

## 10. OUTLINE ECONOMIC PLAN (1933)

### PREFACE

#### POINTS TO BE TAKEN INTO ACCOUNT IN READING THIS EXPOSITION

In thinking how to promote the well-being of the people, I have carefully studied the true situation, including the habits and disposition of the majority of the people. There is only one way to promote the well-being of the people—the government must manage the economy itself by dividing the economy into different cooperatives.

*Dividing the  
economy into  
cooperatives*

My thinking is not because I have an attachment to any doctrine. I have picked up good parts of various doctrines that I believe are appropriate for Siam, and I have adapted them into the outline economic plan.

But there is a point to bear in mind. There are many and varied doctrines about improving the economic well-being of the people. But those who adhere to different theories still cannot agree. Professor Deschamps of the University of Paris made three points about this.

*The reason for  
bias*

1. All the people do not know all the various doctrines. In this case, ignorance is unintentional. For example, those who have not studied or read the genuine texts of various doctrines are not in any position to come to an agreement.

*Unintentional  
ignorance*

2. Intentional ignorance. For instance, people listen to the market gossip that one doctrine supports people to kill one another, expropriate the property of the rich, share it out equally among the poor, and make women into common property. They wrongly believe this market gossip. They cling faithfully to this malicious talk. They do no research or follow up to find out whether this doctrine has

*Intentional  
ignorance*

or has not urged people to kill, expropriate property, share it out equally, and make women into common property.

*Personal  
benefit*

3. Personal benefit. Some people know various doctrines and their good elements, but pretend not to know and do not act accordingly, because they have a personal benefit which prevents them adopting these ideologies. For instance, socialist doctrine wishes the government to engage in industry for the benefit of the people as a whole. Industrial entrepreneurs cannot support socialist doctrine because they fear the benefit which they get from industry will be taken away. In other cases, people hate the government for personal reasons. They know various doctrines and can see a doctrine is good, but when the government acts according to that doctrine, they resolve to be hostile to the government and pretend to uphold another doctrine. People like this are the worst evil in the world (*ubat kali lok*) because in the main they pursue personal benefit, not the benefit of the people in general.

*Obstinacy*

In Siam, according to my observation, there is yet another reason. That is obstinacy. I have read writings by some learned people in Siam who argue there are dangers in one particular doctrine. I asked one of them whether he had read this from books opposed to the doctrine or got it from hearsay. I received the answer that he had got it from hearsay. I advised him to read a book by someone neutral. He read, and saw that in truth what had been said was false. But to preserve his own reputation, he obstinately pretended to speak in the same old way. Even while admitting to me that he was wrong, he had to stick to his story. Learned men such as this are the worst evil in the world, along with those who pursue personal benefit in the main.

*Resolve to be  
neutral*

So, readers of this explanatory note, please resolve to be neutral and avoid the above evils. Judge whether or not the draft plan, as I have conceived it here, can help the people as the People's Party announced. If you get stuck or have doubts on any point, please come and ask me. If you hear anyone arguing against it for any reason at all, please ask that person whether he is objecting for his own reasons or because of some market gossip. Also enquire about any original documents the critic has found and read, and please let me know about them.

To read this exposition and come to a judgement, it is not necessary to have a degree. If those with no degree really research, follow things up, and disbelieve hearsay, they can judge better than those who do no real research or follow up.

## PART 1: THE ANNOUNCEMENT OF THE PEOPLE'S PARTY

On 24 June 1932, the People's Party announced its objectives to the people as six principles. The principle which concerns the economy of the country has this content: to improve the economic well-being of the people by the new government finding employment for all and drawing up a national economic plan, not leaving the people to go hungry

*The third  
principle of  
the People's  
Party*

This point must be imprinted in the mind of the whole population, and will be recorded in the history of the change of government. I will always insist on this point. I believe that if the government draws up an appropriate national economic plan, the government will be able to find employment for all and will not leave the people to go hungry. It is not beyond possibility. Improving the well-being of the people is one of my major objectives in changing the government. I had no desire to change from one king to many—which is a democratic system but only its outer husk. I am focused on the important point: “improve the well-being of the people”. I hold that the constitution is comparable to a key which opens a door for the people to have a part and a voice in government, to arrange things according to their needs. When the door blocking that route is opened, the government must lead the people through the door to the summit (*chaiyaphum*) of well-being, not lead the people to walk backwards into a *khlong* [i.e. to regress]. For these reasons, the duty of the government which accepts the six principles of the People's Party is to implement this objective of the People's Party.

*Government  
can do it, it is  
not beyond  
possibility*

PART 2: THE UNCERTAINTY OF THE ECONOMY  
AT PRESENT

*The  
deprivation of  
the people*

Those with a humane heart and compassion for their fellow man, when they see the condition of the farmers in the countryside, or the poor and destitute in the capital, will immediately feel pity. You may see how poor and inadequate are the food, clothing, shelter, and so on which are the means of existence of these people. Although they may have food to eat today, they cannot know whether or not they will have it tomorrow and beyond. The future is uncertain. Consider further that a person's life must move towards sickness and old age. Will these people, who already face privation when they are strong and healthy, still have food to eat when they reach the stage of sickness and old age?

*Wealthy,  
middle class,  
poor may be  
deprived*

Uncertainty of existence is not only the case among the poor. Both the rich and the middle class must also face uncertainty in every shape and form. Please consider whether you will be able to hold onto the money which you can earn now until your death? Will it last for the use of your children, grandchildren, and great-grandchildren? There are many examples that you may have met of someone who was rich at one time and who became poor at another time; or of an inheritance which passed down to a son and which disappeared completely, not lasting the whole of the son's life, so that the son of a rich man fell into poverty. Similarly you can see that money is not something certain which can act as an insurance for your existence. Do you know for sure that your body and soul will be robust enough to work all through your life? If you become sick or disabled in any way, you cannot work. You must use the money that you have. This money will ultimately be used up also. Where will you find food to eat when you are sick or disabled and cannot work? Try to think how you will feel if you fall into such a condition.

### PART 3: INSURING THE WELL-BEING OF THE PEOPLE

Such is the uncertainty of the economy, that there are learned people who think about solutions by which the government insures the well-being of the people (*assurance sociale*). That is, people receive insurance from the government from birth to death. Whether they are children, invalid, disabled, or aged, and unable to work, the people have food, clothing, shelter, and so on—the means of existence. When the government provides such insurance, every person will sleep soundly because he does not need to worry that he will be hungry when he is sick, disabled, or aged. If he has a child, he need not be concerned whether the child will go hungry or be able to earn after he has passed away, because government will provide insurance. This insurance will be superior even to saving money, because such money itself is something uncertain, as I have already described.

Such insurance is beyond the ability of a private company. If a company could do it, the people would have to pay a high insurance premium, and where would they get the money? Such insurance can only be done by government, because government does not have to collect an insurance premium directly from the people. The government can seek ways other than an insurance premium, such as increasing the productivity of people's labour, and collecting tax indirectly in small quantities per person per day which the people do not feel.

In other countries, the idea that government should provide such insurance to people has become progressively stronger. To implement the provision of such government insurance for the people, an act must be passed on the insurance of the well-being of the people, making it a duty for the government to pay money to everyone in amounts adequate for them to exchange for the means of existence such as food, clothing, shelter, and so on, according to each person's situation (see the draft act appended).

Paying a monthly salary to everyone appears to accord truly well with the disposition of the Thai people because, as is well known, everyone likes to work in government service and likes to have a monthly salary. Yet there are still

*Every person should receive insurance from the government*

*A private company cannot do this*

*Legislation on insurance for the well-being of the people*

*Thai people like to be government servants*

some government servants who go around objecting and opposing people being government servants, even though they themselves are government servants on monthly salaries.

When government has to pay a monthly salary to the people in this way, where will the government get the money from?

*Money is something used for exchange*

Before dealing with this subject, let us be warned to keep in mind that money is not something you can eat, that money is something which is used to exchange for the means of existence such as food, clothing, shelter, and so on.

Paying money is equivalent to giving food, clothing, shelter, and so on. Please bear in mind what you do with the money you earn. You exchange it for the means of existence. Therefore, it is not wrong to compare money to points. Paying a monthly salary is equivalent to giving the people points which they can exchange for the means of existence according to their needs.

The ultimate results which people get are the means of existence such as food, clothing, shelter, and so on.

*Government does not have to expropriate the property of the wealthy*

To pay a monthly salary to people, government does not have to seize the property of the wealthy. The government may provide the means of existence by setting up comprehensive cooperatives to exchange the monthly salary which government pays to people and to act as a clearing system.

*Clearing system*

For example, a person has a monthly salary of twenty baht, and needs food, clothing and so on for the amount of this twenty baht. The money government has paid to this person returns to the government again. Money remains with the person only when his needs for food, clothing, and so on cost less than the amount received. Only for this amount which remains in the hands of the person, the government must have a reserve fund such as in gold or silver according to international practice.

*National bank*

Alternatively, if the government does not want to issue many currency notes which require a high reserve fund, government may set up a trustworthy national bank where the people can deposit money, use checks for payment, and have a clearing system (*compensation*). By this means, the notes in circulation need not be a very large quantity.

Hence, having the government insure the well-being of the people by paying them a monthly salary, makes it also necessary for the government to set up cooperatives to produce and sell the means of existence. If the government does not set up cooperatives to make and sell the means of existence itself, or does not oversee it, how can the government insure the well-being of the people? Where will the government find the money to pay the people monthly salaries?

*The government runs the economy itself*

Running any economic activity requires: 1. land, including property attached to land both above and below ground; 2. labour; 3. capital.

At the present time, does every person have enough land and capital? We can see that 99 percent of people do not have sufficient land and capital to engage in economic activity properly on their own. Each person has his own labour, but what can he do with this labour when he has insufficient land and capital?

*The people do not have enough land and capital*

But if you consider the land, labour, and capital of the people in total, you can see that in Siam there is over 500,000 sq km of land (over 320 million *rai*), full of trees and crops above ground, full of ores and minerals of many kinds under the earth. Siam has a population of over 11 million. As for capital, although we do not yet have a lot, Siam is definitely not a wild jungle. The assets and reputation which the country has gained may provide a route to find capital through fiscal policies which do not cause difficulties for the people.

*Land, labour, and capital of the country*

#### PART 4: LABOUR THAT IS WASTED AND SOCIAL PARASITES

It is disappointing that our fertile land has not yet been used profitably, because up to now running the economy in the style of private free enterprise (*ekkachon tang khon tang tham*) has resulted in wastage of labour or excessive use of labour, and a lack of machinery to increase labour productivity. There are also some *parasite social* as I shall relate below.

## Chapter 1: The waste of labour through under-utilization

*Forty percent  
of labour is  
wasted*

It can be seen that the farmers who are the majority of the population of Siam work on paddy farming no more than six months of the year per person (including ploughing, planting, harvesting, etc.). There remain another six months which are wasted. If people had a way to use this remaining six months in productive economic activity, the well-being of the people would increase. I am happy to receive explanations from those interested in the economy on how a solution can successfully be found, within the system of leaving everything to private free enterprise, that makes people put this remaining idle labour to productive use. I see that the only way is for the government to lay down a national economic plan so that people put this remaining six months to productive use.

## Chapter 2: Labour is wasted because the economy is not managed appropriately

*Labour is  
wasted by  
fragmentation*

Although labour is used in economic activity for these six months, this labour is still wasted without reason because of private free enterprise. For example, the farmers all work separately and individually. More labour is required than if they worked jointly. Each individual farmer looks after his own cattle, ploughs himself, plants and harvests himself (except on some occasions when there is *long khaek*, communal exchange labour), and seeks his own living. But if farmers worked together, they might be able to economize on labour. For instance, farmers who work separately must each look after one head of cattle. But if many farmers with many cattle work together, they may be able to look after the cattle jointly and jointly use the same cattle-keeper. That is one way to economize on labour. Apart from this, household work such as the preparation of food could be done jointly such as through a club or shop to sell food. On any one day, many people would come to eat, while it should be possible to use only one or two people to prepare the food. In this way, when farmers work jointly they can economize on labour for food making, cattle raising, and so on, and use the remaining labour productively on economic activities which we still lack. If we leave it to private free enterprise like this for ever, there will be no economizing on labour.



### Chapter 3: Labour that is wasted by not using machinery

This matter is well known. Our paddy farming uses methods of ploughing, planting, harvesting, and so on with human labour and animal draught power. In truth, these methods using human labour and animal draught power were totally necessary in primitive times and in the period before machines were invented. But suppose we had machinery experts to adapt machinery to be appropriate for our geographic conditions (which is feasible because there is no science in this world which could not do such a thing unless there was no interest to do so). It is usual in an economy that when there is mechanization, labour can be greatly increased.

*Waste of  
labour  
through  
primitive  
methods*

From current experiments with ploughing, it can be clearly seen that one mechanized plough which requires two people may plough many thousand *rai* in one season. Thais have small bodies and are not as strong as Chinese or westerners. In any economic activity which uses human strength, we cannot compete with the Chinese or westerners. But we will be able to compete if we use machinery. The question concerning the introduction of machinery is whether each rice farmer can afford to have a machine. In other words, do farmers have enough capital to buy? It is true that some private individuals could afford it, because they have capital and do not need to rely on the government. But be aware that machinery has enormous benefit but can also cause great damage. In overseas countries, is it not the case that unemployment has increased nowadays because of more machines replacing human labour? When machinery increases, it follows that unemployment must increase.

*The good  
effects of  
machinery*

Suppose a weaving factory, which in the past had used a thousand hand labourers, changes to use machinery and needs only a hundred people. The other nine hundred people must leave the factory and become unemployed. But you cannot blame the machinery for this. A machine is something which helps humans to avoid suffering (*tora-man*). The unemployment which arises because a factory changes to machinery is a result of private free enterprise. This is a common matter. When a factory needs a hundred people, why should the factory owner waste money paying

*The impact of  
machinery*

*Under  
government  
enterprise  
there will be  
only good  
results from  
machinery*

the remaining nine hundred people? But where will these nine hundred go to find work? If various factories or agriculturists already use machinery, there will be many unemployed. Ultimately, there will be a disaster. But if the government engages in economic activity itself, there will be only good results from adopting machinery.

Suppose that weaving factory which changed to machinery in the previous example has to dispense with nine hundred workers. The government may take them into another newly established factory, for instance a silk factory, a sugar factory, or road construction work, clearing the forest for cultivation, and so on. And suppose that there are already enough factories and various economic activities with no need for further expansion, it can reduce the working hours of the workers. For instance, when machinery increases, working time decreases from the previous eight hours to seven, six, five, four, three, two, one hour a day without reducing the monthly pay of the workers. By this method, there will be a good effect from machinery, that is a reduction in the suffering of human bodies. In truth, private owners of private factories may reduce the working hours, but they will want to reduce the pay also. More than that, if the number with no work is more than the work available, the wage rate normally declines as a law of economics. The ill effect falls on the people, and machinery becomes something which kills people. If you do not want to kill, then you must not use machinery. When you do not use machinery, backwardness persists.

*Providing  
capital is  
easier than  
providing  
machinery*

If the government runs the whole economy itself by organizing cooperatives, this will not only solve the problem of labour, but it will also be easier than under private enterprise to provide capital, because the government may draw up fiscal policies such as indirect taxes (*impôt indirect*) collected from the people in small daily amounts which the people do not feel as a heavy burden, but which accumulate over a year into a large amount.

*Indirect tax*

For instance, if there is some indirect tax which collects one *satang* per day per person from the population of 11 million, in one year the yield will be over 40 million baht. Apart from this, the government may still borrow money using the reputation and assets of the government which

are better collateral than the private sector has. Alternatively, government may make agreements with foreign countries to buy machinery in large quantities at a low price and with payment by instalment. Some countries have already done so to good effect.

Chapter 4: Labour is wasted because of people born as social parasites

In Siam there is no small number of people born as social parasites who live off others. That is, they engage in no economic activity or anything appropriate to their labour. They depend on others for food, clothing, and shelter. Sometimes they work just a little bit. For example, in Bangkok and other major towns, we can observe large numbers of people living in the houses of the middle class or wealthy. This group of people, apart from being social parasites, are also a cause of price rises. For example, suppose in one country there are one hundred people working making rice, each producing one ton of rice, giving a total of one hundred tons. But there are fifty people who live and eat in the country who do nothing. Hence if these social parasites worked along with the other hundred, there would be another fifty tons of rice. The price will increase [this should be decrease] because the amount of rice increases. If this group of people is left to remain as at present, they will become idlers. Leaving things to private free enterprise, and leaving idle people to depend on others like this, the economic output of the country will be reduced. There is no way better than the government running the economy itself, and finding a route to force this type of people to work so that the labour of the social parasites may be of some benefit to the country.

*Social  
parasites hold  
back progress*

## PART 5: HOW GOVERNMENT WILL PROVIDE LAND, LABOUR, AND CAPITAL

The important principle that should be born in mind is that the government must adopt conciliatory methods—that is, must rely on cooperation between rich and poor. Government must not murder the rich.

## Chapter 1: Providing land

At present landowners do not receive sufficient return from the land

At present cultivable land is in private hands. Beyond that is forest which has to be cleared. On land in private hands at present, the return is almost not worth the outlay plus tax or interest, because farmers at present—you can almost say 99 percent—are debtors who have pledged their land, or placed it as collateral with creditors, and the creditors cannot collect the interest or the principal. People who have land for rent, such as in the Rangsit tract, instead of being able to collect rents, have to pay the land tax out of their own pockets. Losses are incurred with disastrous effect on both the rich and the poor. The majority of landowners want to sell their land even at some loss. The creditors who have lent to the farmers want their money back. In mortgage enforcement and distress sales at present, the land price has fallen low. All this has been the result of government allowing private free enterprise to be the principle of economic activity.

*Buying up  
land*

If things are like this, and if government buys up this land, I believe that the farmers, landowners, and creditors should all be happy in no small measure. Because if they retain the property right in the land, or seize land which has been pledged, they will face only loss. Buying up the land in this way is a different method from the expropriation of the communists.

*Where will  
government  
get the money  
to buy land?*

At present the government does not have sufficient money to buy land. But the government can issue bonds to the landowners according to the price of their land. On these bonds, the government will fix the interest rate according to the loan rate at the time of the sale, which will not be more than 15 percent, the highest rate by law. For example, for land worth a thousand baht, the owner will receive a bond for a thousand baht; and suppose that the interest rate at the time is 7 percent, the landowner will receive seventy baht a year as interest. Thus, this yield is more certain than renting or cultivating oneself. It is as if the landowner, instead of holding a title (*chanot*) or document stating the amount of land, holds a bond which states the amount of money the government owes him.

The land which the government must buy is that which can be used for economic activity, for example land for paddy or cash crops. It is not necessary for the government to buy dwelling houses except when the owner wishes to sell in exchange for a bond. When compared to the total area of the country, family dwellings (*homestead*) are not such a large amount that it will obstruct economic management. Hence they can be left as they are, which is not at all strange and surprising.

When land has reverted to the government, the government will determine properly how the economic activity on the land will be divided up, what sort of machinery will be used and in what quantities, and what earthworks and bunding are needed to bring water. At present, on land which is divided among various owners, each makes his own channels and bunds. But when the land belongs to government, if the land is the same level, it will greatly economize on cost outlay. For instance making channels and bunds may be reduced. Besides that, machinery such as for ploughing can be used over adjacent areas, thus removing the need to plough one piece here, one piece there, which is slow and time-consuming. Improving the land by technical means can also be carried out conveniently. We can see that nowadays people still believe in ancient methods, and even though agricultural experts teach otherwise, it will take a long time. When the government runs the economy itself, government may set rules which the people as the employees of government must follow.

Writers of economics texts who like the private free enterprise doctrine, and governments of the type which fear being overthrown by people who work together in large numbers and which worry about a threat to themselves, tend to preach that government ownership of land will make people have no feeling of love for the land like that of people who are themselves landowners, and that hence there will be no land improvement. This statement is comparable to someone speaking with eyes closed. Promoting people to love the land as private property, philosophically speaking, results from the idea of self-regard (*egoisme*), that is, love of self, love of own property. This is the opposite of promoting love of nation, love of other members of the human race (*altruisme*).

*What kind of land must the government buy?*

*Love for the land*

*Love of self or  
love of the  
nation*

People are always talking about loving the nation. Promoting people to love self and love one's own property—is that not the opposite of loving the nation? I suspect that those who claim to love the nation but also go around preaching self-love like this, are only doing lip-service, and I wonder if in their hearts they truly love the nation. Besides, as stated above, in order not to eliminate the people's feeling of family, government will allow private ownership of dwelling houses. That should be sufficient for loving land of one's own. Please observe how at present in Bangkok there are many people who rent land or rent a house or rowhouse for accommodation. Do these people have land anywhere which they love? And if it is held that someone must have land in order to love the nation, then do those who rent houses not love the nation? I do not believe that these house renters are all people who do not love the nation. In truth, it is people with a lot of land who will be so concerned about their own land that they will be worried about any economic plan at all. Readers please observe, compare carefully, and look all around you on all sides; see whether or not such people who have land love the nation more than those who do not. At best, I've decided that their love of the nation is equal. Hence owning or not owning land is not a cause of loving the nation less or more, as some claim.

As for the point that those who are not landowners will not be determined to improve the land, I believe this cannot be the case. When government buys up the land to be common property (*khong klang*), it is equivalent to the people as a whole being the owners of that land, like a company which has lots of shareholders and which holds this property right. Would such a company not improve its own land at all? We see it as quite the opposite—the company which has the land will improve it even more than private landowners. Currently we have agriculture experts who are government officials who supervise and advise about land improvement. In future when land belongs to government, we may have government servants who are experts in agriculture who can oversee land improvement using their knowledge, expertise, and ability, like the agriculture officials at present. If it is stated that land will

not be improved, I think it is improperly insulting to officials who are expert in agriculture.

I see the opposite—that the land will be improved even more. For instance in providing water, preparing the land surface, and planting with seeds and fertilizer, agriculture experts will use their knowledge and ability in full. It will be unlike at present when, no matter how much experts teach, the people may not believe them because they like the old ways and do not open their eyes and ears.

People who lack land for agriculture may still be government officials who can apply to work in agriculture. If not enough agricultural work is available, they can apply to do something else in order to have food to eat, a place to live, and so on. They will not be any worse off than if they had entered agriculture, but will have improved well-being as a result of the government itself managing the economy.

Please compare with officials at present. Mostly their families in the past worked in agriculture. They had to leave their family land in order to enter government service in Bangkok or the main provincial towns. Why did these officials leave their land like this? And do these officials love the nation less than farmers who have land? If that were the case, they should not have left the land. This is an argument which I cannot believe.

As I have analysed, the arguments of those in favour of private ownership of land are based on arguments by people who hold to the doctrine of private free enterprise. They fabricate supporting reasons which induce private individuals to have property. This is like giving bribes by indirect means. The claims come also from governments of the sort which fear that people will leave the land and apply to work in other industries where they will be gathered together in large groups. These governments fear that if people are grouped together in large numbers like this, they will see the government's bad side, or see that the government is weak and incapable of ensuring that the people have economic well-being. They fear that they will lose their positions. All these fears truly retard progress. And these people go around shouting for people to favour their reasoning. People who do not think carefully about things sign on easily and join in the shouting.

*Beware of the  
deceptive  
words of some  
groups*

## Chapter 2: Providing employment

*Some officials  
discriminate  
against other  
people being  
officials*

The disposition of the Thais is to like being government servants. That is, they like to apply to exchange their labour for a government salary. This disposition is very obvious. Even among the sort of people who oppose the government engaging in industry itself, the majority are government servants. At the time they speak in this way, they can see whether they themselves are government servants or not. They oppose others being government servants, even while these others have the disposition to be government servants like themselves. Hence, readers should beware of the rhetoric of this group of people, and should always ask the people who speak like this whether they are government servants or not, and if they are, why they discriminate against others becoming government servants.

*Accepting  
people as  
government  
servants*

As the disposition of the Thai is to like being government servants, it will not be at all difficult to make all Thai into government servants. But government service does not mean only sitting in authority in an office. The economic activities which the government runs are also called government service.

In this matter, the government should lay down that people of a certain age, for instance eighteen to fifty-five, must work according to their qualifications, strength, and ability. People of higher age will receive a pension throughout their life. And those aged below eighteen must study and do a little work according to their strength.

*Working  
according to  
ability*

People will receive monthly salaries from government or from a cooperative just as government servants do today. These salaries will vary according to qualifications, strength, and ability so that all government servants will work hard to the utmost of their strength and ability. However, the lowest salary will be enough for that government servant to buy food, clothing, shelter, and so on—the means of existence.

Will the government force all people to become government servants, or will the government not need to force all people to become government servants?

*Exceptions for  
some private  
groups who*

Government may exempt some private individuals from becoming government officials and allow them to conduct their own business, provided they can show that they will



have enough income from their business alone for their own livelihood even through sickness and old age, and can provide for their children to receive education and to be in a position to look after themselves. As for others who are in a position that is uncertain, they must be government servants because government service is equivalent to expending labour to save up a reserve fund against times of sickness or old age.

*need not  
become  
government  
servants*

But when government runs the whole economy in this way, how will private individuals find a solo occupation?

There are several types of economic activity which the private individuals can productively undertake on their own, such as *professions liberales* including writers, lawyers, painters, teachers in some disciplines, and so on. When a person wants to do such things independently and does not wish to be a government servant, permission may be granted. For other occupations such as private owners of existing factories, if they wish to continue without being government servants, it will be permitted in the same way, except in cases when they wish to sell to the government, receive in return bonds, and earn interest to use for their own consumption. In certain sorts of trade and farming, if private individuals can show that they can get an output sufficient to provide for themselves, it can be permitted as a special case.

*Independent  
occupations*

There is no ill effect from the majority of people becoming government servants. Instead, the government gets benefits. That is, the people's labour can be utilized productively throughout. For example, people will work throughout the year, except for the days when they must stop and rest. Our concern that farmers have six months idle need no longer be a concern. The government may use the other six months productively. For instance when the farmers are free from paddy farming, they may grow some other crop, or build roads, according to whatever the national economic plan specifies. Apart from this, when people are considered government officials, government can force them to study, to train in any arts or sciences, and to undergo military instruction and training, which will have the added benefit of saving time required to spend on military service.

*The benefits  
of the  
majority  
becoming  
government  
servants*

## Chapter 3: The provision of capital

There are two types of capital which the government needs to run the economy: (1) capital which the government needs to buy machinery and articles which the government still cannot make itself; (2) capital which the government needs to pay labour costs.

*The  
circulation of  
capital*

The second type of capital is money which circulates around and balances out. For instance, people who receive a salary will use the salary to buy food, clothing, and shelter from the government. If the amount is exactly the same, then it balances out. If there is still money left in the hands of the government servant, government must find reserves against this amount. But as I have already stated above, if government establishes a national bank, government servants will bring the money to deposit in this bank. This means the government servant is the creditor of the government for the amount deposited, and does not need to hold banknotes which may risk being lost.

What method will the government use to raise capital of both types? Learned men in Siam say it will have to be expropriated from private individuals, according to the method which is said to be communist. I do not agree with expropriation. Government should raise capital some other way. These are some methods to raise capital.

*Indirect tax*

By the collection of certain taxes such as inheritance tax, income tax, or indirect taxes (*impôt indirect*) which are collected in small daily amounts which do not aggravate people but which accumulate over a year to a large amount. For example, if there is an indirect tax collected at the rate of one *satang* a day per person, the yearly total from 11 million people will be over 40 million baht. Examples of such indirect tax are: tax on salt sold by government (for instance, government buys salt from those with salt fields at an appropriate price, and then sells to consumers), sugar tax, cigarette tax, match tax, and so on.

*Lottery*

By running a lottery, which I do not see is immoral in any way. In truth, a lottery is gambling. Those who buy a lottery ticket agree to take a risk, but for that risk-taking they must pay only a small amount of money.

*Borrowing*

By borrowing internally, in which case government cooperates with people who are presently wealthy. It may be by direct borrowing or by issuing bonds for a specific

factory. For example, if the government sets up a sugar factory and needs capital of one million baht, government issues a sugar bond for that amount. The bondholders have the right to earn the interest as specified and also get benefit from any profits the factory makes. Alternatively, borrowing may be done from overseas if foreign countries are happy to lend. In truth, money borrowed from overseas should be used for buying machinery or articles which we cannot yet produce inside the country. It should not be expended inside the country. Once that is agreed upon, if we cannot borrow from overseas, we may decide to buy machinery direct from overseas companies and pay in instalments as some countries have already done.

For our Siam, we should buy from companies in countries friendly to us—that is Britain and France—except when they do not agree to sell on instalment or when their price is too expensive. In addition, government may make agreements with companies to come and set up factories here, and government may take the factory and its production as guarantee for the loan to that company until the money is totally repaid. These are the various methods government can use at present, because it is known that the world market for machinery is currently flooded. Companies need to sell their products even on the instalment method.

*Raising credit*

## PART 6: BALANCING THE INCOME AND EXPENDITURE OF GOVERNMENT

If government runs the economy itself and pays salaries to people in this way, a question may occur to you readers as to how the government can achieve a balance. Will it not be the case that the government will go bankrupt, and that the value of our currency will fall because government has to print too much money?

### Chapter 1: Domestic balance

From the beginning I have already remarked here and there that the salaries people receive will balance out against the goods which people buy from government. For that to be the case, government must make all the goods

*Balancing out the debt*

which are the means of existence and which the people want. Then when people want anything, they can buy it from government. Even if over a month or over a year, there is some surplus money left with people, they will save this money for future purchases which they must buy from the government. The domestic balance is assured. Besides this, a balance can be achieved by fixing the prices of goods for sale. But this method should not be used. Government should seek a way to increase the supply of goods which people need.

*Human needs*

Human needs for the means of existence vary. And as humans have wider relations and increasing prosperity, their needs also increase. Professor Charles Gide states that what is known as progress means increasing human needs (*Cours d'économie politique* [Paris 1909], vol. 1, page 49). For instance, forest dwellers need only a few pieces of clothing, enough to cover some parts of their bodies. Then when this group of people progresses, they need more pieces of clothing to cover more of their bodies, and so forth.

*Making the  
means of  
existence*

By the same token, when the people of Siam progress, their needs will increase proportionately, for instance more cloth or silk for clothing, more housing and utensils, more communications (for instance, cars and travel to other countries), more rest and leisure such as entertainment and sports. If government provides all of these in total, the salaries which government pays will return to the government, resulting in a balance.

Chapter 2: Balance between countries

Government may still need to borrow overseas to buy machinery and articles which the government cannot make itself. Where does government get the money to pay its creditors?

*Increasing a  
surplus beyond  
domestic use*

It is necessary for the government to organize production of goods which can be made domestically (for instance rice, teak, tin) to create a surplus above domestic purchase, and to sell these goods as exports to balance out the money which the government borrows.

*Many imports  
are  
unnecessary*

In truth, even with private free enterprise at present, Siam has exports of 134 million baht, that is, goods surplus to domestic use. But Siam imports a large volume of goods other than machinery, for example, consumer goods such as sugar and clothing.

If the government can organize production of virtually all goods which can be made locally, then the 134 million baht of exports can be used to exchange for machinery which we cannot make. Then we will see how much progress we can make. Apart from this, idle labour which the government may put to more productive use will give us a larger surplus of goods above domestic use. This will increase further the country's capacity to exchange for goods which we cannot yet make. Thus it is possible to achieve an external balance.

*Only necessities should be imported*

## PART 7: IN ORGANIZING THE ECONOMY, GOVERNMENT MUST BEWARE OF LETTING HUMANS BECOME ANIMALS

Readers who have bad preconceptions tend immediately to jump to the conclusion that government running the economy will make humans become animals. They claim women will all become common property; family life will disappear; people will no longer have the willpower and perseverance to achieve progress. Those who make such arguments may be making accusations without thinking deeply.

In truth as stated already, I hold that people should be government servants, should have the same status as government servants today who earn a salary for their work, and who get compensation in sickness and old age. I have taken care not to allow humans to have the condition of animals. I wish humans to be even more human, free of the mistreatment of one another which arises from economic causes.

*People as government servants will be in the same situation as government servants today*

I still respect the family. Women will not be held in common. The relations between forebears, such as grandparents and parents and their descendants such as children and grandchildren, may still continue. Marriage laws will not be repealed. People may still have the willpower to achieve progress in the same way as government servants today. If people will lose the willpower to support progress, why have not all government servants today lost that willpower?

*Families will exist*

*The search for  
knowledge  
will continue*

There may be people who argue further that there will be no scientific research. This statement is too accusatory. Scientists will still research. Government will have prizes to give, and will recognize any patent rights on inventions. It will be no different from government servants today at all. Readers should not misbelieve derogatory claims that [this plan means] we humans must eat rice from a pan and live in a hole. Please ask those who make such claims, from what books they have read these claims, and please let me know. That would be a great favour.

## PART 8: DIVIDING WORK AMONG COOPERATIVES

*The central  
government  
cannot oversee  
everything*

Even though on principle the government will run the economy itself, in an extensive country with over 11 million population such as Siam today, if running the economy comes directly under the central government, the control and supervision will be imperfect. Hence the running of the economy must be divided among various cooperatives.

*Cooperative  
members will  
be paid  
salaries*

In any cooperative, the people who are members will receive salaries from the cooperative according to a scale, and must work according to their strength and ability except when they are sick, disabled, or aged when they will receive a pension.

*Bonuses*

Cooperatives will conduct economic activities according to the national economic plan. For instance, agricultural cooperatives will undertake agriculture such as crop cultivation, animal raising, and so on. If they have spare labour, they will do other business such as constructing highways or houses and other buildings in the cooperative. The people who are members of the cooperatives, apart from receiving their regular salary according to a scale, may also receive special bonuses according to the output which the cooperative makes. In this way, even the poor and destitute may be members of cooperatives. This is different from the cooperatives which government organizes at present where only landowners can become cooperative members. Farmers who have to rent land, of which there are now a large number, have no opportunity to become cooperative members.

The territorial extent and membership numbers of co-operatives will be a matter up to the cooperative members. For example, an industrial cooperative should have members who are workers in that industry and its size will depend on whether the industry is large or small. The size of agricultural cooperative will depend on the appropriate method of dividing up the land for agriculture, on the number of workers needed to look after it, and the suitable technology.

In these cooperatives, the members will jointly undertake the full range of economic activity, that is:

1. joint *production* in which the government provides the land and capital, and the cooperative members provide labour;

2. joint transport and sale (*circulation*) in which the cooperative transports and sells its output under the supervision of government;

3. joint provision of consumption goods in which the cooperative sells consumption goods such as food and clothing to its members. It is not necessary for the cooperative to sell cooked food but rather raw food such as rice and fresh meat for the members to buy and prepare according to their liking. But if the members want the convenience, they may buy ready-prepared food from the cooperative according to preference.

4. joint construction of dwellings in which the cooperative arranges construction of dwellings under the supervision of government. One member family will have one house, built according to the cooperative's plan for proper sanitation, convenience in administration, and safety.

Once people have joined cooperatives and have houses together in villages, it will be easy to organize administration as a *municipality* including sanitation and health. For example, the cooperative will arrange to have a doctor issue regulations about health care. Education and training will also be easy, because the members live close together. On any day when work is over, the cooperative may issue instructions to come for study or training. Study may be by book method, by showing or screening pictures, or by other forms of exhibition. The suppression of thieves and criminals will be facilitated. Apart from this, the military

*Various  
activities  
undertaken  
collectively*

*Municipality,  
health,  
education,  
military  
service*

may use the cooperatives as a device for giving military training to people before they are conscripted for military service or the reserves (*preparation militaire*). Conscription and mobilization like this will be convenient in every aspect.

## PART 9: GOVERNMENT WILL ARRANGE WHAT ECONOMIC SECTORS THE COUNTRY HAS

*Preventing the  
closure of  
doors for trade*

Government must hold to the principle that it should establish all kinds of agriculture and industry so that ultimately the country has no need to depend on foreign countries. This is to prevent the danger which may arise from the closure of doors for trade. When we have totally everything we need inside the country, even if doors for trade are closed it will not cause any difficulty. People wrongly believe in Adam Smith's theory that different countries must have a division of labour, with some countries doing only agriculture and no industry. In truth, it is a good principle in the hands of countries which treat one another honestly and do not close doors for trade or force prices down. But at present this is not the case.

*The view of a  
German  
economist*

We should proceed according to the principles of a German economist, Friedrich List [1789–1846], who propounded the view that Germany must first become a developed state—that is, with flourishing industry, agriculture, arts, and sciences—and only then could Germany prosper in international competition. Because the whole country accepted this principle, the government was able to achieve good results, such as the railways, for example. At present Germany recognizes that the country does well with government running the economy, and hence has entrusted the government to Hitler who believes in the doctrine of government managing the economy itself. In England, Mr McDonald, and in France, M Daladier are the heads of government. As is well known, they follow the doctrine of cooperation between people and government along with some measure of government insurance (*assurance sociale*).



## PART 10: PREVENTING DIFFICULTY OVER THE PROBLEM OF EMPLOYERS AND WORKERS

If Siam is to proceed according to the theory which allows private companies to own factories, the supporters of that theory must first appreciate that they themselves will bring turmoil and disaster to the country. Those who have been to study in Europe should know that wage labourers have created disputes and ill-feelings to the point that on some occasions the employers had to close the factory (*lockout*), and on some occasions the workers stopped work together (*strike*). The disputes were sometimes about wages, sometimes about working hours, sometimes about time-off, sometimes about workers' insurance. Are these events not a result of private ownership of factories? In Siam, even though factories are few, we already see this problem has arisen, for instance among the tramcar workers. If the country develops and factories increase, then you will see how much turmoil will arise. But if government is the owner of all economic activities, all of the people whether they are workers or government servants of any sort, when they work according to their strength and ability like other workers and government servants of other types, they will receive the same benefits in equal measure according to strength and ability.

*Private  
ownership of  
factories  
creates  
turmoil*

The government is the representative of the people. So this is equivalent to the people being the owners of the whole economy. When the output of the economy is high, the people as workers and government servants will receive higher salaries in proportion. There is no need for government to set aside a portion for the benefit of anyone, for there is no one to be benefited in such a way. This is different from the case of private factory owners. It is normal for them to set aside a high profit and exploit the labour of the workers for personal benefit.

*Private  
owners set  
aside a high  
profit*

In truth there are people who claim that if the government arranges to run the economy itself, the government will suffer only losses. The people who make such claims introduce bad examples from some countries, claiming that in countries where discipline is lacking, workers do not work fully. But in such cases it will not only be the government running the economy which

*Government  
can make only  
profit*

suffers losses. The private sector will suffer also if discipline among the workers in that economy is absent or deficient. The private sector there will suffer losses in the same way. The way to cure discipline in the factory is not a matter of government or private ownership. In truth it depends on the systems of the factory and the supervision of the foremen. On another point, if we study running the economy in total, we will see that government can make only a profit because government can fully and beneficially utilize all labour, can economize on labour, and can increase labour by using machinery. So what can be the cause of the government suffering loss?

## PART 11: THE NATIONAL ECONOMIC PLAN

So that economic activities may proceed smoothly and productively, the government must draw up a national economic plan. The drafting of the national plan must include research and calculation in stages, as follows.

*The  
conditions of  
civilized  
countries*

1. Research and calculation must determine what are the means of existence according to the needs of the people—what is required and so on, and in what amounts to be sufficient for the well-being of the people at an appropriate level of prosperity, not just reckoned at a bare minimum. For example for food it must be reckoned how much rice, meat, salt, vegetables, fruit, sugar, and so on ordinary people (not poor) will need to eat. For clothing, it must be reckoned how much cloth and silk ordinary people (not poor) need to have as, for example, hats, shirt, trousers, socks, shoes, and so on. For shelter, it must be reckoned that each family will have one house, not a hut or shack, but a house where ordinary people can live happily and which is durable to last a long time, such as a brick building. It must be reckoned that the huts or farmhouses which are like those of jungle dwellers in Africa at present must be changed into good brick buildings of a condition equal to civilized countries. As for communications, we must think of land communications such as railways and roads to link together the people in all the cooperatives and tam-bon in the kingdom; canals and ports for water communications; air communications; including the vehicles which

people in a family or cooperative should have for use, such as cars, for instance. On these matters, we must bring the situation of the Thai people into line with people in advanced countries.

2. When we have made this research and calculation, we must then research and calculate how much land, labour, and capital will be needed to bring all of this about. Take the example of rice cultivation. Suppose that for a population of 11 million we need 2,931 million kilos of rice, and that will require 15 million *rai* of paddy fields and an input of labour which depends on the different methods used—either human labour with animals for draught power or human labour with machinery. In ploughing for example, suppose the normal method covers half a *rai* a day and requires 30 million man-days in total. But if machines are used on half the area at a rate of forty *rai* a day with one driver and one assistant, the human labour requirement will be only 750,000 man-days, with labour-saving many times over. Suppose that raking and sowing with human labour requires 15 million man-days, but with machinery uses only 750,000 man-days (compare as above).

Suppose harvesting with human labour requires 30 million man-days. But if the land can be modified to drain away the water so that harvesting machinery can be used, the requirement will be 750,000 man-days. Suppose haulage from the paddy field to the farmhouse using human labour requires 25 million man-days, but with machinery only 750,000 man-days.

Thus, totalling the labour requirement will be as follows.

a. If human labour is used with animal draught power alone, 90 million man-days.

b. If machinery is used for ploughing, raking, sowing, and haulage while harvesting requires human labour as machines cannot yet be used, 32,250,000 man-days.

c. If machinery is used throughout, only 3 million man-days will be needed, and the capital requirement will be different; for example, machines and petrol must be purchased. Suppose that 15 million *rai* of paddy fields uses 5,000 mechanized ploughs at 3,000 baht each, then the capital required for purchasing the mechanized ploughs will be 15 million baht. The government should be able to

*With labour-  
saving  
machinery*

buy on instalment. It must also find capital to buy the petrol, or may establish a refinery and prospect for oil, or use another fuel.

3. From the above calculations, we must research and calculate how much land, labour, and capital the government has at present, and how much these can be increased, in order to know the potential capacity for running the economy. For example, we have over 320 million *rai* of land; out of this, 18 million has already become paddy land; a certain amount which is now upland or forest could be cultivated, and a certain amount could remain for forestry; under the ground there are so many minerals that could be mined. Then we can calculate the labour. For example, suppose that out of the population of 11 million, there are 5 million children and aged who cannot work, and 6 million who can work. With eight working hours per day and 280 working days (and eighty-five days off) per year, the total labour available will be 1,680 million man-days. This can be broken down into so much physical labour; so much skilled labour; so much specialized labour such as technicians, doctors, and teachers; and so much supervisory labour such as foremen and public administrators. Also we must calculate the amount of capital which the government can provide by domestic borrowing, by cooperation with wealthy people, and by collecting indirect taxes which do not aggravate people.

When we have calculated thus, we will know what is the surplus of land and labour; what is the deficit of capital; how we can put that land to profitable use; and how we can divide the economy into cooperatives. Finally we can estimate how much time we will need to bring the people to the required well-being, and how much can be achieved in any one year.

Finally we will know in which localities and in which sectors we will first begin using the national economic plan, by stages extending it to the whole kingdom.

Any activity will be difficult to achieve unless we carefully calculate the capacity first. Once we know what is lacking, we should go and look for it. For instance, we lack specialized experts, hence we must contract foreigners who are specialized experts to use first and to train our people. Thus we must also draw up plans for training.

*Begin by  
stages*

*Training  
experts*

## PART 12: ACHIEVEMENTS RELATED TO THE SIX PRINCIPLES

The government running the economy itself by dividing the economy among cooperatives will achieve other objectives of the People's Party more effectively than leaving the economy to private free enterprise, as can be seen from the following explanation.

### Chapter 1: Independence

The government announced the policy of making comprehensive law codes. There is no need to talk about this as the drafting of the law codes is almost finished at the present time.

Once we ourselves can make the consumer goods and necessities of existence, and once government controls the rise and fall of prices which at present is at the will of the private sector, then we will be independent and will not be forced or oppressed by others in economic matters. As long as we have free private enterprise, we will not be able to throw off the yoke of economic oppression.

When our country has all the consumer goods, the means of existence, and enough weapons to protect the country, and has strengthened education by having teachers to train and educate the workers, and has improved the health of the people, all by relying on the method of having the government manage the economy itself, then opportunities will open up for improving other matters as well. At that point, what country will come to attack us? At present we only mutter about fearing the foreigners and do not dare to do anything. We must organize our country according to the independence that we have; look after our treaties and agreements with the foreigners; not exploit or obstruct the occupations which they have in Siam at present; and continue to exchange goods with them, that is, buying from them goods of the sort we cannot make ourselves, such as more machinery, rather than food which we can produce ourselves. In this case, what foreign country will come to bully us? If we are intent upon fearing that the foreigner will bully us in a wrongful way even though we are in the right, then it would be better not to do anything at all. Even during the change of government,

*a. Judicial independence*

*b. Economic independence*

*c. Political independence*

at the first stage did we not fear that the foreigners would come to bully us? But they were sympathetic enough not to come to bully us at all. The foreigners are truly members of the League of Nations. Even though there are people who denigrate the League of Nations for never acting with serious intent, yet it is still to some extent a device for restraining oppression and unfair bullying. This is different from the past. Please look at the dispute between the British oil company and Persia. Persia has a territory and population roughly the same as ours. The progress in education among their population is roughly the same as ours. But when Persia withdrew the concession from the British company, why did the British not rush to bully them? I think they had enough fairness to bring the matter before the League of Nations rather than taking out an army to make war. When we do not want to bully or oppress foreign countries, but to strengthen our own country, why should they come to oppress and bully us?

#### Chapter 2: Maintaining internal peace and order

I gave a speech at the Lecturers Association (*sammak-kayachan*) in 1928, saying that there are two reasons why people commit crimes: 1. reasons related to the character of the wrongdoer; 2. reasons arising from the economy, for instance pickpocketing, theft, and robbery. When the government has ensured the well-being of the people with food to eat, clothing to wear, somewhere to live, and so on, how can there still be reasons for crime which arise from the economy? There will still be reasons for criminal action, but only reasons arising from the character of the wrongdoer, which must be overcome by training and education to correct character. And when the teachers, trainers, and educators also have economic well-being, then their training will have an even better effect.

#### Chapter 3: The economy

When the People's Party announced that the new government would find work for everyone, and would draw up a national economic plan so as not to allow people to go hungry, it was the truth and not just fooling the people. On this point, there are people who misunderstand because they perceive that the government has not done

anything yet. But the fact that the government has not done anything yet is because it has not yet proceeded according to my thinking. When it does proceed according to my thinking that the government should run the economy itself, all the people will have work to do, through the government accepting everyone as a government servant, including children, the sick, the disabled, and the aged who cannot work but who will receive a monthly salary from government. The people will not go hungry because the lowest level of government salary will be determined as sufficient to buy or exchange for food, clothing, shelter, and so on in accordance with the needs of the people.

#### Chapter 4: Equality

Equality will arise in rights and duties, and not just equality on paper, but also equality in entering government service, whether on the administrative side or the economic side. People will have equal rights in not going hungry, but not equality in the sense that if one person has a hundred baht it must be seized and shared equally among a hundred people at one baht apiece—as learned men in Siam claim that the theory of communism would have it. We detest the theory of communism as stated by those learned men in Siam. We will not seize and share out assets as those learned men state.

#### Chapter 5: Freedom

On this point, people who see only the surface will immediately object that the government accepting all the people as government servants and running the economy itself will reduce freedom. Yes, when the government runs the economy itself, it is a reduction of freedom. But this reduction of freedom is to enable the people to have full well-being. It is implementation of the third principle. The government will not remove freedom in any other way. People will still have freedom of person, of property, of dwelling, of speech, of education and training, of association. When people have contentment in economic matters, then they will have physical contentment. Do people need freedom to the point of not having food to eat? That is not the wish of the people. Even now people

must work for a living, except for those born as *parasite social* who live off other people. In any country freedom is limited for the common benefit of the people as a whole. The People's Party has already announced that freedoms will be achieved when they do not conflict with the four principles mentioned above.

#### Chapter 6: Education

People will have full education. When people have well-being as a result of the government running the economy itself, people will receive education, instead of worrying about their property and the danger of it being lost. Government may force the people who are government servants to study. Even people who are adults from twenty to fifty-five, when they are government servants, will have to study. Under the system of free private enterprise, forcing adults to study will be difficult.

#### [Conclusion]

When government runs the economy like this, it will successfully achieve the objectives of the People's Party's six principles, as announced to the people. The contentment and progress to the highest level which everyone desires and which can be called *si-ariya*, will arise for everybody with no exception. Why would all of us, who were like-minded about opening the door for the people, hesitate to lead the people further to the *kalapaphruk* tree where they can reap the fruit? This is the fruit of happiness and progress in accordance with the Buddhist prediction about *phra si-ariya*. On this matter, every religious person in making merit wishes to meet *phra si-ariya*. Even in swearing an oath in the court or in any ritual, it is said that a person who is honest and gives truthful testimony will meet *phra si-ariya*. Now that we are following the path to the era of *ariya* [civilization], there are still some people who want to walk backwards into a *khlong*—who if they walk backwards too far will return to the era before Buddha, that is 2475 years ago.



# DRAFT

## ACT ON SOCIAL INSURANCE (*ASSURANCE SOCIALE*)

King Prajadhipok

Clause 1. This Act is called the Act on Social Insurance 1932 [literally: act concerning the guarantee of well-being of the population].

Clause 2. This Act shall be in force from the date of publication in the Royal Gazette.

### PART 1: SALARY AND PENSION OF THE PEOPLE

Clause 3. From the day when the national economic plan is promulgated, all those with Thai nationality living in the country of Siam shall receive payment from the government or a cooperative as established by royal decree according to the minimum scale as follows:<sup>1</sup>

1. those under 1 year	... baht per month
2. those 1-5 years	... baht per month
3. those 6-10 years	... baht per month
4. those 11-15 years	... baht per month
5. those 16-18 years	... baht per month
6. those 19-55 years	... baht per month
7. those over 55 years	... baht per month

Clause 4. Those who have qualifications or special ability or physical capacity shall receive higher payment according to their qualifications, ability, and physical capacity and according to the kind of work, by the minimum scale as follows:<sup>2</sup>

Grade 1	80 baht	Grade 11	180 baht
Grade 2	90 baht	Grade 12	190 baht
Grade 3	100 baht	Grade 13	200 baht
Grade 4	110 baht	Grade 14	220 baht
Grade 5	120 baht	Grade 15	240 baht
Grade 6	130 baht	Grade 16	260 baht
Grade 7	140 baht	Grade 17	280 baht
Grade 8	150 baht	Grade 18	300 baht
Grade 9	160 baht	Grade 19	320 baht
Grade 10	170 baht	Grade 20	350 baht

Grade 21	400 baht	Grade 26	650 baht
Grade 22	450 baht	Grade 27	700 baht
Grade 23	500 baht	Grade 28	800 baht
Grade 24	550 baht	Grade 29	900 baht
Grade 25	600 baht	Grade 30	1,000 baht

Clause 5. Apart from the salary, those who work or are in government service shall receive bonuses based on their work performance, as determined by government or cooperative.<sup>3</sup>

Clause 6. Those who work or are in government service and receive salary higher than the ordinary grade, on leaving government service shall receive pension higher than the minimum rate laid down in clause 3.<sup>4</sup>

Clause 7. Salaries, bonuses, and pensions shall increase in proportion with increases in the economic output of the government and cooperatives.<sup>5</sup>

## PART 2: CONCERNING EMPLOYMENT

Clause 8. Those aged between eighteen and fifty-five shall enter government service according to the type of work and according to their ability, qualifications, sex, and age as follows:

1. Those with any qualifications shall be enrolled for work which uses their qualification. If for any type of work more people enrol than the number required for that type of work, competitive examinations shall be held and those who pass the requirements shall be enrolled.

2. Those with ability shall be treated the same as those with qualifications.

3. Physical capacity. Those who have no qualifications or special ability or who fail in the competition for work which requires qualifications or special ability, shall be put to work appropriate to their physical capacity and strength.

4. Sex. In general, light work such as maintenance, clerical duties, teaching, child care, and sale of consumer goods, should be allocated to women except in cases where it is necessary to employ men, but with no reduction of rights of women who have qualifications or special abilities to enter the competition for work of types which use qualifications and special abilities.

5. Age. Those of higher age must be given lighter work than those in their prime.

Clause 9. Those aged from eleven to eighteen years and those over fifty-five years ordinarily need not do any work, except in emergency when there is a shortage of labour. To protect the economy from risk these groups may be mobilized to work according to their physical ability but without excess stress or strain, for example, to harvest rice when there is a labour shortage, or to eradicate pests which threaten crops.<sup>6</sup>

Clause 10. The following people, even though they are of the age which must work or enter government service, are exempt from having to work while both they and their children under eighteen shall continue to receive a monthly salary:

1. pregnant women<sup>7</sup>
2. invalids<sup>7</sup>
3. disabled<sup>7</sup>
4. university students and secondary school students who have passed the entrance examinations<sup>8</sup>
5. those who have been in government service long enough to receive a pension

Clause 11. The following people are exempt from government service but they and their children have no right to receive a salary as long as they have not entered government service:<sup>9</sup>

1. those who can demonstrate that they have adequate assets or income for their upkeep
2. those who are in independent occupations such as doctors, lawyers, skilled craftsmen, authors, or those authorized by government to engage in other business such as commerce, industry, and some forms of agriculture, as long as such people can demonstrate that they have income from their independent occupation to maintain themselves and their children throughout their lives.

### PART 3: THE METHOD OF PAYING SALARIES

Clause 12. Government or cooperative shall pay monthly salaries by one of the following methods:

1. In cash in accordance with the rate which that person has the right to receive.
2. By cheque drawn on the national bank in accordance with the rate which that person has the right to receive, after deduction (*compensation*) of money which that person owes to the government or

cooperative from purchase of food, clothing, shelter, and other means of existence. After deduction, if the person is still a creditor of government or cooperative, that person has the right to deposit that money in the national bank, or purchase bonds of the government or cooperative, or withdraw for spending according to preference.

#### PART 4: FOREIGNERS IN GOVERNMENT SERVICE

Clause 13. Government may engage foreign nationals with special expertise, who shall have rights as detailed in their contracts.

#### PART 5: DISCIPLINE OF GOVERNMENT SERVANTS

Clause 14. All government servants whether administrative officers or workers in government enterprises must have the discipline to work to their full capacity and ability in their role. Those who are found slacking shall be punished, such as by cutting salary or increasing working hours or by other punishment according to regulations.

Promulgated on . . . (date)

### EXPLANATORY NOTES ON THE DRAFT ACT ON SOCIAL INSURANCE 1932

1. This minimum rate must be fixed as sufficient for food, clothing, shelter, and so on.

2. These rates are reproduced from the current regular salaries of government servants of *sanyabat* level [i.e. commissioned officers of grade 3 and above] as newly agreed.

3. It is the intention with these bonuses to give workers a part of profits, known as *participation benefice*.

4. The salaries of government servants and workers shall vary according to qualifications and ability. Those who receive high salary should also receive high pension.

5. This is possible. When it is announced that government enterprises have a higher output, increase may be made, such as a 25 percent increase, which would increase salaries from 80 to 100, from 400 to 500, for instance.

6. In some countries, there are laws to mobilize people to help with pest eradication. In our country it may be possible. Or during the time when machinery cannot yet be used for harvesting, when the rice is ready to harvest, people may be mobilized according to their capacity to help on work that is not too heavy.

7. Under social insurance by the method of *assurance sociale*, this group of people has pensions.

8. This is to cultivate experts in arts and sciences.
9. This exception gives wealthy people or those who object to becoming government servants the opportunity to conduct their own independent business when they are able to do so.

## DRAFT ACT ON THE ECONOMY

King Prajadhipok

Clause 1. This Act shall be called the Act on the Economy . . . [date].

Clause 2. This Act shall be in force from the date of publication in the Royal Gazette.

Clause 3. From the day when the national economic plan is promulgated, government shall have the power to engage in economic activities, that is, all forms of production both agriculture and industry, inclusive of transport and distribution, except that in those economic activities where government has granted private concessions, the private interests shall have the power to continue according to the following examples:

1. Mining, forestry, and public utilities for which government has already granted concessions or licenses.<sup>1</sup>

2. Private factories already established which government may allow to continue by issuing concessions.

3. Sales outlets of nationals of foreign countries which have special treaties of friendship with Siam.<sup>2</sup>

4. Other economic activities such as commerce, industry, and agriculture for which private interests apply for licences<sup>3</sup> or concessions case by case, as long as that independent business can demonstrate satisfactorily to government that the business has output sufficient for the owner to make a living continuously, and is in accordance with other conditions set out in regulations relating to the national economy.

### PART 1: ON THE PURCHASE OF LAND

Clause 4. Government shall have the power to purchase all land apart from land for private dwellings and apart from land on which private interests have been granted licences or concessions to conduct business.<sup>4</sup>

Waste land which is not controlled or owned by anyone, cannot be controlled or owned except under a concession received from government.

Clause 5. To determine the price of land, the landowner and government shall each appoint one person as arbitrator, and shall jointly appoint one other as adjudicator. The price of land may not be fixed higher than it stood on 24 June 1932.

Clause 6. To pay the purchase price, government may pay by cash or by a bond for the landowner according to the price of the land which government buys. The interest on this bond shall be fixed at the bank interest rate at the time of the transaction, but not higher than 15 percent per annum which is the maximum rate at present.

Those who hold these bonds may still have the right to receive further money as dividend from the returns made by the cooperative to which the land is transferred according to a ratio which the government shall determine.

## PART 2: ON PROVISION OF CAPITAL AND CREDIT

Clause 7. The government shall provide capital and credit for engaging in economic activities as follows:

1. by collecting inheritance tax<sup>5</sup>
2. by collecting income tax
3. by collecting indirect tax on tobacco,<sup>6</sup> matches,<sup>6</sup> salt,<sup>7</sup> etc.
4. by forcing those who desire to gamble<sup>8</sup> to register for a personal licence and to pay a registration fee in instalments according to the type of gambling they wish to play, while banning registration by those who at the time this Act comes into force do not know how to play. Apart from paying the personal registration fee, gamblers must receive permission and pay an additional fee each time they play.
5. issuing bonds<sup>9</sup> for the wealthy in the kingdom to buy, with the government providing factories or other assets as collateral
6. issuing a lottery<sup>10</sup>
7. borrowing from the national bank<sup>11</sup>
8. borrowing overseas
9. negotiating credit and repayment by instalment with overseas companies which sell machinery

### PART 3: ON THE NATIONAL BANK

Clause 8. The government shall establish a national bank using the government reserves and borrowing from the private sector as the capital. The national bank shall conduct business like other banks and have the power to issue banknotes. The mint shall be transferred from the Finance Ministry to the national bank, and the present provincial treasuries shall be transferred to become provincial branches of the national bank.

Clause 9. The central bank shall loan money to the government as the government requires in accordance with the capacity of the national bank.

### PART 4: ON THE NATIONAL ECONOMIC PLAN<sup>12</sup>

Clause 10. A council shall be created with the duty to draw up a national economic plan which shall determine the production, including agriculture, industry, distribution (transport and communications), and the construction of dwellings for all the people, and shall divide the work among various cooperatives.

Clause 11. The national economic plan shall determine the year's activities of the government, and the results shall be announced to the people each week.

Clause 12. During the time this national economic plan is in use, if there is need to adjust the plan, either because the government is unable to provide the capital and labour as required, or because the government has more capital and labour, the members of the council of the national economic plan shall meet to amend the plan and announce the result to the people.

Clause 13. The initial implementation of the national economic plan in any area shall be announced case by case with explanation about the adequacy of land, capital, and labour of government servants, workers, and specialist experts.

### PART 5: PRIVATE OWNERSHIP

Clause 14. Private interests are granted the right in any moveable assets which they have acquired.

Clause 15. Those who invent any article which has the potential for commercial use may acquire the property right as *Brevet d'Invention*. Such people may request a concession to found an enterprise, or sell it to government, or undertake production jointly with government, according to preference.

Promulgated on . . . [date].

## EXPLANATORY NOTES ON THE DRAFT ACT ON THE ECONOMY

1. So as not to affect harshly the private interests which can make an economic living themselves.

2. To prevent any impact on foreigners.

3. To open an opportunity for private interests who object to becoming government servants to do their own business.

4. Forced purchase of land already exists at present, for instance, for roads, railways, etc. This is because at present only roads, railways, etc. are considered public utilities. But this draft plan considers that economic enterprises are public utilities because if the government does not run them, it will be hazardous for the people.

5. This inheritance tax is not motivated by envy of the rich. According to principle, the rich have amassed money, that money has come from using the people, and the rich have saved it by either direct or indirect means. In determining the inheritance tax, those who are very rich to the point of excess should pay a lot (*super tax*), while the middle class should be allowed to pay a little, so as not to affect the rich too much.

6. The tobacco and match taxes enabled France to have revenue to pay off the German loans in 1870 quickly, and the French currency strengthened because of these taxes. In our country, suppose that there are one million tobacco smokers and we collect indirect tax on sales at one *satang* a day, which will not feel heavy; this should yield an extra 3 million baht or more. But a *monopoly* on tobacco tax would involve the foreign treaties. Hence we should have a policy of collecting tax from shops selling tobacco and from tobacco factories, taking care not to lose advantage against overseas tobacco which is imported.

7. For salt, a way should be found to collect tax indirectly, by government buying the salt from those with salt fields at a specified rate, and selling it either by itself or via a monopoly. Suppose that government collects tax at the rate of 1/10th *satang* per head per day, the annual revenue will be over 3 million baht.

8. It will be impossible to stop those who are already gamblers from playing at all. They will play secretly. Therefore, a way should be found to prevent people of later generations, who do not yet know how to play, from playing. Those who can already play may play, but must register like those addicted to opium. The fee should be collected in instalments, such as one baht five times a year. Suppose that there are a million gamblers, then 5 million baht a year can be collected in personal licence fees. As for collections from each playing occasion, for example, in one tambon there are not fewer than two



poker circles per day, and in the kingdom there are 5,000 tambon. This gives 10,000 circles applying for licences. If the licence fee is 5 baht per circle, the return will be 50,000 baht a day and 18 million baht a year. New restrictions should be placed on time for gambling so as not to waste working time. The previous restriction from noon to 2 A.M. has no principle. Truly the time should be restricted to 4 to 10 P.M. At other times gamblers must work and not impair the economy.

Gambling should also be progressively reduced. Later generations must be prevented from learning how to play. This measure is not for supporting gambling.

9. On this matter we must coordinate with the wealthy, not kill them.

10. Although a lottery is a form of gambling and risk taking, the gain or loss for the risk taker is only a small amount. For instance, in one year there may be a lottery thirty times at one million baht a time, with several million deducted as the government's share, and one person risking about twenty to fifty *satang* each time.

Concerning the organization of a lottery in this way, some Thai people are sensitive to criticism for promoting gambling. But please see the example in France where the *Credit National* bonds to raise money for rebuilding the country which had been destroyed in the war, were bonds of a type which also provided a lottery for the bondholders. In Britain itself there are horse racing courses and there are many British people who like horse racing. But we have no wish to go that far. We wish only for a lottery which people can play in small amounts but have an opportunity to make a lot of money.

11. The national bank can help the government considerably, because the tax returns which are retained in the provincial treasuries could be brought into circulation. Besides that, the surplus salary which government servants deposit in the bank will come into circulation in the same way. Even beyond that, there are many methods for the government to borrow money from the national bank.

12. Besides this, the administrative plan must also be adapted to the national economic plan.