A Comparative Study of Economic Development Planning Organizations of South Korea and Thailand during 1960-1980

Kamon Butsaban*

Abstract

This research paper presents a comparative study on economic development planning organizations in Thailand and South Korea during 1960-1980. Most economists have so far explained Thailand’s relative lack of progress in economic development compared to Korea in terms of differences in economic policies. In this context, this study focuses on the planning organizations that have profoundly influenced the implementation and context of economic policies in the two countries, namely South Korea’s Economic Planning Board (EPB) and Thailand’s National Economic and Social Development Board (NESDB), to identify similarities and differences in the authority, roles, and structures of the organizations as well as the factors that contributed to or obstructed the operation of the two economic development planning organizations. Four factors are identified as having contributed to the better performance efficiency of South Korea’s EPB over Thailand’s NESDB: the law, available human and external resources, the level of government support, and political stability.

Keywords: National Economic and Social Development Board (NESDB), Economic Planning Board (EPB), Korean economic development, Thai economic development

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**Received March 31, 2017; Accepted May 30, 2017
การศึกษาเชิงเปรียบเทียบองค์กรร่างแผนพัฒนาเศรษฐกิจระหว่างสาธารณรัฐเกาหลีและประเทศไทยในช่วงค.ศ. 1960-1980**

กมล บุษบรรณ*  

บทคัดย่อ

วิจัยเรื่องนี้นำเสนอการศึกษาเชิงเปรียบเทียบองค์กรร่างแผนพัฒนาเศรษฐกิจระหว่างสาธารณรัฐเกาหลีและประเทศไทยในช่วงค.ศ. 1960-1980 นักเศรษฐศาสตร์ส่วนใหญ่ได้อธิบายสาเหตุที่ประเทศไทยไม่สามารถพัฒนาเศรษฐกิจได้ทันเท่าสาธารณรัฐเกาหลีในแต่ละยุคที่ผ่านมา ในบริบทนี้ วิจัยเรื่องนี้จึงมุ่งเน้นเรื่องที่องค์กรที่มีอิทธิพลต่อการกำหนดนโยบายทางเศรษฐกิจของทั้งสองประเทศ คือ องค์กรร่างแผนพัฒนาเศรษฐกิจของสาธารณรัฐเกาหลี (Economic Planning Board: EPB) และ องค์กรร่างแผนพัฒนาเศรษฐกิจและสังคมของประเทศไทย (National Economic and Social Development Board: NESDB) ทำให้ทราบถึงโครงสร้างอำนาจหน้าที่ บทบาท และการบริหารงานขององค์กรร่างแผนพัฒนาเศรษฐกิจในแต่ละประเทศว่า คล้ายคลึงหรือแตกต่างกันอย่างไร รวมถึงสาระสำคัญที่ปัจจัยที่ขัดขวางการทำงานขององค์กรร่างแผนพัฒนาเศรษฐกิจของทั้งสองประเทศ โดยมีสัจจัยสำคัญที่ทำให้องค์กรร่างแผนพัฒนาเศรษฐกิจของสาธารณรัฐเกาหลีมีประสิทธิภาพในการดำเนินงานมากกว่า องค์กรร่างแผนพัฒนาเศรษฐกิจของไทย คือตัวบัญชีแตกต่าง ทรัพยากรบุคคล และการสนับสนุนจากภายนอก การสนับสนุนภายในรัฐบาล และเสถียรภาพของรัฐบาล

คำสำคัญ: สานักงานคณะกรรมการพัฒนากรเศรษฐกิจและสังคมแห่งชาติ (สศช.), สานักงานคณะกรรมการพัฒนากรเศรษฐกิจแห่งชาติของสาธารณรัฐเกาหลี (EPB), การพัฒนาการเศรษฐกิจของสาธารณรัฐเกาหลี, การพัฒนาการเศรษฐกิจของประเทศไทย

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I. Introduction

From the early 1960s, South Korea started to economically develop and emerged as one of the so-called “Asian Tigers,” along with Taiwan, Singapore, and Hong Kong, that achieved economic miracles. Compared to South Korea, Thailand seems to have lagged behind in its economic growth. However, this was not always the case. Before 1950, Thailand’s GNP was much higher than that of Korea. However, from 1968 South Korea’s GNP first exceeded then continued to surpass Thailand’s (Kunio 1999, 277-284). On the path of economic development, Thailand and Korea were subject to similar external influences. Both countries received financial and military aid from the U.S. as they adapted their economic and political situations to align with global capitalism against the communist forces, as well as financial aid from Japan. The leaders of both countries also emphasized main strategic policies to improve their poor economic performance by adopting the World Bank’s national plan guidelines. This similarity in external factors behind economic growth has led scholars to attribute Thailand’s relative lack of progress in economic development compared to Korea to differences in economic policies.

In the 1960s in Thailand, the then-Prime Minister Sarit Thanarat completely transformed the country’s economic development (Ninnart Sinchai 2002, 48-53) by changing the direction of national policy from nationalism to liberalism. Sarit Thanarat stressed investment on the private sector, both domestically and internationally, and changed the national planning strategies by initiating the first economic development plan which left a lasting mark in realizing economic liberalization, until the present but especially up to the third economic and social development plan. Institutional changes were also made: significant agencies that direct and oversee national plans. The National Economic Development Board (NEDB), later renamed the National Economic and Social Development Board (NESDB), and the Board of Investment (BOI), were founded as the main mechanisms of liberalized economic development in Thailand, and to create the incentives for investments from the domestic private sector as well as from overseas.

The changes to liberalize national economic administration, the economic development plan, and the economic institutions were implemented under the collaboration between the Thai government, the United States government, and the International Bank for Reconstruction and Development (World Bank). Since then, the close relationship of the three parties has continued
for decades. Particularly for Thailand, the World Bank not only offered aid and loans to the country but also participated in the process of making the development plan for the country. Prime Minister Sarit Thanarat’s death in 1963 brought an early end to his rule, but this short period laid the foundations of economic strength. The first economic and social development plan continued to act as the model for the plans made by succeeding administrations.

The Sarit Thanarat administration’s economic and social development plan shares many similarities with South Korea’s economic development plan of the Park Chung-Hee’s era. In 1961, the Park Chung Hee administration created the Economic Planning Board (EPB) which drafted five-year plans for Korea’s economic development headed by the Deputy Prime Minister of South Korea. However, the internal factors, that is, the differences in the domestic situations and administrations, contributed to the different levels of performance of Thailand’s NESDB and South Korea’s EPB. A review of relevant research reveals divergence in the economic development strategies of the two countries. In simple terms, from its first and second development plans, South Korea focused on light commodity industry and export-led industrialization, but in the case of Thailand, export-led industrialization was not the primary focus at the beginning. Instead, Thailand’s first and second development plans attended to import-substitution industrialization. It was only by the third and fourth development plans that Thailand shifted its focus to promoting growth in agriculture and export, while South Korea, by its third and fourth development plans, had moved forth onto heavy industry and chemical sectors to further accelerate its economic growth. The differences in the level of economic development achieved, as a consequence, during this period clearly show that the economic policy and planning of South Korea contributed to national development better than that of Thailand.

Chalmers Johnson studied the role of Japanese state in the economy (Johnson 1982, 9). He argued that the active intervention and involvement of the state in economic development was the driving force of high growth in newly industrialized countries. Ha-Joon Chang also argued that “the economic development requires a state which can create and regulate the economic and political relationships that can support sustained industrialization – or in short, a developmental state” (Bolesta 2007, 105-111). Based on this framework of developmental state theory, the aim of this research is to find out which factors contributed most to the differences in economic development planning of the two countries, in both the drafting and the implementation of national
development policies. Although specialists of modern Japan attach varying weights to each factor in Japan’s high-growth model, the present research will largely base its analysis on Chalmers Johnson’s delineation of the essential features of the Japanese developmental state based on the history of MITI (Johnson 1982, 315-319).

While comparing South Korea and Thailand’s economies, such as size and other economic indices, may be worthwhile, it is highly unlikely that such comparisons would lead to deeper insights on the differences in the two countries’ economic growth. Instead, this study looks at internal factors to pinpoint the reason behind such divergent development. As mentioned above, the external circumstances surrounding South Korea and Thailand overlap greatly during the periods of interest to this study. Thus, the logical inference is that internal factors had greater roles in bringing about the difference between the two countries’ economic development. In particular, the national economic development planning organizations, as the central figures in formulating the national policies for economic development, had significant influence in setting the course of the national economy. Therefore, this paper compares the structure, authority, duties, and operations of the two countries’ economic development planning organizations to highlight the success factors behind South Korea’s rapid economic growth against that of Thailand. In doing so, this paper hypothesizes that 1) during 1960 - 1980, South Korea’s EPB performed better in role and authority than Thailand’s NESDB, and that 2) during 1960 –1980, the South Korean government gave more significance and support to its EPB than what the Thai government gave to its NESDB. A SWOT analysis is utilized to present a clear comparison between the two countries’ economic development planning organizations. This reveals that South Korea’s economy performed better than that of Thailand because South Korea’s EPB was more effective as a drafting institution of good economic policy and economic development plans than Thailand’s NESDB.

II. The Economic Development Plans of South Korea and Thailand
This paper focuses on the twenty-year period from 1960 to 1980, or more precisely, up to the second Oil Shock. During this period, the external factors, that is, the global environment and influences from non-domestic entities that impacted the national development in the two countries were highly similar. Thus, it is possible to analyze the influences of internal factors with greater focus during this period. An additional reason behind the selection of this period for analysis is that South Korea and Thailand started to implement similarly-structured economic development plans at the beginning of the 1960s. Both countries strived to achieve economic development through consecutive five-year plans by concentrating on national infrastructure and industrialization. The five-year plans of the selected period were the first to fourth economic development plans put forth by the two countries’ governments, details of which are elaborated below.

The first economic development plan of Thailand, drafted and implemented in 1961, can be characterized as import-substitution industrialization. To make the basis for the production of agriculture and basic goods, the plan developed infrastructures such as dams, roads, and railroads. On the other hand, South Korea’s first development plan of 1962, focused on light commodity industry including the manufacture of textiles, clothes, shoes, and wigs. Through consistent efforts in fostering this sector, South Korea achieved some growth in her GNP.

The second development plan in Thailand was similar to the first plan. Focus continued to be on import-substitution industrialization while developing infrastructure to assist the U.S. in her war against Vietnam. However, in the third economic development plan, Thailand included a social development component and shifted its direction to export-led industrialization. Meanwhile, South Korea started to focus on export-led industrialization by cultivating its chemical, iron and steel, and machine industries and the adoption of new technology. The goals set by South Korea’s second development plan were to expand employment opportunities, advance science and technology, and improving productivity. From the third development plan in the 1970s, South Korea further concentrated on heavy and chemical sectors, such as iron and steel, machine, electronics, shipbuilding, and petrochemical industries, to upgrade its industrial base.

South Korea’s focus on the heavy and chemical sectors continued on to its fourth development plan, at which time the government recognized the need for highly-skilled
technicians. To increase the national pool of skilled workers, the government established various skill training schools and state-run research institutes. During this period, Thailand was democratized, which led to an increase in organized labor union activities. The resulting rise in labor cost weakened the country’s competitiveness in the global market. In addition, although Thailand’s fourth development plan was originally intended to promote growth in agriculture and export, in reality, its implementation gave greater weight to social welfare rather than economic development. Korea’s fourth economic development plan focused more on heavy industry and established many research centers and vocational training schools to foster professionals.

How the two countries’ first to fourth economic development plans fared in achieving national growth can be observed through the change in the national income of South Korea and Thailand during this period. Table 1 shows that South Korea started to outrun Thailand from 1968, which corresponded to the early years of the second economic development plan in both countries. From then on, the growth gap between South Korea and Thailand widened.

Table 1: Changes in National Income (GNP) of South Korea and Thailand, 1952 – 1981 (US $)

<table>
<thead>
<tr>
<th>Year</th>
<th>Korea</th>
<th>Thailand</th>
<th>Korea/Thailand</th>
<th>Year</th>
<th>Korea</th>
<th>Thailand</th>
<th>Korea/Thailand</th>
<th>Year</th>
<th>Korea</th>
<th>Thailand</th>
<th>Korea/Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>NA</td>
<td>80</td>
<td></td>
<td>1962</td>
<td>87</td>
<td>106</td>
<td>0.82</td>
<td>1972</td>
<td>316</td>
<td>212</td>
<td>1.49</td>
</tr>
<tr>
<td>1953</td>
<td>67</td>
<td>88</td>
<td>0.76</td>
<td>1963</td>
<td>100</td>
<td>109</td>
<td>0.92</td>
<td>1973</td>
<td>396</td>
<td>273</td>
<td>1.45</td>
</tr>
<tr>
<td>1954</td>
<td>70</td>
<td>76</td>
<td>0.92</td>
<td>1964</td>
<td>103</td>
<td>116</td>
<td>0.89</td>
<td>1974</td>
<td>515</td>
<td>339</td>
<td>1.58</td>
</tr>
<tr>
<td>1955</td>
<td>65</td>
<td>62</td>
<td>0.79</td>
<td>1965</td>
<td>105</td>
<td>126</td>
<td>0.83</td>
<td>1975</td>
<td>391</td>
<td>339</td>
<td>1.15</td>
</tr>
<tr>
<td>1956</td>
<td>66</td>
<td>87</td>
<td>0.76</td>
<td>1966</td>
<td>123</td>
<td>147</td>
<td>0.85</td>
<td>1976</td>
<td>880</td>
<td>399</td>
<td>2.20</td>
</tr>
<tr>
<td>1957</td>
<td>74</td>
<td>85</td>
<td>0.87</td>
<td>1967</td>
<td>142</td>
<td>153</td>
<td>0.94</td>
<td>1977</td>
<td>1,038</td>
<td>433</td>
<td>2.37</td>
</tr>
<tr>
<td>1958</td>
<td>80</td>
<td>84</td>
<td>0.95</td>
<td>1968</td>
<td>169</td>
<td>160</td>
<td>1.05</td>
<td>1978</td>
<td>1,406</td>
<td>536</td>
<td>2.62</td>
</tr>
<tr>
<td>1959</td>
<td>81</td>
<td>86</td>
<td>0.96</td>
<td>1969</td>
<td>210</td>
<td>170</td>
<td>1.23</td>
<td>1979</td>
<td>1,562</td>
<td>595</td>
<td>2.79</td>
</tr>
<tr>
<td>1960</td>
<td>80</td>
<td>94</td>
<td>0.85</td>
<td>1970</td>
<td>263</td>
<td>195</td>
<td>1.25</td>
<td>1980</td>
<td>1,569</td>
<td>686</td>
<td>2.32</td>
</tr>
<tr>
<td>1961</td>
<td>82</td>
<td>100</td>
<td>0.82</td>
<td>1971</td>
<td>285</td>
<td>107</td>
<td>1.45</td>
<td>1981</td>
<td>1,710</td>
<td>718</td>
<td>2.39</td>
</tr>
</tbody>
</table>


III. South Korea’s Economic Planning Board (EPB) and Its Roles
Economic planning efforts in South Korea in fact began earlier on, well before the military coup led by General Park Chung-Hee which gave birth to the Park Chung-Hee administration (Lim 2003, 54-63). The nation’s first efforts at economic planning began during the Korean War (1950-1953) by foreign assistance agencies, notably Robert R. Nathan and Associates who prepared the so-called Nathan Plan. But this plan was never formally adopted nor recognized by the South Korean government. Later in 1959, the Rhee Syng-man administration developed a seven-year plan. The first phase of the plan was formulated and approved by the Cabinet in January 1960, three months before Rhee was overthrown. A new five-year plan (1962-66), prepared by the Chang Myon cabinet in 1961, suffered the same fate: the military coup in May 1961 put South Korea under the regime of President Park Chung-Hee (Choi 1987, 15).

Later in 1961, under the regime of President Park Chung-Hee, the government concentrated on the economic development of the country and laid out the first draft of the five-year economic development plan in 1962. This first plan had two important principles: first, that the basic principle of the nation’s economy was liberalism and individualism and second, that the final goal was industrialization. However, in reality, South Korea practiced guided capitalism through firm government control over regulations and focused on specific industries and greater accumulation of capital. The government strived to increase national savings and to induce more capital inflow into the country (Korean Development Institute 1975, 8).

By the end of the first five-year plan, the Park Chung-Hee administration had constructed further development plans which successfully made South Korea into one of the newly industrialized countries (NICs) by the end of the 1980s. The success of the economic plans depended on the strict line of authority and command by the government in adhering to and executing the given guidelines. This motivated the people and the private sector to have faith in the government’s determination and to give full cooperation.

EPB’s Structure, Authority, Roles and Responsibilities, and Administration
While it is difficult to pinpoint one specific agency as having had a dominant role in drafting and regulating South Korea’s national economic policy during 1960-1980, the Economic Planning Board (EPB) performed the important function as the coordinator of the diverse agencies involved. To spearhead the drafting and implementation of the five-year economic development plans, the EPB was created in 1961. The EPB continued to exist as an independent agency until December 1994, when it lost its autonomy and became integrated into the Finance and Economy Board, which was renamed as the Ministry of Finance and Economy by an amendment to the Government Organization Act in February 1998.

One characteristic of South Korea’s planning process is its centralized decision-making with the president given the highest authority. Article 93 of the South Korean Constitution states that a National Economic Advisory Council can be established to advise the President for developing the national economy. Article 127 also gives authority to the President and the Advisory Council to draw up the National Economic Plan in scientific and technological, information, and human resource development and sponsorship of innovation creation for national economic development. Meanwhile, the EPB was founded under the Office of the Prime Minister and the Advisory Council of the National Economic Plan, designated by Article 93, which specifies that:

The advisory council of the national plan will be appointed by the president to provide advice to the president in imposing policies that are significant to economic development of the nation.
Organization, mission, and other agendas that are critical to the advisory committee should be enacted as written words (Pisith Kuntatip 1994, 223).

In short, the president holds the highest authority in the planning process, while the deputy prime minister directly oversaw the EPB and communicated directly with the president himself.

The process of economic development involved coordination among EPB and other agencies with sound cooperation from all sides, along with the continuous improvement of information sharing which contributed greatly to the efficiency in decision-making. As the coordinating agency, the EPB received ample support from the government. Due to the number of government agencies involved in the process, South Korea’s economic planning process was
quite complex (Moon 2017, 26-27). Briefly, however, the planning stages of South Korea can be summarized as follows:

- The Economic Planning Agency draws a framework indicating the guidelines for development and brings it forward to the cabinet for consideration and dissemination to other ministries.
- Other ministries draw up their own plans and present them to the planning agency.
- The Office of Economic Planning adjusts the plans from each ministry to align them through the Cabinet Planning Committee under the responsibility of the cabinet.
- When the comprehensive plan passes the cabinet unanimously, the plan is sent to the National Economic Advisory Committee to check the completeness, after which it is proposed to the President.
- Then, the Cabinet Planning Committee rectifies the proposal for final consideration.

As exhibited by the summarized procedures above, South Korea’s policy implementation was a top-down process. In this hierarchy, the EPB held a higher position than other institutions. Therefore, it had the power to influence other institutions. Also, the personnel in EPB received sufficient academic and resources support to retain experts in each field. Initially, the EPB received cooperation from experts of various agencies including the Korean Development Institute (KDI), which was founded in 1970 to become the main organization to set frameworks and in-depth policies for each branch of governance.

IV. Thailand’s National Economic and Social Development Board (NESDB) and Its Roles

It is necessary to look at the larger structures of relevant organizations in studying and analyzing the planning organizations in Thailand, as the organizational structures are closely concerned with the origin and legal status, forms, as well as authority, roles, and responsibilities of the organizations. In theory, the Thai government is divided into two parts in terms of function: legislative and executive. In practice, the prime minister and the ministers of each ministry are the ones who have the decision-making power to direct their ministry or governmental organizations of which they are in control (Prayoon Karnjanadun 1998, 16-17). The parliament, on the other
hand, performed the legislative role, although, in reality, its function is limited to approving or disapproving the plans submitted by the administrative body.

After the coup in 1958, the government under Prime Minister Sarit Thanarat planned to reform and develop the national economy in line with capitalist ideology, according to the advice of the U.S. government and the World Bank. (Ninnart Sinchai 2002, 44-45) Thailand’s financial and budgetary administration and its national economic and social development was greatly reformed in 1959 when the budgetary sector was separated from the Ministry of Finance to become the Budget Bureau under the Office of the Prime Minister. In the same period, the National Economic Development Board (NEDB, later NESDB) was also established as the center for the national economic development plan under the Office of the Prime Minister through the National Economic Development Council Act in 1959, following the proposal of the World Bank. The NEDB collaborated with all ministries, associations departments, and agencies in setting up Thailand’s first national economic development plan (1961-1966), which was announced on January 1, 1961.

NESDB’s Structure, Authority, Roles and Responsibilities, and Administration

Based on the level of responsibilities, Thailand’s planning organizations can be divided into two levels. The primary organizations such as the Cabinet are in control of regulating and authorizing the policies concerning economic planning strategies on the national level. The secondary organizations are regular planning organizations that are responsible for turning the Cabinet’s plans for a practical implementation. These secondary organizations include central agencies such as the NESDB as well as the Bureau of the Budget, the Fiscal Policy Office, the Bank of Thailand, and the Office of the Civil Service Commission. Besides, there are also general planning organizations or implementing units in ministries, departments, offices, and state enterprises. At present, there are about 18 departments under the Office of the Prime Minister, whose duty is to give advice and information to the Cabinet.

The authority of the Cabinet in administrating national affairs is guaranteed by the Constitution. The National Economic and Social Development Act, issued in 1978 and in current use, states that the power to make plans for national economic and social development belongs to the NESDB, which must propose the plans to the Cabinet for approval before issuing them. However, prior to constructing the plans, this central planning agency is required to collect and
cooperate on each policy with the Cabinet and the Committee of National Policies to turn them into the development plans (Pisith Kuntatip 1994, 52 - 64).

Compared to South Korea’s EPB, the NESDB lacked autonomy. The NESDB had no power given by law to influence other institutions, so it performed the role of an advisory board for the Office of the Prime Minister and its units. Therefore, the drafting and implementation of economic development plans did not necessarily go through the NESDB. The parliament did not participate or share any key influence in the approval of the national economic and social development plan. Despite NESDB’s institutionalization by the Cabinet, it is not known if the ministers with the highest authority listened to or took NESDB’s perspective into account. Moreover, many historical events suggest that Thai governments, especially those that were elected had not previously worked in the government.

At the lower level, the planning organizations were placed within central agencies, and operational units did not have all the necessary personnel or resources to perform the jobs, unlike the case of South Korea with a variety of professional and academic groups as resources. With fewer personnel, the workload was heavy. This situation precluded cooperative action in the planning process, something that was necessary for implementation in conformity with the plan.

V. Comparison of Structures, Authorities, Roles and Responsibilities, and Administration of South Korea’s and Thailand’s Planning Organizations
Based on the elaboration on the structure, authorities, roles and responsibilities of South Korea’s EPB and Thailand’s NESDB, it is possible to perform a SWOT analysis on the two countries’ economic development planning and implementation. The results of the analysis are illustrated in Table 2 below.

Table 2: SWOT Analysis of South Korea’s and Thailand’s Planning Organizations

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea:</td>
<td>Korea:</td>
</tr>
<tr>
<td>- High R&amp;D of EPB contribute to building a learning community (Moon 2017, 11)</td>
<td>- Political stability with a lofty cause and repressive policies.</td>
</tr>
<tr>
<td>Thailand:</td>
<td>Thailand:</td>
</tr>
<tr>
<td>- NESDB is highly recognized and trusted in national policy planning.</td>
<td>- R&amp;D of NESDB still ranks low and does not contribute to building a learning community.</td>
</tr>
<tr>
<td></td>
<td>- High turnover of Prime Ministers (nine so far) resulted policy discontinuities, a condition unfavorable to the NESDB.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea:</td>
<td>Korea:</td>
</tr>
<tr>
<td>- Important mission assigned by the government gives EPB more roles (Choi 1987, 15)</td>
<td>- Repressive government demands</td>
</tr>
<tr>
<td>Thailand:</td>
<td>Thailand:</td>
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<td>- Political instability creates discontinuity of policy implementation (Tinapan Nakata 1987, 27)</td>
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Undoubtedly, both EPB and NESDB played important roles in advising on national economic plans and received recognition by other institutions within and outside government. However, both countries were under dictatorships which affected how policies were created and implemented. Particularly for South Korea, President Park Chung-Hee maintained a strong rule
for 18 years, which brought as a positive effect political stability but also had the negative effect of a repressive hierarchy. South Korea’s long dictatorship and the consequent repressive environment constituted both a weakness and a threat. Meanwhile, although also under dictatorship, Thailand had nine different administrations over the twenty-year period with more frequent changes in personnel. This political instability made for discontinuity in policy implementation.

Thailand’s greatest weakness was its lack of R&D support and human resources. The heavy workload of the committee in the NESDB due to the lack of qualified personnel obstructed the organization’s effectiveness and drafted the national economic and development plan’s according to the nation’s priority but in such a way as to allow for appropriate changes and adaptation. On the other hand, R&D support and human resources were South Korea’s strengths (Mason, et al. 1980, 58 – 66). The EPB was given the full role of proposing national economic policies and also abundant R&D resources. The EPB had a good relationship with other institutions and created a learning community for economic planning. The personnel at the EPB were experts in economy and, because the agency was directly controlled by the deputy prime minister with a direct communication channel with the president, had more freedom in crafting policies. Thus, the EPB could create more opportunities for its country’s development and received greater recognition both domestically and internationally.

VI. Analysis of Factors that Influenced the Performance Effectiveness of the Planning Organizations in South Korea and Thailand

Thailand’s third and fourth economic development plans were even less successful when compared to South Korea’s economic growth during the same period. Despite the many similarities in structure, authority, role, duty, and administration of the two countries’ planning organizations, South Korea has achieved greater economic development than Thailand. The comparison between the structures, authorities, roles, responsibilities and administration of South Korea and Thailand’s planning organizations reveal four factors that influenced the organizations’ performances during 1960-1980.

The first factor is the law as the controller of the structure, roles, and duties of government organizations. Only abiding by the laws in a literal sense, the EPB had enough authority to direct
policies which indicated the economic trends to the Cabinet and influenced the drafting of each ministry’s action plan. Thus, in South Korea, the deputy prime minister directly controlled the economic policy and economic development plans unlike the situation in Thailand where the NESDB had little power over management and lacked the authority to control the implementation of economic development policy and plan.

Secondly, the available support in terms of academic and human resources differed between the EPB and the NESDB. The EPB’s abundant R&D resources are peculiar to South Korea’s planning strategy, in addition to its centralized decision-making with the president as the center of power. In the 1960s, the relatively stable global situation allowed both countries to make good use of the sufficient support they received from external entities: the U.S. government and international organizations provided funds while Japan provided large international investment.

However, from the 1970s there were many domestic and global economic and political problems such as the October Uprising of 1973 in Thailand, the Communist triumph in Indo-China and the Second Oil Crisis. These external situations became obstacles to the procedures of EPB and NESDB. The EPB, with its abundant resources and academic support, found advanced solutions to the problems. But in the case of the NESDB, it lacked appropriate personnel. The existing human resources were too small to find solutions with little time for preparation. The chaotic global situation with problems such as budget overspending and monetary crisis further hindered the NESDB’s agility in planning.

The third factor is government support, which can be both supportive and obstructive to the performance of the planning organizations. Every president who acceded to power in South Korea focused their attention on the performance of the EPB, especially during the Presidency of Park Chung-Hee. Although Park often utilized his power to interfere with the EPB’s work, his interventions worked as an advantage to the EPB as he nominated many experts in various branches that assisted in the EPB’s proceedings (Lim 2003, 48).

In Thailand, government intervention was heavy on the working procedures of the NESDB as can be seen in the preliminary stage of its establishment up to 1973. The government used the NESDB as a tool to compromise with the BOI, to support themselves and the stakeholders on the government side in sponsoring the industrial import substitution policy. As a result, there was an excess of commodities and a lack of seriousness in encouraging the export industry. Even when
Thailand encouraged export in the first development plan, the lack of human resources in the field slowed down the industrial expansion. Additionally, even if the Cabinet took the proposals from both organizations into serious consideration, the decision still depended on the prime minister and the ministers at the time. For instance, the government under General Prem Tinsulanond focused on both organizations, but that under General Chatchai Chunhawan went contrary to the interest of the organizations.

The fourth and the most important factor is the stability of the government. A stable government can secure the continuous and smooth process in policy setting and development planning. The high stability of South Korean government, with President Park Chung Hee maintaining his regime for 18 years, allowed the EPB to draft a continuous development plan and to align the national economic plan and other economic policies with the government’s policies. In stunning contrast, Thailand during 1960-1980 experienced nine different cabinets, resulting in policy discontinuity and presenting an unfavorable environment to the NESDB. The country’s political instability marred the economic plan’s authority as a government policy. Thailand’s instability marred the strategic implementation of economic development policy in accordance with global demands: industrial reform was not conducted within the appropriate timeline, affecting the economic planning and initial stage of implementation of the economic plan and further resulted in a long-term, negative impact on the growth of Thailand’s GNP compared to South Korea (Stark 2010, 207).

VII. Conclusion

South Korea’s economic growth obviously surpassed Thailand in speed during 1960-1980. This paper sets out to identify and compare the structure, roles, and procedural patterns of the two countries’ economic development planning organizations, South Korea’s EPB and Thailand’s NESDB. This was in order to gauge their influences on the performance of economic development policies in alignment with the global and domestic situation of the countries during 1960-1980. The difference in the extent of alignment between South Korea and Thailand was assumed as the major factor behind the varying success of the two countries.

The present research hypothesized that 1) during the 1960-1980, the EPB performed better in its role with greater authority than NESDB and that 2) within the same period, 1960-1980, the
South Korean government gave more significance and support to EPB than what Thai government gave to NESDB. A comparison of the two planning organizations showed that, indeed, these two circumstances allowed South Korea to put efficient emphasis on industrial product export since the beginning of the 1960s, which brought about fast GNP growth. This study found four factors that contributed to the greater efficiency of South Korea’s EPB compared to Thailand’s NESDB: the relevant laws, the availability of human and external resources, the level of government support, and political stability.

To summarize, the South Korean Constitution granted the EPB the right to influence other institutions while the NESDB had relatively limited statutory basis and had little power over other institutions. The EPB received sufficient R&D and personnel support in setting up its policy framework, unlike the NESDB which did not have sufficient human resources. In the midst of increasing global economic risks and competition, both the EPB and the NESDB needed to present national policies to overcome the challenges. However, in the Thailand case, the lack of personnel and R&D support led to inefficient policy making. The level of support from the government also differed between the two countries. President Park Chung-Hee trusted the role of the EPB and also actively intervened in all decision-making. In Thailand, the degree of importance put to the advice from the NESDB depended on who was the prime minister.

What proved to be the most vital factor, however, was political stability. The high stability of the South Korean government from 1960 to 1980 gave strength to its national economic plan and other economic policies, unlike the situation in Thailand. Thailand lacked political stability which led to the nation’s failure to align its strategic policy to meet the demands of the global economy and disabled the country from developing an industrial revolution appropriate for that period. In other words, the difference in degree of strong-handed implementation of respective economic plans generated long-term effects on economic development and GNP growth in both countries, to create the significant differences we see today.

One important area that this research was unable to include in its analysis was the cultural factor. This author believes that it potentially influenced the implementation of the economic development plans in the two countries. Several elements of South Korean culture, which differ from Thailand’s, may have worked in favor of national economic plan implementation. Unlike how economic and social conditions have been accepted as a given in Thailand, the South Korean
government exhibited a strong will against the status-quo and enforced a disciplined regimen on its people as a means to improve their lives. South Korea’s foundation in Confucianism created a strict hierarchical structure within Korean society, which may have contributed to the speed in which directives trickled down and prompted action from the top to the bottom. The Confucian background may also explain South Koreans’ acquiescence to the government’s use of power, as evidenced by the people’s obedience to the Park Chung-Hee government’s rule post-1961 revolution and their cooperation in performing mandatory military service.

Also, South Koreans join working groups more willingly than the Thai. This enables higher cooperation in bringing success to government policies. They are also more nationalistic, or patriotic, as can be seen from their strong opinions on government operations and their preference for Korean national products. Also, South Koreans’ emphasis on education is well-known whereas, in Thailand, there was almost no competition or government support for higher education. An investigation into the influence, if any, of cultural factors on the economic development in the two countries may add insights to the findings of this research. It is hoped that future studies will explore this topic, despite the difficulties in quantifying the influence of cultural factors.

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