

Explaining the Success and Failure of Social Security Establishments in Thailand Before 1990

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Abstract: This study applies the theoretical approach that views the state as a social relation to explain the political dynamics of social security policy in Thailand since the first plan aiming to provide social security to private employees and laborers introduced in the 1933 until the social security act was in force in September 1990. This study finds that the introduction and/or establishment of a social security system in each particular period was part of a broader effort to deal with and manage the tensions and conflicts that have emerged as a result of Thailand's capitalist transition. By paying attention to the capitalist role of the state and the dynamics of such a role, this study thus provides the explanations of not only how and why social security policy has emerged and been implemented in a particular period but also how and why the roles of the Thai state in the development of social security have changed over time.

Key words: State as a social relation approach, social security policy, capitalist role of the state, Thailand, security

INTRODUCTION

The idea of providing the basic needs for citizens that are retired, unemployed, or unemployable due to a disability or disadvantage, the so-called social security system was used first in Thailand in terms of pensions as one of the aspects of the welfare of civil servants in 1902 but the social security Act was not enacted and in force until September 1990 (Worawan, 2006). The ultimate goal driving the present research interest is to explain the capitalist role of the state in Thailand's social security legislation and implementation before 1990. This research topic is significant because most of the previous studies in the case of Thailand has reduced its examination of social security policy to focusing to a great extent on state actors and/or institutions and has downplayed the capitalist role of the state. The neglect of the capital role of the state is problematic because it made their analyses on the state and social security policy narrow in order to depict the state as merely the government and/or any other state actor such as the bureaucratic elite (military and civilian) (Reinecke, 1993), political leaders (Vause and Chandravithun, 1992) or the bureaucracy and claimed narrowly that the development of social security policy in Thailand has simply reflected the needs of the ruling class or the system. While these studies provide many useful explanations regarding how and why social security policy has emerged and been implemented in a particular period because they paid little attention to the capitalist role of the state and overlooked

the dynamics of such a role, they have provided little help in explaining how and why the roles of the Thai state in the development of social security have changed over time.

This study disagrees with either a conception that views the state as an independent and dominant power made up of different institutions and organizations with its own histories and interests or the classical liberal theorists' conception that reduces the role of the state to a minimum due to the self-regulating market mechanism. Inspired by the Marxist literature, especially that written by Poulantzas (1978) and Jessop (1985, 1990, 2008), this study rather views the state as "a social relation" which will be clarified in the following section and applies this conception of the state to explain the political dynamics of social security policy in Thailand since the first plan aiming to provide social security to private employees and laborers introduced in the 1933 until the Social Security Act was in force in September 1990.

Apart from this introductory section, this study begins its discussion with a review literature, focusing on the three approaches to the study of the introductions, implementations and expansions of social security and other related social welfare policies. The major goals of this discussion are: first, to briefly explain each approach; second, to analyze the strengths and weaknesses of each approach to explain the Thai case and most importantly, to determine the most useful approach for explaining the political dynamics of social security policy in Thailand. The study then applies the state as a social relation approach to the Thai case. The main focus of the

explanation is on how and why the Thai state has become involved at various times in producing social security legislation. More precisely, this analytical section investigates why different governments during this period have led the state to become involved in social security provision at different times; what the particular economic and political context out of which social security policy emerges is what kinds of social interests and pressures have been brought to bear on the various governments and the state; how and why these pressures emerge at particular times and why some social interests seem to prevail over others in the conflicts and debates over social security provision. Finally, the study concludes that the introduction and or establishment of a social security system in each particular period was part of a broader effort to deal with and manage the tensions and conflicts that have emerged as a result of Thailand's capitalist transition.

Approaches to the study of social security policy initiatives and expansions: Prior research on the initiatives and expansions of social security and other related social welfare policies has fallen into one of the following three areas and the interactions between these three approaches have been diverse although not necessarily conflicting.

The state-agency approach: A number of scholars have argued that the rise and expansion of social security policy highlights the role played by state actors, including both elected officials and civil servants. Advocates of this approach believe that social needs should be addressed through a range of state intervention methods such as legal regulations, fiscal measures and the provision of a system for social services and social assistance. Thus, scholars working from this approach argue that the expansion of social welfare policies is often influenced by the ideologies, strategies and capacities of state actors as well as the institutional structure of the state (Grindle and Thomas, 1991; Midgley, 1999). Some scholars working from this approach, for example, suggest that state actors or public institutions enjoy seemingly complete autonomy from non-state pressures, at least in particular settings (Nordlinger, 1982; Pal, 1986; Skocpol and Finegold, 1982). However, a more common approach suggests that state actors have "relative autonomy" from the demands and influence of groups outside the state (Block, 1977). Here while state actors maintain much autonomy over the specific policies pursued by the government, the power and strategies of non-state groups such as non-governmental organizations, grassroots associations, social movements, trade unions and the private sector, play a role in limiting the types of policies up for

consideration. The degree of state actors' autonomy thus varies across policy spheres. That is, it might be more limited in policy areas considered important by powerful socioeconomic groups. It also varies depending on the distribution of power among social groups outside the state. In this regard, when equally powerful groups dispute over the policy direction to be taken, state actors might have more autonomy.

Research from many countries, especially the United States, Latin America and East Asia, clearly shows that successful social insurance policy formulation and implementation are a multi-institutional process in which the government and other public institutions have performed a key role in directing progressive change (Grindle and Thomas, 1991; Midgley, 1999). However while the strength of the state-agency approach suggests the examination of the distinct agendas, capacities and role of state actors in order to understand policymaking, this approach offers, at best, only partial guidance for understanding the creation of social security in Thailand. In this case, politicians and civil servants in Thailand did play a central role in the program's establishment but the nature of that role is not well captured by approaches focusing on the power of state actors alone. Several delays in the enforcement of the 1954 Social Security Act passed by the National Assembly during the period of Prime Minister Phibunsongkhram (hereafter, Pibun) is an example showing that only a critical role played by state actors may be inadequate in leading to the successful establishment of social security.

More precisely, there has been evidence showing that although the idea of promoting a Social Security Act in Thailand at that time was made by Pibun's government with the support of many civil servants, especially those that worked in the Ministry of Interior (Vause and Chandravithun, 1992), the implementation of the Act could not proceed due to public protest against it. Many Thai workers opposed the implementation of the policy because the protesters had no confidence in the sincerity of the government in dealing with the Social Security Fund. In addition, Nipon Puapongsakorn discussed the idea that the opposition movement occurred at that time because the required contribution rate for insured persons determined in the royal decree draft (approximately 4-5% of the insured person's monthly salary), in their opinion was too high. While the government responded to this disappointment by making an attempt to lower the rate later on, it turned out to be too late because not only had the program already made a negative impression on the Thai workers but also Prime Minister Pibun, who seemed to support the program at the beginning withdrew his endorsement as he faced political turmoil which soon ended his regime.

There were also several occasions on which a social security policy was introduced in Thailand (discussed in greater detail later in this study), showing that the development of a social security policy in Thailand has simply not reflected the needs of the system, in which the government, political leaders and civil servants were able to organize and manage the policy in responding to the demands and support of the non-state groups. Rather, this policy, like other state policies was the outcome of a complex process of struggle and conflict that made it difficult to find a compromise, not only between the fractions of the bourgeoisie (the class of people that own and/or control the means of production needed to produce society's wealth) and the working class but also either between the fractions of the bourgeoisie or between the fractions of the working class.

The power resource approach: The power resource approach argues that social security creation and expansion are driven by some combination of mobilization of labor and social movements and electoral success, particularly of a democratic regime, on the part of left-leaning political parties (Korpi, 1978, 2006). This approach suggests that aspects of social security such as old-age pensions, health and unemployment insurance is imposed on the elites by a strong working class rather than adopted by the elites themselves. Thus, unlike the state-agency approaches explained above, the proponents of this approach claimed that the government involvement in social security and other related social insurance policies was the result of the struggle of working class movements and their allies to use the state for progressive social purposes. In other words, scholars applying this approach implied a conflict of interest between labor and capital in a zero-sum game the strength of one necessarily implies a weakening of the other.

Nevertheless, not all of these scholars agree on the particular form that organization among labor and social movements must take in order to generate sufficient power to stimulate the creation of new social protections. Some studies show the strength of workers' organizations as measured by indicators such as union membership, union density or frequency of strikes in bringing about an expansion of social welfare policies (Holmlund and Lundborg, 1999; Western, 1993). Many others deemphasize the role of the highly-institutionalized power arising from mass membership in trade unions or traditional political parties and argue that the organizational form and tactics of labor and social movements influence their capacity to bring about progressive social change (Andrews, 2001; Cress and Snow, 2000; Porta, 2005; McAdam and Yang, 2002;

Piven and Cloward, 1978; Rojas, 2006). For some scholars in the latter group, diverse and somewhat chaotic social unrest such as street protests, strikes and occupations is more effective than hierarchical forms of mobilization in provoking the elites to develop new social protections for the masses (Cress and Snow, 2000; Piven and Cloward, 1978). For many others such as Rojas (2006), disruptive protest such as sit-ins and vandalism, does not have a significant effect because it deprives administrators of the legitimacy needed to enact change while non-disruptive protests are successful because they allow sympathetic administrators to act on behalf of political challengers. Power resource theorists, by contrast, explain that social security and other related social protections arise out of the combination of electoral success on the part of social democratic and other left-leaning political parties and mass mobilization on the part of trade unions and social movements (Korpi, 2006).

This approach ably highlights the fact that labor organizations and movements sometimes play a key role in the creation of a new social security scheme in Thailand. It might be claimed in particular that without the significant role played by labor organizations and movements, the enactment of Thailand's first social security law in 1990 could not have been realized (Sirote and Thanachaisetavut, 2008). However, the nature of such a role is not well captured by the approach focusing on power from below alone because the social security law was passed when the labor movement was not at the peak of its power. As Brown (2004) has shown, during the period from the late 1970s through the early 1990's labor's organizational capacities became progressively weakened due to the combined result of the demobilizing impact of rapid industrial expansion and the limited political space available to labor's organizations. Moreover, the power resource approach which highlights the significance of the electoral success on the part of left-leaning and social democratic political parties in conjunction with mass mobilization on the part of trade unions and social movements is similarly ill fitted to explain the rise of social security in Thailand. The main reason is that although many political parties during the 1988 election promised labor that they would support the social security legislation, the government in power when social security laws finally came into existence was hardly identified as left-leaning.

The employer initiative approach: A third approach to explaining the expansion of social security suggests that employers play a critical role in the implementation of social security schemes (Mares, 1997, 2003). According to prior research taking this approach, there are several

economic characteristics that may influence a company's preferences for social security policy. For example, a firm's size might be directly proportional to its participation in social policies because larger firms are more likely to have preexisting training programs or to have economies of scale in political action (Olson, 1965). Aiming either to curry favor with the government or to control their business environment, firms with a greater percentage of public sector sales may have a tendency to support social policies initiated by the government (Handler and Mulkern, 1982). Companies with a higher percentage of blue-collar workers at all skill levels might participate in social policies in order to secure higher skills for their workforce (Burgoon, 2001). In other words, this approach suggests that an employer's orientation towards a given welfare policy will be driven by its impact on that employer's profitability and competitive position. More precisely, employers that stand to benefit from the creation and expansion of social security will tend to support and mobilize for such policies while those that stand to lose will oppose them.

Apart from employers' calculations of the material costs and benefits of participation, employers become involved in a social security program, according to the so-called employer-centered approach, in order to protect themselves from social risk. In her study of policies against social risk in Germany and France, Mares (2003) argues that firms in high-risk economic sectors, those where workers face high unemployment risks, tend to support universal social protections because such programs help them diminish the risks for workers interested in seeking employment in that otherwise high-risk sector. Participation in social security schemes also socializes the cost associated with providing that protection. Firms in low-risk sectors, those where workers enjoy a high degree of job security are said to take the opposite orientation because new social protections do not generate any competitive gain but imply new costs, likely in the form of contributions or new taxes.

In the case of social security in Thailand, this approach offers little help, although it is difficult to reject the idea that the calculation of the material costs and benefits of participation and social risk management are factors that influence the Thai employers concerning whether to support the social security programs. Evidence that could support this claim can be observed in the period from 1979-1986 when very strong opposition to the social security legislation of the employers occurred because they wanted to protect their own interests from the depression after the oil crisis. However, employers' support for new social protections, especially by the large-scale companies, often arises in contexts where the

creation of such a program assists employers in their effort to achieve wider political goals such as the weakening of a rival social group or the passage of a larger reform agenda. One of the great examples supporting this argument in the case of Thailand is when the Employer's Confederation of Thailand (ECOT) gave up its opposition to the draft of the Social Security Act in 1989, although they had been quite skeptical towards the social security project because they feared higher production costs. The main reason that could explain the decision made by the ECOT at that time is that there was a power struggle in the Parliament between the military and bureaucratic elite, who dominated the Senate and the economic elite, who dominated the House of Representatives (and also the civilian government of Chatchai Choonhavan), forcing the latter to accept the demands of the professionals and the labor movement in its search for "coalition partners". Thus, the ECOT's support of the parliament in terms of passing the Social Security Act was not driven by the expectation of immediate economic gains to be derived from the new social security system but by the expectation of wide and long-term political and economic achievements to be derived, for instance, from its close relationship to the economic elite that were occupying state offices.

State as a social relation: Even though the three approaches to the study of the origins and developments of social security and welfare policies discussed in the previous section have produced a rich body of empirical and theoretical research, each comes up short in explaining the case of the social security programs in Thailand. This suggests that an alternative approach is necessary. In developing such an approach, this study draws upon the view of the state as "a social relation," and argues, in line with Poulantzas, that the state is not a unified mechanism founded on a hierarchical distribution of centers of power but must be understood, like Marx's analysis of "capital," as a "relationship of forces or more precisely the material condensation of such a relationship among classes and class fractions". The conception of the state applied in this study is, therefore, a strategic field in which different classes, fractions and categories compete against each other for political class domination (Jessop, 2008). Applying this conception to the examination of social security policy in Thailand, this study views social security policy as the result of class contradictions and sees the structure of the state as a central determinant of the outcome of the policy. However, structure in this sense is not defined organizationally or administratively; instead it is determined by the class contradictions inscribed within it

as Poulantzas (1978) stressed: "Each state branch or apparatus and each of their respective sections and levels frequently constitutes the power-base and favored representative of a particular fraction of the bloc, or of a conflictual alliance of several fractions (those that, for Poulantzas, may include monopoly and non-monopoly capital and the internationalize or the domestic bourgeoisie) opposed to certain others."

These contradictions existing between the dominant classes and fractions (or in Poulantzas's term, the relationship of forces within the power bloc) imbedded in the state make "it necessary for the unity of the bloc to be organized by the state" (Poulantzas, 1978). The state, according to this conception is a mediating body that filters information given, determines priorities and as the result of its autonomy from any given fraction of the power bloc or class, integrates mutually-opposed or inconsistent measures into state policy (Poulantzas, 1978). State intervention in the social security policy, then is viewed in this study as one part of the primary activity of the state in maintaining the conditions for the existence and expansion of capitalism. In this respect, social security policy is linked to any other state policy economic policies ranging from direct investment in industries to macro-economic planning, public policies dealing with infrastructure developments and law and order strategies aimed at obtaining internal control over their own population but is primarily concerned with those activities that are concerned with the reproduction of labor power and the maintenance of non-working groups within society. However, the provision of social security policy in the short term may involve the state in conflict with certain sections of capital. As a consequence, the state's activities will be open to modification and debate over appropriate strategies. Again, because its primary activity is to maintain the conditions for the existence and expansion of capitalism, the state always has to take the interests of the dominant classes into consideration.

Thus, for this study, social security policy has not been developed either in response to the demand or support of the employers or social movements, nor even the interests of one particular state agency itself. Rather, this study claims that the development of social security policy in a particular time reflects the outcome of the interaction of several conflicting and completing pressures including: the particular national and international economic and political context out of which the social security policy emerged; the activities, decisions and disputes between and within different sections of the bourgeoisie, political parties and state agencies regarding the policy problems, solutions and

directions; and collective working-class activities undertake to obtain or maintain the social security provision that emerged and occasionally had a significant impact on the policy introduction and/or implementation.

The following section is specifically devoted to an explanation of the political dynamics of social security policy in Thailand since the first plan aiming to provide social security to private employees and laborers introduced in the 1933 up to the period where the 1990 Social Security Act was promulgated.

The rise and fall of the social security legislation in thailand before 1990:

A plan aiming at providing social security for salary earners and laborers was first presented by Pridi Banomyong, one of the leaders of the coup as part of the "outline economic plan" of 1933, shortly after the change of the country's regime from absolute monarchy to constitutional monarchy in 1932 (Pawadee, 1986). In this outline economic plan, there were several programs proving social welfare for regular income workers but those programs could not reach their goals in the end because many opponents to Pridi claimed that many of the concepts used in the outline economic plan were "too western," particularly quite similar to the ones used in the industrial countries such as France which was not appropriate for Thailand's agricultural society (Jiraluck, 1989) and would be difficult to blend into the country shortly after it had changed the regime (Rapeepan, 2011). However, it could not be concluded that the failure of the social security legislation in this case was simply a disagreement between the two factions of state actors (i.e., Pridi and the government on one side and Pridi's opponents on the other side) over the form that social security provision should take. Rather, because the main reason that Pridi's opponents claimed to reject the plan was the inappropriateness of the plan to the Thai political and economic context, this study argues that in order to know the true reasons why Pridi's social security proposal failed, investigation into what had occurred until the period that plan was introduced is required.

First, it has to be acknowledged that Pridi's outline economic plan was introduced when Thailand's economy continued to rely on the continued growth and expansion of the agricultural exports and domestic manufacturing traders of the past decades until the plan was proposed. This economic condition existed as a consequence of a combination of several incidents. It was a consequence of the integration of the economy with colonial enterprise after signing treaties with the West since the mid-nineteenth century that later accelerated changes in the economy and society of Siam (Baker and

Phongpaichit, 2000, 2014). In addition, the monarchy's emancipation of slaves and proletarianism in the late nineteenth century increased the size of the labor force available to produce agricultural products, especially rice, for export. The expansion of the trade which followed the Treaty highlighted the major developments in commerce and agriculture instead of industry (Hewison, 1988). For instance, an increase in the agriculture exports in the early 1900's provided the country with a large amount of capital that was a benefit for the establishment of domestic banks and the expansion of the manufacturing sector which produced goods for the domestic market (Hewison, 1989). However, the expansion of agriculture and commerce did have some impact on the development of complementary industries e.g., since the rice exports increased, milling became an important area of investment, particularly for Chinese merchants and tax-farmers as they took control of the vast majority of mills (Hewison, 1985). Nevertheless, these societal and economic transformations did not immediately place pressure on the Thai state at that time to initiate a new form of social welfare for regular income workers because the majority of the population in the rural areas were self-employed, working in the agricultural sector while the interests of the new working class which was employed in the two major merchant groups the rice traders and the urban enterprises providing manufactured items and services to urban markets (Pasuk and Baker, 2002) in the urban areas were mainly focused on having negotiating power regarding the improvement of wage levels and working conditions (Brown, 2004). Instead, the expansion of the new administrative system (already discussed above) and the growing economy led to the emergence of new social forces whose relations and struggles shaped the politics of the years ahead, especially by supporting the 1932 revolution.

Second and related to the first, we need to understand the complexity of the 1932 revolution as Pasuk and Baker (2002) illustrated in the following:

"It was plotted within the ranks of younger, mid-level bureaucrats. It was executed by senior generals and sustained by senior civilian officials. It was supported by a broad swathe of new urban Siam-businessmen, organized labor and intellectuals."

In the aftermath of the 1932 coup, the divisions between these groups emerged, characterized by the three major political fractions completed to control the future of Thailand (Pasuk and Baker, 2002). These forces included Pridi and his supporters a coalition of civilian elements in the 1932 coup group and various supportive groups in the new urban society; the military faction in the 1932 coup; and the political elites residing within the bureaucracy and the remains of the nobility which still constituted the

bureaucracy's core (Pasuk and Baker, 2002). While these forces shared a desire to diminish authoritarian power, they had different views on the role and development of the state (Pasuk and Baker, 2002). Thus, the rejection of Pridi's outline economic plan appeared as the outcome of the "intra-class conflicts" between sections of the bourgeoisie that emerged after the overthrow of the absolute monarchy regime rather than conflicts between the coup leaders and other political leaders of the old regime.

Under these aforementioned economic and political contexts, Pridi's economic plan (in which the social security plan was included), targeting agricultural land management and the well-being of the population in rural society had never matched the desire neither of the small business community in the urban area which supported the 1932 coup because they hoped the new government to protect and promote the interests of domestic capital in competition with Western companies (Pasuk and Baker, 2002), nor of the administrative nobility, who wanted the new political system to maintain the bureaucratic structure of the old regime on which their status and power were settled (Pasuk and Baker, 2002). While the military group which came to dominate the government after 1932 agreed with Pridi's idea to let the state intervene in the economy in order to promote economic development (Hewison, 1988), they, in contrast, implemented programs to protect the peasants from commercial exploitation by setting up "state enterprises" to replace the merchants and promote the military's "economic nationalism" (Pasuk and Baker, 2002).

According to this nationalistic approach to economic development, the state's investment and involvement in business developments were significant. From the mid-1930s to the late 1940s, the government invested in consumer goods such as textiles, soap, sugar, glass, silk and cigarettes (Pasuk and Baker, 2002). It also raised a number of internal loans for industrial development and established the Thai National Bank Bureau in 1939 which became the Bank of Thailand in 1942 (Hewison, 1988). The Thai Industrial Promotion was formed in April 1942 with the largest shareholders being the Ministry of Finance and the Ministry of Industry and these two ministries later had control of the company (Hewison, 1988). In addition to the state's investment and involvement in business developments which stimulated the establishment of a number of government-backed enterprises, the impacts of World War II (1939-1945) on the domestic patterns of accumulation did allow Thai capitalist enterprises to expand quite considerably (Hewison, 1985). For example, during the period of the Japanese occupation (1942-1945), when all British and allied business activities were

suspended, local firms had to expand their range of activities to cover the developments in manufactured goods that were previously imported from the West in order to accommodate the restriction of imports and the removal of Western competition (Dixon, 1999).

While the state-led industrialization policies were successful in promoting domestic industry which thereby created a growing demand for industrial wage-labor (Brown, 2004), there was no attempt to propose any specific bill considering providing social security programs for private employees and laborers during this period. However, the growth of large enterprises, especially in Bangkok-Thonburi, the urbanization and changes in the class structure as a result of capitalism and industrialization developed and expanded and the political environment which was more open due to the decline of the military government and the reassertion of civilian rule, in combination, caused the rise of labor militancy and organization during the immediate period of the post war (Brown, 2004). Between 1944 and 1947, labor became an important consideration for Thailand's political reform under the supervision of Pridi, who came back into power as a result of the collapse of Japanese military power in 1945 and his leadership in the anti-Japanese Free Thai movement, in which organized labor was coalition during the war time (Brown, 2004). In an attempt to destroy the basis of the military influence and rebuild parliamentary rule, Pridi and his supporters wrote a new constitution which banned bureaucrats and soldiers from sitting in the Cabinet and the Parliament (Pasuk and Baker, 2002). They also made political parties legal for the first time and began to take an active interest in developing more comprehensive labor legislation that would allow for the formation of trade unions (Brown, 2004). Consequently, labor activists that had worked with Pridi during the war then co-operated with labor leaders and northeastern politicians to form the Sahachip (Cooperative) Party. They also helped to form the first labor federation (Pasuk and Baker, 2002). Eventually, a draft Labor Relations bill which included some benefits that may be defined in terms of social security, especially a free annual medical check for workers employed in rice mills, mines and forest, was introduced for deliberation in the Parliament in July 1947 (Brown, 2004). Nevertheless, the consideration of the bill had not reached the end because the military led by Field Marshal Sarit Thanarat (hereafter, Sarit) overthrew the elected government of Admiral Thawal Thamrong navasawat (Prime Minister, 1946-1947) on November 8, 1947, amid the internal conflict between parliamentarians and the political chaos that followed the mysterious death of King Ananda Mahidol (King Rama VIII) and restored power to Pibun (Pasuk and Baker, 2002). The state power,

during 1947-1958, thus was held in the hands of the military with the great support from its alliances, in particular the pro-royalist conservative and banking and industrial fractions of the capitalist class (Hewison, 1989).

During the second period of the Phibun government (1948-1957), another major attempt to establish social security schemes for private employees and laborers was made when the 1954 Social Security Act which comprised six types of labor benefits maternity, sickness, invalidity, childcare and old age and death was approved by the National Assembly. Together with this act, the Department of Social Security then was established under the umbrella of the Ministry of Finance. There were both economic and political reasons for this approval occurring. On the economic front, this Act was passed in the same year as the first series of investment promotion acts. Aiming to modify the strategies of the state-led industrialization policy as it was increasingly criticized for its inability to maintain the conditions for both international and domestic capital to exist and expand when the country faced an economic downturn at the end of WWII, the new series of investment promotion acts set up a bureaucratic process for policy negotiation among firms, the interagency commission led by the Ministry of Industry and the Council of Ministers in granting incentives for industrial development (Hewison, 1989; Sungsidh, 1983). According to this new process of industrial development promotion, the leading military politicians, bureaucrats and businessmen became the new alliance of state power and business capital was a powerful engine for generating wealth (Pasuk and Baker, 2002). In this regard, the approval of the 1954 Social Security Act was linked to the state's direct participation in capital accumulation or as some scholars labeled it, the "bureaucratic capitalism" of the 1950s period of Thailand's industrial development.

On the political front, the 1954 Social Security Act was passed during the time when Pibun's political position was weak as it was amidst the political power that, on one side, rested on Sarit's First Division of the First Army and on the other side, Phao Sriyanon's armed police units in Bangkok. In an attempt to strengthen his political power, Pibun restored the parliamentary rule by, for example, legalizing political parties, allowing freedom of press and political expression and holding elections. Regarding this restoration, urban labor was seen by Pibun as one of the potential alliances to support the resurrection of the electoral politics (Brown, 2004). The approval of the 1954 Social Security Act, like other labor legislations supported by the government during the mid-1950s, e.g., the Labor Act that became effective on January 1st, 1957, could be seen as part of Pibun's

Table 1: Social Security Schemes for Public and Private Workers, 1950s-1980s

Types of workers	Years	Form of social security	Benefits/Coverage
Public officials	1951	Government officials pension act	To provide old-age pensions for retired government staff
	1980	A civil servant medical benefit scheme	Covering medical expenses and hospital care for the entire family of (current and retired) civil servants and public employees
Private workers/laborers	1972	Workmen's compensation fund	To compensate industrial workers that faced the risk of injury and sickness from work; but the compensation provided medical care and cash benefits for sick workers and was financed solely by employers' contributions
	1975	Free medical care system	Provide free medical care for low-income households
	1984	The provident fund	To authorize the establishment of a private voluntary pension fund, to which employers and monthly contributions, to provide employees were both required to make benefits to participating employees upon their resignation or retirement

Vause and Nikom Chandravithun (1992)

attempt to balance his political power with Sarit, who became the most powerful leader of the army after the 1947 coup.

However, the 1954 Social Security Act was only a general enabling law that required the Royal Decree enacted by the government to the implementation of the type and amount of benefits provided in the Act as well as to the determination of contribution rate required for insured persons. During the following years, it became clear that the 1954 law was quite unsatisfactory and that important amendments or a completely new law were necessary (Department of Public Welfare, 1973). In the middle of the year 1956, for instance, the Phibun government was unable to implement the 1954 Social Security Act because the Act was opposed by the mass media and a vast number of people that distrusted the government. One of the main reasons for this disappointing outcome derived from the technocrats' proposal itself which did not reflect the interests of Thai society at that time, especially by determining the high contribution rate for insured persons while the contribution rate for the government was about half that of insured persons and approximately two-thirds for employers. A widespread objection forged by an alliance of social forces, both workers and businessmen alike, forced the state to postpone the endorsement and the implementation of the act indefinitely. Several delays in the enforcement of the 1954 Social Security Act reflected that the state intervention in social security policy during this period had been unsuccessful because the economic situation raised concerns about the inadequacy of the budget in terms of supporting the program, although the implementation of the Act could assist the government in gaining the political support of regular salary workers. Finally, the Phibun government was overthrown by the military coup led by Sarit in 1958 and the Social Security Department that had been responsible for the preparation of the scheme was dissolved during that year.

After the coup, Sarit abolished the parliament and the constitution, placed a ban on political parties and unions

and established the "Revolutionary Party" and a highly authoritarian regime. At that time and for the next fourteen years, an external threat by communism allowed the military government of Sarit (Prime Minister, 1959-1963) and Field Marshal Thanom Kittikachorn (hereafter, Thanom; prime minister, 1963-1973) to develop and maintain a series of authoritarian governments with strong support from the US government and the World Bank. For most studies of Thailand's development, the establishment of this regime led by Sarit marked the beginning of its modern capitalist development (Dixon, 1999). However, the attempts to promote a social security system for private workers were still complicated by the unfavorable structure of the government-business relationship.

During some periods, the governments (e.g., of Sarit, Thanom and Kriangsak Chamanand) allowed government officials and/or academicians to study or conduct research in order to revise the 1954 Social Security Act or even draft a new Act that was appropriate for the country. In addition, due to the labor involvement in Thailand's politics which began significantly in the mid-1970s (Brown, 2004), it is not correct to believe that Thailand before the enactment of the first Social Security Act in 1990 was without any kind of social security legislation outside the realm of the public sector. Beginning in 1975, there was a Free Medical Care System established for low-income households. In 1974, a Workmen's Compensation Fund was set up in order to compensate industrial workers that faced the risk of injury and sickness from work. However, this compensation provided medical care and cash benefits for sick workers and was financed solely by employers' contributions. Moreover, a policy to encourage private firms to set up a provident fund to which employers and employees were both required to make monthly contributions was begun in 1983 (Table 1). As partly a result of a strong political resistance or unwillingness on the part of political leaders prevented the establishment of a social security system, there was no Social Security Act enacted until 1990 (Ramesh, 2001).

CONCLUSION

The discussion in this study regarding Thailand's social security developments before the first social security act was enacted in 1990 revealed that the Thai state's involvements in social security policy was dynamic. There were several reasons why the attempt to initiate and/or implement social security policy at that particular time succeeded or failed. However, what can be learned from the brief discussion of the evolution of Thailand's social security in this study is that politics matters. That is, when talking about social security policy, we have to recognize that this policy always located among the conflicts and disagreements between and within different sections of the bourgeoisie, political parties and state agencies over policy problems, solutions and directions. In addition, social security establishment could be realized if it were placed in its appropriate international and national context. Thus, in order to explain how and why social security policy has developed in response to the problems generated by capitalism, we have to consider the role and activities of international organizations such as the IMF, World Bank and the World Trade Organization (WTO) as well as of powerful countries like, in the case of Thailand as shown above, the United Kingdom (before WWII), Japan (during WWII) and the United States (after WWII), all of which have shaped the context within which social security develops, expands, or is abrogated. Finally, because social security policy is an integral part of capitalism, it cannot be discussed separately from the pressures made by collective working-class activities. Because capitalism evolves and develops in a way that may make working-class living conditions worse, collective working-class activities usually emerge in order to obtain or maintain social security provision and occasionally these activities have a significant impact on policy introduction and/or implementation.

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