environment of the Ministry of Interior, but it will have the implicit support of organized labor to use as leverage in bidding for its share of the annual government operating budget.

Labor problems can be expected to increase as Thailand industrializes. Unless this industrialization occurs with sufficient rapidity to absorb its growing labor force, unemployment looms as an increasingly severe problem on the horizon. Yet, on the other hand, rapid industrialization produces work-related tensions which are sources of industrial conflict. Moreover, external diseconomies in a factory society develop as child labor and female labor abuses, industrial injuries, old age urban dependency, and income variations with cyclical fluctuations in business become significant. The functions pertaining to the administration of the labor laws, in any case, cannot help but expand.

Does the relatively quicker pace of development in labor law promulgation over that in administration support the Jacob's thesis that Thailand's modernization is in truth superficiali-that the laws are but a veneer, established to show a modern face to the rest of the world? Is the lack of concern with enforcement a pragmatic design so as to preserve a favorable climate for investment, so necessary for continued growth? While Thailand can reply to such social critics as the International Labor Organization that she has adopted measures to protect the welfare of labor, on the other hand, investors are reassured by the knowledge that, in fact, evasion of the laws will be simple, and that Thailand's abundant and cheap labor will remain as a variable cost of production.

This latter line of reasoning, although plausible to the cynic, is not without its fallacies. First, the enforcement that does occur is directed primarily at large firms, particularly Western ones, and so the benefits of evasion are less likely to accrue to large investors, who incidentally are also less likely to violate the lawsi Second, a belief persists in Thai bureaucratic society, as it does in most stable and functional governments, that laws for the most part will be obeyedi Thai employers, when informed of the law, have a moral obligation to heed it, and most in fact will do so. To the extent that compliance is achieved, society benefits from the law. Yet, Thais are realists. Some laws must and will be broken. If a parent does not mind permitting his child to work, then why should a labor inspector? It is not that the inspector is permitting a violation of the law to occur for, if the child were endangered, he would order the firm to correct the condition. The inspector is aware that child labor in Thailand is endemic, that Thailand is a developing country, that if the child were not at work he would be on the streets and certainly not be in schooli¹⁵ Hence, the law, patterned after one that is relevant to a modern, developed economy is administered under the realities of a developing one. The advantages that Thailand obtains from such legislation then is fourfold: (a) to the extent that voluntary compliance is achieved, the industrial labor force is protected; (b) society has already accepted the principle of such legislation, and the delays arising from parliamentary lethargy need not be encountered when working conditions reach a crisis stage that requires affirmative action; (c) the preexistence of the legislation permits the intensity of enforcement to vary positively with pace of development; (d) in the meantime, means exist to deal with the more flagrant violationsi

This reasoning is not intended to defend the lack of enforcement of labor legislationi Rather, it recognizes that developing countries such as Thailand are often forced by the public opinion of advanced countries to enact social legislation that is as inappropriate for their stage of development as it would have been for the now advanced countries at their earlier comparable stage of developmenti The undeveloped level of enforcement, then, is a pragmatic compromise to a body of legislation imposed upon Thailand that is in advance of her economic development.

¹⁵A father asked his service station employer to give his fourteen year old son a job. The father, earning a daily minimum wage of 25 baht, agreed to accept 15 baht a day for the inexperienced, immature son. A few weeks later, a labor inspector came by and discovered the violation and was faced with this dilemmai If he forced the service station operator to pay the minimum wage, the employer would have to discharge the child, for the child did not produce 25 baht of income per day. Should he enforce the law or should he protect the job of the child?

CHAPTER 5

INDUSTRIAL RELATIONS IN THAILAND

I. Industrial Relations and Cultural Change

To a great extent, a country's level of development conditions the practice of its industrial relations. As a result, the personnel problems experienced by managers in one country differ from those experienced in another at a different stage of development. This is also true within a country at different periods of time. The differences in these industrial relations problems flow not only from the maturation changes which have occurred within the labor force in terms of its motivation, its commitment, and its age, skill, sex, and occupational composition; but the differences also relate to the developing capacity of management to adapt to changes over time. Compared to 1950, the labor force of Thailand today is more urban, better educated, more materially motivated, and better disciplined to factory work. It should, thus, be easier to manage. Yet, by American or German standards, it is still comparatively primitive. Skill composition and productivity are lower, commitment is weaker, and training takes longer.

Industrial relations policies and programs in Thailand vary widely by types of firms. In general, the employment relationship is less formal and less overtly structured than in more developed countries, and this permits a less well-developed system of personnel administration by corresponding sizes of firms. Recruitment procedures are more informal and selection procedures, in the absence of job specifications, are perhaps more subjective. Most establishments place little reliance upon public employment offices, but to obtain specialized personnel in Western firms, some use is made of private employment agencies. Training is for the most part of an on-the-job character. Vocational schools and commercial schools do provide some off-job skill development facilities, but even graduates of these programs require additional on-the-job skill enrichment. Apprenticeship programs do exist among some of the older crafts, but the delay in the growth of trade unions has hindered the development of formal apprenticeship programs in the more modern crafts.

The urban labor force, once composed essentially of alien Chinese, has become predominantly ethnic Thai since 1960, and these Thais are becoming committed to nonagricultural employment. As this trend continues, the traditional Thai attitude towards superior-subordinate relationships can be expected to change. The Thai worker, from a predominantly rural society, uneducated, and individualized without a history of membership in permanent, cooperative group organizations, came to accept the imbalance of power with authority figures, chiefly agents of the monarchy. Survival needs and wisdom taught the Thai to defer to authority, to submit to it when no other alternative was available as was frequently the case; to evade or avoid authority figures as much as possible; and to seek a protective patron against the

encroachment of rival authority figures. This traditional pattern was in response to a set of circumstances against which the individualistic Thai felt hopelessly unable to contend. The reluctance of Thais to become emotionally involved with others, to confront peers, and especially to challenge superiors is rooted, perhaps, not in the feeling of self-worth of a Thai--which most observers agree is high--but in the sense of being powerless. The corresponding attitude of those in power or in a higher status position is that they do possess the capacity or strength to deal effectively with subordinates. The traditional superior-subordinate relationship has been re-enforced by the persistence of these attitudes. Workable grievance procedures are rare because few provide protection against the imagined greater power and potential retribution of a superior sufficient to guarantee their use by subordinates.

Yet employees are learning that they do have certain rights under the labor codes and that the Labor Department will intervene in their behalf against an employer. The strike has proven in recent years to be an effective weapon for securing redress of grievances and increases in wages. Labor associations are developing and providing leadership to represent workers' interests. All of these actions receive widespread press coverage. Hence Thai workers are learning that there are alternatives to complete submission to employer actions. The labor force reflects the young age distribution of the population, and the rebellious nature of youth, exemplified by the actions since 1972 of mass student protest and interest in social reform, becomes a characteristic trait of that component of the labor force.

The immature union movement similarly had not until 1973 required the sharpening of human relations skills on the part of management or the development of a codified body of work rules in the establishment which required systematic application and adjudication. As the union movement has developed and become more militant, however, deficiencies in personnel administration have become more glaring. A November 1974 survey of eighty-one large firms by the American Chamber of Commerce in Bangkok revealed that 85 percent had published work-rules. The larger the firm and the more Western its orientation, the more likely it was that it had formalized company rules, oriented employees to them, and sought to enforce them. Similarly, well-developed industrial relations departments exist only in the larger establishments. The same U.S. Chamber of Commerce survey revealed in 1974 that only 60 percent of the surveyed companies employed a personnel manager. Thailand is still essentially a country composed of small, family owned and operated businesses (see Table 21), and recognition of the need for modern personnel administration develops only as the number of large employers increases, as labor legislation is extended and enforced, and as the labor union movement expands, gains experience, and flexes its muscle.

Thai management is essentially paternalistic, especially in small and middle size firms. In the smaller firms, much of the labor force may be composed of family members. Employment of strategic personnel, if not for life, entails a long-term commitment of the firm to the master-servant relationship. This commitment is reinforced by legislation imposing high separation costs upon employers for releasing long-service employees. Hence, most firms divide their labor force into two components, a permanent and a temporary element. The permanent element will consist of employees whose skills are more specific to the firm and who require a period of on-the-job training. These include

TABLE 21

Total Employment in the Greater Bangkok Metropolitan Area,*
By Size of Establishment, September 1970 and January 1973.

Establishment Size by Number of Workers	Number of Firms		Cumulative Percent of Firms		Number of Workers		Cumulative Percent of Workers	
	1970	1973	1970	1973	1970	1973	1970	1973
1000 and over	35	46	.05	.04	77,119	120,867	15.14	15.67
500 - 999	44	82	.12	.11	31,951	56,763	21.41	23.03
300 - 499	77	106	.24	.21	28,972	41,099	27.10	28.36
100 - 299	315	503	.72	.67	52,765	82,264	37.46	39.02
50 - 99	500	825	1.49	1.42	33,837	56,784	44.10	46.38
20 - 49	1,774	2,776	4.21	3.95	52,731	82,541	54.46	57.08
10 - 19	3,774	4,899	10.00	8.41	41,034	64,243	62.52	65.41
5 - 9	12,402	14,756	29.03	21.86	75,705	92,816	77.39	77.44
1 - 4	<u>46,251</u>	<u>85,736</u>	100.00	99.99	<u>115,103</u>	<u>174,117</u>	99.99	100.00
Total	65,172	109,729			509,217	771,494		

Source: Department of Labor *Yearbook of Labor Statistics, 1972, 1974* (Bangkok Ministry of Interior, 1975).

* Includes Bangkok, Thonburi, Samut Prakan, Nonthaburi, Pathum Thani

operatives as well as skilled maintenance personnel, and all have served a probationary period of service ranging up to six months.ⁱ Temporary employees serve for less than six months, are typically unskilled, and are put in jobs requiring little training.ⁱ Many are raw recruits from rural areas.ⁱ Others may be workers supplied by a labor contractor, a practice still in common use in Thailand, whereby a broker employs, often seasonal, village labor for service in other areas.ⁱ Frequently a large portion of the community is transported to the work site where they continue to live in make-shift abodes as a community for the period of contracted employment.

Employees in Thai establishments have specific, limited assignments. If these assignments are not coordinated and synchronized with others, such as is true in most shop and mercantile establishments, the time at which the tasks are performed is not a matter of great concern.ⁱ The employee understands his obligations and is permitted to pattern his work and lifestyle in a manner most pleasing to him, provided, of course, that he fulfills his obligations.ⁱ The Thai worker respects authority and because the owner-manager can personally supervise the work force, the work culture does not require an elaborate set of formalized work rules.ⁱ Even in larger Thai establishments, the principle of specified work assignments and answerability to one and only one source of authority militates against a formal set of operating rules.ⁱ In foreign firms, however, the culture is less well understood by both Thai and alien managers, and more reliance is placed upon a formal set of personnel policies.

As in any Thai social relationship, status rankings are well defined, and if they are not well understood, personnel problems result.¹ The management hierarchy is delineated by family and kin relationships,ⁱ experience, and education.ⁱ Typically, a college degree is a prerequisite for entering both the Civil Service as an officer and into managerial ranks in private enterprise. A foreign degree from a European or

¹ Status is conferred by one's position in a company and is reinforced by the network of interpersonal relationships which are established on the job. It has been observed that loyalty to status is more binding than loyalty to company, although status is conferred by both the company and the position.ⁱ "One manager of a company, which has had only two people leave over a ten-year local history with a staff exceeding fifty, feels compelled to say that he believes his employees stay not out of loyalty to the company, but for reasons of status." "Thai Attitudes and Modern Management," *Investor* (January, 1971), p. 63. This, however, may simply be another way of saying that workers recognize that their position in their current job is better than they could obtain elsewhere.ⁱ Deyo has provided some insight into this question relating to white collar workers by explaining: "The Thai male desires higher status, but is not greatly dissatisfied to stay at his current rank, nor realistically anxious to "change" his job in the direction of higher rank... (Thai-Chinese males) indicate a lack of ambition, show an idealized stress on loyalty and intimacy among peers, the subordination of personal advancement to the maintenance of group harmony, and a lack of materialism." The sets of values for both ethnic groups would tend to lower turnover.ⁱ Frederic C. Deyo, "Ethnicity and Work Culture in Thailand: A Comparison of Thai and Thai-Chinese White Collar Workers," *Journal of Asian Studies*, 34, 4, (August, 1975), pp. 101, 12.

American university carries more prestige than does a degree from a Thai institution, and combinations of prior government service, a foreign education, and an advanced degree influence status accordingly. Foremen and other lower level supervisors in Western firms typically have secondary educations, although in Thai firms this is not as common. The work force is similarly structured, and because occupational skills in terms of in-school specializations and trainability are related to educational attainment, the status rankings from skilled to unskilled personnel tend to parallel years of schooling. In smaller firms and in establishments outside Bangkok, the majority of the work force tend to be unskilled with only a lower, primary level of education (1-4 years).ⁱ Within the metropolitan region, the greater availability of secondary schools permits a more varied skill mix in the labor force, and this availability reinforces the necessity of firms that need such skills to locate in the Bangkok-Thonburi area.ⁱ

Advancement in the work force or management hierarchies is perhaps more performance oriented in the private sector than in government service, but personal relationships still are highly regarded, because of the persistence of the patron-client value structure as an important factor in promotions.ⁱ Seniority is also an element, but close personal ties and seniority go hand in hand with job knowledge and experience, so it may not be entirely accurate to imply that performance criterion is not widely utilized. Moreover, because pay increments tend to follow years of service, seniority and the wage structure tend also to be correlated. In a society in which formal contracts are not prevalent and where their enforcement is not easy,ⁱ evidence of loyalty and trust may be a vital element in appraising an employee's overall productivity.

The cultural norms of the Thai work force should be better understood by Thais, one would assume, than by foreigners, and hence one would expect fewer instances of labor-management conflict in Thai than in foreign establishments.ⁱ Moreover, it is a widely held belief that in the good Thai society, all elements should work together harmoniously and cooperatively, and since Thais share this value more than foreigners,ⁱ industrial relations in Thai firms ought, therefore, to be more harmonious.² Yet, conflicts of interests in all industrial settings between employers and employees seem to be a fact of life, and where work rules have not been developed delineating the legitimate interests and roles of the respective parties, industrial conflict seems to result.ⁱ The Thai pattern of handling conflict, while workable in a rural setting or a small firm relationship, has not adapted well to the modern industrial scene.ⁱ

"Thai workers generally have a large number of outstanding grievances to settle with their employers.ⁱ The traditional Thai method of handling interpersonal conflicts is outmoded and conflicts persist that cannot be solved except by the worker leaving his job.ⁱ Industries, however, do require disciplined behaviour aimed at achieving certain goals at certain times.ⁱ Dealing with an industrial labour force that comes mostly from the country's rural areas requires a strong-minded floor

²This opinion was expressed to me by the distinguished Sri Prinya in a March 8, 1973 interview. Also, see "Thai Attitudes and Modern Management," p. 61.

management if high levels of productivity are to be achieved. This, however, can go too far, resulting in suppressed resentment. Because there is little in the way of systematic procedures for dealing with worker grievances -- and many dealings tend to be dominated by managements -- real labour problems have a habit of suddenly flaring up. Managements ... tend to feel betrayed, under the impression that because their employees were receiving what the management deemed to be fair and adequate remuneration, this should have been enough.³

Good personnel policies, practiced by a modern industrial relations department can minimize these disputes. Relatively fewer Thai companies have such departments than do foreign companies, and among the latter, the personnel practices of Western companies appear to be more developed than those of Japanese or Chinese companies. Hence, in terms of indices of employee unrest, Western companies tend to have fewer work stoppages and less employee turnover than do Japanese or Chinese firms, which, in turn, have less turnover and fewer labor disputes than do native Thai firms. It may be true, of course, that because of the foreign element, in those alien establishments in which labor disputes do occur, sentiments may be stronger and the feeling of outrage against alleged abuses may be more volatile. Hence labor disputes in foreign firms may be more publicized because of the drama associated with them, and this can contribute to the popular misconception that more conflict exists between Thai workers and foreign management than with Thai management.

II. Personnel Policies in Small Firms

Small firms are predominantly Thai-Chinese family enterprises, which are owner-managed. In about 110,000 firms in Greater Bangkok in 1973, fully 96 percent employed fewer than fifty employees. Most owner-managers have acquired their managerial skills through on-the-job training, and many do not comprehend that they need more training. The personnel function is one of many assumed by the owner.ⁿ In small firms, the employment relationship is likely to be in the form of an entourage, with a patron and a client. The ownerpatron is the *poo yai* (big person) and the client-worker is the *poo noi* (small person). The *poo yai* is the master and the *poo noi* obeys. "Docility is more highly valued than ability. Obedience and loyalty are more important than productivity."⁴ The worker-manager relationship is personal; orders are direct; training is informal; wages and benefits are paternalistically determined. Business relationships are also personal and built on trust. If working capital is small, often the operation proceeds on personal credit without the formality of a contract. Successful management depends more on the ability to establish horizontal ties and contacts and less on the management of subordinate personnel.ⁿ Superior-subordinate roles are traditionally determined,

³"Labour: A New Emergent Political Force," *Far Eastern Economic Review* October 18, 1974, p. 9.

⁴Frank Lombard, "The Thai Worker on the Move," *Bangkok Post*, Supplement, August 31, 1973, p. 7.

so much so that it is almost taboo for a subordinate to challenge a superior.⁵

Recruitment of nonfamily employees is primarily by word-of-mouth referrals. An employee has a friend who wants a job, or a business associate knows someone who would make a good employee. Some of the larger Thai-Chinese firms sometimes will advertise in the newspaper, but few such firms make use of the government's employment service. Both Thai and Thai-Chinese workers are recruited, and some distinction is made between them. The overwhelming majority of Chinese descendants in the present generation are Thai nationals and so regard themselves,⁶ but those with Chinese ancestry are more likely to be able to speak the Chinese language, which is an advantage that enables even the unskilled to move into higher-level employment. In interviewing applicants, evaluation procedures are essentially subjective, and recommendations are given great weight.

In small factories or shops, skilled employees have mostly received their training in previous employment. Much of the work requires little training as the machines are simple to operate, and most employees spend a week or two with a fellow employee to learn their assignments. Induction is informal, and the worker acquires his knowledge of the work rules by observing the behavior of his peers. Some firms rely heavily upon temporary seasonal employees. A long-term commitment to employ workers seems to apply only to the more skilled of the work force. Layoffs are used to reduce the work force when demand varies, and only the more skilled are retained. Often, even they are idle. Not all of them, however, are paid during retrenchment; rather, many of the semi-skilled are given advancements against future earnings. Promotional opportunities are not plentiful, and because of the limited skills of the firm's labor force, replacements for higher positions usually come from outside the existing work force.

Although there is little difference between Thai-Chinese and ethnic Thai unskilled labor in their capacity to learn a job, the Chinese often have an advantage of experience since ethnic Thai ordinarily have rural backgrounds. Those with Chinese parents are more likely to have received some indoctrination in business affairs, and they tend to be more stable employees. They also tend to have more education than Thais, an advantage that enables them to move upward in the firm, although in fact there are not many opportunities for, or steps in, promotion.

Work intensity is light and job behavior is casual. Work positions are not well attended, and employees mingle and converse at their pleasure. Strict adherence to production schedules is not required. The employees appear to be practicing "sanuk," and the absence of foremen gives them wide latitude in their job behavior. The

⁵In a celebrated steel strike, a worker who did voice in public a grievance against the plant manager was promptly jailed for "slander." See the editorial entitled "Steel Strike (cont.)," *Bangkok Post* June 19, 1973, p. 4.

⁶In interviews with owner-managers, I was often told that those nationals of Chinese ancestry who enter government service become institutionalized, think of themselves as Thai, and sometimes even deny their Chinese origin. However, Chinese are less likely to prefer government employment and are more likely to favor a commercial endeavor.

flexible work assignments and output requirements make consistent attendance unnecessary, although a worker is not paid if he does not show up for work. Apparently he also understands that he may not be absent chronically.

Employees are occasionally discharged for repeated bad performance or chronic absenteeism. Verbal reprimands may be used for disciplinary purposes. An interesting comment by one Chinese shop owner, when I asked how he responded when he felt like shouting at an employee for a stupid error, was the matter-of-fact statement "I shout at them. The workers may grin or look sheepish, but it is an accepted prerogative of the employer." I questioned a personnel director of a larger Thai firm about this statement and was told that Thai-Chinese employers can yell at their Thai employees, particularly if they use a little humor in doing it, and the Thai employees do not object; some may even appreciate it. It is the way it is done and by whom it is done that matters. An alien employer who attempted to do the same thing would, however, affront the employee and cause him to lose face.

There is ordinarily no grievance procedure. Employees usually defer to the employer out of respect, but just as a child may be permitted to engage in some verbal sparring with a parent within limits, so may an employee with an employer. If grievances are small, employees may gripe and grumble among themselves, but rarely will they complain to their employer. However, workers will sometimes raise major grievances with their employer and, if they receive no satisfaction, they quit. Major face-to-face confrontations are avoided. Neither are workers likely to offer suggestions about improved ways of doing things, although infrequently a skilled employee may make a suggestion.

Employees in small firms are not normally organized in either formal or informal worker associations. On the other hand, organizations do exist among traders and merchants, although the mutual aid and self-help organizations that are found in the Thai-Chinese community are not worker organizations. Owners of small firms avoid contact with government agencies, particularly the Labor Department and the Factory Inspection offices. The owners are not particularly safety conscious, and they can evade the safety laws because such laws have not been rigorously enforced. Employees seem to be ill informed about the type of protection provided them by the labor laws.

Wages are usually paid monthly. Salary advances are sometimes given. Monthly wages in 1976 varied from 400 baht for unskilled labor (janitor) to 1,500 baht for truck drivers. In addition, many employers provide living accommodations and three meals a day to employees. There is no incentive pay but, as is the Chinese custom, a bonus is customarily paid at the Chinese lunar new year, based on the profits of the firm. Salary increases are not frequent. Some informal sick leave is allowed and the firms often pay for medical expenses of employees. Pensions are rarely provided. The work day varies from ten to twelve hours or more, and in many small businesses a seven-day week is worked. Few holidays are provided, although there is a three or four-day break at the Chinese new year. Lunch breaks and periodic comfort breaks are not scheduled; workers eat or go to the bathroom whenever they can. The employer ordinarily sponsors no recreational activities with employees.

Few small business owners are well educated or trained in modern management practices. Inventory control is loose, and production may frequently be interrupted because of equipment failures. Many companies are under-capitalized; much of the working capital is borrowed,

and supplies are purchased on credit. Products have been designed and produced without determining the market demand, although in recent years some marketing research has been undertaken before introducing new products.ⁱ Production is not well planned; facilities and personnel are frequently idle while employees wait for another department or process to supply them with a needed component. Supervision is sparse, and few foremen are utilized.ⁱ Consequently, quality control is not maintained, and there are numerous rejects, often after items have been delivered to dealers. Most departments do not maintain records, and those which are kept are incomplete and often inaccurate.⁷

III. Industrial Relations in the Modern Sector

Large firms in Thailand are both Thai and alien-owned,⁸ the latter being joint ventures with some Thai ownership. Whether owned by Thais or aliens, large firms, of necessity, utilize more modern managerial techniques; the management hierarchy is highly structured, and both line and staff organizations are utilized.⁹ In 1973 in Greater Bangkok there were only eighty-two firms that employed more than five hundred workers -- about one-tenth of one percent of all firms -- yet combined they employed almost one-fourth of the metropolitan industrial labor force. The management of these firms are professionals, the upper executive levels are well represented in the Thai Management Association, and the personnel or industrial relations officers are members of the Personnel Management Group.¹⁰ Managers of the Thai companies are largely indigenous executives who have had foreign educations and/or experience. Even here, cliques based on family ties and friendships, reinforced by intermarriage, may often dominate the key positions of directorships and top executive assignments.ⁱ Many middle executives formerly worked for the government as civil service officers. In the alien-owned companies, top and many middle-level executives are themselves aliens, although increasingly Thais are moving up the executive ladder.ⁱ Here, too, Thai executives are frequently from the Thai bureaucracy; often, they are former military officers.ⁱ In most large companies, the chief personnel officer is himself Thai.ⁱ Foreign owned companies tend to exercise tighter control within the organization than do indigenous Thai firms.ⁱ

Because staff relationships are usually horizontal and their authority is advisory, personnel directors tend to be at the top executive level. This is necessary because status consciousness in Thai society tends to be vertical, not horizontal. Because relationships in all hierarchies tend to be personal, linkages occur only between two levels.ⁱ An individual has only one "immediate" boss to whom he is responsible, no matter how many managerial levels may exist above his supervisor.ⁱ Little cooperation among equals, as staff executives tend to be, is expected or occurs.ⁱ This is more true in the bureaucracy

⁷ Similar management practices are described by Chirmsak Pinthong, *Economics of Small Tractor Production in Thailand*, (M.A. Thesis, Thammasat University, 1974), pp. 23-39.

⁸ In 1972, Thais owned 68 percent of total investment.

⁹ In Japanese firms, fewer supervisors and more "leadmen" are utilized. The Japanese structure tends to be more shallow than in other foreign firms.ⁱ

¹⁰ Of the fifty members of the Personnel Management Group in May 1973, thirty-seven companies were represented. Of these companies, fourteen were Thai, four were Japanese, and nineteen were alien-Thai companies.ⁱ

than in private enterprise,¹¹ and more true in Thai firms than in foreign firms. Hence, for staff functions to be effective, they must be implemented by executives of superior statusi

Development

Large companies spend a great deal of effort through in-house seminars to upgrade and train middle and lower level executives, who are frequently deficient in human relations skillsi In this training emphasis is placed upon the type of leadership skills that will elicit information from subordinates and at the same time point up the inappropriateness of the *poo yai - poo noi* relationship in a large, modern business. Other seminars are devoted to acquainting managers with the cultural traits of the Thai worker and the type of leadership that is required to elicit appropriate behavior from him. In essence, this training not only seeks to transform the Thai manager into his Western counterpart, but also in the interim process to provide the executive with a realistic set of expectations of Thai worker performancei One of the biggest complaints is that managers do not understand the Thai worker, who means no personal offense when he is absent, tardy, or ignores company rules. That is his nature. If he is to be changed into a disciplined, predictable employeei he must be trained, and trained in a manner that permits him to keep his self-respect and his regard for his superior as a helpful, concerned, benevolent leaderi Because Thailand's wage labor force is still relatively small and only recently removed from a rural culture, the industrial relations function is especially important to management seeking a responsive, committed, and productive work force.

The scarcity of locally trained managers has compelled international companies to import personnel at great cost to fill positions at various steps in the management hierarchy.¹² Top management is usually imported by most multinational companiesi It is often advisable and even necessary to duplicate some of these top positions with indigenous managers, especially since Thailand requires some degree of joint ownership by a national in the venturei At lower levels, line executives with unique technical skills may also have to be imported.

The inescapable need to communicate means that the lower strata of management must of necessity be able to speak the language, in order to mediate between the needs of the company and the traditional work habits of the employees and to translate performance standards into terms comprehensible to the workersi Because expatriates are thought to have bridged the cultural and language gaps, they are sometimes used to fill a number of intermediate positionsi Certainly, at the intermediate and supervisory levels, indigenous personnel must be used. Opportunities for Thai production workers to be promoted to supervisory level positions in alien owned businesses are extremely rare because of the dual language requirementi It is normally the

¹¹An example is the lack of interchange of data among agencies. Ministriesi independence of one another creates many policy problems. An American advisor to the Labor Department noted to me that provincial labor officers ignore directives from Bangkok officialsi of equal civil service ranki

¹²Excluding travel, in 1971 an upper level foreign executive could live quite nicely on \$1,250 per month. In 1975 the same level of living would cost \$2,050. See "The Farang's Cost of Living," *Investor*, (December, 1971), p. 977-81.

better-educated Thais who have a facility to speak English, and supervisors in alien firms are, therefore, drawn primarily from this sector of the labor force.¹³ Hence, supervisors are employed from the external labor market of alien firms.¹⁴ On the other hand, in Thai owned establishments, language is no barrier, and opportunities for the rank-and-file worker to rise to a supervisory position are correspondingly much greater.¹⁵ The lack of opportunity of native Thais to move into management positions in Japanese-owned firms has been cited as one of the primary reasons for the enactment of the Alien Business and Occupation Act of 1973.¹⁶

Attempts by alien managers to mold indigenous Thai personnel into an efficient producing unit, without making allowances for cross-cultural attitudes and values, are likely to result in intra-organizational conflict.¹⁷ An executive who is conditioned to speak bluntly in direct interpersonal exchanges can alienate subordinates who are accustomed to an indirect, soft approach in receiving reprimands or changes of procedure with which they are identified.¹⁸ The existence of tensions and disharmonies can be particularly pernicious when two-way communication does not operate.¹⁹ Even where formal grievance procedures have been instituted, recourse to them is not being made because cultural norms of behavior make it unthinkable for a subordinate to question his superior.²⁰ Embarrassing confrontations are to be avoided. If conditions are intolerable, a subordinate may prefer to leave the firm rather than to raise the issue.²¹ Employee groups may simply walk out.²² Even then, the manager may find that he can only discover the issue through a government mediator with whom a delegation of workers feel more free to talk.²³

Such spontaneous walkouts are common even though labor organizations were illegal in Thailand until 1972. The existence of a labor movement, however, does not assure that a greater level of worker-management communication will take place.²⁴ A movement which is inexperienced and has a history of being suppressed is apt to be less job-oriented than political.²⁵ I have talked with executives in Thailand who, conscious of the communications gap, have considered instituting company unions as a last ditch method of developing two-way channels of information with employees.²⁶

¹³"Focus on Thailand, 1973," *Far Eastern Economic Review* May 14, 1973, pp. 29-31. To encourage the employment of Thai nationals, alien personnel have been harassed by visa restrictions which require periodic exit and reentry into the country. Moreover, it is not uncommon for an alien to be unable to secure an entry visa from the Foreign Ministry because he has not first obtained a work permit, but the Labor Department refuses to issue him a work permit until he has first obtained the appropriate entry visa.

¹⁴A General Electric Company study of personnel failures in foreign assignments found that 60 percent of them were owing to poor cultural adaptability. R.B. Blomfield, "The Importance of Foreign Language to a Career in Business," *Journal of the American Society of Training Directors* (October, 1961), p. 35.

¹⁵R. D. Robinson, *International Management* (New York: Holt, Rinehart & Winston, 1967), pp. 61-63.

Performance

Performance by Thai workers may, however, deviate from Western norms because of cultural influences. A Western employee's concept of identification with and commitment to the company may be alien to a Thai worker. The Thai employee may identify with a superior, who assumes the role of a patron, or may be loyal to the status which his position in the company bestows upon him, but in Thailand there is no counterpart to the "organizational man". Moreover, in the tropics, a basic principle seems to be "minimize the expenditure of energy by accepting the most easily obtainable result". This principle does not make for thoroughness in analyzing alternative courses of action. In keeping with this principle, the most apparent details are considered to be the only relevant ones. Indeed, because statistics are sparse and record keeping has no history, management has little appreciation for facts and only little understanding of the need to collect and analyze data to assist in decision making. Subordinates may carry out directives without a thought of questioning even those orders which are clearly in error, for to admit that one does not understand amounts to an admission that one is not competent. Instead, the subordinate supplies his own interpretation, taking refuge in the knowledge that the superior will be held responsible for the error. Ordinarily, mistakes will not formally be brought to the attention of a superior, nor will responsibility be accepted for errors. The reasoning proceeds as follows: "since no error was intended, the mistake must have been engineered by fate; hence, it was not within my power to prevent it and I am therefore not responsible for it." Such attitudes play havoc with the control function of management, for they result in only a one-way flow of information - from top to bottom. There is also an unwillingness to impose oneself upon a superior -- *Kriengjai* --; to bother him or seek assistance. It is "out of place" and does not show proper respect. Consequently, needed clarifications are not sought.

The importance of labor productivity of cooperating resources, particularly as expressed in the form of the capital-labor ratio, is well understood. The scarcity of critical complementary resources, such as managerial talent, contributes also to low levels of worker productivity. Moreover, cultural traits of the labor force can also contribute to deficient levels of output.¹⁶ Productivity is normally measured in terms of output per unit of time, and an attitude which does not regard time as having an opportunity cost is not one which is sensitive to admonitions to maximize output per unit of time. In Thailand, work has low value if it cannot be enjoyed, and labor force participants do not readily accommodate themselves to situations in which the activity is devoid of "fun". Where reward and advancement are rooted in traditions of personal relationships and seniority, the principle of merit has little incentive value. Although Thais are generally well fed, poor nutrition and inadequate caloric intake may limit the capacity of some elements of the work force to undertake sustained or rigorous expenditures of energy. Poor health can contribute to absenteeism and can shorten work life expectancy. Because of these considerations, the size of a labor force required to perform a given unit of work is often greater in Thailand than in a more developed country, even aside from the substitution of labor for capital which

¹⁶Keith Davis, "Managing Productivity in Developing Countries," in *Management in International Perspective*, ed. S.B. Prasad (New York: Appleton-Century-Croft, 1967), pp. 148-59.

accompanies low wages. Conventional managerial techniques to improve productivity, which apply in developed countries, may prove inadequate in the face of these cultural differences.

Turnover and Training Costs

Separations are composed of layoffs, quits, and terminations due to deaths or retirement. The last source of separations are trivial in Thailand, which has a relatively young labor force. Rather, quits are the predominant cause of turnover. The seasonal or ritual attraction of rural culture has been strong, and seasonal turnover in urban employment has been correspondingly high. As recently as 1964, it was observed that "a great many wage earners are only seasonal workers." Many rural Thai fill nonagricultural positions only between rice planting and harvest time. Such workers constitute a large proportion of the unskilled labor which is the major component of the nonagricultural work force. These temporary, unskilled workers are not fully committed to nonagricultural labor. They will work, or cease to work, in response to their immediate feelings, the actions of friends - particularly from their home village or region - or the extent to which "face" and traditional value requirements have or have not been satisfied.¹⁷ Also, since Thailand is a Buddhist country, periodic quits are occasioned by the obligation of a young man at one time in his life to spend several months in the monkhood. As development progresses, however, turnover associated with rural links should be reduced, and a more committed, more stable labor force should result.

Other factors can lower separations rates, such as the strict enforcement of the Separations Pay Act, where workers laid off through no fault of their own are given termination pay based upon their length of service. In firms which are committed to a traditional style of lifetime employment, or which are subject to high separation payments, or which have large training costs, layoffs will tend also to be relatively few in number.¹⁸ Finally, in a dual labor market where modern, high wage firms exist in one sector and traditional, low paying firms exist in another, workers in high paying firms will tend to have lower quit rates than those in the traditional sector. The modern sector is likely to have the most "committed" employees.

Statistics on separation rates in Thailand reveal that in manufacturing establishments such rates are about one-half of those in the United States. These statistics, however, are collected from establishments of twenty employees or more and are voluntarily supplied through a mail questionnaire. Hence, the data is undoubtedly biased in the sense that the traditional sector is underrepresented and the modern sector is overrepresented. The latter would tend to have lower layoff and quit rates for the reasons indicated above. These rates also vary cyclically in Thailand as they do in the United States.

Koji Taira has studied the reasons for the lower separation rates by interviewing thirty-three firms divided among Thai, Western, and

¹⁷ U.S. Department of Labor, *Labor Law and Practice in Thailand*, BLS Bulletin 267 (Washington, 1964), p. 26.

¹⁸ Thai executives have told me that Japanese firms in Thailand do not practice their Japanese custom of providing lifetime employment to their employees. It is Thai firms rather than Japanese firms that are most committed to this philosophy.

Japanese owned factories.¹⁹ All are relatively large, with an average of over six hundred employees, and are obviously in the modern sector. All have much lower separation rates than the U.S. average in manufacturing, although no comparison is made with the rates in firms in the U.S. modern sector. He finds that separation rates vary inversely with wages and with "good" management practices. The order of separation rates is highest in Thai firms and lowest in Western owned firms.

Training costs, of course, are related to the amount of turnover. To the extent that members of the labor force involved in quits move to related jobs at higher pay, the employing firms experience an external economy, where costs of training are imposed upon other establishments. To the extent that skills acquired on earlier jobs are not transferred, then a social loss from investment in training is incurred. As economic development proceeds, a reduction in the latter type of turnover can be expected, while the former increases, so that the national stock of investment in human industrial resource grows. Training costs, then, are composed of two elements. One of these involves converting an unskilled, undisciplined rural labor force into an industrial one with a hierarchy of skills - call this "transformation training costs"; the other involves upgrading a partially trained industrial labor force - call this "upgrading training costs." In countries experiencing early stages of development, the composition of a company's training costs is heavily weighted with the first type and, because of the turnover induced by rural-pull, such training costs continue over an extended period. As growth proceeds, the weight shifts towards the second type of training costs. Obviously, the composition of weights are influenced by both the pace of development, which conditions the rate of absorption of the rural labor force, and the skill needs of the expanding economy. A rapidly growing company in a vibrant economy of a less developed country, such as Thailand, finds its training costs still heavily weighted by transformation costs.

IV. Conclusions

The above generalizations about the practice of industrial relations must be recognized for what they are -- indications of common practices -- for there are wide variations within Thailand. Moreover, with economic development, rapid changes in practices are occurring. There are variations between metropolitan and provincially located establishments, between large and small firms, and among Thai, Thai-Chinese, Japanese, or Western firms.

Alien companies often tend to be concerned with the effects of labor conflict only to the extent that political considerations require it. If a venture is short term, it may not be economically feasible to invest substantial sums into enlightened personnel policies. More long term ventures, on the other hand, require sustained efforts to minimize conflict, particularly since the government is sensitive to social disorder, or if operations require importation of large numbers of technical staff who must work closely with indigenous personnel. Whether the costs are in the form of lower levels of productivity, in resources not utilized because of a labor dispute, in increased risks of expropriation, or in the imposition of more stringent regulatory statutes, employer-employee conflict can be expensive.

¹⁹ Koji Taira, "Work Force Management and Labor Markets in Thai Industry" (Paper presented at Midwest Japan Seminar, University of Kansas, Lawrence, November 22, 1975).

As traditional Thai employer-employee relationships change, enlightened personnel policies as a consequence must develop if management is to deal effectively with the industrial relations problems of the near future. As more severe challenges arise from the extension of existing organizational technology, in order to survive an enterprise increasingly requires a management that is able to develop its skills accordingly. Stated another way, the management of those firms that do not learn how to deal effectively with employer-employee conflict may not long survive. Hence, through Darwinian evolution, management must become more professional.

APPENDIX

CASE STUDIES IN INDUSTRIAL RELATIONS

- I. The Siam Building Materials Company
- II. The Thai-American Energy Company
- III. The Rockefeller Foundation's Thailand Program
- IV. Case Studies in Labor Relations
 - A. Textiles
 - B. The Airline Industries

I. The Siam Building Materials Company¹

The Siam Building Materials Company consists of a group of five subsidiaries and includes the manufacture of specialized products as well as marketing divisions. In 1976 it was the second-largest private employer in Thailand, having about 9,000 employees (The largest is Bangkok Bank with 12,000 employees.) Only a fraction of its employees are female. The company uses about 250 women in manufacturing and another 200 are employed in clerical jobs. In 1975 about 1,000 temporary employees were made permanent. Only about twenty-five aliens are now employed; they include some long-time Chinese employees who retained their alien status to avoid military service.² When the parent company was established in 1913, it imported Chinese laborers as fitters and machine tenders. Over the years, the Chinese work force has trained new Thai employees, so that the work force in the many plants located throughout Thailand is almost completely composed of Thai citizens. The industrial relations department is centrally located in the parent company and formulates policy for all subsidiaries. In 1976, it had a staff of fifty employees. This office centralizes the functions of training, testing of monthly employees, records, and administration of benefits. Each subsidiary has its own personnel director and each plant has a personnel officer. Employees are administered on a local basis.

The personnel departments are operated as staff organizations. Their function is to assist and advise managers in other departments. The staff function is acknowledged and performed in this and other large Thai corporations, although it is understood that in small and middle-size Thai companies, the staff function has not been separated from line activities. Employee records are centralized and computerized, and data processing is quick. Hence, the personnel department is able to provide rapid and reliable information to line executives.

Modern personnel procedures are in use. Job descriptions and specifications were developed in the parent company in the 1960s, but these elements of job analysis have not yet been extended to the subsidiaries, which are relatively recent acquisitions of the company. The company is not convinced at this time that the time and cost needed to develop these procedures would yield sufficient benefits in the other branches, although it is keeping an open mind to its future use. The job hierarchy has been created by line management, and the rationale for the structure has been provided by custom and inherent function, mixed with some planning. The executive and clerical hierarchy evolved similarly, and both systems are functional. The personnel executives believe the structures are close approximations to systems established more formally. Job grades are established for the occupational structure, and there is a systematic procedure for wage and salary progression through it.

¹This report is based on interviews with the Industrial Relations Director, the Director of Employee Relations, and the Director of Training and Testing, March 23, 1973. A follow-up interview was conducted on July 16, 1976 with the Industrial Relations Director.

²Military service is a requirement of all male nationals. At the time these Chinese were eligible for Thai citizenship, many were mature, had responsible jobs, with growing families. Military service in such circumstances would have been an extraordinary burden on these workers.

Recruitment

The plant personnel offices are used for the hiring of production workers, and local employees are preferred since it is better for community relations. The company uses both walk-ins and personal referrals. Word-of-mouth has been a good source of communication for local vacancies. The company believes that the best applicants do not use the Employment Service offices of the Department of Labor. Hence, they infrequently use these services because they have found that applicants are not well-screened by the Employment Service. This company echoes the opinion of other firms that the Employment Service is more interested in the number than the quality of its placements. References carry heavy weight. The company prefers to recruit young persons, since its employment relationship is life oriented. After selection, the new worker is oriented by the personnel officer, is referred to his supervisor for assignment, and goes through a period of on-the-job training during a probationary period of from three to six months.

Recruitment for monthly employees begins with a requisition to fill a vacancy submitted by a supervisor to the personnel department. The personnel department then proceeds in the following sequence of steps to obtain the needed employee. First, there is an internal canvassing of existing employees with the necessary qualifications to determine those eligible for promotion. Next, a search through existing records of walk-in applicants is made to locate suitable applicants. These records are kept current. Third, a personnel officer may personally visit or telephone schools, institutes, or colleges for applicants. Fourth, advertisements may be placed for positions which require special skills or experience. Fifth, private employment offices may be contacted, and specialized agencies may be used for executive placement.

Selection

The selection process for monthly employees begins with completion of the application form. In some cases, where relevant, a battery of tests is given to determine aptitudes and attitudes. A personal interview is then scheduled, and if the applicant is deemed qualified, a medical examination by company physicians is required. These employees, either clerical or executive, receive more formal orientation in the personnel department, and they are referred to their supervisor for his final approval. In effect, then, supervisors set the ultimate standard for applicants. At all levels, including production employees, the life time nature of the employment commitment with the company is explained, and the company rules and regulations are clarified for the new employees. The obligation of the employee to abide by these rules is made a condition of the reciprocal commitment of the employer. The benefits provided by the company are detailed and workers are informed as to what to expect in their employment with the company.

Training

Training begins with the orientation sessions. For production and clerical employees, training is essentially "learning while doing," under the close supervision of a more experienced worker or foreman. Supervisors are given training in human relations and employee relations, and the results of the training are appraised in follow-up studies of supervisory performance.

In 1976, additional efforts were made to provide supervisors with training in human relations skills in which the company has acknowledged that their supervisors are most deficient. Because of changes in

revealed attitudes of Thai workers, who even in this company have become increasingly assertive and militant, supervisors have been deficient in dealing effectively with their subordinates. The advent of a union in July 1975 in three of the company's five divisions has been attributed to worker dissatisfaction with poor supervision. To remedy this deficiency, the company in 1976 ran seminars for 600 supervisors. With a training staff of only five, such training has proceeded slowly.

Executives may also go through a type of one-the-job training, although at present no formal system of rotation in various assignments is used. Supervisors and executives are exposed to executive development seminars on pertinent subjects--employee relations, record keeping, quality control, cost budgeting. The in-service seminars are arranged by the Central Testing Officer, and follow-up measures of effectiveness are made to determine the results of this training. Executives also attend seminars held outside the firm by the Personnel Management Group, the Thai Management Association, and the Personnel Officers Association sponsored by the Department of Labor.

These associations hold seminars to improve Thai management. The Thai Management Association runs intercultural seminars to aid in the solution of problems which Thai and Western managers face in dealing with each other. These seminars assist both groups in learning how to work with one another. The seminars also stress that customs and traditions are peculiar to each Thai company within the larger context of Thai culture. Hence managers are exposed to problems of adapting to individualized customs as well as to national customs and traditions. The management associations provide opportunities for Thai managers to meet and discuss common problems and solutions to them. Wage surveys are conducted which are more specific and more useful than the extensive surveys conducted by American Chamber of Commerce of Bangkok. It is felt that in the surveys of the latter the wage ranges are too broad and the occupational categories are too general to be of operational use by Thai managers. Seminars are held to acquaint managers with procedures required under such new labor laws as minimum wages, the Alien Occupation and Business Acts, and the Labor Relations Act.

Motivation: Wages and Benefits

Repeatedly, the company emphasized that it has a lifetime commitment to its employees and a commitment to provide stable employment, which amounts almost to a guaranteed annual wage. Its range of fringe benefits is large for hourly employees. The designation of hourly employees is misleading, however, because until 1976 they were paid weekly. A union demand in 1976 called for employees to be paid monthly, since such an interval of payment carries great status with it. The company willingly granted this demand, since it simplified its payroll procedures and, in fact, was less costly. The workday is eight hours and the workweek is six days, although employees are paid for seven days. Production and clerical employees are paid in cash, which is almost a universal Thai practice; supervisors and management are paid monthly by check, although many cash their checks at the disbursement office.

Workers are rewarded partly on the basis of seniority and partly on the basis of merit. Merit evaluation had been conducted only once annually but, in response to a 1976 union demand, the procedure was changed to a twice-a-year review process, although the once-a-year pay adjustment pattern was retained. There is a step progression of wages, depending on tenure with the company. Within each grade there is a

minimum and maximum range, within which merit determines the position. Merit is used in considering employees for promotion. Workers are evaluated by their supervisors through a merit-rating form, and this rating is reviewed by the next step in management. The worker is informed of his rating, and it is reflected in his wage progression. Wage increases are built into the progression system to correspond to income needs at different times in a worker's life, and supplemental payments are scheduled at marriage, birth of children, education of children, etc. Bonuses are paid annually. The company provides uniforms at one-fourth of their costs, but employees launder them. The company has a cafeteria at each of its plants, and it controls the prices and quality of the food, but the employee pays for the food. Many workers, however, bring their own lunch. The company maintains a cooperative store for employees, and it has a recreational facility at a popular seaside resort with cottages. Buses are provided for transport to the resort, and vacations, varying from one to three weeks, are paid. Pensions are provided, and the company's contribution varies from 5 to 20 percent of the base salary. Retirement is at age fifty-five. A savings plan exists whereby the company matches one-half of the employees' personal savings. Medical facilities are available to employees and members of their immediate family at company expense. The company pays the workers' income tax, and it provides low interest loans for automobile or home purchases. Paid sick leave for up to forty-five days, with another forty-five days which are unpaid, is provided.

Executives receive fewer fringe benefits, but instead they receive relatively higher salaries. The company believes that executives can allocate income for themselves and save rationally, but it recognizes that these actions are more difficult for workers. Some Thai companies provide executives with automobiles, but this company does not. Management income is high, but by no means is it the highest in Thailand. (However, it has a reputation of being *the* leader in Thailand.) Management receives pensions, participates in executive development programs, and may purchase company stock, but does not receive other types of welfare benefits provided hourly employees.

Discipline

A six-step discipline procedure of increasing severity is used. Employees are kept informed of company rules and regulations, and they are expected to abide by them. Verbal and written warnings are first directed at an offending worker. A formal reprimand is used as the second step, with a statement to the effect that penalties will be invoked if the infraction is repeated. Suspension for a varying period is the next most serious form of discipline invoked. The fourth step involves termination of employment, but with severance compensation. The most severe penalty is discharge without compensation. Before step three is used, the personnel department must be informed of the sanction. Steps four through six cannot be made without appropriate consultation with the personnel department. Appeals against disciplinary action may be taken up through higher levels of management and ultimately to the Board of Directors. However, no evidence was offered as to the frequency with which appeals are used. The impression was given that discharges were infrequent and that sanctions are imposed only after careful deliberation.

Employee Relations

Until 1976 only one strike had occurred in the company. This was in 1957ⁿ and officials believe that it was a political action of the times rather than an expression of worker dissatisfaction. A second strike occurred in March 1976 after an impasse had been reached in negotiations with the newly organized union. The company has a grievance procedure among its rules and regulations, as it is required to have by law, but no formal, operational system is in use. Such a system is in the planning stage and will be introduced at the opportune time. Company officials believe that workers are unfamiliar with the concept of a grievance procedure, and they must be educated to use it. There were some expressions of fear that workers might even abuse the procedure. An informal system is used, however, whereby the worker may complain to his immediate supervisorⁿ. The supervisor *may* refer the matter to his immediate superior for resolution, but in practice the status differential between supervisor and middle management limits the use of this second stage. Appeals by workers over the immediate supervisor's head are unknown because status differentials are insurmountable. Moreoverⁿ, workers have little contact with middle management. This raises the question as to how effective a formal procedure would be if it were instituted in view of the cultural barriers to its operation. However, workers do complain to their union representative, and a work council on a collective basis does pursue class-action-type grievances. Confirmation was given regarding Thai reluctance for confrontations.

Suggestion systems are not used. Workers are not now rewarded for advice on how to improve operations. Although supervisors are encouraged to make use of employees' ideas, no formal system exists to transmit them. The employee relations director feels that a suggestion system is desirable, that it could work if suitable rewards were given for good ideasⁿ and that one might be developed in the future. The general impression confirms the often quoted observation that communication in the Thai firm is essentially a one direction process, from the top downward, and that no great desire for two-way communication exists on management's part. However, the industrial relations director perceives that situations could occur in which two-way communication could be beneficial to managementⁿ and he hasⁿ in factⁿ introduced an employee ballot whereby employees can indicate their approval or disapproval of policy changes that will affect them. Thai executives often do not know whether employees wish a policy change relating to working conditions or fringe packagesⁿ or the administration of the latter. How do workers feel about work hours, overtime scheduling, the form and frequency of wage paymentsⁿ etc.ⁿ? The questionnaire is designed to elicit employee opinion.

No worker associations existed in the company prior to July 1975. Management had feltⁿ that the development of labor associations would be hindered by worker apathy, but this proved to be erroneous. They had noted that Thai workers are pragmatic and would not support organizations promising them benefits that cannot be delivered. The government, they believed, would tend to limit the range of activities in which labor associations could engageⁿ and this would impair the recruitment of workers. Thai executives further believed that workers were not sufficiently educated to be responsible trade union participants. Apparently, the events of the 1955-58 period had left employers apprehensive about the development of labor organizations in Thailand.

In July 1975, a worker representative informed the industrial relations director that a group of employees were petitioning for union registration and, according to Thai custom, sought company approval of this challenge to traditional authority. The approval was given and accompanied by a request that the union be reasonable. A union was formed under the leadership of a company supervisor with members from three of the company's five operating divisions. Formally, the union was a minority organization since it enrolled only 23 percent of the production workers of those divisions. The union presented a list of ten demands, and the company and union negotiated for several months to an impasse. The demands included a 450 baht monthly adjustment to compensate the employees for increases in the cost-of-living. Shift differential increases were also requested. The company refused to grant the cost-of-living adjustment, arguing that it already had given such adjustments, amounting to 740 baht, and these more than compensated its employees for such price increases.³ The company did, however, offer a compromise on shift differentials and on other selected demands. When the impasse was reached, a fifteen-day strike occurred in March 1976, which was honored by all the production employees in the three divisions. The government intervened, stopped the strike, and ordered the issues to be arbitrated by the Labor Relations Committee. In May 1976 the LRC denied the cost-of-living adjustment, but ordered compromises on other issues, such as extension of medical facilities to immediate family members, extension of sick leave, and more frequent evaluation.

The company feels that it won the dispute, but that in the process both the company and union learned some valuable lessons about the extent of each other's power. Some worker disaffection with the union occurred, but this may be more of an indication of worker reluctance to pay union dues than of worker disillusionment with their union. Management spoke of having feelings of being betrayed by "employee disloyalty," because the company had always prided itself on taking a parental interest in its employees' welfare.

Ethnic rivalry in the Siam Building Materials Company has not been a problem, since few aliens are employed. Cliques among workers have existed. One, made up of ten or twelve employees from a common school, created some discord by acting as though its members were superior to other workers. The company has learned to disperse and mix such subgroups in order to avoid the development of potential conflict. Workers originating from many areas of Thailand in general have no problem in working side by side with one another. Employees of Chinese ancestry tend to regard themselves as Thai nationals and follow Thai customs.

³Data on pay, cost of living adjustments paid by the company, and the Bangkok consumer price index are as follows:

	<u>July 1,</u> <u>1973</u>	<u>Jan. 1,</u> <u>1974</u>	<u>July 1,</u> <u>1974</u>	<u>Jan. 1,</u> <u>1975</u>
Average Pay (Baht)	1,526	1,895	2,176	2,370
C-o-l adjustment	100	300	200	140
Percentage of Pay	6.6	15.8	9.2	5.9
Bangkok CPI Index	135.1	158.4	174.6	175.6
Percentage Change	6.1	17.2	10.2	0.6

Conclusion

The Siam Building Materials Company appears to be a leading Thai establishment with respect to the practice of modern personnel management. The top executives are informed and appear to be sensitive to employee problems. They are concerned with employee morale, and they follow the Buddhist precepts of benevolence and concern for others. The company is benevolently paternalistic, and workers are treated as a part of the extended family; this is unique for such a large organization. Data gathering procedures and record keeping are modern, and the Industrial Relations Department makes use of the company's sophisticated data processing center. Its executives are active in professional management associations, they utilize wage surveys, and exchange relevant information with executives of other companies.

Turnover rates have been low and wages are high relative to other Thai firms -- as much as 30 percent higher. The company is progressive and enlightened and cooperates with relevant government agencies. It regards labor associations with some apprehension, and although grievance procedures are not yet well-developed, it is attempting to establish two-way communication with its employees. In 1975 and into 1976 the company showed a profit loss. This occurred in part because of the decline in the growth of investment in the Thai economy associated with the worldwide recession and in part because a price ceiling had been imposed by the Thai government, even though costs of production had increased through a five-fold increase in energy costs. As the Thai economy continues to develop and as the construction industry expands, however, the company should continue to grow and prosper.

II. The Thai-American Energy Company⁴

The Thai-American Energy Company is a large multinational petroleum company. The managing director is an American Ph.D. in industrial engineering from the Massachusetts Institute of Technology, and he retains an executive staff composed almost equally of well-educated Americans and Thais. The sales manager is Thai and a M.I.T. graduate as well. The director of industrial relations was a former Thai air force colonel; he was trained as an engineer in the prestigious Thai Military Academy, the West Point of Thailand. The company employed over 1,200 people in 1973 but only 1,100 in 1976, 60 percent of whom are white collar. Blue collar employees are composed of refinery workers (150), warehousemen and barge terminal employees (300), truck drivers (60), and, formerly, operators of company owned service stations (100), an operation that has since been divested.

The industrial relations department is a staff organization and has no difficulty in operating as such. The industrial relations director was employed by the Thai-American Energy Company because of his leadership experience with the military. He notes that there exists a great shortage of executive talent in Thailand, and the Thai-American Energy Company prefers to recruit engineers for management positions. Although engineers are numerous, few have had any managerial experience. He himself has found it more time consuming and difficult to become a company (organization) man than to become a labor relations specialist. Management personnel are expected to adjust to the Western concept of

⁴The following account is based on interviews with the Industrial Relations Director on March 29, 1973 and July 9, 1976.

the management hierarchy, with multidimensional sources of authority, including those of staff executives. A common problem among Thai managers, he feels, is that they have not yet become truly professional. Most managers have learned their skills through practical experience, and many do not perceive that they need or can benefit from additional training. He observes that the skills of Thai management are developing, as they must, and this is true also of the traditional Thai character with respect to adapting to industrial employment. In this company, Thai managers understand that they must adapt if they wish to remain with the organization.

Recruitment

The industrial relations department receives requisitions from supervisors to fill vacant positions. The company discourages walk-in applications, but it does accept them for public relations purposes when they occur. It relies more heavily upon internal, word-of-mouth sources and it does do some recruitment via newspaper advertisements. There is some use of existing personnel to fill higher level vacancies, and there is a general policy to promote from within. For skilled positions, it advertises in newspapers and it recruits junior executives from universities and colleges. It uses neither the government nor private employment agencies, for it considers both to be unreliable. Applicants are not screened carefully, nor are their references checked by these employment services. Job descriptions exist for lower level positions, but until 1975 the industrial relations department made little use of them in determining the type of qualifications it sought in its applicants. Apparently, the descriptions had been prepared haphazardly some years earlier and were not revised with changes in job duties until 1975, so until then the industrial relations director regarded them as unreliable. However, the greater attention now being paid to personnel matters as a consequence of the growth of labor unions in Thailand has led to a detailed analysis of the job structure in the company and an updating of all job descriptions and specifications.

Selection and Induction

An applicant is initially and briefly interviewed. References are then checked, and for some positions a skill test is given. The personnel department does not use batteries of tests to measure applicants' aptitudes, for few tests exist that are programmed for Thai workers. Applicants who pass these initial screening procedures are then given a more intensive interview and, if this is satisfactory, are referred to the supervisor, who makes the final selection. Then and only then is the applicant required to pass a medical test, after which he is offered employment.

The nature of a worker's duties are indicated, and company rules and policies are explained. These are stressed, according to the industrial relations director, because the typical Thai worker does not believe that he is bound by rules; he may go along with them, but only as long as it is convenient for him to do so. Many, if not most, employees have prior job experience, and they have for the most part acquired an aptitude to accept the greater job discipline imposed by Western firms. During their probationary period, their capacity to acknowledge company rules is one of the factors on which their performance is appraised.

Training

The company uses vestibule training for refinery workers. The cost of the equipment and the hazards associated with its use make this

type of training practicali Thais learn quickly, although not always with complete thoroughness, and because they tend to be fatalistic, they often take unnecessary chancesi Hence, careful training is required in situations where the existence of adverse traits can prove to be dangerousi On-the-job training is given for clerical employees, who already possess basic, general skillsi Supervisors and executives receive in-house training, and the company each year conducts biweekly seminars. The program has been expanded since the advent of labor unions, for the company feels that supervisors, in particular, need human relations trainingi New supervisors tend to believe that because they occupy a position of authority, they also possess the necessary qualities to function in that positioni This self-satisfied attitude, perhaps due to the Buddhist perception of merit, when blended with inexperience in leadership situations, can create personnel problemsi

Discipline and Turnover

Turnover has tended to be high among certain types of personneli Engineers with experience are in demand, and some leave for better jobs after they have acquired administrative experience, although managerial turnover in 1976 was low, undoubtedly because of the recession in the Thai economy which led to a scarcity of executive vacancies. Turnover among service station operations was also high, essentially because it required both long hours and a business aptitudei Few had sufficient business experience to succeed, and it was this deficiency that led the company in 1975 to divest itself of this phase of the petroleum businessi Truck drivers come and go. They are in high demand in the economy, yet the company has had an honesty problem with themi

The company utilizes a formal discipline procedurei An infraction, if not unduly severe, is first treated with a verbal warning and subsequently with a written warningi Suspension is the next step in the procedure, followed by dischargei Termination may be with or without separation pay, depending upon the nature of the infractioni A worker who continues to violate company rules after suspension may be given the choice of accepting a demotion or submitting his resignationi In most cases, because a demotion is an unthinkable loss of face, the worker will quit.

The company, on occasion, has been contacted by the Department of Labor in connection with its discipline procedure when a worker has been discharged for cause and without separation payi The worker may appeal to the Labor Department, who will investigate the casei Except for this type of situation, the company has little contact with the Labor Department, but it does make a conscious effort to abide by all the labor laws and regulationsi As labor legislation expands, the industrial relations director noted that middle-size firms will find it necessary to employ a full-time professional personnel officeri

Labor Relations

The company utilizes merit rating in evaluating worker performancei Ratings by supervisors are made annually in accordance with a prescribed form. The ratings are discussed with workers and are used as a basis for additional training, advancement, promotion, and pay increasesi

The refinery workers are organized into a labor union, and the company in 1973 was charged with committing an unfair labor practice by discharging two employeesi The court action alleged that the company discharged them for union activity, but the company claimed that

the workers were discharged with separation pay for violating company rules, all in compliance with the labor law. The company's position was ultimately sustained by an appeals court. The company provides the union with an office on company property. The industrial relations director acknowledges that management was responsible for the workers' desire to form the union. The company had employed an expatriate manager who did not understand Thai workers. (The refinery manager is now an American with both technical experience and labor relations training.) A Thai manager would have been desirable, but no experienced Thai was available. Management did not know that the workers wanted a union until after it had already been organized. The company, however, has found the leaders of the association to be responsible officials. Only one strike has occurred, a one-day affair in December 1973. In April 1976, the company and union successfully negotiated a detailed labor agreement, perhaps the most complete of its kind in all of Thailand, without a strike. The agreement is to last until 1979, and provides procedures for amendment. A check off of dues is maintained by the company and cost-of-living increases are provided. Leave provisions are detailed and under the grievance procedure, arbitration by the legal section of the Labor Department is provided at the third step. Time limits for speedy processing of grievances are specified. Transfer and promotion clauses are included, but seniority rights are not recognized.

The company has a grievance procedure as required by law, but it has found that workers personally use it only with their immediate supervisor. Appeals to higher supervisors are handled through the union. A special kind of supervisor is needed, one who can talk to the workers and find out their problems. Workers will not talk with their supervisors if management is not willing to listen. Workers may not complain openly, but they do gripe among themselves and keep their grievances bottled up inside. Hence, a supervisor sensitive to employees' reactions is desired. "Thais have the same sentiments as other people," observed the industrial relations manager; "they just react differently, and supervisors must understand, as our refinery manager did not, their reactions." The company expends much effort in training its supervisors in labor relations skills. It encourages them to report promptly to a labor relations officer the development of even minor personnel problems and to seek his counsel on issues involving grievances. An employees' council exists to represent transport employees at the barge terminal where refined petroleum products are transported from the refinery to Bangkok for distribution. The council meets monthly with the industrial relations staff to consult about job problems and personnel practices. No union exists among these workers nor among office or sales personnel.

Wages and Benefits

The company pays the prevailing wage for Western-type firms, which is substantially above that paid in comparable Thai firms but is also about 30 percent less than the Siam Building Materials Company. Monthly wages at the refinery in 1976 varied from a minimum of 1,660 baht to a maximum of 5,805 baht. The company does not regard itself as the wage leader, although it tries to be among the leaders. It conducts its own wage surveys and believes the surveys of the American Chamber of Commerce, of which it is a member, are too general. Positions in the company are classified and have rate ranges, and salary advancement is largely based on merit, although there are seniority increases. For

refinery workers, shift premiums, incentive bonuses, housing subsidies, and meal and transportation allowances are paid. Overtime, call-out pay, and holiday pay are given. The company gives fourteen paid holidays and a worker may take an unpaid holiday on his birthday. Paid vacations vary from one to three weeks annually, the latter applying to those with ten or more years of service. The employee has the option of selecting either a pension plan or a combination plan providing (a) savings that are matched up to one-half of the employee's amount, which cannot be more than 10 percent of his wage or salary, (b) a group life insurance plan, (c) a death and permanent disability plan. Most workers have chosen the first option. Although the civil service in the past and some companies still pay the employee's income tax, Thai-American Energy does not. Both a sickness and accident and a hospital insurance plan are provided. There is a company cafeteria in the modern Bangkok office building, which consists of beautifully decorated and spacious offices.

Comments

The industrial relations director expressed a number of opinions regarding the development of Thai management as a profession and the changing character of the Thai labor force. In his view, as Thai industry develops, management of necessity must improve its skills if it is to meet the challenges of the future. In-service seminars are seen by lower and middle executives as an opportunity to acquire new skills, and there is much interest and competition to be selected as participants. The fruits of such seminars are more rapid advancement within the firm. The Thai labor force is also changing. More ethnic Thais are entering the work force. Their willingness to seek jobs in industry does not imply that they are any more materialistic. Rather, it means that Thais are now more aware of alternatives to an agricultural life-style, which has lost some of its appeal as the countryside becomes more crowded and it becomes more difficult to subsist. Subsistence in a rural environment was easier thirty to fifty years ago when the absence of communication and transportation facilities limited knowledge of urban life. He noted that some ethnic conflicts persist among Thai and Chinese workers. Thais believe themselves to be superior to the Chinese, and the Chinese tend to think of Thais as lazy and primitive. Finally, he noted the difference between personnel practices in a typical Chinese family firm and the organization which he represents. Employee relations in his company are patterned after the American style, whereas the Chinese firm treats workers as members of the family. Food, accommodations, education for workers' children, and medical care are provided within limits by the Chinese firm, although it also pays low wages. As firms grow and become subject to the nation's labor laws, the welfare benefits and minimum wages required by these laws will cause the traditional firms to adapt more to the Western style of employment.

Between 1973 and 1976 the industrial relations department has greatly expanded its labor relations staff. Many have been sent to the United States for additional training. The company is making intensive efforts to maintain good employee relations, and a labor relations officer confided that he frequently takes the side of employees in issues with supervisors when the latter are in the wrong. Only in this way can he establish his credibility with the employees, so that they will acknowledge his decision when they are in the wrong.

III. The Rockefeller Foundation's Thailand Program

The Rockefeller Foundation, a major, prestigious American philanthropic organization has intermittently since 1916 provided technical aid to Thailand as a part of its overall commitment "to serve mankind."⁵ In the period 1923-33 it provided support to develop medical teaching facilities at Chulalongkorn University in Bangkok. In 1961 the foundation agreed to participate with the Thai government in an agricultural improvement program, oriented to corn, sorghum, and rice research. The Rockefeller Foundation has contributed experimental station and field research equipment and has assigned members of its agricultural staff to the research project. In 1963, the foundation through its University Development Program committed substantial resources and medical staff to the development of a medical science university in Thailand. In 1964, the University Development Program entered into a long-term commitment with Thammasat University to develop the university's teaching staff by providing visiting professors to its faculty and scholarships to qualified Thai academicians, and to upgrade the university's library facilities, particularly in the Faculty of Economics. Of these three programs, agricultural assistance is a continuing commitment, the medical science project was completed in 1975ⁿ and by 1980 the Thammasat University project will have achieved its objectives. From 1965 through 1975ⁿ the foundation has contributed in excess of 20 million dollars to these Thai programs.⁵ⁿ

The Rockefeller Foundation has maintained a field office in Bangkok to administer its assistance programs and to service the needs of its staff and visiting, sponsored technical personnel, which in the early 1970s numbered about thirty-five American scholars and scientists. The field office is headed by a Rockefeller staff officer, himself a scientist, with an American administrative assistant who also is assigned personnel management responsibilities. About forty-five Thai personnel were employed at the peak of the foundation's programs as secretaries, clerks, messengers, drivers, customs clearing agents, and janitors. Occasionally, temporary employees are used in these positions. Because the foundation is a nonprofit organization, the standards of the Thai labor laws do not apply to it as an employer. Neverthelessⁿ the foundation, as a matter of policy, provides wages and working conditions equivalent or superior to those required of private enterprises by law, and in fact these inducements are, in most cases, equal to those provided by other Western firms in Bangkok. Because the foundation's program commitment is not permanent, its employees are aware that their employment relationship will expire when the programs are completed. Lifetime employment, then, does not characterize this relationship.

Thai office personnel are recruited through newspaper advertisements in which the position is described, but the employer is not identified. Interested applicants are requested to submit their application to an anonymous box number. On occasionⁿ private employment agencies have been requested to refer qualified applicants to the foundation's Bangkok office.ⁿ For other personnel, personal referrals are most widely used, although a few walk-in applications are received

⁵"The Rockefeller Foundation Contributes to Man's Wellbeing in Thailand," *Thailand-American Business* (September-Octoberⁿ 1975)ⁿ ppn 42-43.

from time to time. The selection procedure begins with a personal interview. All applicants must possess an ability to read and write English, and fluency is required of all office personnel. Skills are then tested and references are checked. All appointments are conditional upon the successful passing of a medical examination, made at foundation expense by the medical staff of the university hospital with which the foundation has been associated, and annual medical examinations are required of all continuing employees, also paid for by the foundation. A letter of appointment stating the terms, hours, and conditions of employment is given the new employee to complete the hiring process. All employees serve a 120-day probationary period. Induction is informal and training is on-the-job. All applicants, however, already possess the basic skills of their occupation, and the training consists essentially in learning the routine and procedures through which the skills are applied to the assigned tasks.

Wages are on a monthly basis, although the pay period is twice-monthly. Salaries in 1973 for stenographers varied upward from 4,000 to 7,000 baht per month, and drivers received from 1,200 to 2,500 baht. Office employees work forty-four hours per week over a five and one-half day period, although normally work on the sixth day is not scheduled. Drivers work a fifty-four hour week, also over a five and one-half day week. Office personnel, drivers and messengers are paid time and one-half the hourly rate for hours of overtime; the hourly rate is calculated as one-eighth of one-twentieth of the monthly wage. A lunch hour is scheduled. A paid vacation of twelve days a year is provided and may be accumulated up to thirty days. Paid sick leave up to thirty days annually is allowed but it may not be accumulated if unused. Absences due to illness in excess of five days requires a physician's statement explaining the nature of the illness. For illnesses in excess of thirty working days, employees are permitted to use accumulated vacation time. A female is entitled to sixty days of maternity leave, with pay for thirty days in each two-year period. However, notification of pregnancy is required as soon as it is known, and formal application must be made for maternity leave. Uniforms are not provided to any personnel. Hospital insurance is provided to all employees by the foundation, which also pays for out-patient care for employees earning less than 3,500 baht per month. All employees receive life insurance at foundation expense, with benefits equal to two times the employee's annual salary. Thirteen designated paid holidays are given annually. There are no pensions, and income tax is withheld from the wages of all employees. Meals are not normally provided, except that compensation is given to drivers who are asked to work before or after normal working hours. Travel expenses of employees on foundation business are fully reimbursed.

Although annual increments are normally given in salaries, there is no automatic wage progression schedule. Increments are based primarily upon merit, although a small increase is usually allowed for tenure. Merit is judged informally by the superior, and his approval or disapproval of the employee's performance is also communicated informally.

The rules of the foundation in written form are given to the employee, and their meaning is verbally communicated to him at the time of initial employment. Punctuality, regular attendance at work, notification of absences, honesty, and satisfactory performance are conditions for continued employment. The foundation also requires that it

be notified of changes in marital status, changes in name, pregnancy, or of other information pertinent to the worker's employment. Disciplinary action involves verbal warnings and discharge. Discharge for cause may be immediate, with or without one month's separation pay, depending upon the severity of the infraction. Termination notice is normally given thirty days prior to separation once the probationary period has been completed, and the same period is required for notice of resignation if separation pay is to be given. Separation pay equals one month's pay for less than one year of service, three months' salary for from one to three years' service, six months' pay for from three to six years' service, and one additional month's pay for each additional year of service beyond six years. Drivers are responsible for their own traffic violations, and full-time personnel may not take second jobs without permission from the foundation. Unauthorized absences lead to loss of pay and those exceeding five days result in automatic discharge.

The relationship between the American staff and Thai employees is personal and friendly. The Thais defer to the status of the scholars and scientists, but retain their individualism. Mild complaints may be communicated to immediate supervisors, and major grievances become apparent because it is obvious that the Thai employees are distressed. The working conditions are pleasant, offices and automobiles are air-conditioned. The work load is not heavy, and the Thais cooperate in meeting emergency deadlines. Employment with the foundation carries great status among the Thais, for the Rockefeller Foundation is highly regarded as an institution by the government and the people, and it is considered to be a good employer. The foundation, however, follows the policy of maintaining a low profile and it does not seek nor encourage publicity about its activities in Thailand. It avoids issues with political overtones and it reminds its visiting staff that they are the guests of Thailand.

IV. Case Studies in Labor Relations

A. Textiles⁶

The textile industry has been one of the fastest growing in Thailand, and it underwent major expansion in the 1969-73 period when it was granted Investment Promotion Act privileges. Between 1960 and 1970 it grew at an annual rate of almost 19 percent. Exports expanded until early 1974, when they experienced a sharp decline in the world recession. Nevertheless, in 1975, the industry employed over 100,000 workers in 1,137 firms. Ninety-five percent of the promoted firms are located in the six provinces that comprise the Greater Bangkok metropolitan area. Two-thirds of the output is consumed domestically and one-third is exported. Thailand imports large quantities of raw materials and textile machinery, and so its balance of payments in textiles has been unfavorable. In 1975, mills operated at about 75 percent of capacity. The number of unions has increased from three in 1973, to six in 1975 and to twenty-three in 1976. Four large employer associations also exist among weaving (84 firms), silk producers (175 firms), manufacturers (41 firms), and dress-making (unspecified).

⁶For an expanded discussion of the textile industry's personnel problems, see Vichai Thosuwonghinda, *The Economic Impact of the Minimum Wage and Trade Unions in the Textile Industry*, (M.A. Thesis, Thammasat University, 1975).

As recently as 1972, employment tended to be seasonal; as workers left their factory jobs and returned to the farm to assist in planting and harvesting. With the decline in vacancies coinciding with the 1974 recession, monthly turnover has fallen from 8 percent to less than 2 percent; and absenteeism during harvest seasons has declined from 20 percent to less than 5 percent. Three-fourths of surveyed workers indicated they had no plans to change jobs and felt that their current jobs were the best they could get. Two-thirds of the employees were female; unskilled, usually with only a lower primary education. Skills are acquired from on-the-job training during a probationary period, during which less than the minimum wage is paid. Typically, dormitory accommodations contiguous to the factory are provided to single females; and meals are normally given. A majority of employees are from rural areas with no previous work experience.

In a study of six textile factories varying in employees from about 200 to over 3,000, Vichai Thosuwonchinda found that three were Japanese managed, two were Chinese owned, and the smallest was owned by a Thai.⁷ Workers in the older firms tend to have more seniority. Although female employees are more numerous; male wages tend to be higher on the average by 10 baht per day. With ten years of service, the range of female daily wages in 1975 was between 20 and 50 baht and the range for males was between 30 and 60 baht. Four firms have personnel managers and in two firms, the personnel functions are performed by the general managers. All six firms keep personnel records with the employment contract of each worker. Workers tended to fall into two groups with respect to union sentiments. Most supported the union, although a majority did not pay dues. Others were strongly antiunion and neither belonged nor paid dues. Where unions were absent, it was because no one was available to organize the workers.

Three textile unions were also surveyed.⁸ Two of them had members in several firms, although in the two strongest unions membership was concentrated in one or in only a few firms. The leadership had originated in the larger firms and was male. A registration fee up to 10 baht was charged, and monthly dues varied from 3 to 10 baht. The members viewed union functions as (1) protection of members against unjust acts of employers, (2) education of members with respect to their rights, (3) distribution of rice at government supported prices; (4) provision of funeral and sickness benefits, and (5) operation of a small employee commissary. Up to 1975, one firm had had four strikes, another had experienced three strikes; two firms had experienced two strikes, and two had had only one strike. All but one strike occurred after 1973; only two occurred in the 1974-75 period. Most strikes were over wages and cost-of-living adjustments, and some occurred before a union had been organized. All three unions participated in the June 1974 textile workers demonstration in Bangkok. Some characteristics of the unions are presented in Table A-1.

One of the most dramatic examples of labor protest in Thailand occurred when up to 30,000 workers gathered in Bangkok in June 1974 to protest initially the layoff of workers in the textile industry.⁹ The

⁷ *Ibid.*, pp. 68-80.

⁸ *Ibid.*, pp. 80-92.

⁹ An excellent description of the events in this strike are given in "The Keys to Industrial Accord," *The Investor* (August 1975), pp. 25-28.

TABLE A-1
Selected Characteristics of Three
Textile Unions, 1975i

<u>Characteristic</u>	<u>Union 1</u>	<u>Union 2</u>	<u>Union 3</u>
Date Established	January 1, 1973	February 1, 1973	September 1, 1973
Initial Membership	30	50	25
Membership, 1975	2,200	780	1,000
Percent of firms' total employees in union	10%	70%	40%
Number of firms with members	25	1	6
Initiation Fee (in Baht)	10	5	10
Monthly Dues (in Baht)	5	3	10
Percent who regularly pay dues	40%	65%	45%
Number of Committees in Union	21	10	20

Source: Vichai Thosuwonchinda, *The Economic Impact of the Minimum Wage and Trade Unions in the Textile Industry* (M.A. Thesis, Thammasat University, 1975).

Textile Manufacturers Association, in response to a sharp decline in exports, had compelled its members to reduce output by 25 percent. Under the leadership of two allegedly radical labor leaders, and with the cooperation of students who commandeered buses to transport workers into Bangkok, factories were successfully closed on June 2, 1974, in a campaign to secure job security for employees. Agreement on job security was reached on June 4, but under mushrooming support from the labor union community, demands were broadened for minimum wage increases, larger separation pay for laid-off employees, continued payment of wages to strikers, and a variety of union security issues. Leaders of the activist National Students Center of Thailand (NSCT) harangued the growing crowds, and among those vilified were the American, Japanese, and Thai governments. The issues became clouded as conservative union leaders fought to retain control of their participating membership. Radical union leaders sought to expand their control by allegedly threatening violence to conservative leaders if they appeared at the rally. Compromises regarding the major demands of the demonstrators that had been accepted by the majority of participating unions were somehow not communicated to the crowds. Radicals sought to impose additional demands and planned to involve farmer groups by busing them into Bangkok from distant provinces. Had the dispute broadened, a leftist coup was a distinct possibility. However, the appearance of the Prime Minister on television and the insistence of prominent labor leaders finally forced the organizers to announce the results of the compromise and to call off the strike.

As a result of the strike the bulk of the textile workers located in the Greater Bangkok area received an average increase in the minimum wage of from 1 to 5 baht per day for unskilled workers and from 3 to 6 baht per day for skilled workers. Firms reported that they accommodated the increase by (a) eliminating waste, (b) installing new

machinery, or (c) by otherwise increasing labor productivity. Incentive rate standards were raised, product lines were shifted, and in frequently some firms reduced output. A survey commissioned by the Central Bank of Thailand found that wages overall increased by 12.5 percent and that total costs increased only by 1.9 percent. In the firms surveyed by Vichai Thosuwonchinda, costs increased by only 1.5 percent.¹⁰

Strikes continued in 1975 and 1976, and in June 1976 a strike over higher wages at Thailand's largest artificial fibre plant involving 1,000 workers threatened to drive the financially hardpressed company into bankruptcy. After two weeks of the work stoppage, the government ordered the workers to return to their jobs while negotiations continued on the fifteen points demanded by the union.¹¹ Although some observers feel that the government's suppression of the strike represented unwarranted interference in private collective bargaining, the financial community convinced the government that collapse of the company would generate a chain reaction throughout the textile industry, just as it appeared to be experiencing economic recovery.

B. The Airline Industry

Bangkok is a major hub of international airline traffic, and the rate of growth in traffic in the 1970s has increased annually at about 18 percent.¹² The industry employs a wide variety of personnel, who comprise on the average the best-educated and one of the best-paid groups of unionized employees in Thailand. Maintenance and repair engineers, cargo handlers, ticket clerks, sales representatives, ground hosts and hostesses, traffic officers, catering personnel, clerical workers, storekeepers, and accountants are only some of the occupations represented. Most airline workers like their jobs, which carry high prestige, and most have positive sentiments about their employers. These workers are organized into four unions, the oldest (1973) of which is the Bangkok Air Transportation Workers Union. Until May 1976 this union was also the largest, with 1,431 registered members, but it divested itself of 450 World Travel Service employees after they engaged in an illegal strike. The largest airline union now is that comprising the ground engineering staff of the domestic airline, which also provides maintenance and repair services to other international airlines. It had 1,130 registered members in 1976. Of the two international Thai airlines,¹³ Thai International, which is affiliated with

¹⁰Thosuwonchinda, *Economic Impact*, p. 100.

¹¹"Textiles: The Future Hangs in the Balance," *Bangkok Post Midyear Economic Review*, June 1976, (July 2, 1976), pp. 48-49. There is even skepticism that the company is really in financial trouble. Such government interference tends to support the belief of unionists that the government is promanagement.

¹²"Aviation and Air Rights," *Ibid.*, p. 36.

¹³Of all the international airlines, Thai International and Air Siam paid the lowest wages. Although turnover is low among their employees, those employees who do change jobs tend to transfer to a higher paying European airline. Most of the airline employees speak English or another foreign language. In late 1976, Air Siam terminated its unprofitable operations, leaving Thailand with only one international airline.

SAS, was by far the larger. In 1976 it had a fleet of eleven jets, two of which were jumbo jets, with daily flights to Europe, Africa, throughout Asia to Japan, and to Australia. In 1976 it had about the same seat capacity as had the major European airlines of the mid-1960s. Its ground employees are organized exclusively into a separate union of about 300 members. Finally, office personnel are organized into the Aeronautic Thai Staff Union, which consists of 233 registered members.

Membership in the Air Transportation Workers Union was unevenly distributed among the ten international airlines with which it bargained, varying from a high of 99 percent of the employees of the now defunct Air Siam to a low of 4 percent among Cathay Pacific ground personnel. In addition to Air Siam, a majority of the employees were from the following airlines: British Airways, Japan Airlines, KLM, Air France, and Pan Am. Although other airlines had labor agreements with the Air Transportation Workers Union, most Western airlines have openly declared that they prefer not to deal with a union. Union members employed by the World Travel Service, a supplier of certain types of ground services, struck Air France and Lufthansa illegally over increased wage demands, despite the existence of a valid contract. The two airlines promptly canceled their contracts with the union and with the World Travel Service and moved to Thai International for ground service. Hence, the strike resulted in a loss both of jobs for the affected workers and of a lucrative service contract for their Thai company. The latter was forced to reduce wages by 25 percent in order to survive. This has been a bitter but valuable lesson to unions concerning their responsibility to honor existing labor agreements.

Nevertheless, members of the airline union remained convinced that strike action was the proper means to obtain their ends, since for the most part strikes had succeeded in winning them their demands. They willingly supported the union's call for strike action. Although all knew their wages and hours of work, few members had seen their labor agreement or were informed about the rights provided them by it. The employees of each of the ten airlines with contracts with the Air Transportation Union usually elected a committee to represent them, and from the committee, a representative was chosen to serve on the union's executive council. However, no shop stewards were appointed and grievances were not routinely processed. Nor did employers distribute written work rules. Although the union maintained an office across the street from the international airport, meetings were rarely called and attendance was even less reliable. In part this was due to the odd work hours made necessary by the round-the-clock nature of airport operations. Most airline personnel are normally not at any one time of the day in the vicinity of the suburban location of the airport, situated some twenty miles north of Bangkok. The members' lack of involvement in union affairs also extended to the regularity with which they paid their dues.

Observers of the labor scene in Thailand in 1976 were disturbed at the chaotic condition into which airline unionization had deteriorated. Most felt that only one airline union was needed for strong and effective bargaining representation and that four were certainly too many. There was internal dissension among the leadership of the Air Transportation Workers Union in 1975 as a youthful rival tried to splinter the union by wooing support from a number of the elected committees. Unsuccessful in this ploy, he then resorted to discrediting the secretary-general of the union by attempting to portray him

as a philanderer, and rumour has it that personal threats were made against his life. Whatever the cause, the secretary-general resigned, and for six months the union was without effective leadership. Cynics have also hypothesized that the rival leader had been paid by employer groups to break up the union. Only the strategic services supplied by the employees and the vulnerability of the airlines to interruptions in these services permitted the union to survive. However, its membership did decline, rival unions appeared, and alternative sources of supply of these essential services have developed. Unless effective leadership is forthcoming and a merger movement is begun, the superior bargaining power inherent among the airline unions may continue to be eroded.