

RESEARCH ARTICLE

## Understanding Political Party Finance in Thailand: New Regulations but Old Practice

**Punchada Sirivunnabood**

Mahidol University Thailand

punchada.sir@mahidol.ac.th

**Abstract:** Thailand introduced state subsidies for political parties for the first time in 1997. The Political Parties Development Fund (PPDF) was intended to reinforce the internal coherence of parties and encourage their democratic functions. Designers hoped that this party financing would be an effective means of curbing illicit fundraising, particularly during electoral campaigns. However, the PPDF has not led to strong party organizations. While the state provides a great amount of financial support for political parties every year, many parties receiving funding are still weak and unable to compete effectively in elections. Utilizing data from focus groups and extensive interviews with politicians, election commission officers, and party members, I demonstrate that financial deficiencies and a weak system of public finance allocation encouraged many small political parties—particularly those without parliamentary representation—to access these new state resources. Instead of helping to sustain the development of small and medium-sized parties, the PPDF became an alternative source of income for those parties. Parties have intensified their efforts to exploit such funding using questionable means. Consequently, public party financing has contributed to an increase in corrupt practices in Thai party politics rather than strengthening party organizations as well as the party system.

**Keywords:** political parties, political party finance, corruption, party law, Thailand

Over the years, a considerable number of articles, dissertations, and books have been written to explain the Thai political party system. The overwhelming consensus in the literature is Thai parties are deficient and should be improved (Ockey, 2003; McCargo, 1997; Waitoolkiat & Chambers, 2015). Political parties are ranked as among the most corrupt institutions in the country, and a large number of corruption cases

brought against party politicians both confirm and reinforce this situation. The term *Money Politics* has become an everyday phrase in Thailand to depict the moral degradation of party politicians, describing their dual practice of accepting bribes from patrons and distributing money to gain or maintain office. These corrupt practices among party politicians have often proven to be a dubious reason for military coups,

including the military overthrow of elected politicians in May 2014.

To increase transparency and accountability in parties and strengthen the party system in Thailand, while preventing the return of money politics, the Party Act (1998) was announced after political reforms in 1997. Among the innovations brought about by the Party Act (1998) was the Political Party Development Fund (PPDF), the first state subsidy for parties in Thai political history. The Election Commission of Thailand (ECT) is responsible for subsidy allocation to political parties based on the ECT's PPDF guidelines.

Constitutional drafters hoped that the PPDF would have two impacts on parties: first, to increase transparency and accountability, while curbing money politics and second, to strengthen political parties, particularly smaller, poorer parties—even those without a seat in parliament—to compete more effectively against larger parties. The drafters expected that these subsidies would substitute the patron–client forms of financing as well as lessen the influence of business conglomerates in the party organization. Moreover, these state fundings would provide financial support to smaller and poorer parties. Smaller parties lacked access to adequate amounts of party finance. Thus, since passage of this Party Act in 1998, many small parties have been able to survive in politics, especially during elections. The drafters were also convinced that these state subsidies would create a closer link between the party and people through the recruitment of party members and the establishment of party branches. This tightly knit relationship between the party and people would later facilitate a stronger party system as well as solve the vote-buying problem in elections.

As a result of this PPDF promulgation in 1998, more than 100 million baht were allocated to small and large parties each year. This financial support to parties, however, neither weakened the role of business conglomerates over the parties nor strengthened party internal structure as the legislators expected. These allocations to parties, in turn, aggravated the corruption problems among parties, particularly in those without parliamentary seats. While small parties view this public funding as a financial privilege and access this state resource for their own benefits

including personal expenses, as opposed to the development of party organization, larger parties see state subsidies as supplementary resources. Larger parties, those dominating the parliament, find the public party financing of marginal importance. Due to the insufficient amount major parties received from the state subsidies, those parties have continued to rely on large private donations for their campaign and administrative costs. As such, they have a weak relationship with the state as well as the voters; instead, they enhance their connections with business conglomerate donors. This connection between parties and business donors intensifies the corrupt practice of the parties, particularly when they are voted in. Those donors may demand for ministerial, policy change, and parliamentary postings commensurate with the amount of their assistance for the parties. The state subsidies, therefore, could not prevent the problem of money politics. The rent-seeking behavior among small party leaders and the influence of business conglomerates in major political parties have reinforced the public's view of Thai political parties as inherently corrupt.

Many scholars (Naraveerawut, 1997; Sirivunnabood, 2013; Waitoolkiat & Chambers, 2015) have argued that the rent-seeking behavior among small parties in subsidies and the prevalence of conglomerated influence over parties resulted from weak Party Acts and PPDF regulations, lack of rigorous enforcement of the law, as well as inefficient monitoring process of the ECT on party finance. To curb these corrupted practices, the constitutional drafters together with the ECT have revised the Party Acts and the PPDF Guidelines over time with a hope to control the parties. Like other political problems, the Thai state frequently changes the laws to curb any illegal activities or control any inappropriate practices. Legal institutions became an instrument to cope with political challenges. However, in many cases, the law amendments cannot solve the problems, in turn, those revisions aggravate the complications.

In the case of party finance, the changes of regulation could not restrain the rent-seeking behavior of political parties or the business influence over parties as the drafters expected; yet no cohesive work on Thai political parties makes the connection between the revisions of state subsidy regulations

and the control of the parties' corrupt practices. More importantly, the limited work on Thai political parties places an emphasis on public party finance and party development (Kaowsam-ang, 1999; Santhad, 2004; Prasartthong, 2013). This article, therefore, aims to address the gap in the existing literature of party finance, party development, and corruption in Thailand. It begins with an overview of the development of state subsidy regulations, showing that the parties exploited PPDF in an illegal manner, resulting in the adaptation of Party Acts and PPDF Guidelines, particularly in its allocation formula. Then, this paper analyzes the impact of PPDF experience by small and large parties and how the new regulations could not abstain the corrupt practices in the small parties and prevent business's influence over major parties. Finally, this paper will conclude by describing the current situation of the PPDF in the recent Party Act which will be announced by the end of 2017 showing how the legislators design the new regulations once again in order to shape party finance in Thailand.

### **Research Methodology**

This study uses qualitative data analysis. Primary data were collected from interviews, focus group discussions, and important documents, including statistical data from government institutions and party organizations. The focus group discussions were conducted with party executive committees and/or party administrative officers who are responsible for the party finance section in political parties that received state subsidies from 2005 to 2015. To ensure the findings from a focus group and gather more concrete data for analysis, interviews were conducted with scholars and party notables, both at the national and local levels. These interviewees included former party leaders, Members of Parliament (MPs), party administrative officers, other relevant politicians, and ECT officers. The interviewees from the ECT are officers who primarily work in the Department of PPDF and the ECT executive committees who are accountable for political party development.

Data gathered from interviews constitute the primary sources for this analysis. Qualitative interviews with open-ended formats allowed the researcher to

collect in-depth information on the operations of party finance in Thailand. This was valuable given that much existing information is not officially recorded. Moreover, in many cases, data recorded by political parties is not very consistent. As a result, interviews are the most accessible source for analysis. In conducting the interviews, the researcher also spent time with party members, in particular, those with party branch offices and the ECT offices, to develop a closer relationship. This rapport allowed the researcher to gain not only formal information but also informal sources, such as gossip and unpublished documents, that often proved very useful. Content analysis was employed to analyze the primary data from interviews and a focus group with a particular focus on a context-related interpretation of the political party finance, including policy formations, implementation of regulations, party incomes and expenses, monitoring processes, and party internal structures. Coding of data was based on themes that emerged from the interviewees and focus group discussions. The analysis was based on reflective and repeated readings of the translated transcripts and notes.

### **Political Party Acts and Political Party Finance in Thailand**

The Party Act (1998) initiated the PPDF aiming in part to improve the quality of political parties and control business influence over them. Before the promulgation of the PPDF, the parties' financial resources came from membership fees, private donations, and bank interest (Waitoolkiat & Chambers, 2015). Private donations were the major income of parties. In the previous Party Acts written in 1955, 1968, and 1974, political parties could receive private donations both from members and non-members. Donations from non-party members had no ceiling and these donors did not have to report the amount of their contributions to the state. They could donate to parties with no limits or restrictions (Article 11 in Political Party Act, 1955; Article 23 in Political Party Act, 1968; Article 28 in Political Party Act, 1974). The large donations benefited military-backed major political parties such as Serimanangkasila Party of General Phibunsongkhram or Saha Prachathai Party

of General Thanom Kitikhachon, particularly during elections (Waitoolkiat & Chambers, 2015, p. 615). Most donors had clearly defined political and economic interests before the elections. These private sponsors donated in exchange for support of a particular policy, contract, or portion of legislation that would benefit them. These donations led to non-transparency in party finance and frequently contributed to the victory of major parties in the elections.

To prevent patronage between parties and business conglomerates, as well as enhance party institutionalization, the Party Act (1974) promulgated during Thailand's short period of democracy (1973–1976) emphasized transparency and accountability of political parties. This Act also attempted to promote an independence of parties from military influence. Regarding the party donations, this Act indicated that political parties are prohibited from receiving money from individuals, business sectors, and foreigners if those fundings would lead to illicit financing of political parties (Article 26–28). Although the Party Act (1974) began to lay a foundation for transparency in political processes in Thailand, it offered no specific recommendations regarding party finance, such as limiting party donations or requiring the identification of donors. As a result, both large and medium parties continued to receive a large amount of donations from entrepreneurs to fund their campaigns and administrative costs. The growing importance of businesses for political party financing has led to an increase in corrupt practices of political parties especially when the parties won the election. Once the parties are elected, they have tended to extract rent from the state to benefit external contributors in return. To weaken the influence of business conglomerates over political parties, the Chuan Leekpai government initiated the idea of state subsidies in the 1990s, and related laws on party finance has been developed until today.

The idea of a state subsidy was first initiated in the Democratic Development Committee (DDC) under Dr. Prawase Wasi, which was set up during Chuan's administration in 1994. The promulgation of state subsidies for a party purportedly intended to enhance transparency and accountability in parties, while preventing the return of money politics. Moreover, the

drafters aimed to provide funding for new and small parties to compete with larger parties in elections (Sirivunnabood, 2013). The proposal resurfaced during the drafting process of the Party Act (1998), and it was later endorsed by the Constitution Drafting Assembly (CDA). In the Party Act (1998) that included regulations on public funding, the total amount from the PPDF allocated to eligible parties depended upon the number of constituency politicians, the total votes in the party list system, the number of branches, and the number of party members. The Democrat Party gained more funding compared to other political parties due to its existing branch structure and large number of existing party members. Other political parties later develop their branches and recruited more members to secure their share in the PPDF as well.

The PPDF created an allocation formula in percentage terms and specified a process for calculating the total PPDF allocation. As shown in Table 1, the total PPDF funding allocated to each qualified party depends upon four important items: total electoral seats in the constituency system, total electoral votes in the party list system, numbers of branches, and total number of party members. Each percentage describes the maximum budget that the PPDF provided for each of the four eligible categories. To clarify the provision on public funding allocation, the ECT was also drafting its own PPDF guidelines. The first PPDF guideline, launched in 1998, consisted of 31 Articles focusing on a vague allocation formula and the ECT's monitoring process for the funding utilization. The first guideline in 1998, however, did not clearly identify the allocation formula in percentage terms for each eligible category for funding. It only indicated that the total amount of PPDF allocated to eligible parties depended upon four categories as mentioned.

More importantly, there were no clear regulations concerning the method of calculation and eligible parties that could receive the subsidies. As a result of vague regulations, many small parties attempted to maximize their share of this state funding to their party by setting up branches and recruiting more members. Many local branches, however, were found to be in politicians' homes or business offices; others were nonexistent. Many members were a member of two different parties. By increasing branches and members,

many political parties received a large amount of funding from the PPDF, especially small parties such as the Thai is Thai Party (received 16 million baht in 2002). To prevent these branch and member problems and to prevent small and inactive parties benefiting from these weaknesses of PPDF, the ECT issued new guidelines amending the allocation formula in 1999 and 2000. Table 1 shows the changes in percentages of allocation formula from the first PPDF guideline in 1998 to the latest version in 2011 before the 2014 military coup.

Although the ECT revised the allocation formula over time to reduce the number of inactive branches and fake party members, many small parties continued to maximize their share of the PPDF by setting up more branches and recruiting more members. The changes of state regulations could not prevent this self-serving behavior of politicians in Thailand. State subsidies could not lead to strong party organization and prevent business' influence over parties. Small parties continued to lose elections and major parties had still relied on private donations instead of state subsidies.

The Party Act (1974) together with these first three guidelines were dropped after the 2006 military coup d'état. Political parties were banned, and political activities were abandoned. A few days after the coup, the coup group, later renamed the Council on National Security (CNS), promulgated an interim constitution with the advice of former senator Meechai Ruchupan,

who had drawn up the charter for the 1991 coup. The CNS members selected the member of CDA to start drafting a new constitution.

Once again, laws and regulations became an instrument to control political parties and politicians in Thailand (see also Ockey, 2003, pp. 667–670). The new regulations were drafted by the new set of legislators with a hope to improve politics and political parties. A nine-month process to draft the new constitution and its organic laws was conducted by the CDA members. There are many similarities between the 1998 and 2007 Party Acts, including provisions concerning state subsidies to parties. Like its predecessor, for example, Section 26 and 34 in the 2007 Party Act requires political parties to set up at least one branch in each of the four geographic regions as well as recruit at least 5,000 members within one year following party formation (Party Act, 2007) in order to receive state funding.

The Party Act (2007) also continued to promote the PPDF. However, many new regulations concerning PPDF allocation were imposed. To comply with the 2007 Party Act, the ECT announced the PPDF guidelines in 2008, consisting of 75 articles. Learning from past experiences, the 2008 guidelines were designed with more sections to control political parties. Although many regulations were similar to those of the previous guidelines, some articles were amended, including the conditions of state funding

**Table 1**  
*The Revisions in Percentages of PPDF Allocation Formula From 1999–2015*

Categories	1999	2000–2006	2007–2014
The number of votes in the party list system	25%	30%	40%
The number of MPs in the constituent system	25%	35%	40%
The number of party members	25%	20%	10%
The number of local branches	25%	15%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Note: Data adopted from The Election Commission of Thailand's Announcements on the Political Party Development Fund in 1998, 1999, 2000, & 2011.

for parties and the allocation formula. The 2008 guideline indicates that only active parties are eligible to receive PPDF subsidies. To be considered active, a party must routinely conduct political activities and maintain its organizational structure according to the requirements indicated in Article 23 of the Party Act (2007). In addition, Article 23 also points out that only the parties winning at least 0.5% of votes nationally from the party-list system and 0.5% of constituency votes would be eligible for the PPDF allocation and Article 24 outlines the new percentage formula as shown in Table 1.

The 2008 guideline also outlined the characteristics of branches and the qualifications of members that were eligible for the calculation of the PPDF. The number of members that can be counted for the PPDF calculation should only be members who paid the membership fee to the party annually. In addition, Article 25 indicates that branches that would be eligible for the state subsidy are branches that consist of a minimum of 200 members and provide the list of branch members for the ECT, setting up their own office located separately from private homes and/or business companies, organizing political activities routinely, and providing political education for people. The PPDF guidelines (ECT, 2008) also included conditions to terminate state subsidies if a party lost in multiple elections. Article 32 indicated that if a party had not won parliamentary seats or nominated candidates for two consecutive elections, the party would be granted only half of the previous PPDF's total funding; if a party had not won seats for three consecutive elections, the party total PPDF budget would be reduced to one-fourth of its previous year's allocation. And if a party had not won and/or sent candidates to four consecutive elections, the ECT would terminate the state funding. As a result of these new rules, only 15 out of 64 political parties received a state subvention in 2008. These changes in new regulations weakened the original objectives of the PPDF that attempted to support the development of small parties. Rather, these amendments benefit major parties that have won the elections and already set up strong party organization. More importantly, these new requirements made it impossible for political parties that were dissolved after the coup, including Puea Thai, Chart Thai Pattana, and Bhumjai Thai, to receive state

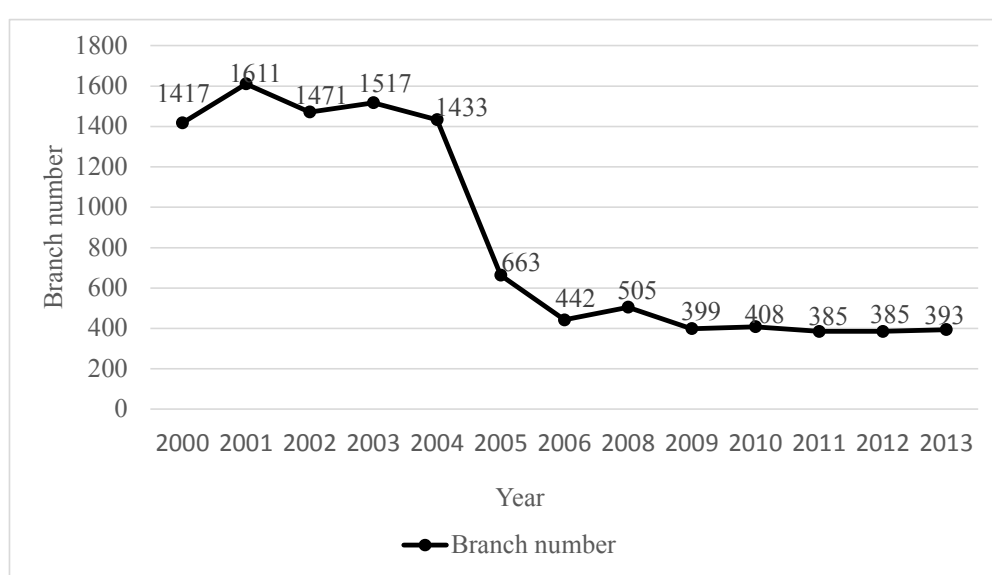
subsidies due to their lack of branches and members.

Although the legislators and the ECT pushed afford to revise the PPDF regulations as a means to cleanse the parties of rent-seeking elements, political parties, particularly small parties without parliamentary representation, continued to acquire funding. Since the promulgation of the PPDF in 1998, small parties received approximately 10 million baht per year. However, this money failed to encourage stronger party organization or support those smaller parties to compete effectively in the elections (Auewong, 2004, pp. 14–19). After learning from the failure of the PPDF, the 2016 Constitutional Drafters changed the PPDF regulations once again. These new regulations provide more subsidies to major political parties, parties with parliamentary seats, and those receiving donations. The new and small parties seem to be illegible to receive state funding due to their small chance to win the election. The conclusion will describe in detail the impact of 2017 Party Act toward party finance in Thai parties.

### **New Regulations versus Same Practices**

After the promulgation of the PPDF, many political parties, particularly those without parliamentary representation, attempted to access their share of public monies by abiding by the regulations while failing to reform. This includes the establishment of a large number of local branches as well as the recruitment of inactive members to fulfill the minimum requirement of public funding allocation (ECT officers, personal communications, January 20, 2016). During 1998–2004, the total number of party branches across Thailand hovered at approximately 1,500 branches. Figure 1 shows that during the initial period of public funding, political parties set up a large number of local branches as a means to extend their share of public funding. Most of these local branches belonged to small parties that did not have parliamentary representation.

The allocation formula in previous Party laws, together with the lack of financial resources, encouraged many small parties to secure their public funding from the state by setting up local branches (anonymous senior politicians from Democrat Party, personal communication, December 7, 2015). Although parties



**Figure 1.** Total number of party branches from 2000–2013. Note: Adopted from the Report on the Operations of Political Parties from 2002–2013 (Election Commission of Thailand, 2002–2013)

set up a large number of local branches, these branches have not led to strong party organization or a closer relationship between the party and voters as expected by the constitutional drafters. This was due to the lack of intention to develop strong party rootedness, particularly for those without parliamentary seats (Auawong, 2004, p. 9; senior ECT officer, personal communication, November 28, 2015). According to the ECT officer who works in the Department of Political Parties, many branches belonging to small parties did not function; some of them were created only on paper. Some branch offices registered with the ECT did not even exist. Many offices were located in private homes and had no full-time staff. More importantly, many branches have never organized political activities in the area, including yearly branch meetings as required in the Party Act (2008). After the ECT began monitoring those local branches, many of them were closed, and in some serious cases, their parties were dissolved due to their inactive function and fraudulent financial reports submitted to the ECT (politicians participating in the focus group, personal communication, October 11, 2015; ECT officer, personal communication, October 8, 2015).

Ironically, many small parties that were dissolved by the ECT later registered to new shell parties such as the People Seek Debt Relief Party (new shell of Nation Agro Political Party) and Thai Pen Thai (new shell of Thai is Thais Party). After their new party registration, these small parties submitted requests for the PPDF to the ECT again. Due to the lack of clear policy instrument to prevent the re-establishment of these dysfunctional political parties, these new parties with their new name continued to access public finances. For example, the People Seek Debt Relief Party received 16,306,300 baht and Thai Pen Thai Party received 8,792,200 baht in 2006 (Election Commission of Thailand, 2007, pp. 28–32).

Not only did these two parties receive a large amount of subsidies, other small parties, most of them have never won the elections, were allocated funding from the PPDF due to a large number of their branches and party members. Small parties that received funding included the New Aspiration Party, Better Life Party, and Mahachon Party (Election Commission of Thailand, 2011). Although these small parties were subsidized by the PPDF, they did not utilize the state budget to reinforce their internal structures and

to establish party rootedness. Rather, those monies were used by rent-seeking politicians for their own advantage, drawing sharp criticism and reinforcing the party's image as corrupt and self-serving institutions. These small parties continued to lose elections despite state funds (ECT officer, personal communication, November 3, 2015).

Similar to their efforts to increase the number of local branches, small parties tried to increase the number of its members as a means to secure more money from the PPDF. In the past, there were no regulations regarding membership qualification. Small parties, therefore, tried to maximize the number of party members to increase their PPDF share. Many members from small parties do not actually fulfill their duties as members such as attending party annual meetings, paying membership fees, and nominating candidates to run in the elections (Election Commission of Thailand, 2011). The ECT officers also revealed that many members had joined parties without their knowledge and some were members of more than one political party (ECT officers, personal communications, November 3, 2015).

The problem of dual membership between parties did not occur only in small parties. Major parties such as Thai Rak Thai Party also experienced this similar situation. In 2003, Thai Rak Thai had 10.86 million members, 2.33 millions of whom were found by the ECT also to be members of other political parties. In other words, for all the talk of 10.8 million members, Thai Rak Thai had only 8.5 "real" members in 2003, the same number of members as the party claimed in the 2001 general election (Election Commission of Thailand, 2003; 2004). Not only did the Thai Rak Thai Party claim a large number of members, but other political parties also showed a large number of their members. According to the ECT, for example, the Democrat Party had 3.82 million members, 1.37 million of whom were also members of other parties, and Chart Pattana had 3.7 million, 1.48 million of whom had overlapping membership with other parties (ECT executive committee, personal communication, November 8, 2015). To solve this member problem, the ECT once again amended the PPDF regulations in 2007. The new regulation indicated that only members who paid membership fees can be included in the

calculation of PPDF allocation and the ECT monitored member profiles closely before allocating subsidies. The ECT's regulation amendment is reflected in the decreasing numbers of party members after 2007. The Democrat Party's membership was decreasing from 4.2 million in 2007 to 2.8 million in 2010; People's Power Party (the new shell of Thai Rak Thai) had 13,113 members; and Thai National Development (the shell of Thai Nation) had 13,113 members (Election Commission of Thailand, 2008). The amendment of PPDF regulations also affected the number of members in many small parties. For example, the People Seek Debt Relief Party's members were decreasing from 0.8 million to 0.3 million, and Mahachon Party's membership declined more than 2 million. This law change can prevent parties to rely on their members as a means to secure funding from the state (Election Commission of Thailand, 2008).

Table 2 compares and contrasts the state subsidy allocation, number of MPs, local branches, party members, and number of political activities among small parties after the general elections in 2007 and before the military coup in 2014, respectively. Legislators hoped that the subsidies would help smaller parties access sufficient amounts of party finance so that they would have greater budgets to develop their party organization or to organize political activities for creating party rootedness. However, as shown in Table 2, with the large amount of subsidies, small parties organized only one political activity each year.

After 10 years of party financing, the evidence shows that smaller parties utilized state subsidies for their own self-interest instead of strengthening their party organization. According to ECT officers, politicians from small parties did not utilize subsidies properly (ECT officers, personal communications, January 22, 2016). For instance, party leaders often organized party meetings at hotels. They spent less money than was eventually reported back to the ECT, and their bogus receipts were revealed by the PPDF financial committee. After the ECT investigated the financial fraudulence, many small parties were required to return the subsidies together with interest to the PPDF (ECT executive committees, personal communications, January 23, 2016). Some were unable to return the funds, and their failure to return the



**Table 2**  
*Subsidization of Political Parties and Organizational Development*

Year		Thai Nation/ Thai Nation Development	New Aspiration	Better Life	Kasikorn Thai	Thai Pen Tai/ Khon Kho Prod Nee	Mahachon
2007	Subsidization (million baht)	25	1.04	1.06	0.9	16	17.3
	MPs	37	0	0	0	0	0
	Branches	14	8	22	7	202	10
	Members	2,642,237	18,018	13,979	13,274	700,836	2,336,879
	Number of Political Activities	1	1	1	1	1	1
2013	Subsidization (million baht)	4.1	0.6	0.6	0.6	0.7	0.7
	MPs	19	0	0	0	0	0
	Branches	9	8	0	4	1	5
	Members	25,269	13,371	11,234	8,834	326,788	1,182,658
	Number of Political Activities	1	2	1	1	1	1

Note: Data from report on the operations of political parties (Election Commission of Thailand, 2000–2011).

subsidies to the ECT resulted in Constitutional Court charges. Many small parties were later dissolved by the court due to their fraudulent activities, including the Former Force Party, Siam Party, Better Life Party, and People Seek Debt Relief Party (Veeranan, 2014).

To address this rent-seeking engagement among small parties, the laws were revised to control the parties again. The legislators together with the ECT revised many Articles related to the PPDF in the Party Act (2007). The new regulation divided political parties that were eligible to receive state funding into two groups: parties that won elections and parties that did not. According to Article 75 of the Party Act (2007), parties now had to obtain at least 0.5% of the votes in the preceding election to qualify for state subsidies. Parties that did not win more than 0.5% of votes are still eligible for state funding under Article 81 of the Party Law. Article 81, however, provides much less than the funding disbursed under Article 75. Parties that are eligible for subsidies under Article 81 are required to submit their budget plan to the ECT before the end

of each fiscal year to be considered for state subsidies. The implementation of this new regulation reflected the rapid reduction of subsidies allocated to small and medium-sized parties. Only 9 out of 40 political parties in 2011, 7 out of 45 political parties in 2012, and 8 out of 52 political parties in 2014 received funding from the PPDF under Article 75 (ECT officer, personal communication, January 22, 2016).

To support smaller parties, the ECT changed Articles 41–43 in the PPDF guideline to provide subsidies for every qualified party. Small parties could gain subsidization based on seven items, including postal and telephone costs, office rental, and venue and organizing costs for a party's annual meeting. These small parties that did not win parliamentary seats no longer receive subsidization based on their branches and members.

Many small parties that were not active have continued to receive funding from the state through Articles 76 and 81 of the Party Act (2007). However, the amount of this funding was much less than the

amount they earned before 2007. The new regulations make it more difficult for shady politicians to receive party funding. But still, these individuals, particularly from smaller parties, have tried to find ways to access subsidies from the PPDF (Politicians from a major party, personal communications, December 2, 2015).

The PPDF was a double-edged sword. While its major objectives were designed to help small- and medium-sized parties that lack capital by introducing state subsidies, many smaller parties attempted to take advantage of loopholes in the party laws to benefit from PPDF subsidies. For example, the leaders of Khon Kho Prod Nee Party used the budget from the PPDF for their personal expenses and the party later was dissolved by the Constitutional Court in 2016 (“Pid tamnan,” 2016). To solve this problem, the legislators together with the ECT amended the laws and regulations related to party subsidies several times. Although those laws were revised to control the corruption among small parties, those party leaders continued to access state subsidies for their self-interests. The final amendment before the 2014 military coup, therefore, tended to favor parties with parliamentary seats, instead of small and new parties. These changes reversed the original objective of the PPDF that attempted to strengthen small- and medium-sized party organization. The new Party Act, which will be announced by the end of 2017, also favors larger parties by indicating that parties have to show at least one million baht for their registered capital to the ECT (Article 9). This new requirement prevents small parties to register with the ECT. Without financial support from the state, it would be difficult for smaller parties to set up their party organization and to compete with larger parties in the elections.

### Major Parties and State Subsidization

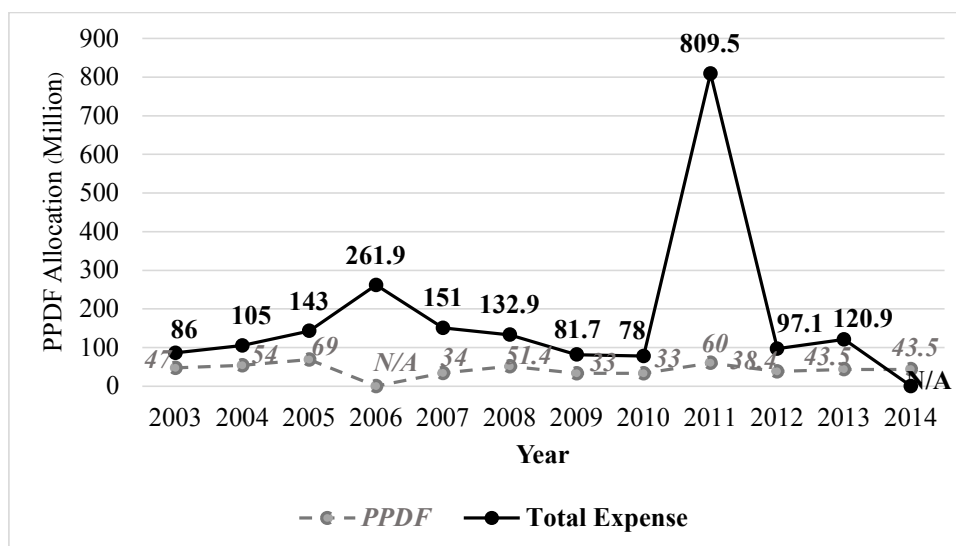
The changes in the formula of the PPDF allocation over time benefited large parties because a large percentage of the PPDF allocation will go to parties with a parliamentary seat. For example, in 2000, 65% of the funding (35% for the number of MPs and 30% for the party list votes) were allocated for parties that did well in the election. And again, in 2007, 80% of PPDF allocation was distributed to successful political parties. The latest version of PPDF formula gave

greater weight to numbers of elected MPs (80%) rather than the number of party branches and members (Party Act, 2007). More importantly, the 2007 Party Law requires political parties to obtain at least 0.5% of votes in the preceding election in order to be eligible for state subsidies. These changes of PPDF formula were aimed to prevent corrupt politicians from receiving state subsidies. At the same time, this formula adjustment also narrowed the chance of small and medium-sized parties to access state financial support, which is contrary to the initial objective of PPDF.

Unlike small parties, major parties do not entirely rely on state subsidies. Subsidies received from the PPDF were not adequate for large parties to run in the election or to maintain their internal expenses. According to an interview with a senior politician, elections in Thailand always depended on money, and the amount of money they have to spend in the political campaign has been increasing in every election. Thus, it is inevitable for parties to rely on both formal and informal financial sources of funding, including corruption (personal communication, December 8, 2015).

Due to inadequate state subsidies for party expenditures, major parties depend on private donations. Private sources of funding have been crucial for political parties. These donations frequently came from party leaders and business conglomerates (Ueda, 2000; Ockey, 2003; Ufen, 2014). According to Article 69 in the Party Law (2007), individual donors must be Thai citizens and businesses must be incorporated in Thailand to donate money or property to the parties. Donations from individual donors must also be available to the public and the ECT provides monthly reports for party donations in their newsletter and website. Figures 2 and 3 show the comparisons of the major parties’ total PPDF to their annual expenses. These figures show that the state subsidies received by two major parties, the Democrat Party (DP) and Phuea Thai Party (PT), were not sufficient to cover the parties’ annual expenses.

In Figure 2, the total PPDF allocated to the DP was just less than 50% of its annual expenses each year. To maintain the DP’s financial stability, the party tended to depend on private donations. The DP’s donations do not only come from business conglomerates; the



**Figure 2.** Comparison on the Democrat Party’s PPDF and annual expenses (in millions).  
 Note: Data adopted from *Report on the Operations of Political parties 2003–2014*,  
 (Election Commission of Thailand, 2003–2014).

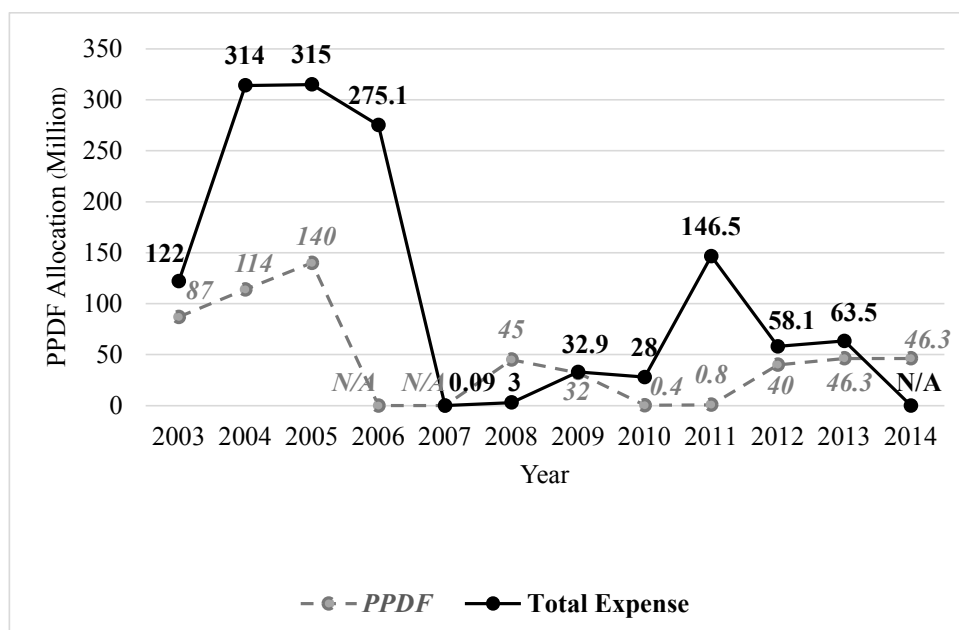
party MPs also contribute. DP incumbents are required to give part of their salary to the party. Constituency MPs are required to give 5,000 baht (\$143), and MPs in the party-list system are required to provide 10,000 baht (\$286) every month. The constituent MPs provide a lesser amount because they must use their own resources to support their work in the districts, but the party-list MPs do not (Politicians from Democrat Party, personal communications, December 13, 2015).

The donations from different sources together with the increasing restrictions of PPDF monitoring process led to the reluctance of the DP as well as other major parties to seek out additional subsidies from the state through the establishment of branches and the recruitment of members as other smaller parties did (Thananithichot, 2012). This large amount of private donations also reveals the fact that PPDF fails to constrain the power of business conglomerates over the party organizations.

Figure 3 also indicates that state subsidies were insufficient for the PT’s expenses. Although the PT has received the greatest amount of subsidies from PPDF since 2001, these state subsidies were not enough for the party’s expenditures, especially during election years. The subsidies the party received were

only approximately 30% of its total donations each year. Thus, private donations were the major source of PT’s income.

While the PT received approximately 140 million baht from the PPDF in 2005, the party was given approximately 392 million baht (approximately 7,899,996 USD) from private donors. Photchaman Shinawatra, the wife of Thaksin Shinawatra who the leader of PT, donated the largest amount to the party in that year (135 million baht or 3,857,142 USD). Other donors who contributed financial support for the PT included Suriya Chungrungkit (Bua Ban Faction), Prayut Mahakitsiri, and Dr. Prasert Prasatthongosot (Prachachart, 2005, p. 14). These donors are owners of major companies in Thailand and, many were given ministerial posts. A similar situation also appeared in 2004 and 2006 and after. While the PT received 114 million and 80 million baht from the PPDF in 2004 and 2006, it received private donations of 200 million and 172 million baht, respectively (Election Commission of Thailand, 2007). The PT leaders’ control over financial resources marginalized the role of the PPDF in the party’s internal operations. More importantly, the leader’s command of resources allowed the PT to depend on its own resources instead of seeking more



**Figure 3.** Comparison of the Phuea Thai (Thai Rak Thai) Party's PPDF and annual expenses. Note: Data adapted from Report on the Operations of Political Parties, 2003–2013. In 2006–2007, TRT/PTP did not receive subsidies due to the party was trial in the Constitution Court for party dissolution. And the data from the ECT is not available after 2014.

resources from the PPDF.

The evidence from Thailand shows that state subsidies could not constrain the influence of business conglomerate over political parties (Wongnoi & Thongchai, 2000; King Prajadhipok Institute, 2006). With a small amount disbursed by the PPDF and increasing restrictions of PPDF monitoring procedures, large parties tend to rely on private donations for their survival (Waitookiat & Chambers, 2015).

### **Conclusion: Public Party Financing in Thailand: Benefits or Losses**

This article has demonstrated that the Party Development Fund in Thailand led to neither the prevention of business's influence over political parties nor the development of small political parties. Instead, the PPDF motivated leaders, particularly from smaller parties, to intensify their efforts to engineer exorbitant increases to their state subsidies (TCIJ, 2015). To

control political parties, the legislators together with the ECT have amended the laws and regulations over time. Party Acts and ECT Guidelines were utilized as instruments to solve the corruption problem among the parties. Many small parties attempted to access funding for their self-interests. Although those small parties received a large amount of funding from the PPDF, they continued to lose elections. Party subsidization, thus, stimulates party corruption, in which small parties no longer compete for parliamentary power but are occupied with distributing state resources among themselves (Slater, 2004). The state, thus, encounters a significant waste of public resources to support parties and candidates that have no support among the electorate and no chance to win the election.

On the other hand, the large parties, such as the Democrat and Phuea Thai/Thai Rak Thai Parties, tend to rely more on private donations for their expenditures due to the insufficient amount of public funding disbursed to the party. Hence, the state subsidization

could not restrain the power of business conglomerates over the party organizations, particularly when the parties were voted in. These conditions have not only catalyzed political corruption, particularly among small parties, but they also had a deep impact on the parties' ability to institutionalize their internal structure. The weak party organization and the prevalence of political corruption among parties would ultimately weaken the development of democracy and the strong party system in Thai political arena.

In the new draft of the Party Act (2007), the Constitution Drafting Committee headed by Meechai Ruchupan are trying to amend the PPDF regulations once again. Many provisions related to the PPDF have been revised, and the PPDF fund-allocating formula was replaced by new-style calculation procedure. Budget allocation from the PPDF will rely more on the number of parliamentary seats and membership fees. Articles 72 and 74 of the 2017 Constitutional draft are designed so that the parties will receive state funding according to the amount of their membership fees each year. Thus, if the parties cannot collect membership fees as the new law indicates, they have no chance to receive state subsidies in years that do not have an election. The drafters initiated this idea as a means to develop mass-based parties in Thailand. Voters and party members should have a strong affiliation with the party. Parties should not be influenced or owned by individual elites. However, it would not be realistic to hope for the development of mass-based types of party that can fund themselves through membership fees and contributions by their committed cadres in Thai parties. Throughout the world, even in states with highly developed democracies, this party model is almost extinct, and it is unlikely to emerge in Thailand where few ordinary people have surplus money to pay for party membership fees. The dominant party model in contemporary Thailand is the externally funded elite party. If parties can recruit more members, it is difficult for those members, particularly from rural areas, to pay membership fees. To secure more state funding, small parties would pay membership fees for their party members. This will lead to the return of political corruption among parties. State subsidies, therefore, will not ensure accountability and transparency for political parties. More importantly, state subsidies are no guarantee against party corruption, with

state subsidies having “a supplementary rather than substitutory effect on clientelistic forms of financing” (Biezen, 2000, p. 336).

## Acknowledgements

I would like to express my gratitude to James Ockey and Jacob Ricks for feedback on the early drafts of this article. This article is developed from the research project on “A Comparative Study of Party Financing in Thailand and Indonesia: Party Development of Political Corruption” supported by the Thailand Research Fund, Grant Contract Number TRG5780071.

## References

- Auewong, K. (2004). Party branches: Facts and problems. *Worasarn Phakkanmuang*, 3(9), 14–19.
- Biezen, I. V. (2000). Party financing in new democracies. *Party Politics*, 6(3), 329–342.
- Election Commission. (1998). *Announcement of political party development fund guideline 1998*. Bangkok: Election Commission Press.
- Election Commission. (1999). *Announcement of political party development fund guideline 1999*. Bangkok: Election Commission Press.
- Election Commission. (2000). *Announcement of political party development fund guideline 2000*. Bangkok: Election Commission Press.
- Election Commission. (2002). *Report on the operations of political parties 2001*. Bangkok: Election Commission Press.
- Election Commission. (2011). *Announcement of political party development fund guideline 2011*. Bangkok: Election Commission Press.
- Election Commission of Thailand. (2003). *Report on the operations of political parties 2002*. Bangkok: S.T.Press.
- Election Commission of Thailand. (2004). *Report on the operations of political parties 2003*. Bangkok: Page Maker Press.
- Election Commission of Thailand. (2007). *Report on the operations of political parties 2006*. Bangkok: S. T. Press.
- Election Commission of Thailand. (2008). *Political party development fund guideline 2008*. Bangkok: Page Maker Press.
- Election Commission of Thailand. (2008). *Report on the operations of political parties 2007*. Bangkok: Page Maker Press.
- Election Commission of Thailand. (2011). *Report on the operations of political parties 2010*. Bangkok: S. T. Press.

- Election Commission of Thailand. (2012). *Report on the operations of political parties 2011*. Bangkok: S. T. Press.
- Election Commission of Thailand. (2013). *Report on the operations of political parties 2012*. Bangkok: S. T. Press.
- Election Commission of Thailand. (2014). *Report on the operations of political parties 2013*. Bangkok: S. T. Press.
- Hopkin, J. (2004). The problem with party finance: Theoretical perspective on the funding of political parties. *Party Politics*, 10(6), 627–51.
- King Prajadhipok Institute. (2006). *The evaluation on expenses of political party development fund*. Bangkok: King Prajadhipok Press.
- Kaowsam-ang, S. (1999). *The state role on financial regulations of political parties* (Unpublished masteral thesis). Sukhothai Thammatirat University, Bangkok.
- McCargo, D. (1997). Thailand's political parties: Real, authentic and actual. In K. Hewison (Ed.), *Political change in Thailand: Democracy and participation* (pp. 114–131). New York: Routledge.
- Naraveerawut, J. (1997). *Legal measures to ensure a fair general election: A case study on the use of campaign funds for general elections* (Unpublished masteral thesis). Ramkhamhaeng University, Bangkok.
- Ockey, J. (1994). Political parties, factions, and corruption in Thailand. *Modern Asian Studies*, 28(2), 251–277.
- Ockey, J. (2003). Change and continuity in the Thai political party system. *Asian Survey*, 43(4), 663–680.
- Organic act on the election of members of the house of representatives and the senate*. (2007). Retrieved from [http://thailaws.com/law/t\\_laws/tlaw0192\\_4.pdf](http://thailaws.com/law/t_laws/tlaw0192_4.pdf)
- Party Act of 1955, §§ 9–15 (1955).
- Party Act of 1968, §§ 7–25 (1968).
- Party Act of 1974, §§ 10–32 (1974).
- Party Act of 1998, §§ 15–35 (1998).
- Party Act of 2007, §§ 45–64 (2007).
- Pid tamnan “Pkah Khon Kho Prod Nee” San Ratthathammanun sang yub phak lae kammakanborihan phak har pi [End the legacy of Khon Kho Prod Nee Party: Constitutional court dissolved the party and ban party leaders in elections for 5 years]. (2016, March 30). *Manager*. Retrieved from <http://www.manager.co.th/qol/ViewNews.aspx?NewsID=9590000032908>
- Prachachart, S. (2005, June 12). Campaign finance of political parties. *Matichon* Retrieved from <http://www.matichon.co.th>
- Prasartthong, A. (2013). *The role of political party development fund to strengthening political parties* (Research paper for the Political and Electoral Development Program). Bangkok: Election Commission of Thailand.
- Santhad, K. (2004). *Roles of the election committee: A case study of the management of the fund for party development* (Unpublished masteral thesis). Ramkhamhaeng University, Bangkok.
- Slater, D. (2004). Indonesia's accountability trap: Party cartels and presidential power after democratic transition. *Indonesia*, 78, 61–92.
- Silpa-archa, B. (1995). *Political party development in Thailand: A case study of state financial support to political parties* (Unpublished masteral thesis). Ramkhamhaeng University, Bangkok.
- Sirivunnabood, P. (2013). Building local party organizations in Thailand. In D. Tomsa & A. Ufen (Eds.), *Party politics in Southeast Asia: Clientelism and electoral competition in Indonesia, Thailand and the Philippines* (pp.163–185). New York: Routledge.
- TCIJ. (2015, November 10). Poedngow sanabsanun phakkanmuang doy rat jadsanhai 81 phak nai 13 pi kea 2.5 lan [Open budget of political party development fund: Distributed budget to 81 parties in 13 years for 2.5 billion baht]. Retrieved from <http://www.tcijthai.com/news/2014/01/scoop/3779>
- Thai Constitution. (2017). art. 72-74.
- Thananithichot, S. (2012). Political engagement and participation of Thai citizens: The rural–urban disparities. *Contemporary Politics*, 18(1), 87–108.
- Ueda, Y. (2000). The entrepreneurs of Khorat. In R. McVey (Ed.), *Money and power in provincial Thailand* (pp. 154–194). Copenhagen: NIAS Publishing.
- Ufen, A. (2014). Political finance in Asia. In E. Falguera, S. Johns, & M. Öhman (Eds.), *Funding of political parties and election campaigns: A handbook on political finance* (pp. 82–127). Stockholm: International Institute for Democracy and Electoral Assistance.
- Veeranan, N. (2014, April 26). Sanratthathammanoon sang yup phakbamrunmuang hed maitamraingan chajjai lueaktang [The constitutional court dissolved Bamrungmueang party due to not submitting financial report to the Election Commission of Thailand]. *Isaranews*. Retrieved from [http://www.isranews.org/isranews-news/item/28907-pp\\_28907.html](http://www.isranews.org/isranews-news/item/28907-pp_28907.html)
- Waitoolkiat, N., & Chambers, P. (2015). Political party finance in Thailand today: Evolution, reform, and control. *Critical Asian Studies*, 47(4), 611–640.
- Wongnoi, R., & Thongchai, W. (2000). *The evaluation on expenses of political party development fund*. Bangkok: Election Commission Press.