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# เอกสารทางวิชาการ DISCUSSION PAPER SERIES

Number 90

"The Growth of Bangkok : The Economics  
of Unbalanced Urbanization and Development"

by

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May 1984

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I. Introduction

One of the critical problems concerning Bangkok in the context of the national development of Thailand is how to perceive, analyse and somehow cope with the apparently unchecked growth of this capital city.<sup>1</sup> The controversy and debate about Bangkok can take many form for example: Is Bangkok becoming too big or too urbanized to make the efficient use of available resources? Is the growth of Bangkok a necessary outcome of the development policy aiming at rapid modernization and industrialization of the country? Do the problems associated with rapid urbanization of Bangkok such as traffic congestion, environmental pollution, housing shortages, increased crime, and so on outweigh the gains derived from what economists called "the externalities of large city"? And perhaps most important of all, does the growth of Bangkok benefit the country as a whole, or does it actually exploit the rest of Thailand, particularly the rural areas?

Literatures abound which address the issue of the relationship between urbanization and economic development.<sup>2</sup> Although most

studies seemed to argue that the relationship was a close one, or even that economic development entails urbanization, many disagreed upon the proper degree of urbanization in the process of development. On the one hand, there were those who believed that the economic development in many countries had resulted in the "over-urbanization" in some parts of the countries, generating congestion, pollution and crime in the urban areas as well as the exploitation and/or neglect of the rural areas. On the other hand, there were those who contended that intense urbanization or development of the metropolis is a rational response to the environment and available opportunities, for example, external economies in production and consumption, facilities for administration and control, generation diffusion and of innovations. The urban sector is expected to behave as a leading sector with necessary linkages to other sectors in the economy. Which of these views is applicable to the growth and development of Bangkok as the most urbanized area of Thailand? How do we perceive the nature and pattern of such growth and development in relation to the growth and development of the nation as a whole?

The main thrust of this paper is to attempt to answer some of the above questions. It aims to explain or find reasons for the rapid urbanization of Bangkok in the last two decades, analyses its present economic conditions, examines ways to cope

with its ills and gains, and finally suggests plans for the development of Bangkok in a proper perspective of the economic and social development of Thailand.

## II. Various Approaches to the Study of the Urbanization of Bangkok

The urbanization of Bangkok has been the subject of studies by several scholars, both Thai and foreign, in the last two decades.<sup>3</sup> Because of its diverse aspects, many approaches of studies were adopted by scholars and researchers in different disciplines. At least five approaches can be discerned from the list of existing studies : urban-planning, socio-anthropological, political, demographic, and economic.

The urban planners were among the first groups of people who studied the urban processes of Bangkok. This is quite understandable as the first aspect of concern about urbanization is its locational, typological or spatial characteristics. Studies by a groups of American consultants in the late 1950's, by the City Planning Division of Bangkok Municipality, and by the Department of Town and Country Planning in the Ministry of Interior in the late 1960's are the three most important works using urban-planning approach.<sup>4</sup> However, these basically physical considerations are inadequate for the full understanding of Bangkok's problems. The gap was gradually being filled by demographers,

sociologists, anthropologists, political scientists, economists and other social scientists who tackled the nature and problems of human interactions in urbanized areas. A sociological work by London (1980), for example, looked at Bangkok as the primate city of the Thai nation with all the necessary parasitic qualities of exploitation and neglect of the rural hinterland. He blamed the occurrence of this parasitism and uneven development between Bangkok and the countryside on the minority power elite structure and deep-rooted patronage system in Thailand. While this thesis is quite plausible, London did not offer explicit suggestions on how to deal with the problems of Bangkok's parasitism and uneven development. One is tempted to draw his own conclusion that since the problems are caused by the system, the solution can only be found in changing it. In terms of realistic and practical policy guidelines, that is not very helpful.

Many political scientists and public administration specialists<sup>5</sup> looked at the problems of Bangkok urbanization through the structure and distribution of power, and the governance of central and local governments. To them, the problems that are associated with the growth of Bangkok appeared to stem from the concentration of power and authority in the hands of small power elite, the strict hierarchical structure of bureaucratic administration which was partly responsible for the slow, inefficient and

corrupt governments. Administrative decentralization is one of the key recommendations that is offered to solve the above problems. Demographers,<sup>6</sup> on the contrary, were not interested in the power structure of small groups in urban and rural areas, but in the demographic structures and characteristics of the population in those areas. Two issues were usually considered : to what extent is the growth of Bangkok attributable to the natural increase of the population in the city, and to what extent is it attributable to migration? The conclusions seemed to be that both natural increase and migration were responsible for the rapid growth of Bangkok although the effect of migration control and family planning were recommended together with various other measures to slow down the flow of migrants into Bangkok Metropolitan Area.

Although the problems of Bangkok have been tackled through so many approaches, the economic approach was almost never used.<sup>7</sup> Such an approach would concentrate on resource allocation and distribution of gains within and outside urban areas. In other words, the performance of an urban policy would be judged in terms of the efficiency in resource use and/or the equity in the distribution of urban as well as rural welfare.

Why is this approach important ? It could be argued that the problems of the growth of Bangkok are very much economic ones - - misallocation of resources, inefficiency in resource use, improper public intervention in private consumption and decision-making, unequal distribution of public welfare, and so on. This study will try to fill in the gap caused by this deficiency.

### III. The Urbanization of Bangkok and the Economic Development of Thailand.

In this section, statistics on the growth of Bangkok will be demonstrated and examined, and then compared with the growth of the Thai economy. Reasons for the rapid growth of Bangkok will also be given.

#### 1. The Growth of Bangkok and Thailand.

The population of Thailand classified by region for the years 1960, 1970, 1976 and 1978 are presented in Table 1. It can be seen that, the total population of Thailand in 1978 stood at 45.1 million, and with the average annual growth rates of 3.3 percent between 1960-1970 and 2.7 percent between 1970-1980, Thailand's population growth was one of the highest in the world. What is even more striking, is that while the annual growth rates of population in all regions showed a declining trend from the period 1960-70 and 1970-78, the population growth of Bangkok had



Table 1  
Population of Thailand, by Region (1000)

	1960	1970	1975	1978	Annual Growth Rate	
					1960-70	1970-78 (%)
Bangkok	2,136	3,253	4,343	4,736	4.3	4.8
Center	6,135	7,966	8,948	9,319	2.6	2.0
North	5,723	7,919	9,174	9,544	3.3	2.4
Northeast	8,992	12,715	15,160	15,914	3.5	2.9
South	3,272	4,517	5,323	5,558	3.3	2.6
Whole Kingdom	26,258	36,370	42,957	45,098	3.3	2.7

Source : National Statistical Office, 1950 and 1970 Population Censuses; National Economic and Social Development Board

increased from an annual rate of 4.3 to 4.8 percent between those periods. With 4.7 million population in 1978, Bangkok ranked among the 15 largest cities of the world. Table 2 further illustrates the dominance of Bangkok as a region and as a city. It summarizes some important indicators which can be used to describe the extent of the urbanization of Bangkok in relation to the growth of other regions and urban centers in Thailand.

Item 1 in Table 2 shows the level of urbanization in Thailand in 1960 and 1980. Level of urbanization is defined as the percentage of population in urban areas to total population. At 13 percent in 1960 and 14 percent in 1980, the level of urbanization does not seem to be very high when compared with other countries of more or less the same development level.<sup>8</sup> Furthermore, the overall average annual growth rate of urban population slightly declined from 3.7 percent between 1960-70 to 3.5 percent between 1970-80, and the tempo of urbanization was only moderately high at 1.99 for the period 1950-70. Nevertheless, one defined as urban include Bangkok Metropolitan Area and all other municipalities in the country. While the growth of all other municipalities may be slow or even stagnating, the growth of Bangkok is not. So the overall growth rate of urbanization was diluted considerably through averaging effect. The primacy

Table 2  
Some Indicators of Urbanization in Thailand

	1960	1980
1. Level of urbanization <sup>a</sup>	13	14
2. Average annual growth rate of urban population	3.7 (1960-70)	3.7 (1970-80)
3. Tempo of urbanization <sup>b</sup>	1.99 (1950-70)	
4. Primacy indicators of Bangkok		
a) Degree of urban concentration <sup>c</sup>	65	69
b) Bangkok : Chiangmai population ratio <sup>d</sup>	25:1	50:1
5. Share of net migration in urban growth <sup>e</sup>	45.3 (1970-75)	

Sources : World Bank (1979); Renaud (1981), NBSDB (1981).

Note : a) defined as share of urban population in total population  
b) defined as the difference between the rates of growth of urban population and rural population.  
c) defined as the share of Bangkok population in total population.  
d) Chiangmai is the second largest city in Thailand.  
e) Obtained by taking the difference between the urban growth rate and the national growth rate and dividing it by the urban growth rate.  
This figure is taken from Renaud (1981, p. 30).

of Bangkok is demonstrated in item 4 where the degree of urban concentration, defined as the share of Bangkok population in total urban population, rose from 65 percent in 1960 to 69 percent in 1980 ; and the ratio of the Bangkok population to that of Chiangmai which is the second largest city in Thailand increased from 25 : 1 in 1960 to 50 : 1 in 1980. This is simply a restatement of a well-known fact that, by any standard, Bangkok is one of the most primate city in the world.

## 2. Reasons for the Rapid Growth of Bangkok.

What account for this phenomenal growth? In traditional discussion on urbanization process, two points are often debated. The first point is concerned with the demographic determinants of urban growth whether such growth is attributable to natural rate of growth of urban population or to migration; the second point is concerned with the relationship between the economic development of the country and the growth of its urban center or centers. Do cities grow because the country does? These points will be discussed in some details with reference to the case of Bangkok.

### Demographic Determinants

According to one school of demographic thought, what explains the rapid expansion of urban population in most developing countries is primarily the natural increase of urban population

rather than the rural-urban migration, whereas the other school believes the opposite.<sup>9</sup> The argument used in the second school was essentially that the high natural increase was largely the direct result of the locational choice and high fertility of migrants. Todaro (1969), the leader of this view, believed that it was this choice of the rural households to come to work in the urban centers was mainly responsible for the rapid growth of developing cities. And this choice was not triggered by the "bright light" of the city, but by the expected earning differentials between farm and city. Furthermore, these expected earnings were conditioned by the rural migrants' expectation of securing favored urban sector jobs. They were thus willing to "queue up" in the city being totally unemployed or earning low income in the informal sector during that time. That is why the wage-gaps between urban and rural areas tend to persist, and migration to city tends to continue despite rising urban unemployment.

Lack of data make it quite difficult to say which of these demographic factors determined the rapid growth of Bangkok. Renaud (1981) suggested a simple way to gauge the contribution which natural increase and migration make to city growth : by dividing the difference between the rates of urban growth and national growth with the rate of urban growth, we get the share of net migration in urban growth or the contribution of net



migration to urban growth. For Thailand, this share is 45.3 percent, as shown in item 5, Table 2. This could imply that more than half of the urban growth (54.7 percent) was attributable to the natural increase in urban population. This preponderance of natural increase over migration as an explanation to urban growth is also reflected in two studies. Ng (1970) and Cochrane (1979) had shown that the inter-provincial migration rates over the five-year periods between 1955-60 and 1965-70 were rather moderate at 3.6 and 6.6 percent, respectively.

Nevertheless, there exists offsetting evidence that played down the significance of natural increase and heightened the significance of migration in the urbanization process of Bangkok. For example, the statistics from NSO (1976) had shown that the natural rate of population increase for Bangkok was 28.3 which was only slightly higher than the rate for the Center (27.3 percent) but lower than those for the Northeast (35.0 percent) and the South (31.1 percent). Only the rate for the North (16.3 percent) was significantly lower than Bangkok's rate but that should not lead to the general conclusion that, on the average, the natural rate of growth of Bangkok was not much different from that of the country as a whole. Moreover, an earlier survey by NSO in 1965 also showed that the age-specific fertility rates were higher in the rural than in urban areas at

every age range. For the overall rate of marital fertility among currently married women aged 15-49. The provincial urban center rate was 29 percent lower than the rural rate, and the rate for Bangkok was 39 percent lower. The differences were quite substantial as to indicate that the rate of natural increase in the urban centers, especially in Bangkok, would be much lower than in the countryside despite higher death rate in the latter. Thus, the natural increase did not appear to play a decisive role here. This, in effect, makes internal migration a much stronger explanation for the process of urban growth.

Internal migration in Thailand can be classified into long-term (five-year) migration and seasonal migration. The relatively low long-term migration rates mentioned above can partly be explained by the age structures of migrant and pattern of migration. Cochrane (1979, p. 39) had shown that younger workers who were new entrants into the labour force had the highest propensity to move. Age-specific migration rates from the census data show a sharp peak in the 15-19 and 20-29 age groups with rates that are one and a half time to twice the average. It is reasonable to presume that the higher mobility of younger workers was associated with a job search process often occurring in the form that Goldstein and Pitaktepsombati called "circular migration" and multiple moves within the space of a few years. Consequently,

the five-year migration status measured from the census data will underestimate the actual movement activities during the period.

Some important migration pictures are in Table 3 which shows the general pattern of interregional migration flows. The top half of the Table shows the distribution of the migrants origins, and the bottom half shows the distribution of their destinations.

On the destination of migration, Table 3 reveals that Bangkok, as expected, was the center of attraction for migrants from all other regions except the South. On the national basis, more than half (42.2 percent) of the migrants went to Bangkok. The figures for migrants from the North, Northeast and Center were 53.0, 66.7 and 70.5 percent, respectively. Only migrants from the South would relatively prefer to go to other central urban areas than going to Bangkok. On the origins of migration (top half), the table confirms the general belief that the majority of migrants (61.9 percent) came from the Northeast.

Another aspect of internal migration is the seasonal movements of farm workers into Bangkok and other areas during the agricultural slack season. This short-term, temporary migration has become more and more significant in recent years. The available data shown in Table 4 indicate that the number of short-term migrants into Bangkok during slack season jumped from 2001 in

Table 3  
Distribution of Inter-Regional Migrants  
by Origin and Destination, 1973-1978

Destination 1978	Origin 1973					Total	
	North	Northeast	Center	Bangkok	South	%	(000)
<b>I. Origin (read across)</b>							
North	-	63.5	15.5	17.4	3.6	100.0	(67.1)
Northeast	12.2	-	38.0	47.2	2.6	100.0	(30.3)
Center	13.0	36.7	-	39.9	10.4	100.0	(146.8)
Bangkok	9.6	61.9	25.0	-	3.5	100.0	(327.0)
South	16.0	14.2	38.7	31.1	-	100.0	(31.8)
Total (000)	9.9	50.3	19.2	15.7	4.9	100.0	(603.0)
<b>II. Destination (read down)</b>							
North	-	14.1	9.0	12.4	8.0		11.2
Northeast	6.2	-	9.9	15.1	2.7		5.0
Center	32.2	17.8	-	62.0	51.0		24.3
Bangkok	53.0	56.7	70.5	-	38.3		54.2
South	8.6	1.5	10.6	10.5	-		5.3
Total	100.0	100.0	100.0	100.0	100.0		100.0
((000))	(59.4)	(303.3)	(116.0)	(94.5)	(29.8)		(603.0)

Source : NSO, Labour Force Survey 1978, Round 2.

Table 4  
 Estimates of Seasonal Migration into Bangkok, 1974 - 1978

	Migrants arriving in Bangkok looking for work during Agricultural slack season		
	Male	Female	Total
October, 1974	950	1878	2828
October, 1975	864	1137	2001
October, 1976	1385	2808	4193
October, 1977	2803	4529	7332

Source : NSO (1975 - 78)



in October 1975 to 7332 in October 1977. On an annual basis and on the assumption that migration would increase in later months particularly during the dry season after harvesting, the number of migrants into Bangkok could go up to over 100,000 workers per year. The study on rural public works program in 1980 by Krongkaew et al. (1981) appeared to support the notion of the large surge of migrants moving from the rural areas into Bangkok during the slack season.

In brief, it seems that the natural growth rate was not shown to have a significant impact on the growth of Bangkok relative to the growth of the country as a whole, unlike the situation in other developing countries such as those in Latin America. Therefore, it leaves in-migration as a major reason for the rapid expansion of this primate city. Any policy to cope with the problems of Bangkok must contend with this internal migration issue while still keeping the natural growth rate under control.

#### Economic Determinants

There are several economic reasons for the rapid urban growth in less developed countries. A traditional view regarding the determinant of urban growth is that economic development of a country in general and its industrialization in particular help bring about the growth of cities. And as Hoselitz (1953) pointed out, cities can in return play a catalytic role in the economic

growth of less developed countries. As these countries become more developed, their cities go forward at an even faster rate. It was contended that this was the beginning of the problems of "overurbanization" or "over-concentration" of today's cities.

The causal relationship between urbanization and economic development was well accepted in the 1950's and 1960's, but in the 1970's dissenting views began to appear these views were, however, still in the minority. To establish the relationship between the growth of Bangkok and the growth of Thai economy, one simply looks at the national income account. As can be seen from Table 5 which compares the growth rates of gross regional products of all regions and the growth of gross domestic product for the whole kingdom, the average growth rates for Bangkok were 9.9 percent during 1960-70 and 7.2 percent during 1970-76. These rates were higher than the rates of growth of the nation's GDP at 8.1 and 6.5 percent for 1960-70 and 1970-76, respectively. It is difficult to say just from looking at these statistics whether the income growth of Bangkok had spearheaded, or taken advantage of the growth of the rest of the nation. But one thing is certain: all along these past two decades, Bangkok had enjoyed the rate of economic growth greater than the average rate for the whole nation.

Table 5  
Growth Rates of Gross Regional Products  
of Thailand (constant 1952 value)

Region	1960-70	1970-76
Northeast	7.2	5.2
North	7.5	4.1
South	6.9	5.7
Center	7.2	8.1
Bangkok	9.9	7.2
Whole Kingdom : GDP	8.1	6.5

Source : World Bank (1980b)

One way to learn about what had contributed to this high rate of growth for Bangkok is to break these GDP data down into various industry origins. Figure 1 shows the percentage distribution of GDP originated from the four most important productive activities : agriculture, trade, manufacture and banking.

The trend line in figure 1 starts with the year 1958 three years before the Thai government launched its first economic development plan. The conditions existing then can be more or less considered as the initial conditions before the country entered an era of modern economic development. Agriculture, trade and manufacture were selected for their major value added contributions to national GDP (Together, they constitute about 20 percent of GDP in 1958 and 65 percent in 1978); banking was selected for its very prominent stature in today's economy.

Figure 1 makes it quite clear that the share of agriculture had declined substantially in the 20 years of economic development from 1958 to 1978, while the share of trade, manufacture and banking had gone up noticeably. The share of manufacture in GDP was only 11.2 percent in 1958 but rose to 18.4 percent in 1978, and is still going up. The share of banking, though still small, had almost tripled itself within that 20 years, going from 1.8 percent in 1958 to 5.3 percent in 1978. And the trading activities continued to increase their share from 17.4

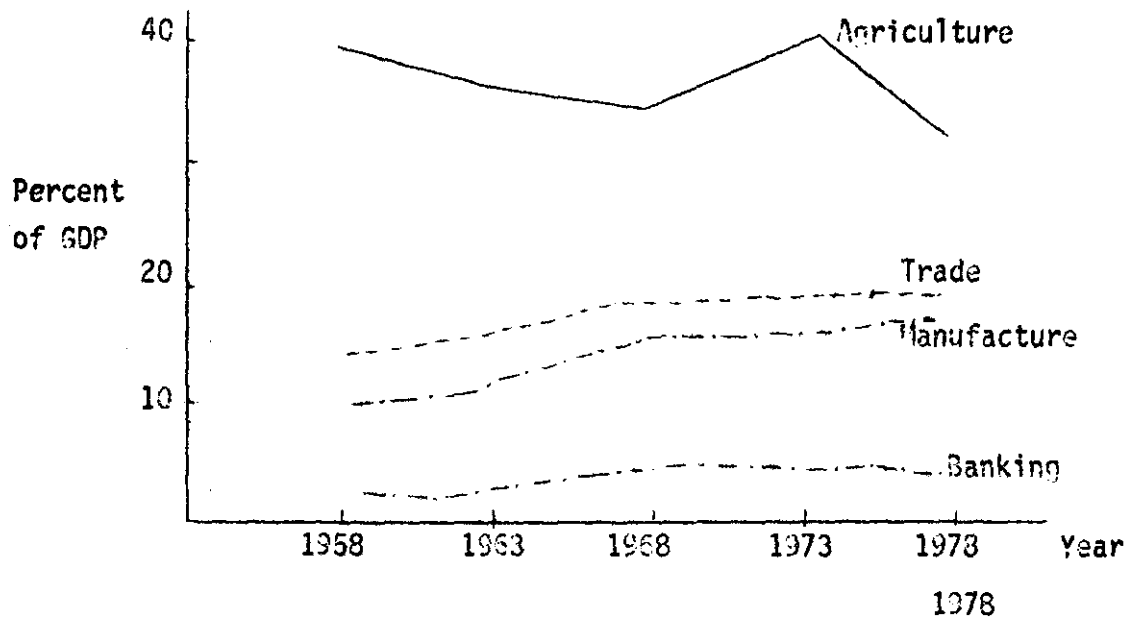


Figure 1 : Percentage share of agriculture, trade  
manufacture and banking in the country's GDP.



percent in 1958 to 19.8 percent in 1978. This picture is confirmed by the statistics on the average rate of growth for the period 1970-1978 as shown below:

	1970-1978
Agriculture	6.9
Trade	8.0
Manufacture	15.8
Banking	17.2

In the last decade, the manufacturing and banking sectors were growing more than twice as fast as agricultural sector. This was not a natural course of event, but a result of very conscious development policy efforts by the government. Agriculture was set up to play the dual role of the supplier of food for export and for other sectors, and the supplier of labor for the industrial, trade and service sectors. The manufacturing sector, meanwhile, received all kinds of investment and tax incentives plus protection from foreign competition. The banking sector (includes other finance, insurance and real estate businesses) also received assistance and support from the government which is anxious to monetize the economy quickly and facilitate the country's industrialization. Considering that all trade, manufacturing and banking activities are urban-oriented, and agriculture is rural-oriented, it is not difficult to see how and why the urban sector

has enjoyed its increasing share from the fruit of development at the inevitable expense of the rural sector. And Bangkok which is the most urbanized of all urban areas, where most trading, manufacturing and banking activities are located, has certainly reaped a lion's share of these development benefits.

This pattern of development seems to fit well with what Lipton (1976) called the "urban-biased" model of economic development. According to him, the condition of the really poor had undergone little improvement despite generally high economic growth in the last quarter of the century. This was a major outcome of an urban-biased policy where most resources were systematically allocated to the urban sector where greater efficiency in resource use was expected, and little were allocated to the rural sector which would promote greater equity but little efficiency at least in the short-run. In theory, some trade-off could be struck out between efficiency and equity, but in most poor countries, the reality is not so agreeable. Lipton argued that the developing polities were so structured as to provide rural people with "inefficiency and unfairly few resources". Over-urbanization was another outcome of this type of policy. But as Lipton put it (p. 220).

"Over-urbanization in many poor countries is not in the sense that cities became undynamic or outpace industrialization, but that urban economic

dynamism confers less welfare, increasingly takes place at the expense of rural areas, and is linked with an output structure--in building as well as in industry--that employs few, benefits mainly the well-off, and rests on arbitrary price and investment advantages conferred by public policy and secured by private monopoly."

The similarities between what Lipton described in his book and what actually happened in the economic development of Thailand are quite startling. From the very beginning of systematic development processes in the early 1960's, the government adopted policies which would stimulate rapid industrialization and other initiatives from the private business sector. A Board of Investment was established to provide generous tax and other investment incentives to both local and foreign investors and industrialists. The government also provided indirect assistance through massive infrastructural spending on energy, road and communication networks. The growth-centers or growth-poles concept was used in guiding the rapid industrialization and expansion of the economy. And since Bangkok was the only center where all the supporting facilities could be found, and where the economies of scale in production could be conveniently obtained, it was not surprising that most manufacturing and other industrial factories

and activities were clustered in and around Bangkok. Bangkok became the only growth-pole of the country. Economic wealth and positions of private entrepreneurs particularly in the supporting service of the banking sector began to consolidate.

Helped by active tariff protection and other investment promotional measures by the Government, the industrialization of Thailand had developed into highly capital-intensive, import-substitution type of undertakings producing mainly consumers' goods. The efficiency was quite low resulting in waste of resources and loss in consumers' welfare through the relatively high prices of locally-produced goods. But the producing entrepreneurs were still better-off in this situation. One example of this is the motor vehicle assembly industry. The government has put a ban on import of completely-built up units, replacing them with locally assembled ones using some domestic parts. This policy not only raise the price of a passenger car in Thailand to almost three times the cost of importing it, but also create tremendous costs to the economy in the form of revenue loss by the government since the business tax on locally assembled units and duties on imported parts are lower than tax and duties applicable to the completely-built-up units. Bertrand and Tongudai (1982) had calculated that for passenger cars, the net loss in government revenue is roughly 30,000 baht per car. Altogether, the assembly of passenger cars, commercial vehicles and motorcycles in Thailand-

an industry employing less than 10,000 workers - is costing the country about 2 billion baht a year.

Meanwhile, the rural sector was relatively neglected. Irrigation facilities were scant and concentrated mainly in the central plains where many farmers were tenants and many landowners lived in Bangkok or other urban centers. The domestic price of rice was kept down relative to the world price by the imposition of the rice premium and other rice export taxes, the policy action which benefited urban workers and city dwellers at the expense of rice farmers. Other agricultural policies that were successful in such countries as Korea and Taiwan such as land reform, farm price and farm input support programs, and farm credit policies were either non-existent or ineffectually implemented. It is true that the overall economic growth of the country had helped the rural sector, but it happened mainly through a trickle-down process the bulk of the benefit remain in the hands of the urban elites. The reduction of rural poverty and income disparities during 1975 reported by the World Bank (1980b) was later found to have occurred merely as a result of a combination of an extensive utilization of land obtained through much forest destruction, and unusually high world prices for agricultural products. In the absence of these two factors, the welfare of the rural farmers is likely to diminish again.

In summary, the growth of Bangkok can be explained by changes in demographic structures, mainly rural in-migration, and the effects of economic development policies which favored faster growth led by Bangkok rather than more balanced but slower growth policies. Once this is accepted, the remaining tasks are to demonstrate and analyse the economic gains of Bangkok as against its economic ills and then try to find ways of coping with the problems of the unbalanced urbanization and development of Bangkok.

#### IV The Economic Gains and Ills of Bangkok

This section discusses some things which many people would regard as self-evident, that is, the various economic benefits enjoyed by Bangkok and its residents as a result of its role in the development of the Thai nation, as well as many of the economic ills associated with the rapid expansion of a metropolitan city such as crime, congestion, pollution, and so on. The main purpose of this section is to group these economic benefits and costs together to enable wider perception and greater understanding of the issues involved.\*

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\*This section does not give an exhaustive account of all the gains and ills of Bangkok; it only discusses a few examples where supporting data are available.

### Economic Gains

Major economic gains of Bangkok from its rapid urbanization and development can be classified into five areas: employment and income, education, health, public utilities, and public services.

#### 1. Employment and income

It is a well-known fact that a job in Bangkok would normally pay the worker more than the same job elsewhere. And as mentioned earlier, it is this wage differential that is mainly responsible for the in-migration from the rural areas. Table 6 shows the results of the estimates of the standardized average daily wages of a given representative worker and clearly shows this wage differential. From Table 6 it can be seen that the wage rates in Bangkok were higher than those in other regions in all categories except in the rural south for the reason that rubber tapping in the south is a very specialized job and could command a relatively high wage. The returns to productive services is also higher in Bangkok than in other regions. This is shown in the form of household average annual income for all regions obtained from socio-economic surveys in Table 7. Table 7 shows Bangkok households enjoying the highest average annual income of baht 42,792 in 1975/76, an increase of 29.6 percent from baht 33,000 in 1968/69 - a much smaller percentage increase than the household income growth rates in other regions. This was due mainly to good

Table 6

Standardized Average Daily Wages for Male Private Employees,  
Age 20-59 with Lower Elementary Education, July-September 1977-1980

	Nonmunicipal				Municipal			
	1977	1978	1979	1980	1977	1978	1979	1980
North	29.5	28.0	33.3	40.0	36.1	44.9	43.9	52.3
Northeast	23.6	28.4	28.9	38.1	36.5	45.2	43.2	48.8
South	38.0	43.2	50.4	54.6	36.5	40.7	40.5	50.3
Center	36.0	38.5	47.7	53.7	42.7	44.1	52.7	61.1
Bangkok	36.5	42.9	48.3	62.9	49.6	48.3	58.4	67.5

Source : World Bank Estimates.



Table 7

Average Annual Household Income by Region and Location,  
1968/69 and 1975/76

	Average Annual Household Income		Percent Increase
	1968/69	1975/76	
	<u>Baht</u>	<u>Baht</u>	
Bangkok Metropolis	33,030	42,792	29.6
Urban (Municipal) Areas			
Center	25,860	42,324	63.7
South	26,020	40,332	55.0
North	23,170	41,628	79.7
Northeast	27,910	36,564	31.0
Rural Areas			
Center	15,310	25,656	67.6
South	10,080	18,636	84.9
North	10,360	16,608	60.3
Northeast	9,500	16,848	77.3

Source : NSO (1979)

crop prices in 1974/75 which helped the income positions of farmers in rural areas.<sup>10</sup>

## 2. Education

Although primary schools are scattered throughout the country, the facilities and quality of service can be very different across regions and locations. Bangkok not only has the highest number of primary school per capita, but the quality of schooling is also superior to all other regions, as shown by the achievement scores in Thai language and arithmetic of students in different schools in a survey conducted by the Office of the National Educational Commission. These scores, which are shown in Table 8 confirm the superior quality of students in Bangkok schools vis-a-vis all other schools. And within Bangkok itself, private school students received the highest scores both in Thailand arithmetic. For secondary and higher education, there is simply no comparison between Bangkok and the rest of the country in terms of quantity and quality. That mainly explains why a great number of students from the provincial areas arrive Bangkok each year seeking secondary, vocational or higher education.

The situation regarding higher education in Thailand deserves some careful consideration. First, Bangkok has always enjoyed having the most and the best universities in the country. Second, although all public universities have an open admission

Table 8

Achievement Scores in Thai and in Arithmetic,  
by Type of Schools, All Regions

Type of School	Bangkok		All Regions	
	Thai	Arithmetic	Thai	Arithmetic
Private Schools	57.1	55.8	50.5	49.0
Government Schools	53.9	55.7	48.3	50.3
Municipal Schools	46.7	49.3	40.0	41.9
Provincial Schools	40.3	39.8	28.5	28.5

Source : from Leonor (1982)

Policy through common entrance examination, in practice, students from outside Bangkok cannot compete with Bangkok students due to the latter's higher educational quality. Therefore, the overwhelming majority of university students in Bangkok are those who domicile in Bangkok. Furthermore, the results of surveys by the State Universities Bureau continue to show that even today the students from agricultural households in the rural or provincial areas constitute only about 5 percent of the total university students.<sup>11</sup> Third, even when the government is trying to promote regional universities to help provincial students, it turns out that many seats are taken by students from Bangkok who performed better in the entrance examination. Fourth, as university education in Thailand is highly subsidized through low tuition fees, it is not difficult to see how better-off Bangkok residents received this biased benefit from the government.

### 3. Health and Nutrition

This is another area in which the benefits accrued to Bangkok are most noticeable. Table 9 presents certain health indicators that reflect the favored positions of Bangkok. For example, it was shown that, in 1977, Bangkok had one medical doctor per 1,289 population as compared to one per 17,280 in the rest of the country. The bias was even more severe in the pharmacist and dentist categories. Bangkok provides all the

Table 9

Ratio of Total Health Personnel to Total Population : Bangkok  
Metropolis Versus the Rest of the Country, 1977

Health Personnel	Bangkok	Rest of the Country
Physician	1:1,289	1:17,280
Nurse	1: 565	1: 5,488
Pharmacist	1:2,372	1:120,431
Dentist	1:8,336	1:143,726
Nurse aide	1:1,119	1: 4,120
Health worker	1:4,429	1: 6,609
Midwife	1:8,098	1: 5,478

Source : From Krongkaew (1982, p. 84)

financial and professional incentives that prevent these health personnel from venturing out into the country side.

The improved health services have also resulted in the lower death and infant mortality rates for Bangkok. The vital statistics for 1975 showed that the crude death rate for Bangkok in that year was only 4.3 compared with 10.3 for the North, 10.0 for the Northeast, 6.8 for the Center and 10.3 for the South. And the infant mortality rates for the same year was 31.0 for Bangkok compared with 96.0 for the North, 54.4 for the Northeast, 49.5 for the Center, and 60.4 for the South. In other words, the chance for a baby to survive his first year is three times higher if his parents are Bangkok residents than if they are residents of Northern cities. Bangkok population is also better nourished. The rate of malnutrition in Bangkok was estimated at 10.3 percent compared to 37.7 percent in the North, 42.1 percent in the Northeast, 18.0 percent in the Center and 27.6 percent in the South.

#### 4. Public utilities

As regards public utilities, one basic issue that separates Bangkok from the rest of the country is simply the availability of these services. Bangkok has all the facilities and services that people have come to expect of a large city water,

electricity, communication, and so on. Table 10 shows two examples of utility services that were available and used by residents of Bangkok compared to the rest of the country. The imbalance was quite clear. Of course economies of scale associated with the provision of these services in a large city make the present situation economically justifiable, but the welfare of the people outside Bangkok must also be taken into consideration. What cannot be justified, however, is the public subsidization of some of the public utilities services to Bangkok dwellers. A good case in point is the Bangkok bus services whose fare is below-cost, the loss being indirectly made up by the government through the use of its general fund.

#### 5. Other public services

Having all the government offices located in Bangkok makes it very convenient for the residents of Bangkok to get all the civil services from the government. And the government's response to this public demand often affects or perverts the role of the central government's offices for the benefits of Bangkok residents. For example, the head offices of the Departments of Revenue, Customs and Land which are supposed to serve as national headquarters, have in practice become the tax, customs and land offices for Bangkok. Krongkaew (1980, p. 78) had shown that when all of the government public services were quantified as to who

Table 10  
Electricity and Telephone Services to Bangkok  
and the Rest of Thailand

	1977		1978		1979	
	unit	%	unit	%	unit	%
<b>I. Electricity Consumption (million kw/hr)</b>						
- Bangkok	6536	62.6	7351	61.7	8015	61.2
- Rest of Thailand	3903	37.4	4558	38.3	5072	38.8
- Total	10439	100.0	11905	100.0	13087	100.0
<b>II. Telephone</b>						
- Bangkok	179907	76.3	306405	74.8		
- Rest of Thailand	86968	23.7	103066	25.2		
- Total	366875	100.0	409471	100.0		

Source : The Electricity Generating Authority and the Telephone Organization of Thailand.



received how much benefits from public spending, it was found that an average household in Bangkok would receive about 3.2 times more benefits, in money terms, than the average Thai household.

### Economic Ills

Unlike the gains of Bangkok from its rapid growth, the illls are much more difficult to measure quantitatively. There are two parts of the illls or costs, private and social, just as there are to parts of the gains or benefits. Whereas the benefits accruing to the people of Bangkok are mainly those which are measurable in terms of the increase in personal or household income or the decrease in expenditure, or other tangible benefits; most of the costs associated with Bangkok growth are social ones which do not render themselves to a simple measurement. For instance, how do we measure the costs of environmental pollution caused by traffic congestion and industrial waste? Deterioration in mental health? The suffering from urban poverty? Since the main objective of this paper is not to examine these costs in detail, they will be given only a broad mention to allow comparison with the benefits discussed earlier.

The following section deals with four areas of Bangkok's economic illls: traffic congestion, environmental pollution, urban poverty, and lack of planning and control.

### 1. Traffic Congestion

The congested roads of Bangkok have increasingly become a cause of confusion to its visitors and a major cause of daily frustration to its residents. The level of motorisation for Bangkok is nearly equal to that of advanced countries such as Japan and Singapore. Furthermore, the intensity of car use --1.22 hour per day--is much higher than commonly found in developed economies (Bertrand 1978, p. 253). It is not unusual to spend 2 hours travelling the distance of only 10 miles--most of that time is spent sitting in the cars, burning gasoline, worrying about being late for work and missing appointments. Many factors have contributed to this time and resource waste. First, the increased economic prosperity has enabled a growing number of its residents to acquire private cars for transportation. Second, the public transport system are insufficient to cope with growing demand which, coupled with the low quality of services, forced more and more people to find their own means of transport. Private cars have become a necessity, regardless of the price which is at least five times the average annual income of Bangkok residents. Third, there are severe limitations to road surfaces and parking facilities. The proportion of road surface to total area in Bangkok is only 8.9 percent compared with 22 percent and 24 percent for London and New York respectively (NESDB, 1983, p. 10). There has been very little new investment on road construction until recently when the express way-- 29 kilometres

long--was opened. It has saved travelling time for about 30 minutes.

Bertrand (1978) had developed a model that allowed the estimation of the external costs of vehicle use in Bangkok's congested traffic network. The congestion factors taken into account in his analysis are time delays and higher operating costs.<sup>13</sup> His result showed the traffic congestion costs in Bangkok to be very high. Furthermore, cost imposed on others on the roads are a large part of the cost borne by the users of those vehicles themselves. The total cost, both user cost and cost imposed on others, generated by the presence of buses, cars, taxis, motorcycles, trucks, and samlors on Bangkok streets was estimated to be about 30 million baht per day. Another study on the economic losses from traffic congestion in Bangkok conducted by a German Advisory Group in 1972 had calculated the gasoline cost to be approximately 7 million baht a day and if the congestion could be reduced to half the savings on gasoline could amount to at least 750 million baht per year.

Bearing in mind that the figures mentioned above were those of 10 years ago, it is not hard to imagine how much higher they would be to day after the gasoline price has soared and the number of registered vehicles have almost tripled.

## 2. Environmental pollution

The traffic congestion in Bangkok not only causes the loss of time and resources, it also causes noise and air pollution. The industrial plants and houses located near the Chao Phraya River have contributed, through their waster disposal, to the pollution of this main river of Bangkok. The streets are in no better condition. They are littered with garbage thrown out from households and factories. Garbage disposal is becoming a major problem for this city of more than 5 million people. In only 7 years between 1975 and 1982, this unwanted mass has more than doubled and is increasing at the rate of 10.7 % a year.<sup>14</sup> At present, 2,740 tons of solid waste are created daily, only 80 % are collected with the rest left scattered around or dumped at the nearest convenient place. Of those collected, the lack of facilities to destroy them means that half will simply be left outside to be rotted away with time. In 1982, the cost to the Bangkok government in collecting these solid wastes was almost 100 million baht. Other examples of environmental damage brought about by the growth of Bangkok are in the form of the destruction of historical sights, cutting down trees, filling in canals and so on to make way for roads and buildings.

## 3. Urban Poverty

The promise of Bangkok has brought thousands of migrants into the city. A large number of these migrants will stay in the many

established slums in the inner city of Bangkok, joining the groups of urban poor. But urban poverty nowadays is also found in the fringe of the city, in the area where the land is still not fully developed, and many would have to commute to work in the city, causing more hardship. While the poverty in the rural areas had shown some sign of improving at least as seen from the results of the socio-economic survey of households in Thailand in 1975/76, the reverse was true for poverty situations in Bangkok. From Table 11 which presents the incidence of poverty in various regions of Thailand, including Bangkok, it can be seen that Bangkok was the only region in Thailand where the incidence of poverty had increased, from 11 percent in 1968/69 to 12 percent in 1975/76. This increasing poverty amid increasing opulence of Bangkok is one clear indication of unstable development. Probably, this makes being poor in Bangkok more miserable than in the country-side.<sup>15</sup> The existing slums in the inner city and the poor pocket area around the fringe will remain a grim reminder of the ills of Bangkok for some time to come.

#### 4. Lack of Planning and Control

As an open city, Bangkok reacts quickly to new opportunities. For example, during the Vietnam War in the late 1960's, Bangkok's entertainment and service sectors expanded more or less at will. A whole street was developed without proper drainage

Table 11  
Incidence of Poverty in Thailand by Region  
and Area, 1962/63, 1968/69 and 1975/76  
(percent of total population)

Region and Area	1962/63 <sup>a</sup>	1968/69	1975/76
Northeast	<u>74</u>	<u>65</u>	<u>44</u>
Urban	44	24	20
Rural	77	67	45
North	<u>65</u>	<u>36</u>	<u>33</u>
Urban	56	19	18
Rural	66	37	33
South	<u>44</u>	<u>38</u>	<u>31</u>
Urban	35	24	22
Rural	46	40	33
Center	<u>40</u>	<u>16</u>	<u>14</u>
Urban	40	14	12
Rural	40	16	15
Bangkok	<u>28</u>	<u>11</u>	<u>12</u>
Whole Kingdom	<u>57</u>	<u>39</u>	<u>31</u>
Urban	38	16	14
Rural	61	43	35

Source : World Bank (1980b)

systems or parking spaces. Even today when building rules and regulations have improved, one can find flagrant violations in various places. Bangkok is simply growing too fast for the present government machinery to catch up. Lack of zoning law allow the encroachment of business establishments into the previously marked recreational or residential areas.

The subsidence and flooding of Bangkok are the most obvious evidence attesting to the lack of planning and control which result in the loss both to individual and to society of several hundred million baht each year. Various factors have contributed to this problem some of which cannot be easily corrected such as the fact that Bangkok is located in a very low-lying area. However, it is the haphazard development of housing estates that is often blamed for Bangkok's subsidence. Most of these housing developments rely on underground water for their water supply. At present, there are almost 10,000 wells, pumping up several million cubic metres of water each week--a rate that is much faster than can be replenished naturally. This results, therefore, in the gradual collapse of the ground, estimated at 5 - 10 centimetres a year. The unsystematic expansion of roads and the city itself have also contributed to the flooding problem by obstructing the natural channels for drainage.

## V. Coping with the Growth of Bangkok

So far this paper has attempted to illustrate the nature, the causes, the gains and the problems of Bangkok's growth. This last section will try to look at ways and means of coping with the problems. By setting the aim to "cope with" rather than to "solve" the problems of Bangkok, we realized, first, that the existence and the growth of Bangkok are not all bad. Bangkok has its part in making contributions toward the development of Thailand; it is the unbalanced nature of its growth and development that is questionable. What is important is not the stifling of resource allocation to Bangkok, but to make the existing allocation more efficient and to distribute the gains more equitably to other regions. Second, even if all the problems are known, it would be presumptuous to hope that by following the policy recommendations given in this paper, all the problems will disappear. Development is a multifaceted process. Economic approach to development, though crucial is but one means which must be augmented by many others in various disciplines. Therefore, we must first rely on more efficient allocation of resources and more equitable distribution of economic gains to help us cope with the unbalanced growth of Bangkok, then we could combine it with other ways to gradually "solve" the problems of Bangkok.



### Major Policy Recommendations

With these caveats in mind, we now proceed to suggest some policy packages that can be used to cope with the aforementioned Bangkok growth, four of them are as follows :

1. Make overall economic development policy more balanced

An earlier section of this paper has demonstrated that the development policies of Thailand in the past two decades had been very much growth-oriented, emphasizing rapid industrialization with the government providing not only infrastructural facilities, but also investment incentives, tariff protection and tax concessions. Agricultural sector was either exploited for the benefits of the industrial and service sectors or left to struggle by itself with only a token support from the government. This growth process had made possible a significant increase in gross national product, but at the same time had substantially worsened the national distribution of income despite the recent improvement in the basic income in the rural areas caused by the trickle-down effects from the center. Bangkok had been transformed into an even larger primate city, an epitome of unbalanced urbanization and development.

To a large extent, this type of development policy is unsatisfactory. Growth without redistribution is fragile and could eventually lead to economic and social strains and perhaps social

upheaval. Trickle-down process may work, but it may take a long time--too long for the patience and suffering of the disadvantaged. A better policy would call for a more balanced approach to development, more moderate rate of growth and more equitable income distribution. Considering that past policies have been overwhelmingly urban-oriented, in order to reach a rural-urban balance more emphasis has to be given to the rural parts. The key is to create employment and income opportunities in rural areas, not in the form of stop-gap public work projects as has often been in the past attempt must be made to create permanent employment opportunities. In most rural areas, nonfarm employment depends on the expansion or establishment of manufacturing and service enterprises, particularly those that are small, labor-intensive, producing goods, and services for local market.

In addition to promoting rural areas, there is also a need to eliminate or reduce bias toward the manufacturing sector, for example, the tax privileges given to large firms in the import of machinery.

The World Bank (1979) has pointed out a good example of the above policies. In Korea during the 1950's, basic infrastructure was inadequate everywhere except in the larger cities, so that industrial growth was concentrated around them and attracted large flows of migrants. By the late 1960's, the government had introduced

measures that improved the agricultural terms of trade and enhanced rural welfare, thus reducing rural-urban migration. The success of this policy switch was aided by the fact that land in Korea had been very evenly distributed since the land reform of 1949.

There is an encouraging sign that this may be happening in Thailand also. The Fifth National Economic and Social Development Plan (1981 - 1986) which is being implemented at present, aims to rehabilitate the economic positions of the country both internally and externally, restructure the present economic system, develop firmer social foundation, and alleviate rural poverty. The overall growth will be reduced to give the country more balanced development. On specific policy programs, manufacturing sector will be restructured so as to move it from import substituting phase to export promotion phase; protection will be reduced, and the investment incentives system will be streamlined; agriculture will receive a boost in government's attention with an expected annual growth rate of 4.5 percent as compared to 3.5 percent during the Fourth Plan; poverty areas will be designated throughout the country, and specific programs to help alleviate or eradicate poverty in those areas will be implemented. Relating these program to the unbalanced urbanization of Bangkok, it is reasonable to assume that when the rural, agricultural sector is better-off through its increased production, better yield, better marketing and high farm prices, there will be less incentives for rural people to migrate to Bangkok for employment

purpose. If this is the case, then the in-migration which is a major source of population growth of Bangkok will be arrested.<sup>16</sup>

## 2. Establish a Workable National Urbanization Policy

According to Renaud (1981), a national urbanization policy is one that deals with population movements in cities or urban centers, the causes and effects of these movements on the economy and national resources. It has four major objectives: the full development of the national resources of the country; the maintenance of national cohesion among various regions; the prevention or correction of excessive concentration of economic activities within the capital region; and the more efficient and more equitable management of growth within cities. From the above account, it seems that the formulation of this policy would be very appropriate for Thailand. At least two issues are involved in the process of formulating a workable national urbanization policy: limits to city growth, and the creation of new growth centers.

The question about limits to city growth is often linked with the concept of optimal city size with the implication that once the population of a city has reached a certain, predetermined level, policies must be adopted to maintain it, either by stopping or slowing down investment into the city or by physically preventing population expansion of the city; and if the city already exceeds the optimal size, it must be reduced. In an economic sense, this

point has been demonstrated beyond a reasonable doubt (Richardson (1973), Henderson (1973) Mills (1982) ) that the pursuit of an optimal city size was not only infeasible, it was undesirable. Richardson (1973, p. 194-6), for example, believed that the policy instruments available in a mixed economy were probably not strong enough to reduce the size of large cities, and that if policy to persuade people and activities to leave the large metropolises was adopted, this might provide a pretext for neglecting the pressing problems of improving the urban environment and central city poverty. Rather than limit the city growth, a more effective policy would be to improve the efficiency and management of large cities by acting on intra-city spatial distribution and by correcting resource misallocations within the city.

Following the above concept, it could be argued that there is little merit in the explicit setting of the size of Bangkok. As long as the government does not attempt to create too much distortions that favor Bangkok over the rest of the country, the growth of Bangkok is likely to slow down from the present rate.

On the creation of new growth centers, this is based on the notion that if the urban problems exist because there are too many people concentrated in few cities, providing them with the opportunities to move to other areas would not only reduce the troublesome concentration but could also raise the level of economic

efficiency through more efficient spatial arrangements. For Thailand, the concept of regional growth centers has been accepted and incorporated into the Fifth Economic and Social Development Plan whereby five regional cities will be designated and developed into principal cities or growth centers. These cities are Chiangmai, Khonkaen, Nakornratchasima, Chonburi, and Songkla-Haadyai. However, it should be kept in mind that efforts in many countries to create growth centers have failed basically because they tried to do too much, in too many areas at the same time. The plan would have a better chance of success if we concentrate on just one or two cities and focus the investment on selected medium and small-scale industries that use large amounts of unskilled labor that can be recruited from regional and rural population.

Within these broad frames of reference, a national urbanization policy would emphasize more efficient allocation of resources in Bangkok and other urban centers, the correction of the distortions created by existing policies such as investment incentives that lead to the concentration of industrial activities in Bangkok, the setting up of regional growth centers to provide productive opportunities outside the capital area and absorb more labor. Once these broad perceptions are accepted specific details can be worked out later.

### 3. Undo the Subsidization of Bangkok

Whereas the previous recommendation to set up a national urbanization policy in Thailand was made for the long-term management of cities and the proper relationship between cities and the hinterland, this recommendation aims at short or intermediate term measures to cope with the effects brought about by various kinds of subsidization of public services in Bangkok. Earlier we had mentioned the availability of many public services often at below-cost fees. This subsidization not only squanders away limited resources that can be rechanneled to more efficient or more equitable activities but also confers unearned benefits to those who are in a relatively better position to pay more for the services. There are many examples of this undesirable subsidization process going on in Bangkok, and it will need another study to deal with them in detail. It should suffice to mention only a few examples here.

First, the subsidization of domestic price of rice through the uses of rice premium, export taxes on rice, rice reserve requirements, and rice quota system has resulted in the price of rice in domestic markets being depressed below the world price. Most economists have agreed that the producers (farmers) not only have to bear the burden of these rice taxes, they have also received smaller returns from their sales.<sup>17</sup> The main beneficiaries of this policy are the urban dwellers, particularly the people of Bangkok

who can buy rice cheaper than it should be. This is a form of perverse redistribution of income from rural areas to urban areas. By doing away with these rice taxes, income of the rice farmers is expected to increase as the domestic price of rice becomes higher.

Second, even with the full effects of the economies of scale, the true resource costs of electricity in Bangkok are still higher than what are now being charged to Bangkok consumers. This certainly can be regarded as a form or variant of subsidization. The government could have charged the rates that reflect more closely the costs from the efficient use of resources. Furthermore, higher rates would also economize consumption and reduce the pressure for the electricity generating authority to have to seek more sources of electric power to satisfy urban consumers sometimes to the detriment of rural environment (wildlife and forest destruction).

Third, the public bus fares in Bangkok is a clear case of problematic subsidization. The actual cost per ride is higher than the average fare, and the public bus authority is incurring daily loss. From the point of view of efficient resource use, the subsidization should be curtailed and fare raised. However, if the government wishes to maintain the present fare system, for political purpose or otherwise, the subsidies should be paid for by another



group of Bangkok road users mainly private car owners whose cars have taken so much of Bangkok's road space. Compared with other countries, private car owners in Bangkok still bear relatively little burden for road and traffic services. Economists have long proposed the use of congestion taxes as one way towards solving the traffic congestion in big cities. The imposition of this tax will make an individual bear the burden of the costs he imposed on others by his vehicle use.<sup>18</sup>

There are many other services which can be dealt with in the same manner. In many of these cases, the problems concern not only the issues of subsidization, but also corruption, bureaucratic inefficiency, incompetence and negligence on the part of officials. As far as the subsidization of services is concerned, however, removing it is one way of coping with problems of the city such as Bangkok. A similar view is found in Linn (1982, p. 646) who wrote:

"To the extent that urban areas are subsidized by the public sector, one may indeed want to correct the balance both on efficiency and on equity grounds. But this corrective action should not involve policies geared primarily to slow down the urbanization process; rather, the subsidies provided to urban dwellers should be reduced or eliminated by appropriate changes in taxation, user charges, and public expenditure policies."

4. Promote Greater Administrative and Fiscal Autonomy of Bangkok Metropolitan Administration.

One interesting observation that we could make from the study of Bangkok which thus far has not been mentioned is that many of the problems which concern only Bangkok have assumed national significance or proportion, and have to be dealt with by the national government rather than by the Bangkok Metropolitan Administration which is Bangkok's local government. This is chiefly because the BMA lacks the power to effectively manage and administer the affairs of the city. The situation could be analysed in terms of historical development which established Bangkok as the center of power from which order and authority flowed out in all directions through the hierarchical structures of public administration. This centralization of power has necessarily given rise to the slackness in local initiatives to cope with local development and solve local problems.

As the administrative reform of Bangkok governance is outside the scope of this paper, it will be given only a brief mention as a recognition of its significance that by changing the administrative structures that give more power, flexibilities, and responsibilities to the Bangkok government, many of the problems of Bangkok could be attended to quickly and efficiently. The part which could be dealt with here is the part concerning greater fiscal autonomy for Bangkok government.

At present, the power to tax of the Bangkok government is very weak, and the enforcement of tax compliance and the collection methods are very lax. There are only four taxes presently under the direct jurisdiction of Bangkok government: the house and land tax, the land development tax, the signboard tax and the animal slaughter tax. The revenues from these taxes form a small fraction of the total revenues of the Bangkok government, a major part comes from central government's grants-in-aid and other tax revenues collected on behalf of Bangkok government by central government. Although some of the taxes and fees collected by the Bangkok government are not appropriate to its economic environment, it has to use the same rates as the rest of the country. In 1981, average revenue of Bangkok government was 741 baht per head, which is less than one third of the national average. Considering the myriad of problems it faces, such as flood control, road repair and traffic management, it is quite obvious that the available revenue do not allow the Bangkok government to react quickly or effectively to the problems. But it will also be unfair to impose tax on the rest of Thailand in order to raise money to support Bangkok. Instead, the "user charge" principle of tax collection should be used. This would involve giving more fiscal autonomy to Bangkok government. At present, urban properties such as owner-occupied houses, lands and private passenger cars are still grossly undertaxed. They provide easily identifiable bases upon

which more revenues can be collected if the rates and collection methods are changed. In addition, the Bangkok government should be given greater flexibility to adjust the rates for taxes and fees to the appropriate level and to initiate new tax bases whenever they are found to be fiscally viable and the taxation has favorable incidence and economic effects.

It is essential to persuade the citizens of Bangkok that the taxes they pay are used productively, resulting in better roads, less flooding, more medical facilities and so on. If they are aware of the benefits that will accrue to them from their tax payments, not only will they be more willing to pay but also will take better care of the facilities. This emphasis on taxpayers' participation is crucial since it will reduce the government's burden in collecting the tax while lessen the problems of the city in the long run.

#### Summary and Conclusion

This paper has attempted to discuss and analyse the growth of Bangkok from an economic point of view after it has discovered that the use of this approach has been lacking in several studies about the urbanization process in Thailand, and the economic approach could help toward better understanding of the present situation and toward finding ways to cope with the patterns and problems of the rapid growth of Bangkok. It has recognized that the growth of this capital city has been closely linked with the

economic development of the nation : It is the leading sector that helps spearhead the country into the age of modernization; it is also the major beneficiary of the essentially urban-oriented development policy of the government. However, the urbanization and development of Bangkok has become unbalanced in the context of the development of the whole nation. On equity ground, Bangkok and its population have enjoyed absolutely and relatively more benefits from development process than the rest of the country; and on efficiency ground, many benefits that Bangkok enjoyed were generated from inefficient use of resources.

After some further discussion on the nature of economic gains and losses of Bangkok, the paper suggested four major policy packages that could be adopted to cope with the rapid urbanization of Bangkok. These policy recommendations started at the national level by suggesting that the overall development policy be made more balanced, that is, emphasis should be put more on rural development than it used to be. On the regional level, a national urbanization policy should be worked out which aims at making the present resource allocation in Bangkok more efficient and creating new growth centers to diversify the pressure, and growth, from Bangkok. On a more immediate local level, the subsidization of many public services in Bangkok was singled out as a major source

Finally, the fiscal autonomy of the Bangkok Administration should be enhanced by giving it more taxing power in the expectation that the city administration will be in a much stronger financial position to cope more with the problems of its growth.

## FOOTNOTES

- <sup>1</sup> Bangkok has been growing steadily since its establishment as the capital city of Thailand 200 years ago. But the expansion of the city had become more rapid only after World War II, and most pronounced in the period of modern economic development in the early 1960s. This will become clear later when the data on the population of Bangkok and its growth are discussed.
- <sup>2</sup> See, for example, Hoselitz (1953), Friedman (1973), Weitz (1973), Lipton (1976). Urbanization is defined here as the process of becoming urban. The concept is inextricably linked with the setting up or expansion of its city or system of cities, the patterns of life, behavior and interactions among those who live in the city, as well as those who live outside it. This is, however, no universal rule governing the existence or size of the city. What is classified as a city or urban area differs from country to country. In Thailand, urban areas are commonly understood to include all municipal areas. Out of which only two Bangkok and Chiangmai are classified as city municipalities-- having more than 50,000 inhabitants with density of over 300 persons per square kilometre.
- <sup>3</sup> Selected bibliographies of these studies can be found in Breese (1973) and Krannich and Others (1974).

- <sup>4</sup> Summary discussion on this and subsequent plans is given in Sternstein (1974 and 1976)
- <sup>5</sup> Many of these studies are unpublished Ph.D. dissertations. See also Rigges (1966), Noranitipadungkarn (1970) and Bhakdi (1982).
- <sup>6</sup> Examples are found in Goldstein (1971), Ng (1974), and Arnold and Cochrane (1980).
- <sup>7</sup> The exception are, perhaps, the studies by Romm (1972) and the World Bank (1980a). But these are still not full-fledged economic studies on the growth of Bangkok.
- <sup>8</sup> For instance, the level of urbanization in 1976 given by Renaud (1981) for Korea was 47 percent, Philippines 36 percent, Malaysia 30 percent and Taiwan 64 percent.
- <sup>9</sup> See a summary of the discussion on these conflicting views in Rogers and Williamson (1982), which that the leaders of the first school was Kingsley Davis and the second school was Michael Todaro.
- <sup>10</sup> This is just one sample statistical indication of the income positions of the people of Bangkok which is available from a household survey. Other indicators which depict household income and purchasing power can be found in the type and number of consumer durables that households in each region own, or the type and conditions of the houses these households live in. It goes



without saying that Bangkok households are ahead in these categories also. Admittedly, these quantitative data are too few to really capture the wealth and affluence of Bangkok which would be immediately obvious to those who make a visit to Bangkok and then to the countryside.

- 11 Some would say that the concentration of Bangkok residents in higher education institutions perpetuates the dominance of Bangkok through continuous supply of educated elites in various fields.
- 12 These and other health statistics are found in Krongkaew (1982).
- 13 Bertrand noted that his estimates might be considered downward-biased because of the neglect of air and noise pollution costs, congestion effects on accident costs, road network maintenance costs, and heat costs. All of which he believed to be relatively small and very difficult to quantify.
- 14 Statistics in this section and the fourth section came from NESDB (1983).
- 15 It is this group of Bangkok poor that the government has to take into consideration whenever a policy dealing with Bangkok is implemented. Special provisions should be planned to cushion or forestall unfair, adverse effects that might happen to them as a result of a policy aiming more at the majority population.

- 16 Despite this apparent policy switch, there is no guarantee that this plan will be strictly adhered to. The government changes very often in Thailand and is very susceptible to political and economic pressure from urban-based interest groups which would have a lot to gain from an urban-biased policy.
- 17 There are numerous studies about rice policy in Thailand. For a more recent study and survey of the rice policy controversy, see C.P. Holtsberg (1982).
- 18 Bertrand (1978) had estimated the external costs, the structure of the "optimal" congestion taxes, the incidence effects of such taxation and the "second best" problems resulting from constraints.

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