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**RANGSIT JOURNAL OF SOCIAL SCIENCES AND HUMANITIES (RJSH)
Volume 2, Number 2, July – December 2015**

Editor's Note

Happy 40th Anniversary, Thailand and China!

These two great partners officially established diplomatic relations on 1 July 1975, and like any couple who have enjoyed a happy marriage, they have been fortunate enough to grow close and help each other progress over the past four decades. To celebrate and mark their anniversary, this issue of *RJSH* recalls the early days of their relationship, assesses the state of things today, and ponders how they might evolve together in the years ahead.

Given that red is considered the luckiest color in Chinese culture, and red represents the nation in Thailand's flag, it's a happy coincidence that the traditional 40th anniversary gift for marriages in Western culture is the bright red gemstone ruby. As it happens, another color in Thailand's flag is blue, which represents the Kingdom's Royalty, so we thought it appropriate to start this issue with words from a member of the royal family.

Her Royal Highness Princess Maha Chakri Sirindhorn has had a lifelong interest in China. As she explained to members of the Asia Society Hong Kong in a 2012 lecture, whose presentation we adapted for this issue, she has a strong interest and knowledge of Chinese geography, culture, literature and history, and has made dozens of visits to the country, including time spent studying at Peking University. We're grateful for her sharing her unique insights into the history of Thai and Chinese people, which dates back several centuries before the advent of formal diplomatic relations.

In more recent times, China has become a major world power as the result of its phenomenal economic growth. In many ways, from economic influence to rising military and diplomatic might, it now dwarfs Thailand, states Anuson Chinvanno, director of Rangsit University's Chinese-Thai Institute. Change often brings peril as well as opportunity, and in "China's Rise: A Perceptual Challenge for Thailand," he asserts that Thailand must recognize the new reality of a China vastly different after 40 years of diplomatic ties; the Kingdom must find ways to adapt and maintain its strategic engagement with China as a true partner in Southeast Asia. With Thailand likely to continue deepening its economic, political, social, cultural, and military relationships with China, Mr. Anuson provides a detailed explanation of the implications for Thailand's policymakers in foreign affairs.

Most discussions about China's increasing power has focused on the "hard" power of economic and military might. In foreign affairs, however, "soft" power can wield a force equal to or even greater than that of money and materiel – despite the seemingly imprecise nature and ways of developing and harnessing soft power. Sompong Sanguanbun helps clarify this power and how China has employed it over the past 20 years in "China's Soft Power Policy: Lessons and Implications." After a careful examination of China's trial-and-error approach in leveraging soft power in pursuit of its foreign policy, Mr. Sompong believes Thailand and other member-states of the Association of Southeast Asian Nations must scrutinize China's role and conduct, which can affect ASEAN much more than other regions of the world. By improving our understanding of China's foreign affairs, his study provides a lesson for Thailand and its regional partners to use in shaping their policies toward an ever-growing China.

A country as large, complex and dynamic as China cannot possibly be examined fully in a book, much less in one issue of a journal. Rather than despair over that impossibility, we at RJSH welcome the changing and growing nature of the Thai-Chinese relationship. As with two people in a marriage, the life-affirming nature of any relationship comes from how both parties develop, mature, and find new ways to strengthen and deepen their partnership. That is our hope for Thailand and China.

We welcome your comments and manuscripts. Links to our manuscript submission site can be found at the RJSH Online Submission and Review System: <http://rjsh.rsu.ac.th>. We look forward to hearing from you.

Sincerely,



Anek Laothamatas
Editor-in-chief

RANGSIT JOURNAL OF SOCIAL SCIENCES AND HUMANITIES (RJSH)

Volume 2, Number 2, July – December 2015

CONTENTS

	Page
Editor’s Note	
<i>Anek Laothamatas</i>	
Lead Article:	
Thai-Chinese Relations.....	1-12
<i>Her Royal Highness Princess Maha Chakri Sirindhorn of Thailand</i>	
Research Articles:	
1. “Rise of China”: A Perceptual Challenge for Thailand.....	13-18
<i>Anuson Chinvanno</i>	
2. China's Soft Power Policy: Lessons and Implications.....	19-26
<i>Sompong Sanguanbun</i>	
3. China Economic Reform and Its Implications.....	27-38
<i>Somsak Tambunlertchai and Kanittha Tambunlertchai</i>	
4. Challenges for Thai OTOP Community Enterprises: Experiences from Thailand and Japan, A Comparative Study.....	39-47
<i>Saifon Suindramedhi</i>	
5. Measuring the Impact of a State’s Legal and Organizational Framework on Social Capital through System Dynamics Modeling.....	49-65
<i>Pietro Sorci</i>	
6. The Relationship between Corporate Governance and Stock Prices of MAI-Listed Companies Using the Feltham-Ohlson Valuation Model.....	67-78
<i>Supranee Sugaraserani</i>	
7. Change: Civil Society, Street Politics and Democracy in Contemporary Thailand	79-86
<i>Chakrit Tiebtienrat</i>	
Innovation Article:	
8. Guan Yin Pavilion at Rangsit University	87-92
<i>Orapun Sarasalin</i>	
Appendices:	
APPENDIX A Acknowledgements	A-1
APPENDIX B Note for Authors	B-1
APPENDIX C Research Article Template	C-1
APPENDIX D Manuscript Submission Form	D-1
APPENDIX E Copyright Transfer Agreement (CTA)	E-1

Thai-Chinese Relations

Her Royal Highness Princess Maha Chakri Sirindhorn of Thailand

A Lecture at the Asia Society, Hong Kong¹
On April 17, 2012

My presentation will not be academic. It will mostly be about my experience, and will be grouped into 3 parts-historical perspectives, my personal perspectives and some activities that I have had with the Chinese. In fact, sometimes the historical and the personal parts cannot be separated.

1. Historical Perspectives

1.1 Long History of Good Relations

Thailand and China have had relations for a long, long time as we found pieces of Chinese ceramics or porcelain here and there in Thailand with inscriptions in Chinese characters. For example, this one had the characters *biqiu* (比丘) written on it, and even the Chinese experts do not know what it means. In fact, it could be a Sanskrit word, 'Bhiksu' meaning monk. It is about a Buddhist text. We have a lot of Buddhist canons, with Buddhist text written in Chinese. Later on in the 13th-14th centuries, at the end of the Yuan Dynasty and the beginning of the Ming Dynasty, we believe that there were craftsmen, the people who made porcelain from China to teach porcelain making in Thailand.

In the 13th-14th centuries, in Ayutthaya, the former capital, there were already a number of Chinese people living in Thailand. At that time, Ayutthaya was quite a cosmopolitan city. There were a lot of foreigners coming in, and there were Japanese Village, Dutch Village, and so on. But we never had Chinese Village, because the Chinese lived among us, and so we did not know who were Chinese, and who were Thai. It was difficult to distinguish.

At that time we had a system of trade with China. It was called the 'Tributary System'. In fact, the Chinese governments never invaded Thailand at all. It was just a formality, and because of the trade relations, the ambassadors from Thailand travelled a long way to Beijing and presented some gifts that were called tribute. I do not know whether it was in a hope for 'the big brother' to return the bigger gifts or not. But we usually got more in return, and all were more for trade relations than anything else. On a diplomatic trip, a business delegation always accompanied a diplomatic delegation. A diplomatic delegation would go to the capital, Beijing, but the trade delegation would stay in Guangzhou, Guangdong, to do business.

At that time, we also had our taxation system. Often the people who collected taxes were mainly of Chinese origin. If you look at the names of those people who worked in the ships, you would see that all were Chinese names. We also had Chinese boat builders, because the Chinese were quite good in boat-building at that time. We, Thai, were good mainly in building wood work.

1.2 Interruption of Relations

Such good relations went down during the opium war in China. I think at that time we stopped sending our emissaries. One reason was because the high sea was quite dangerous at the time, for it was full of bandits. There were also risks of Western imperialists. We were afraid that the relations between Thailand and China could be misunderstood, and we could be in difficulties. After that we had good relations, but then there was a long interruption in diplomatic relations after the World War II. At that time, I think it could be due to the bipolar world. Thailand, for the first time, chose to be in the so called 'free world', and China joined the Communist regime thereafter the *Jiefang* (解放) liberations.

¹ Her Royal Highness Princess Maha Chakri Sirindhorn was invited by Mr. Ronnie Chan, Co-Chair of the Asia Society and Chair of the Asia Society Hong Kong, to give a lecture on Thai-Chinese Relations on April 17, 2012. It was later transcribed from a videotape by the Office of the Education Council, with Chinese characters added for the Chinese vocabulary by the Faculty of Arts, Chulalongkorn University, Thailand.

I was born then and lived my childhood through that time. Even during the diplomatic interruption, we were familiar with the Chinese candy, called *shanzha* (山楂 in Thai ชันฉา). It was sour, and we liked it. It was made from plum that we liked to eat. When we got to the upper primary education level, we used fountain pens, and the fountain pens came from China. I asked my friend's father, who was in business, trading with China at that time, how he managed to bring in textbooks from China. He said that he did his business through Hong Kong. At that time Hong Kong belonged to England, UK, but its door was open to the mainland China as well. Especially during the Cultural Revolution we learned that everything stopped. At that time, around 40 years ago, I was 11, and stayed in England for 3 months. I heard that my cousin was born, and I wanted to get something for her, so I went to a shop and bought a fluffy toy. I found on the toy the 'Made in China' tag. It was from Shanghai. It meant that some production, even toys, continued in China.

1.3 Re-establishment of Relations

Then, we had our way in trying to re-establish the tie with the People's Republic of China, and we succeeded in 1975. This is the new era, and I will talk about other relations with China later.



In fact, before we established official relations, I heard that the diplomats who stayed in Western countries had tried to contact the Chinese counterparts. After that they sent athletic teams. The first delegation was a ping-pong or table tennis team, the ping-pong diplomacy just like anywhere in the world. I did not know anyone in that delegation except one reporter who accompanied the second Thai ping-pong team. He passed away about 2 weeks ago. I knew a police general who was in the shooting team, and he gave me these pictures. So we also had shooting teams. The third delegation was a badminton team led by a senior diplomat described himself as a team manager. Two former diplomats that I interviewed once said that they had never played badminton all their lives. They dressed in Thai athletic uniform, and they used this opportunity to negotiate diplomatic relations.



At the end the Prime Minister M.R.Kukrit Pramoj made the first official visit to China in July 1975 and established the official relations. He had a chance to meet *Mao Zhuxi* (毛主席), Chairman Mao.

2. My Personal Perspectives

2.1 China and His Majesty



I got some pictures of His Majesty the King, my father, talking with *Deng Xiaoping* (邓小平). I sat somewhere there, but not in the picture. After that there was the delegation of *Deng Yingchao* (邓颖超), the wife of *Zhou Enlai* (周恩来). At that time, there was a talk about an opportunity to go to China in the following years. I managed to be in the picture this time.

2.2 Chinese Tradition and Values



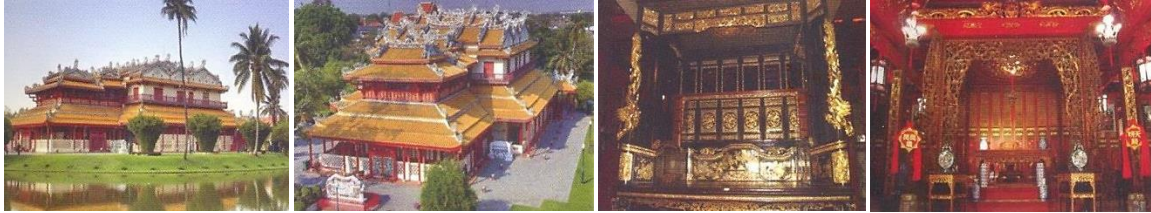
I think the important thing about the Chinese people in Thailand, as I said before, is that we do not really have the so-called Chinese community. They become mixed with the Thais. One value of the Chinese is the family value, and each year they have the tradition of paying respect to their ancestors during the Chinese New Year *Chunjie* (春节). So when they came to Thailand, they brought this and other traditions with them. Even in the Royal family, we have some Chinese blood, and so we have many old pictures, like the above picture, of myself or my younger sister, I am not quite sure, in a Chinese New Year celebration.



However, there is one place called Yaowarat, *Tangrenjie* (唐人街) or Chinatown, where there are a lot of Chinese people. Nowadays it is just a trading place and many Chinese have moved out.

2.3 Chinese Art

The pictures below show the Chinese-styled pavilion in the Summer Palace. When I was very young, someone told me that it was a haunted house. There were a lot of ghosts. In fact, it is a very beautiful pavilion in the Chinese style given to King Chulalongkorn, my great grandfather, by the Chinese nobles and Chinese merchants in Thailand.



The pictures below show another form of temple influenced by the Chinese art. There are some ballasts that merchants put in the ship. They are in form of dolls or lions. Some lions have balls in their mouths. I tried many times to get the ball out, but was not successful.



We have a lot of Chinese porcelains and ceramics. Some of them are in Thai style because we sent the pattern and had it made to order in China. I have some of these items. A lot of them are in the palace. Since I was young I have seen these things and learned a little bit about the periods and the art styles of Chinese porcelains and ceramics from people around me.

2.4 Chinese Opera and Music

Thai people like Chinese opera very much. It has been quite successful. Some Thai people do not know Chinese at all, but they can sing Chinese opera. We like Chinese puppet, and we play Chinese music from time to time. Some Thai composers have mixed Chinese songs with Thai songs. Some have composed songs that sound Chinese. Some of them have played Chinese songs with Thai musical instruments. A composer asked me to write a lyric for his composition of a Thai song with Chinese flavor. So I translated the poem “*Chunxiao*” 春晓 (of the poet *Meng Haoran* 孟浩然) into Thai and used it as a lyric for his song.



2.5 Chinese Books

There are a lot of Chinese textbooks for teaching Chinese in Thailand. The Thai Kings since more than 200 years had the Chinese chronicles, literature and history books translated into Thai, for example, *Romance of the Three Kingdoms - Sanguo Yanyi* (三国演义) or *Journey to the West-Xiyouji* (西游记), etc.



2.6 Chinese Geomancy

A lot of Thai people believe in Chinese geomancy. When we build houses, we invite an expert to check on the geomancy.

2.7 Worship of Ancestors and the Deceased

Once I had some difficulties, and I thought it might be a good idea to pay respect to my Chinese ancestors. So I have arranged a ceremony, and later on I do it every year. Now my work seems to be better. In fact it may be due to my hard work, but the ceremony is a kind of consolation. Thai people like doing this.



Last year my aunt, the only daughter of King Rama VI, passed away. We had the Chinese ceremony to bless her soul. There was a Chinese music accompaniment in this event.

2.8 Chinese Medicine

Thai people like Chinese medicine and acupuncture *zhenjiu* (针灸). I have never tried it, but I put some Chinese herbs in my soup.

2.9 Chinese Schools

There had been a lot of Chinese schools before, but during the cold war they had to stop teaching. Even before the cold war the regulation allowed Chinese schools to open at the primary level only. Anyone who wanted to study at the secondary level had to go to China or Hong Kong, and a lot went to Hong Kong.

2.10 First Visit to China

In 1981, I managed to go to China. I met *Deng Yingchao* (邓颖超) again, and she asked me to call her *Deng dajie* (邓大姐), big sister Deng. In fact, I thought she was quite too senior to be my sister, but she said that in Chinese tradition if I called her aunt or something else, it would not be as close as I call her sister.



The right picture was me on *Changcheng* (长城), the Great Wall. This is another photo. The embroidery was by the School of Hunan.

2.11 Books on China



I have written a lot of books about my travels in China, in Thai, of course, but some were translated into Chinese, that is, *Along the Silk Road*. It was about a trip in the north western part of China.

I translated some Chinese Tang and Song poetry.

The pink book is the translation of *Wang Meng's* (王蒙) *Hudie* (蝴蝶), or "Butterfly"

I also wrote children books, and one diplomat in the Chinese Embassy in Thailand translated them into Chinese. Many children may have read this book.

2.12 Peking University



I had an opportunity to study in China, in *Beida* (北大 Peking University--PKU), only for one month. Apart from Chinese language and Chinese society, I had an opportunity to study painting, calligraphy, *erhu* (二胡) and some *taijiquan* (太极拳), *da taijiquan* (打太极拳), but I forget it now. At that time Beida provided a television set of me. I was told that if there was any place I saw on TV that I wanted to visit, they would take me there. So I visited a science exhibition. I also visited the secondary school for needy children, needy but good in education. I had the honor of receiving an honorary degree from Beida. This is quite rare, because the Chinese Government does not allow any university to confer honorary degrees to anyone except authorized by the Government.

2.13 Some Awards from China

The former Minister of Education is in the picture below when I got the **Award of Friendship on Literature**.

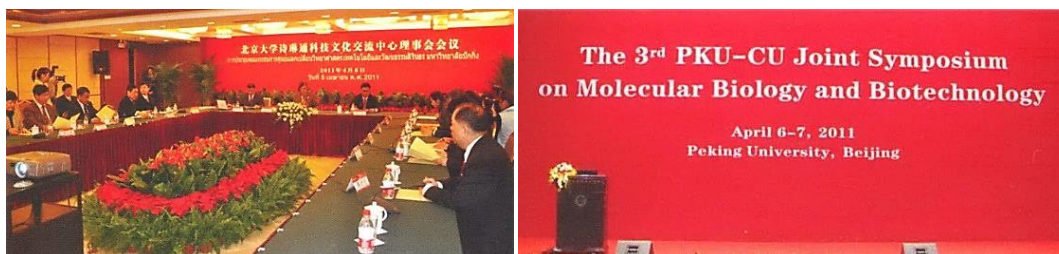


This is what Ronnie has just talked about. I was voted by internet users in China to be one of the **Top-Ten International Friends of China**. I did not know anything about that at all, but a Thai friend of mine who lived in United States, a retiree from the IMF, emailed to congratulate me on what I got. At first, I did not understand what it was about at all, and the Thai Ambassador in Beijing and the Chinese Ambassador in Bangkok did not know about that either. The people from CRI, the China Radio International, also did not know it, because it was on the net and no one knew. If they had known, maybe I could have asked my friends to vote for me. I was very proud because other awardees were very distinguished people whom we have learned about in our history books, and they have done a great deal for China. I got the 9th place, and a Japanese friend got the 10th place. So we are the only two alive on that occasion. I had the honor to make a thank you speech on behalf of everybody including the dead ones. So I said that if those dead awardees had known about this, they would have been very touched. I got the award from the Chairman of the National Committee of CPPCC, Mr. *Jia Qinglin*(贾庆林)

3. Some Activities with the Chinese People

3.1 Personal Interest in China

Let me talk about some other activities. I made 34 visits to China, because I have my personal interest in Chinese geography, culture, literature and history. My study at Peking University was the highlight of many co-operations. Before that I knew about only history and arts of china. At *Beida* I had an opportunity to see science and technology in China. Even though I had been to some institutes of the Chinese Academy of Sciences before, but had no idea about collaboration.



3.2 Cooperation with Chinese Universities

At *Beida*, they established a center bearing my name, for collaboration in science, technology and culture between Thailand and *Beida*. Since then we have arranged some conferences, for example, molecular biology conference. We have the double-degree program between *Beida* and Thailand in Biology. We have conferences and joint research projects in nanotechnology, and so on.

Besides *Beida*, I have been to many other universities, for example, *Huaqiao University* (华侨大学) where there are a lot of Thai students. They have given me scholarships to send Thai students and also Cambodian students. I visited *Xi'an Jiaotong* (西安交通), *Xiamen University* and many other universities in China.

3.3 Confucius Institutes in Thailand

In Thailand we have many Confucius Institutes. There is a Confucius classroom in Chitralada School (吉拉达学校孔子课堂). Chitralada School is the school in the palace. I can say that it was somewhat a home school at the beginning to educate myself and my siblings with about 10 to 20 classmates. My father decided to set up this school because he could choose the strictest teachers who could beat us and reported about us to them. Later on I have looked after this school. Now we have more than 1,000 students from K to 12, and I have added some vocational disciplines in this school as well.

3.4 Research on Old Maps



We have a project with Fudan University in Shanghai. The story behind this project was that some old maps were found in the Grand Palace in Bangkok. Many were maps of the wars in Thailand, but this map was for the travel from Thailand to China, to Beijing. There were many names written in Thai. We did not know for sure what the real Chinese names were because they were written in many dialects. So I went to Fudan University, and I saw that the university has more or less the same interest. So I asked them to collaborate in this map project. The collaboration is still going on.

This must have been before the Opium War because they still have the picture of 13 ทางการเมือง (十三行) in Thai or *Shisan hang* (十三行) in Chinese, the system of which was abolished after the Opium War. We have had meetings at Fudan and in Bangkok at Chulalongkorn University.

3.5 Chinese Academy of Sciences



I have known the Chinese Academy of Sciences for a long time. Later on they established the Graduate School of Chinese Academy of Sciences (GUCAS), and we have sent many students to study there. This year we have only 4 or 5 places, but more than 100 students have applied to pursue their master and doctoral degree programs at GUCAS. Besides sending students, we signed an MOU to collaborate in synchrotron light research between Thailand and Shanghai.

3.6 Nutrition and Demonstrative Farm



We once had a conference on nutrition in Bangkok, and we had some counterparts from China. This is the famous Professor *Chen Chunming* (陈春明).

When there was a celebration of my father's 60th year on the throne, the Chinese Government wanted to do some project on that occasion. So I found the place for them to do the experiment in a demonstrative farm in the North of Thailand. Later on the outcome of the research would be beneficial for local people there.

3.7 Tea Oil



Another Project is on tea oil. A professor from Chulalongkorn University asked if I had some tea nuts. I had never heard of nuts from tea. I like to drink tea, but never heard about its nuts, from which the chemical was used as pesticide. So I found out that there was tea oil, not *Camellia sinensis* for drinking, but it is *Camellia oleifera* from which we got the oil. We started this project by getting a sample from China, and we grew it on the deforested mountain at the border of Thailand and Myanmar. People were very poor, and I made sure that the benefit from this project would go to the poorest of the poor only. We were quite successful. Now we have a factory and have our own technology.

3.8 Tsunami in Thailand



Eight years ago when we had tsunami, the Chinese Red Cross helped by donating money to build a hospital, a school, a health station and the whole village.



This picture is the President of Chinese Red Cross. After a while China had an earthquake in Sichuan, the people in this village who are poor fishermen donated money and sent it to China to help the Chinese people, the victims of the earthquake.

3.9 Hope Project



希望工程
PROJECT HOPE



中国青少年发展基金会
China Youth Development Foundation

The Project Hope logo means society cares for the development of young people like the ocean supports the rising sun.

To advocate social responsibility;
To be innovative and make progress;
To focus on human development;
To pursue excellence.







I learned about the *Xiwang Gongcheng* (希望工程) or Hope Project during my stay in Beijing. The donors can be anybody, not necessarily wealthy, who can help children in the rural area to study. In the story it was *Ayi* (阿姨) or an aunt who spent her money to help the girls to study. I would like to be an *Ayi* (阿姨), and so I told the Chinese authority. They then asked me to give the scholarships to some Chinese and Tibetan students. The picture below shows the Tibetan students. Some students are from *Hongzhi Zhongxue* (宏志中学) and many of them have graduated. One boy told me that from his income he has saved some money to help other poor students to continue the philosophy of helping others. One student said that they were poor and they knew that love and friendship could be even from far away country. As they were poor, the only way to return this good feeling was to work hard, study well and help the community.



3.10 Thai Students in Beida



The above pictures show some Thai students studying in Beida. They study physics, mathematics and other fields of science. I also played a part in the International Mathematics and Science Olympiads. So once I was asked to talk to the Chinese counterpart to host an Astrophysics competition. Then we sent our students to the Olympiad at that time.

3.11 Earthquake in Sichuan



The picture shows the earthquake site, where we donated the money. It was in Sichuan Province. At that time, I built a primary school there, and then I visited the school. We sent Thai primary students from grade 3 to grade 6 to that school, and the school also sent children of the same ages to our school. This is the first time that we have an exchange of primary students. Before coming here, I met Vice president *Xi Jinping* (习近平) in Beijing and he talked about this project. So we have primary school students visiting us, and now we have cultural exchange between China, Thailand and Korea. (Pictures below)



3.12 Cooperation in Banking

The pictures below show my visit to the representative office of the Bank of Thailand in Beijing. It is the third office abroad that we have. The first one is in New York. We established that in 1990, and the second in London in 1993. Just last year, we had this representative office in Beijing, hoping that we can strengthen our economic bonding and relations. We can do trading in *Renminbi* (人民币), buy more Chinese Government bonds and join in many other activities. During that time the Bank of Thailand hosted lunch at the residence of the Thai Ambassador, and I had an opportunity to discuss with the ICBC Bank leader.



3.13 Vocational Education

I would like to explore more to establish relations between Thai vocational schools and Chinese vocational schools.

3.14 Buddhist Canon

This is a new direction, and perhaps there is something more to collaborate. Now we start to translate some Chinese Buddhist Canon from Chinese into Thai. It is very difficult to know the Chinese Buddhist technical terms, and we may send some translators to study in Beijing, and we hope that we can have some collaboration.

Thank you.

“Rise of China”: A Perceptual Challenge for Thailand

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Abstract

This article examines the implications of China’s rise, peaceful or otherwise, as a major world power on its relationship with Thailand, and how this “rise” will affect the future of Sino-Thai relations. China has become a great power as the result of its phenomenal economic growth. While China has emphasized that it would not behave like great powers of the past, it has nevertheless changed its approach to its foreign policy and its relations with countries throughout Asia-Pacific region. Thailand must recognize the changes brought about by China’s rise and find ways to adapt to these changes so it can properly maintain its strategic engagement with China, bilaterally and multilaterally, as China’s “real” partner in the region.

Keywords: *Sino-Thai relations, China’s rise, South China Sea, hegemonic power, Xi Jinping, ASEAN*

1. Introduction

When M.R. Kukrit Pramoj, the Prime Minister of the Kingdom of Thailand, signed the Joint Declaration with Zhou Enlai, the Premier of the People’s Republic of China, establishing diplomatic relations on 1 July 1975, China’s gross domestic product (GDP) was USD 160 billion (at current prices). Its GDP per capita was only USD 176. After almost 40 years, China’s GDP in 2013 stood at USD 9,180 billion (at current prices) and its GDP per capita had soared to around USD 6,620. This phenomenal economic growth and the consequent increase in political, military, economic power and social influence have been clearly felt not only by China’s immediate neighbours, but throughout the Asia-Pacific region and the world beyond. China has become a great power. It can now play diverse roles and pursue multi-dimensional objectives.

Among the countries of the Association of Southeast Asian Nations (ASEAN), Thailand may claim to have the closest ties with China. The underlying factors for such close relations are geographical location, historical and ethnic ties, mutually beneficial economic cooperation, and shared strategic and security concerns. This year, Thailand and China commemorate their 40th anniversary of the establishment of diplomatic relations. While bilateral relations between the two countries remain strong, the context and the environment of such relations have changed. Thailand, its elite as well as the general public, need to understand and adapt to the reality of “China’s Rise” to become a great power.

2. Sino-Thai Relations: 40 Years of Crises and Opportunities

“*Zhong tai yi jia xin*,” which roughly means “China and Thailand are like one family,” is often used to describe present-day Sino-Thai relations: the result of 40 years of diplomatic relations that have grown to be friendly, close, comprehensive and multi-faceted. To a large extent, both countries have established and fostered mutual trust in the political field, mutual benefit in the economic field, mutual aid in the security field, and mutual learning in the cultural field (Zhou, 2012). Thai people tend to have a favourable image of China, as reflected in various surveys. For example, a November 2005 survey sponsored by the U.S. Department of State’s Bureau of Intelligence and Research found that more Thais had a favourable view of China (83%) than they did of the United States (73%) (Medeiros, 2008).

These close ties were forged, first and foremost, out of mutual concerns over security in the region. By the second half of the 1970s, Thai and Chinese threat perceptions had begun to converge (Storey, 2011). The Cambodian conflict (1978-1991) brought together Thailand and China, as they and other ASEAN

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member countries worked to resolve the conflict throughout the 1980s. It is often said that this diplomatic and military cooperation marks China's growing influence in the region.

In the 1990s, Sino-Thai relations, which had been essentially security-focused, were broadened and deepened as trade between the two countries grew rapidly, from USD 1.5 billion in 1991 to USD 6.2 billion in 2000, with Thai exports to China increasing almost 10 times. This growth was many times faster than the growth in Thailand's trade with the rest of the world. China became an important market for Thai agricultural products, while consumer products from China found new markets in Thailand. Throughout the post-financial crisis years, Thailand continued to strengthen its ties with China. In 1999, Thailand and China signed the "Joint Declaration on the Cooperation Program of the 21st Century," providing a framework and guidelines for further expansion of the comprehensive cooperative relations (Freedman, 2014). In 2001, both countries issued a joint communiqué stating that bilateral relations would be raised to the level of "strategic cooperation."

Close ties between prominent institutions and personalities have played an important role in strengthening Sino-Thai relations. H.M. Queen Sirikit made a state visit to China in 2000, and other members of the royal family have visited frequently. Bilateral visits by political leaders and government officials have also occurred often. Cooperation between Thailand and China continues to be close in military and security affairs, education, culture, health, sports, and science and technology. The people-to-people relations have also increased as more and more Chinese tourists are visiting Thailand: from about 15,000 in 1995 to almost 3,000,000 in 2013.

On several occasions over the past decades, Thailand and China have managed to transform crises into opportunities. China's constructive role in supporting Thailand through these crises, security as well as economic, have engendered in Thailand, among its elite as well as the general public, a sense of confidence in and affection for China. Unfortunately, it has led to an unrealistic expectation, verging on dependency, that China will always "rescue" Thailand whenever the kingdom needs help. Prime Minister Thaksin Shinawatra exhorted on the need for Thailand to have good relations with China because of its growing economic power. China could offer great opportunities for economic transactions and benefits. The rising purchasing power of Chinese consumers can absorb greater amounts of raw materials, agricultural products and manufactured goods from Thailand (Chinwanno, 2008). Agricultural trade with China is important for Thailand's countryside. The Thai government has gone from asking China to sell petroleum to Thailand at "friendship prices" in 1973 to, in more recent times, requesting China to buy surplus agricultural products, particularly rice, rubber, and fruit, so as to shore up domestic prices and keep Thai farmers afloat. Thai authorities also look to China to supply the kingdom with more tourists whenever it needs to augment flagging income from its tourism sector.

3. The Rise of China: Changing China

China's phenomenal and unparalleled economic growth has led to an increase in power, importance and influence that significantly affects Southeast Asia. To rebut the "China threat theory," the term "China's Peaceful Rise" was first publicly used in a speech by Chinese scholar Zheng Bijian, the former vice principal of the Central Party School, in late 2003 during the Boao Forum for Asia. In 2005, Zheng's article on this subject was published in *Foreign Affairs* (Zheng, 2005). The term was designed to allay regional and global concerns about China's long-term goals and intentions. Chinese leaders and scholars have insistently and consistently tried to purvey the doctrine of a "peaceful rise," which asserts that in contrast to the warlike behavior of ascending great powers of the past, China's ascent as a modern great power would be entirely peaceful and allow all sides to "rise together" through economic cooperation. They have sought to characterize China as a responsible world power that does not threaten international peace and security. Moreover, the State Council, China's cabinet, issued a paper in 2005 defining this concept as a "peaceful development" strategy (People's Daily, 22 October 2005). It emphasized economic development as China's main goal and that a peaceful international environment was essential to achieve this goal.

However, under the leadership of current President Xi Jinping, while not abandoning the concept of "peaceful development," China has abandoned all modesty about its global intentions. In a speech made at an exhibition, "The Road to Rejuvenation," on 29 November 2012, President Xi announced the concept of the "Chinese Dream": "Everyone has an ideal, ambition and dream. We are now all talking about the

greatest dream of the Chinese people since the advent of modern times,” and “In the future, the Chinese nation will ‘forge ahead like a gigantic ship breaking through strong winds and heavy waves’...” (Xi, 2014). He set the goal of bringing about a moderately prosperous society by 2021, when the Communist Party of China (CPC) will celebrate its centenary, and the goal of building China into a “modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious” by 2049, when the People’s Republic of China (PRC) marks its centenary.

To counter the negative international perception of this idea, Xi Jinping reaffirmed China’s intention to pursue “peaceful development” in his speech at the third group study session of the Political Bureau of the 18th CPC Central Committee in January 2013 (Xi, 2014). Also, in a written interview with reporters from Trinidad and Tobago, Costa Rica and Mexico in May 2013, he stated that “To realize the Chinese Dream, we must pursue peaceful development. We will always follow the path of peaceful development and pursue an opening-up strategy that brings mutual benefits... The realization of the Chinese Dream will bring the world peace, not turmoil; opportunities, not threats” (Xi, 2014). In March 2014, he reiterated this message in a speech at the Korber Foundation in Berlin: “In short, China’s pursuit of peaceful development is not an act of expediency, still less diplomatic rhetoric... As peaceful development benefits both China and the world as a whole, we cannot think of any reason why we should not pursue this approach that has proven so effective” (Xi, 2014).

But on 29 November 2014, when President Xi delivered a keynote speech to the CPC’s Central Foreign Affairs Work Conference (CFAWC), he laid out a sweeping foreign policy platform, suggesting that a proactive, balanced and, where necessary, “muscular” foreign policy approach is likely to be a hallmark of his rule. He said China should develop a distinctive diplomatic approach befitting its role as a major country: in effect, he was telling the CFAWC that China is already a great power and should start acting like one (Johnson, 2014). He also said China’s overseas interests should be protected and the capacity to provide such protection should continue to be improved. This marks a major shift from China’s “Non-Assertive, Low-Profile International Strategy” (*Tao Guang Yang Hui*), the guideline advocated by Deng Xiaoping, namely: observe calmly; secure (our) position; cope with affairs calmly; hide (our) capabilities and bide (our) time; be good at maintaining a low profile; and never claim leadership (and make some contributions).

Furthermore, the CFAWC also changed the order of the general framework for foreign affairs, which is a simple, but authoritative, list of broad categories of countries. The list’s order has long been understood to suggest a sense of priority. Relations with country types at the top of the list are understood to have a stronger bearing on China’s prospects than those at the bottom. The CFAWC’s decision to elevate in priority China’s relationships with its neighbours over those with the United States and other great powers heralds a major shift in its diplomacy (Heath, 2014). What does this entail for countries in the region?

While many feel that a rising China can help serve as an important pillar for stability and prosperity in the Asia-Pacific region, this rise must be translated into constructive engagement on the basis of mutual benefit. For its part, China has proposed initiatives to ASEAN and to the Asia-Pacific commensurate with its rising status, such as an ASEAN-China Treaty of Good Neighbourliness, Friendship and Cooperation, to help provide a secure framework for the ASEAN-China Strategic Partnership, the Maritime Silk Route initiative to enhance maritime connectivity in the region, and the proposed Asian Infrastructural Investment Bank with initial capital of USD 50 billion and an expected target of USD 100 billion. For some, these initiatives represent efforts to engage constructively with the region and build a secure foundation for growth. Others see them as a continuing move to shift further the strategic balance in the region in China’s favour (Pinthong, 2015). While these initiatives have garnered much attention, ASEAN countries’ response so far has been cautious.

Although it can be expected that China will deepen economic links with countries in Southeast Asia, including Thailand, in the coming decade, it is also impossible for them to ignore the rise of China as a potential hegemon in the region. China may become more aggressive in pursuing its interests, especially as Xi Jinping said that “China’s overseas interests should be protected and the capacity to provide such protection should continue to be improved.” The litmus test for Southeast Asia as to how much China has changed will be how China chooses to deal with the issue of the South China Sea.

4. Perceptual Challenge for Thailand's Policymakers

Most Thai leaders perceive China's rise as an opportunity for economic cooperation. China's support during Asian financial crisis of 1997-1998, pledging USD 1 billion to Thailand as well as giving assurances that it would not devalue the RMB, while the West was perceived as hesitating on the sidelines, is still much appreciated among Thai leaders. Close military-to military cooperation also helps to reinforce the elite's positive view of China.

Moreover, Thailand has been the leading proponent of the need for ASEAN to engage in partnership with China. The aim of engagement is to draw China closer to Thailand and ASEAN so as to integrate China into the regional community at the political, economic and security levels, thereby sensitizing and socializing the Chinese government and officials into accepting regional norms and principles (Chinwanno, 2009).

But with the fifth generation of leaders in power in Beijing, a significant change in China's approach to foreign policy in general and to its relations with its southern neighbours has been made. Meanwhile, in Thailand, the government and the people appear not to have perceived fully the extent or implications of these changes in China and in its policies. Looking back over 40 years of a close and cordial relationship, Thai leadership must realize that China in 2015 is vastly different from the China in 1975 or even in 2005.

As Chinese power grows, China is making greater efforts to consolidate its leadership of the Asia-Pacific region and stepping up its demands for reforms in the international order to reflect more fairly, by its judgment, the changing distribution of power. Nationalism seems to have become the dominant framework for conducting China's domestic and foreign policies. In his address to the CFAWC on 29 November 2014, while underlining the importance of pursuing "win-win" cooperation, Xi Jinping also stressed the need to "firmly uphold China's territorial sovereignty, maritime rights and interests and national unity, and properly handle territorial and island disputes" and "protect China's overseas interests and continue to improve our capacity to provide such protection" (Ministry of Foreign Affairs of the PRC, 29 November 2014).

As a result, Thailand's policymakers need to discern three major consequences of "China's Rise": first, China will increasingly behave like a great power; second, as China embraces a market economy more deeply, it will advocate following international standards and processes more closely; and third, China will look after its own interests more assiduously.

The signs that China will increasingly behave like a great power are clear. Many countries in Southeast Asia are increasingly alarmed about a more aggressive China, especially over the continuing tension over territorial claims in the South China Sea. China has taken a more aggressive approach to the issue since March 2010 by including it in its "core national interests." China's increasing use of military and other law enforcement authorities to assert sovereignty over a large area inside the so-called "nine-dash line," concerns many ASEAN countries. China has also taken steps to show that it is the leader by making many initiatives that it hopes will form parts of a new regional architecture designed to suit its interests. ASEAN diplomats and officials will need to get used to dealing with increasingly self-confident, assertive and forthright Chinese diplomats and officials.

As China becomes more integrated into the world economy and trading system following its accession to the World Trade Organization (WTO) in 2001, it has shown signs that it will increasingly observe rule-based arrangements. When Thaksin Shinawatra was prime minister of Thailand, he proposed that China and Thailand engage in a barter trade system. The well-known example was "longan for railway engines." This proposal was apparently discussed but did not materialize. It was said that a high-level official at China's Ministry of Commerce (MOFCOM) once remarked to the leader of a high-level Thai delegation that China had just acceded to the WTO and was looking forward to playing its role in the international trading system, so he could not understand why Thailand, an original member of the WTO, was proposing that both countries return to the "old ways." The underlining point was that as China integrates itself more deeply into the international system, it needs to play by the rules, either international or Chinese rules. Past "friendship" deals will be harder to come by in a future market economy. As an aspiring world leader, China cannot afford to be seen refuting good governance and transparency, or

displaying flagrant favoritism. Also such deals should be avoided as they may open Chinese leaders to accusations of corruption.

China's proposal to establish an Asian Infrastructural Investment Bank can be interpreted two ways. It is often regarded as an alternative to the Asian Development Bank (ADB) and therefore a tool to compete for geopolitical influence with Japan. On the other hand, it can be said that China also wants to deal with requests for preferential loans or financial aid under a banking system, with its attendant governance, transparency and non-discriminatory practices.

Moreover, while continuing to profess special friendship with Thailand, China is looking after its own interests more assiduously. Some Thai officials and scholars have expressed disappointment with the free trade agreement that allows an "invasion" of cheap Chinese products into Thailand but does not allow the same free flow of Thai agricultural products into China due to non-tariff barriers (Chinwanno, 2009). The high standard of food safety and hygiene, phyto-sanitary and quarantine measures are now enforced rigorously by Chinese authorities against imported agricultural and food products. Set against the food safety scandals in China, these high-standard measures do appear to be non-tariff barriers. It has been observed recently that while the Chinese leadership appears forthcoming and reassuring, it has become clear that "China remains a transactional superpower. It does not give without taking up front and sometimes in advance. Although there are no freebies in geopolitics, China has exacted a heavier cost for its goodwill compared to Japan" (Pongsudhirak, 2015).

5. Concluding Observations: Which Way Forward?

Thailand has always been conscious of China's power in the region. The current context of China's rise, peaceful or otherwise, requires an adjustment to the inevitability of its economic and strategic reach into the region. Thailand has sought to engage China by drawing it into a structured and interconnected network of cooperative relationships, largely through ASEAN-China relations. Thailand has sought to bring about the peaceful rise of China by pursuing a policy of engagement, or "bonding" with China.

So far, Thailand's debate over China's rise has tended to be positive and relaxed because cooperative relations with China are perceived to be in the national interest. The Thai perception of the "China threat" is also low, unlike in many ASEAN member countries, because Thailand does not share borders and has no territorial disputes with China. There is no doubt that Thailand will maintain its strategic engagement with China, both bilaterally and multilaterally. Assuming that China continues to grow economically without exhibiting manifestly aggressive behaviour, Thailand is likely to continue deepening its economic, political, social, cultural, and military relationships with China.

But first, Thailand must modify its perceived need to rely or depend on China and the Chinese market. As former Ambassador Surapong Jayanama wrote in 2005, "Sino-Thai relations in the present and in the future would be based on understanding and cooperation (and therefore mutually beneficial) only when Thailand realizes that Sino-Thai relations are not simply about longan exports" (Jayanama, 2005). Thailand's relationship with China is multidimensional and it must recognize the complexities, as well as the costs, involved.

Second, as China has found engagement with Thailand useful, Thailand must find ways to continue this useful role. Thailand needs to show that it can be a real partner, albeit a junior one, with China, by using its advantageous and geo-strategic position as the hub of mainland Southeast Asia. The current Sino-Thai railway project from Nong Khai to Bangkok and Rayong, if managed properly, would represent a good example. While it can bring economic benefit to Thailand, it can also showcase Chinese advanced technology and knowhow, as it will be the first time a country in the region has employed this technology. Moreover, when Lao PDR agrees to employ the same technology and the line is extended to the south of Thailand, connecting with Malaysia and Singapore, Thailand will become an indispensable part of China's strategic integration of Southwest China to mainland Southeast Asia through physical connectivity.

Third, Thailand must show that it can continue to be a reliable partner with China in regional affairs. The Asia-Pacific is devising a new regional architecture with China playing a prominent role by proposing several new institutions and measures. Thailand and ASEAN must take up this challenge or risk losing ASEAN's centrality in the debate and design of this new regional architecture.

Until recently, Thailand has enjoyed success in handling the two most influential countries in the region, China and the United States, by managing good relations without losing either's favour. This past success seems to have been upset by the United States' strong reaction to the military's seizing of power on 22 May 2014. Many observers have pointed to Thailand "pivoting" ever more towards China. While a consensus exists that good relations with China are a strategic asset, many fear that Thailand is being forced into a Chinese sphere of influence as the result of US policy. Thailand's unique geostrategic environment allows it to maintain diplomatic flexibility. However, the success of its primary foreign policy of avoiding a strategic choice between China and the United States, while remaining important and relevant to both, will depend ultimately on how either chooses to deal with Thailand.

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China's Soft Power Policy: Lessons and Implications

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Abstract

China's increasing strength in all aspects is vital to international relations, but more importantly to Asia-Pacific's security architecture. It is critical for countries in the region, including ASEAN, to scrutinize China's role and conduct regarding its domestic and foreign policies, which will affect ASEAN more than other regions in the world. Soft power policy has played an important role in China's foreign affairs over the past two decades and has been watched by countries around the globe. It will be beneficial to learn China's experiences of its conduct in this regard, as well as to understand the distinction between Western and Chinese concepts of soft power. Information from this study will improve understanding of China's foreign policies, enable countries to be prepared in dealing with China, and be a lesson for nations to use in shaping their policies.

Keywords: China, soft power, public diplomacy, Chinese culture

1. Introduction

China's growing economy and military strength have made it a major global player and, inevitably in the foreseeable future, a regional power, if not a super power. Subsequently, as a potential superpower, China must pursue a big role in all aspects, particularly in foreign affairs, with a view toward maintaining its influence, promoting its interests and, from time to time, demonstrating its real power. To achieve this status, a tool box comprising hard and soft power must be employed according to varying situations. As a latecomer, it has followed the practices of using soft power to attract other powerful countries, such as the United States, European Union and Japan. The discourse on China's soft power has drawn much attention of political leaders, scholars, academicians and mass media as well as observers around the world. Many studies have been conducted on China and its soft power policy. Almost all of them hold convergent views that China, as an emerging power, China has, to certain extent, achieved the goals of her soft power strategy, garnering supports from the international community in various efforts of her foreign affairs.

China has learnt and developed the concept of soft power well enough to identify the definition conforming to the Chinese history, tradition and culture, and use it effectively. While U.S. soft power has been declining since its invasion into Iraq in 2003, China's soft power has been rising. International observers, particularly those in the Asia-Pacific region, have raised concerns about the expansion of China's soft power around the world.

This article compiles thoughts, arguments and reasons from literature written during 2004-2014, with a view toward learning the development of China's soft power concept; the core components of that concept; the effectiveness of its policy; Chinese thinking about soft power and its role in foreign policy; Chinese scholars' movement beyond a dominant theory of soft power; and Chinese objectives in promoting its soft-power policy.

Since this policy directly involves the U.S. and has a huge impact on the Asia-Pacific region, this paper also examines the prospects and implications of American and Chinese policies for the Asia-Pacific region.

2. Debate about Soft Power (Concept, Chinese Version or Characteristics)

2.1 Concept

Joseph Nye defines “power” as the “ability to affect others to get the outcomes one wants.” He divides power into three categories: (a) hard power, as coercive force wielded through inducement or threat based on military intervention, coercive diplomacy and economic sanctions and a reliance on tangible power resources such as armed forces or economic measures (Wagner, 2014); (b) soft power, as an ability to attract or co-opt countries to one’s will that rests on three resources: “its culture (in places where it is attractive to others), its political values (when it lives up to them at home and abroad), and its foreign policies (when others see them as legitimate and having moral authority)” (Nye, 2013); and (c) smart power, as a combination of hard and soft power. According to Ernest J. Wilson III, smart power is the “capacity of an actor to combine elements of hard and soft power in ways that are mutually reinforcing such that the actors’ purposes are advanced effectively and efficiently” (Wilson, 2008).

To understand clearer about the difference of ‘hard power’ and ‘soft power,’ one must understand that soft power is based on the belief that legitimacy is power; not power is legitimacy. Soft power means applying power with others not over others. Soft power relies on consent while hard power depends on coercion. Because we live in an interdependent world, no single nation can build its future alone; and multidimensional aspects of security issues e.g. transnational issues, by relying on merely soft power that can bring about necessary international cooperation to solve various transnational issues. Soft power has brought about cooperative efforts of concerned parties, while hard power is more unilateral action.

Soft power and public diplomacy are closely linked. According to Nye, public diplomacy has a long history of promoting a country’s soft power in winning the Cold War, and public diplomacy is an important tool in the arsenal of soft power (Nye, 2008). Yiwei Wang’s paper analyzes China’s perceptions and misperceptions of public diplomacy, including how Chinese history and culture have shaped its understanding of soft power and use of public diplomacy as a means of promoting it. She points out that “public diplomacy” is a foreign concept in China, a term similar to the concept of “external propaganda,” or the “promotion of the Chinese image abroad.” In Chinese, “propaganda” has a positive meaning that takes into account the activities conducted, such as the release of news (Wang, 2008).

Wang opines that China has misconceived soft power as shown in the following actions and beliefs: 1) its perception of national strength as an index of international image; 2) its focus on international standing while neglecting international image; 3) its focus on expanding its economy internationally over culture; 4) its excessive humility about promoting the nation in international society; 5) and the assumption that it should be respected for its long history and civilization (Wang, 2008).

Glaser and Murphy have elaborated in detail what Chinese scholars and leaders have studied, discussed and learned about soft power, dividing it into two waves of intellectual debate. The first wave was in 1993 when Wang Huning, then deputy director of the Policy Research Office of the Communist Party of China (CPC) under Jiang Zemin and subsequently the director of the same office under Hu Jintao as well as the Secretariat of the CPC Central Committee, gave priority to culture as the main source of soft power. The second wave occurred in the mid-2000s, when Chinese theorists expanded Nye’s original conceptual framework to formulate “soft power with Chinese characteristics,” which captured the attention of China’s leadership as well the general public (Glaser & Murphy, 2009).

2.2 Chinese Characteristics

The convergent view among Chinese scholars comprises two main schools of thought about the core of soft power: culture and political power.

Culture: Chinese values such as giving priority to human beings, harmony between mankind and nature, and harmony lead to a harmonious society and world. The mainstream intellectual view is that culture is the core resource of a state’s power (Glaser & Murphy, 2009), which China’s leadership has embraced, resulting in greater funding of its cultural soft-power resources at home and expansion abroad. Today’s global problems might be better addressed by adopting China’s cultural concepts, including Confucianism, Taoism, and Buddhism, whose essence embrace honesty, faithfulness, tolerance, cooperation, and compromise, according to this view.

Politics: Soft power consists of international attractiveness, international mobilization capability and domestic mobilization capability. China must rebalance its domestic development and establish a harmonious society – social equality and justice – as the political basis for soft-power construction. Other Chinese scholars point out that soft power is evident in a state's ability in international institution-building, agenda-setting, mobilization of coalitions, participation in multilateral diplomacy, overseas assistance programs, and peacekeeping operations (Glaser & Murphy, 2009).

Some Chinese analysts promote the idea of combining hard and soft power as they are complementary under the rubric "comprehensive national power," which encompasses all sources of material and ideological power (Li, 2008; Hunter, 2009). As economic power can be leveraged as sanctions or payments, it is considered hard power (Nye), whereas economic development and some forms of financial assistance are soft power. Shaun Breslin argues that China's emergence as an alternative economic partner appears as the major source of attraction for developing states. Breslin also opines that if the soft-power concept includes an attraction toward political and social systems, values and policies, then China seems to have minimal soft power (Breslin, 2011).

2.3 Comparison between Chinese and the Western Fundamentals

China and the West see basic virtue differently. Confucius gives priority to human beings, the relationship between humans and nature, and self-examination, as opposed to the West's belief in individualism and liberalism (Glaser & Murphy, 2009), and its tendency to think in absolutes, such as good vs. evil, and view others as irreconcilable enemies (Wang, 2008).

The Chinese approach proceeds from an inner world; the West has adopted an external/exploring culture. A Westerner asks, "Who are you?"; a Chinese asks, "Who are we?" (Wang, 2008). The understanding of power in Chinese culture is also opposite to that in the West. While in Western politics, power refers to the ability of one actor to influence the attitude and behavior of another actor, the ancient Eastern tribute system takes into account the extent of acceptance in the power of another, too (Glaser & Murphy, 2009).

During the Warring States Period, power in Chinese became associated with strategy. Alan Hunter states that the concept of "soft power" has been a fundamental part of military thinking in China for more than 2,000 years. Philosophically speaking, Chinese understanding of power is related to morality, in particular "moral leadership" (Hunter, 2009). Morality inside brings power outside. Confucius said, "Do not impose upon others what you do not desire yourself." In short, power comes from morality and morality comes from nature; therefore, there is no Chinese international relations theory (Wang, 2008).

China's long-standing opposition to the use of force, preservation of state sovereignty and territorial integrity, non-interference in other countries' affairs, its opposition to economic sanctions, and the concept of building a harmonious world resonates with many nations. There have been several apparent cases of China's consistency in her policies that have made her more attractive than the U.S., who often times violated international rule of law and norm by taking unilateral actions in different regions at different occasions. The past experiences at the United Nations demonstrated that the Western Powers always use 'coercion means' to get the support from smaller countries for their positions or directions they wanted.

3. The Case in Point

3.1 Development of Soft-power in China

Although there was the fact that China just began to study the term 'soft power' in the 1990s, the Chinese have understood the philosophy, techniques and the nature of 'soft power' for a long time. The Chinese had employed some tools considered to be part of 'soft power' to attract foreigners before. Studies have found that China has used soft power in different forms throughout history, dating back to the Tang and Yuan dynasties. In modern history, China began to reform her foreign strategy with an aim at obtaining a peaceful international environment in the 1980s when she began her reform agenda, focusing on domestic economic development (Sheng, 2006). The so-called soft power strategy arrived at a turning point in the 1990s, when she was perceived as a threat, (Tai-Ting Liu & Tsai, 2014) because of her unstoppable

economic continued growth. This perception coincided with the decline of American soft power after the U.S. invaded Iraq in 2003.

During that period, the concept of 'peaceful rise' was proposed by China as an attempt to associate herself with peace, but it backfired and generated negative impressions. In response, China promoted the concept of "harmonious world view" and the "good neighbour policy," as major tools of soft power were promoted (Tai-Ting Liu & Tsai, 2014) in 2005 white paper on "China's Path to Peaceful Development" (Glaser & Murphy, 2009).

After a long and intense discourse about the concept of soft power at different levels, the Chinese have been able to come up with a clearer picture and a conclusion that Chinese history and culture are significant source of soft power, and that there was a strong sense of urgency toward building and promoting soft power, to such an extent that analysts urge soft power to be treated on the level of state strategy (Li, 2008).

3.2 China's Objectives

Initially, China's soft power was largely perceived as a defensive tool, such as cultivating a mild image to repel the "China threat" theory. Chinese strategic circles believe that soft power, as an aspect of the "comprehensive power," is an important indicator of a state's international status and influence, and a tool for maintaining advantageous positions in international competition. Therefore, many Chinese analysts argue that soft power is inseparable from China's rise. It is instrumental in helping China achieve the goals of a peaceful and stable international environment, a neighborly and friendly environment in surrounding regions, a cooperative environment based on equality and mutual benefit, an objective and friendly media (Li, 2008), and a reduction of the impact of the China threat theory and its challenges on national security (Tai-Ting Liu & Tsai, 2014). China's approach to soft power is holistic; the domestic and foreign policy aspects of soft power development are conceived as an organic whole (Glaser & Murphy, 2009), which has led to the concept of a harmonious society and world. In short, China's development of soft power is an important task in its highest development strategy of building "comprehensive national strength" while "maintaining internal stability" (Sheng, 2006).

Wang points out that to enhance China's soft power, the task falls to public diplomacy, and that since the end of the cold war, Chinese public diplomacy has pursued five main objectives: (1) publicizing the Chinese government's statements, (2) forming a desirable image of the state, (3) rebutting distorted overseas reports, (4) improving the international environment surrounding China, and (5) exerting influence on the policy decisions of foreign countries (Wang, 2008).

3.3 Practices and Implementation

Hu's announcement in 2007 and the following years can be considered an embryonic phase of China's soft power discourse, which has been developing rapidly since then along with the policy's implementation and literature on this subject. China has employed several programs and tools to promote public diplomacy and soft power. Her soft power projection comprises culture and religion, education and Mandarin, diplomacy, media, tourism and sports, a Chinese diaspora, and economic aspects. China also dispatches doctors and teachers abroad. Increasing numbers of foreign students have come to study in China, and more foreigners are learning Mandarin. The number of Confucius Institute offices established abroad has grown from more than 40 in the U.S. and 260 in 75 countries in 2009, to 896 in 108 countries in 2014 (Tai-Ting Liu & Tsai, 2014). There is also growing interest across foreign policy and institutions in soft power. Some scholars have categorized its current soft-power activities into five areas: investment, peacekeeping and humanitarian aid, exchange programs, diplomacy and multilateral institutions (Kalathil, 2011).

In addition to the above-mentioned projects and activities, two elements need to be elaborated as key sources of Chinese attraction. First, her success in economic development and poverty-reduction along with the concept of development according to one's own characteristics (the idea of "doing it your own way"), referred to as the so-called Beijing Consensus, resonates positively in the developing world while the Washington Consensus has failed many developing countries (Hunter, 2009). The Beijing Consensus idea, put forward by Joshua Cooper in 2004, drew much attention on China as an alternative to the West or Washington Consensus, which come with ideology without proper concern for local conditions. Secondly,

Chinese growing participation in international institutions has played a significant role in increasing her presence in world politics. She has always used the means of enhancing her role in international institutions at every forum globally and regionally. Chinese leaders agreed on the importance of China's participation in multilateral diplomacy, overseas assistance program and peacekeeping operations. The supportive votes China has received on many issues in the United Nations system provide evidence of her efforts.

3.4 Challenges

Scholars, analysts, China's elite and its leadership agree that the biggest element that has hampered and continues to obstruct its soft power policy is its authoritarian political regime (Huang, 2013). Calls from inside and outside the CPC for the leadership to undertake wider political and socio-economic reform have been bolstered; the Scientific Development Concept adopted at the 17th CPC Congress in October 2007 was a rebalancing of development strategy that included political reform (Glaser & Murphy, 2009).

There is also agreement that China needs a civil society to complement the state's role in efforts to promote soft power. A third obstacle to soft power promotion that has been mentioned is China's lagging ability in using media to promote its policy when compared with that of the much less censored media in the West. Further, China must take other challenges into consideration, such as: corruption, the lack of international credibility and foreign policy (Hunter, 2009). Because its efforts concentrate on traditional Chinese legacies, its conduct in the world of international public relations remains weak.

Some scholars view China's foreign policy principle of non-interference as an obstacle to soft-power promotion because it leaves the country open to criticism for not being proactive in helping to resolve conflicts and other social problems in countries such as Sudan and Myanmar. The increasing aggression of China's military on its territorial claims against ASEAN member-states in the South China Sea provides further evidence of nearby countries' concern about China's regional objectives. Other obstructions include megaprojects like its Silk Road venture, as potential partners question whether China will benefit at their expense. In addition, the West regards China's foreign policy of unconditional assistance, which has attracted many countries in the developing world that resist reforms to limit corruption and environmental degradation, as irresponsible; its domestic politics as authoritarian; and its civil failure to instill the rule of law as untrustworthy. All of these conditions have been criticized as impediments to its development of soft power.

Systemic disadvantages that China must overcome include: 1) a diplomatic system complicated by many departments and groups, making it difficult to devise long-term strategic arrangements for practicing public diplomacy as well as overcautious diplomats of dubious quality and ideas; 2) a bureaucratic system in great need of reform that injects bad domestic habits into public diplomacy; and 3) a public diplomacy with a huge linguistic and cultural gap in communicating internationally.

4. Lessons and Implications

This research provides information on the development of China's foreign policy and the implications of its conduct while employing soft power.

4.1 Lessons and Recommendations

China's policies and conduct have the strongest effect on the Asia-Pacific region. The following points address leaders, scholars and analysts in the region concerned about protecting and enhancing their interests. China's rise and growing soft power requires more institution-building in various fields to ensure the transition from the rule of men to the rule of law. To develop soft power, China needs to fully integrate itself and be more active in international society. Its development of soft power is increasingly critical as a mechanism for realizing its dream of becoming a global power, especially since its hard power resources greatly lag those of the world's major powers. China holds little attraction in the West. Nye was skeptical about China's soft power as it was obtained solely through a centralized regime, whereas soft power's success needs civil actors as well. However, to judge the policy's success, one must take into account the responses of targeted countries (Moss, 2013).

China's public diplomacy strategy with Chinese characteristics can be outlined as follows:

- The target: Chinese public diplomacy's basic goals of self-confidence, trust, cooperation, peace-loving, all of which cooperate with national development strategy;
- The means: shaping an affinitive and democratic government;
- Focal points: using media on multilateral stages;
- Organization: appointment of a vice minister of foreign affairs in charge of public diplomacy.

4.2 Implications for China's Neighbours

Countries in East Asia and Southeast Asia, as well as across the globe, need to watch closely and take timely action in response to the changing situation regarding the following points.

Many Chinese elite are concerned about America's cultural hegemony and worry that the so-called peaceful evolution, i.e., Western liberal ideology, is gradually pervading Chinese society, thereby weakening its legitimacy (Li, 2008). The competition for cultural power, therefore, is the core of intensifying soft power contention, or, in Nye's remarks, in today's world, competition is about credibility, not military might as in the past. However, this scenario is uncertain, given that some countries continue to increase defense expenditures. The key reason for the decline of American soft power is due to "what America does," while "what America is" still holds a powerful attraction (Glaser & Murphy, 2009). If this scenario persists, the world will see more defiance from the developing world against the West.

Since 2012, China has signaled that it should be regarded as a major power by shifting its policy of "a new model of major-country relations" to "major country foreign policy with Chinese characteristics," departing from President Hu's dominant discourse of "Peace and Harmony" (peaceful development, harmonious world and diversity in harmony) (Xie, 2014). In this connection, China is still cautious as it knows its hard and soft power still lag that of the U.S.

In 2014, China's leaders visited several countries, organized high-level meetings and conferences, pledged to setup and finance huge funds in different regions, and projected great confidence. The U.S. views China as more assertive in a bid to weaken a U.S.-dominated regional and international order, and ultimately to replace the U.S. in that dominance. Meanwhile, China holds that the Pacific Ocean is large enough to accommodate two giants. Based on a long-term strategy, it will continue to focus on economic development to use as influence rather than employ hard power.

According to Huang Chin-Hao, although China has invested tremendously in deploying soft power in various countries and, generally speaking, has been successful, reactions have varied. The obvious success story is seen in Africa. As far as Asia is concerned, South Korea and Japan have more negative perceptions of China, and Taiwan has a mixed view. Many in Southeast Asia have a positive attitude toward China's growing economy, but this does not mean that they have an overall positive image of China's rise (Huang, 2013).

Several countries in the developing world will continue to enjoy China's soft power, in particular its economic and educational cooperation. Southeast Asian countries will continue to strengthen their cooperation in economic development projects with a few exceptional cases, such as Vietnam and the Philippines because of their territorial disputes.

4.3 Prospects for 2015

China's shifting policy of adopting a more assertive stance demonstrates its decreasing sensitivity toward the U.S., which should respond by strengthening its security and economic architecture to ensure that China favours multilateralism and playing a responsible role. In doing so, the U.S. must engage countries in the region with soft power (Huang, 2013) and help strengthen allies so it can lower its financial burden. The perception of the China threat has been the main obstacle to improving China's international image. When China is weak, its image is positive; when strong, its image is negative. China should change the logic of this perception by helping international society learn to trust China. This will require China take on all the responsibilities of a great power and participate actively in international affairs (Wang, 2008).

When people around the world need global cooperation to combat disasters, both man-made and natural ones, the U.S. can resume a leading role by persuading countries to support such endeavors. China, as the second-largest economy and with its growing strength, should also take measures to build an image of a cooperative, friendly and responsible country, in order to enhance its development objectives. If the U.S. forsakes a leading role, China will pay dearly (Logan, 2013).

There are two possible scenarios with regard to the international environment in Asia-Pacific: (1) the U.S. maintains its forward presence and commitment to its allies and clients, which is important for its credibility; and (2) the U.S. helps establish more powerful national militaries in like-minded states. Asian nations should be encouraged to cooperate on security issues without the U.S. leading the way in line with “conengagement”: military containment combined with economic engagement (Logan, 2013). According to the latest U.S. “National Security Strategy” document issued in February 2015, a small positive sign appears in its final paragraph, which reads “We confidently welcome the peaceful rise of other countries to share the burdens for maintaining a more peaceful and prosperous world.” People in the Asia-Pacific region are hopeful that the two powers, who possess different sources and tools with different values, will be able to accommodate each other.

5. Conclusion

So far China’s leadership has focused on using soft power and agreed that culture is the core of soft power, with “harmony” at the core of its cultural values. China has so far avoided promoting political values in its soft power policy, because it does not conform with the global political discourse and might be interpreted as a grand strategy to challenge the status quo. On the contrary, the U.S. is the one who has lately conducted a policy of anti-status quo, by taking unilateral actions, without adhering to international rules and laws.

The convergent view is that China has done much to develop and promote its soft power (Li, 2008) by transforming it from a “defensive” to a “proactive” policy. Despite its success in keeping a balance with the U.S. and transforming “made in China” into “created in China,” (Wang, 2008), it is still a long way from becoming a true global leader (Li, 2008).

Both China and the U.S. benefit from globalization. The rise of China’s soft power is not at the expense of the decline of the American soft power (Wang, 2008), but certainly the U.S.’s conduct of hard power policy has helped promote the rise of China. Under present circumstances, the competition between the two has been healthy. Nye reminds that the U.S. decline is not an absolute one (Nye, 2011). Therefore, from any point of view, they need to cooperate in order to build a harmonious world. It should be noted that, fortunately for China, ASEAN, which began as a political grouping and has grown to be among the world’s largest economic communities, has played a role in maintaining regional peace and stability that provides a favourable environment for China’s economic development.

In understanding Chinese foreign affairs, it is worth noting that the leadership still follows Deng’s guiding theories: (1) there are two issues in the world, i.e., peace and development; and (2) “taoguang yanghui” or “keep a low profile” in conducting foreign affairs. Given this point, one can anticipate that China, no matter how much confidence it has accumulated, will be cautious in affairs that might directly affect American interests, while it will be more aggressive in promoting development schemes with countries in the Asia-Pacific region.

One may conclude that China’s strategy and efforts have been along two main lines: (1) avoid military conflict, especially with the U.S.; (2) work on both bilateral and multilateral alliances with political and economic partners (Hunter, 2009).

Lastly, in his new book *The Future of Power*, Joseph Nye makes the following points:

- 1) Power can be employed three ways: through coercion or sticks; payments or carrots; and attraction or persuasion, or soft power. In the 21st century, the ability to combine these into smart power will be a challenge for all actors in international politics;
- 2) Two big shifts in how power is wielded in world affairs are power transition among states and power diffusion from states to non-state actors. These shifts result from the information revolution and globalization;

- 3) Power diffusion is potentially a greater threat to power than power transition. In other words, the threat from non-state actors may be greater and more serious than any threat from China; and
- 4) Nye reiterates, in the case of China as an authoritarian nation, that it has difficulty in creating soft power because much of it is actually generated by civil society (Nye, 2011).

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China Economic Reform and Its Implications

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Abstract

Since its market-oriented reform began in 1978, the Chinese economy has undergone significant change. Over the past three and a half decades, high and sustained economic growth has transformed a poverty-ridden country into one of the world's leading economic powers. Changes in the Chinese economy since the late 1970s include a transformation toward a market-oriented, open economy that has moved from agriculture to manufacturing and services with significant product diversification. The change in the Chinese economy has been made possible by the change in policy geared towards more market orientation. Major factors conducive to China's economic growth in the reform period are changes in its economic management system, expansion of trade and investment, and freer movement of labor and resources that has allowed more efficient utilization. After more than three decades of high growth, the Chinese economy has slowed in recent years. A number of economic and social problems have also become more serious. Among the problems are widening income disparity, environmental degradation, rising wages and cost of living, corruption and other social problems that have led to increasing public discontent.

Over the years, China has exerted substantial influence on the world economy and contributed to economic growth, trade and investment expansion, and global poverty reduction. ASEAN countries including Thailand have benefited much from China's growth and development. Significant complementarities exist between China and ASEAN members due to differences in economic structures between the two parties. China's recent economic slowdown has raised much concern around the world, particularly among countries relying on China to absorb their exports, such as Thailand and other ASEAN nations.

Despite the anxieties over China's lower growth, there are reasons to believe China will remain important to ASEAN's long-term economic development. Further developments in China need to be carefully monitored.

Keywords: *China, reform, transformation, growth, ASEAN*

1. Introduction

Since market-oriented reforms began in 1978, the Chinese economy has undergone significant changes. Over the past three and a half decades, high and sustained economic growth in China has successfully transformed an impoverished country into one of the world's leading economic power. The Chinese economy was able to grow at around 10 percent a year during 1980 – 2010. In recent years, growth has slowed, but a rise in GDP of 7-8 percent per annum between 2012 and 2014 is still high compared with many other countries.

Over the years, China has exerted substantial influence on the world economy. Today it is the world's second-largest economy, next only to the United States, and is expected to become the world's largest economy before 2030. With tremendous international trade and investment growth after 1980, China has become the world's largest trading nation, absorbed substantial amounts of foreign direct investment (FDI), and has emerged as a leading country in outward FDI in recent years.

China's rapid growth and structural change offer great opportunities to countries across the globe. ASEAN¹ economies, including Thailand's, are among those that can reap substantial benefits from China's economic development. This paper investigates the experiences of economic reform in China, identifies the

¹ ASEAN stands for the Association of Southeast Asian Nations, an association comprised of 10 member-states.

major factors leading to its success, and describes China's influences on ASEAN and the world. Section 2 summarizes China's reform experiences, and points out the major factors leading to its successful development. Some current problems facing the Chinese economy are also listed. Section 3 discusses the impact of China's rapid growth and development on the Thai, ASEAN and world economies. Section 4 contains concluding remarks.

2. Experiences in Economic Reform in China

2.1 Changes in the Chinese Economy since the Late 1970s

Substantial economic reform in China officially started in 1978, after the Third Plenary Session of the Eleventh National Assembly of the Communist Party. Before that, China had a closed economy characterized by low growth and slow progress. According to the World Bank, in 1980 China's per capita income (at current prices) was 193 USD, while that of Thailand was 683 USD. In 2013, its per capita income was 6,959 USD, compared with Thailand at 5,676 USD. If calculated in terms of purchasing-power parity, China's per capita GDP today is already the world's highest, accounting for 16.5 percent of the world total (World Bank, 2015).

Since the late 1970s, the Chinese economy has undergone rapid and radical transformation. The major changes in the Chinese economy can be summarized as follows:

a) From a planned to a market economy

Before economic reform, China's economic policy was closely controlled by the central government. Investment and production were planned; consumption by citizens, particularly in basic necessities, was tightly controlled and rationed; and prices of commodities, wages, interest rates and exchange rates were fixed by the government. The government purchased all agricultural products at low prices; industrial enterprises were mostly state-owned; foreign trade and investment were controlled; natural resources as well as labor were not free to move across regions; and capital and foreign exchange was allocated by the government. In short, a highly centralized mechanism of resource allocation maintained the planned economy.

During the reform period, price controls were gradually removed; farmers were allowed to sell produce in free markets after submitting a specified portion of production to the government; production factors including labor, capital and natural resources were allowed to move among regions; private ownership was permitted; state-owned enterprises (SOEs) were given more autonomy; and controls on foreign trade and investment were successively relaxed. As a result, private enterprises have proliferated; foreign trade and investment have increased dramatically; and SOEs have operated more efficiently.

At present, prices of products and services, as well as compensation for production factors, are determined by market forces. However, the government has retained control of prices of some essential products like petroleum, rice and wheat, as well as interest and exchange rates.

b) From a closed to an open economy

Until 1980, China was a relatively closed economy. The degree of openness measured by the percentage of exports and imports to GDP in 1980 was 9.7 percent (Lin, 2013); the ratio was 50 percent in 2010 and fell to 45 percent in 2013, when export growth slowed. Since opening its economy, China has been able to attract substantial FDI inflows due to its very large and rapidly growing domestic market, plentiful labor and other resources, as well as a welcoming attitude toward foreign investors. Before 2000, outward FDI from China was miniscule. Since the beginning of the 21st century, however, China began promoting outward FDI. Its accumulation of large sums of foreign-exchange reserves, coupled with a rising need for natural resources and materials to feed its growing industries, have made China a leading country for outward FDI. Investments in resource-based sectors have helped China to more easily secure natural resources while putting its accumulated foreign reserves to productive use.

c) From an agriculture-dominant to a manufacturing and service economy

Since the start of economic reform, the Chinese economy has undergone drastic change from an agricultural to an industrialized one. In 1979, over 80 percent of its population lived in rural areas, and 31.3 percent of GDP came from the agricultural sector; in 2011, the rural population was 48.7 percent, and GDP from agriculture was 10.1 percent. In 1980, 50.3 percent of China's exports were agricultural products. At present, manufactured products comprise around 95 percent of exports (Lin, 2013).

Reform has led to rapid change in China's economic structure. Leading this structural change is the manufacturing sector, which until recently grew at very high rates. In 2000, the industrial sector's share of GDP was 46 percent, and that of services was 39 percent. In recent years, growth in manufacturing has slowed, while that of the service sector has remained fast; and the services sector has become China's most important sector. At present, the services sector represents around 46 percent of the country's GDP.

China's degree of urbanization has been growing. Before the reform period, urban development was hindered by a policy that prohibited migration from rural to urban areas. Although the restrictive migration regulations have been relaxed gradually, and increasing numbers of people have moved from villages to towns and cities, and to provinces far from their hometowns, the degree of urbanization in China up until now is still low compared with many other countries. Promotion of urbanization has been an important policy in China for some time, and it was emphasized in the 12th Five-Year Plan (2011-2015). Over the past two decades, the pace of urbanization has accelerated. In 2014, over half (53.7 percent) of the population was living in urban areas, up from 26 percent in 1990. It is expected that urbanization in China will reach 60 percent by 2020 (Xinhua, 2014).

d) Diversification of products and services

Accompanying the structural changes in the Chinese economy is the emergence of new products and services. Diversification has occurred in all economic sectors. In agriculture, there has been crop diversification, switching from grains to higher value-added cash crops like fruits and vegetables, and to horticultural goods, livestock and aquaculture. The manufacturing sector has seen significant shifts from heavy to light industries, and a wide variety of consumer products has emerged. Prior to reform, a strategy gave priority to heavy industry in industrial development, the proportion of heavy industries in the sector was high, and light consumer products to satisfy basic living needs were lacking. During the reform period, numerous private enterprises were established to produce consumer products to supply the growing domestic and export markets. This change in industrial structure has benefited much from the development of the non-state economy, the influx of FDI and, to an extent, the reform of SOEs whose production has gradually shifted to consumer goods. In the service sector, a vast variety of activities has appeared in all sub-sectors. In banking, although large commercial banks remain state-owned, there are many smaller, private commercial banks. Other institutions such as insurance companies and stock brokers have emerged. Trading activities including online trading have been booming. In addition, there are logistics, education, healthcare, transport, tourism, information, accounting, counseling and market research services. The number of service enterprises engaging in cross-border operations is also increasing rapidly.

e) Improvement in people's income and living standards

Economic progress in China since the start of reform has led to substantial increases in income and improvement in living standards for the Chinese people. Sustained economic growth has lifted more than 600 million people above the poverty line (Lin, 2013)². The well-being of people, including those living in remote provinces, has improved much; wage rates in all sectors have greatly risen. However, income disparities among regions and provinces, and between rural and urban areas, have grown. Nevertheless, the conditions of abject poverty and starvation that many people once suffered are gone.

² The poverty line is measured by an average income of 1.25 USD per day.

2.2 Factors Conducive to China's Successful Development

What made China so successful in its economic reform has been a subject of many studies since the 1990s (Coase & Wang, 2012; Hu & Khan, 1997; Kuijss, 2009; Lin, 2012; OECD, 2010). Among the various explanations are high volumes of domestic and foreign investments, high productivity growth and export expansion. A large domestic market and freer movement of labor and resources have also helped. However, most studies agree that high investment, exports and productivity growth were made possible by the change in economic policy to one geared towards a market economy. Various factors important in propelling the Chinese economy since the late 1970s are as follows:

a) Transformation to a market economy

Economic policies geared toward a market economy provide economic incentives for people to work harder and allow the production structure to be determined by market mechanisms. Production in different sectors is thus consistent with the principle of comparative advantage with efficient use of resources. Agricultural production grew rapidly after the abolition of compulsory purchase of all products produced by farmers; permission to allow private enterprises led to rapid growth of non-SOEs producing a variety of products to satisfy growing domestic and foreign demands. The change toward market orientation not only led to the proliferation of economic activities in different sectors, but also to qualitative improvements across industries to meet the challenge of competition in a market economy. The reform of SOEs to give managers more autonomy also helped to raise efficiency of their operations.

Higher consumer income after the change in economic policy led to increased demand for consumer products and higher savings and investment. So the transformation from a planned to a market economy that influenced the incentive system is probably the most important factor that brought about higher consumption, investment and productivity, and contributed to growth.

b) Free movement in factors of production

Before reform, substantial underemployment existed in rural areas, but rural residents were not allowed to move or engage in non-farm activities. When reform began, rural residents were still not allowed to move to cities, but they could carry out non-farm activities. As a result, many village and township enterprises (TVEs) were established to carry out a variety of manufacturing and services businesses to satisfy the growing consumption of rural residents. Later when the migration policy became less restrictive, greater numbers of rural residents moved to cities to work in the manufacturing and service enterprises.

In an economy allowing free movement of resources through market channels, industrial structure is determined by market forces. The reform period saw rapid change in this structure from heavy to light industries. With cheap labor costs, China was able to produce a variety of labor-intensive products and export them throughout the world.

Before reform, wage levels were the same throughout the country regardless of labor shortage or surplus in different regions. Production resources including capital and raw materials were allocated by government authorities. During the reform period, labor, capital and other factors of production were gradually allowed to migrate by following market signals; wage rates could differ across areas depending on labor supply and demand. As a result, labor and other production factors could be employed more efficiently. Free movement and effective utilization of resources has allowed China to produce goods consistent with its comparative advantage in factor endowments, which contributed much to economic growth.

c) Expansion of foreign trade

A significant component of China's economic reform has been the opening to foreign trade and investment. China was able to export labor-intensive products to earn foreign exchange, allowing it to invest and produce more, and also import consumer and investment goods to satisfy the growing needs of its people and industries. Exports and imports have increased greatly, and foreign trade expansion has contributed significantly to high economic growth.

d) Increase in investment

Capital accumulation is an important determinant for economic growth. Investment in China has increased dramatically. Besides investment by Chinese citizens, increasing amounts of FDI have flowed into China during the past three decades. FDI comes in different forms: Chinese-foreign joint ventures with varying degrees of Chinese ownership and wholly foreign-owned enterprises. FDI inflows have helped economic growth and development in many ways: augmentation of investment capital, introduction of products previously unavailable in China, creation of more employment and income, manufacturing products for exports and, more importantly, utilization of management and production technologies possessed by foreign investors to produce those goods and services that China could not produce earlier. By inviting foreign companies to invest, China enjoyed “late-comer’s advantages” in technology and product development, i.e., no need to spend large amounts on research and development for products that required advanced technology because foreign investors brought technology with them.

In the early 1980s, China established four special economic zones in Guangdong and Fujian provinces to promote FDI. By 1984, 14 coastal cities were open to foreign trade and investment, and the policy has later been extended to other regions. Today all provinces are free to carry out foreign trade and investment.

e) Large domestic market

China’s domestic market has expanded enormously since 1980. Rapid increases in the income of more than 1 billion people has generated immense demand for products and services. As a result of sustained high economic growth, the domestic market for products and services has expanded steadily. Agricultural sector reform since the late 1970s had led to a rapid growth in rural industrial and service enterprises, providing household products to rural residents. Later, as more business enterprises in towns and cities were established, and the number of high and middle-income groups increased rapidly, more high-end products entered the domestic market. Due to the large market, products and services produced in China enjoy economies of scale in production and distribution. Over the past decade, advanced transportation and communication technologies have helped accelerate the public’s shopping spree, and online shopping has become common. This vast market has been an important contributor to rapid economic growth.

2.3 Emerging Problems

After more than 30 years of high growth, the Chinese economy has slowed significantly in recent years. A number of economic and social problems have also emerged over time. Among the serious problems are widening income disparity, environmental degradation, rising wage levels which erode China’s competitiveness in labor-intensive industries, high living costs in urban areas, an aging population and widespread corruption.

High economic growth through the end of the 20th century had benefited from abundant, low-cost labor that allowed China to produce cheap, labor-intensive products for domestic consumption and export. With rapid industrialization, wage levels have risen significantly, particularly in the coastal provinces. Since the start of the current century, industrial enterprises including foreign companies have started to move to the country’s inner regions, where wage rates are much lower. With much improved transportation and progress in information technology, it has become more convenient to transport goods and raw materials and to communicate across regions. As such, factories in inner provinces have few difficulties in shipping products to consumers, and some even benefit from being near the source of raw materials. However, China’s average wage levels have become much higher than in many developing countries and China no longer enjoys competitiveness in cheap labor-intensive products, it is necessary for China to move into more sophisticated industries.

Some major problems encountered by the Chinese economy are as follows:

a) Slowdown in economic growth

During 1980-1990, China's GDP growth averaged 9 percent a year; during 1991-2011, average growth rate accelerated to over 10 percent per annum. In 2012 and 2013, annual growth was 7.7 percent. In 2014, GDP grew by 7.4 percent, the lowest rate since 1990. It is now certain that the days of double-digit growth are over and the economy will likely slow further.

The slowdown is due to several factors. After several decades of rapid growth, the economy is much larger than before. With its very large base, maintaining growth at double-digit rates would be difficult. In recent years, export expansion has been affected by the slow growth of the world economy; major markets such as the European Union, United States and Japan have all suffered from economic problems. Furthermore, rising wages and other costs, and appreciation of the Chinese renminbi have played a part in reducing growth in exports and the economy. Some policies, such as an anti-corruption campaign, greater scrutiny of local government expenditures, a curb on shadow banking and speculative activities in the stock markets, and more restrictive regulations on housing ownership have also worked to reduce spending and affect economic growth, at least in the short run.

b) Income inequality

The reform policy that contributed to economic growth has led to widening income inequality. Income disparity in China has different aspects: inequality among different regions and provinces, between urban and rural areas, and among households. During the 1980s and 1990s, Eastern China's coastal region grew rapidly, while the Western region and other inland provinces lagged considerably. In 2000, the Western China Development Plan was launched to accelerate economic growth and development in those provinces. Other regional development plans were also successively implemented. While these policy measures boosted economic activities, income levels in inner provinces still lag those of the prosperous Eastern region. Rural residents also have much lower income compared with urban dwellers, although the income gap has narrowed somewhat in recent years (Song, 2013).

As a result of booming business activities over a sustained period, China has more billionaires. The middle-income group has also swelled, and the ranks of those who live in abject poverty have virtually disappeared. Even so, most people remain in the low-income group, and the income disparity index as measured by the Gini coefficient increased from 0.31 in 1981 to 0.47 in 2008 (Lin, 2013), which is a sharp increase compared with many countries.

c) Environmental degradation

With its large population, China's economic growth faces serious constraints on its natural resources. The resource-intensive economic growth has led to a rapid depletion of resources and constrained sustainable development, with increasing pressure on water and land resources, deteriorating forest and grassland resources, and a declining potential supply of mineral resources (Cai, Lin & Cao, 2009). In the first two decades of reform, local authorities were eager to have more industrial activities in their districts and paid little attention to environmental damage. In cities, a rapid influx of residents from rural areas and increased numbers of industrial factories accelerated household and industrial waste; and an increasing use of motor vehicles has worsened air pollution. Rapid industrialization that relies on growing energy consumption has also contributed to pollution. China's environmental problems have attracted worldwide attention in recent years, but effective solutions have not yet been found.

d) Corruption

China has suffered from widespread corruption for some time, and the level of corruption has not declined with greater economic progress. Economic reform toward a market economy is far from complete. Central and local officials still wield much power in the use of financial and natural resources, and there have been misuses of budget in government investments and procurements. During the reform process, government authorities and businessmen developed strong links and have been involved in a wide range of

corrupt practices such as bribery, kickbacks, approvals to use financial and natural resources, and the granting of monopoly powers to favored businesses.

Since coming to power in 2012, the current central government has employed a variety of anti-corruption measures, including severe punishment of corrupt officials. However, corruption remains endemic.

e) Aging population

Due to a population control policy coupled with better nutrition and healthcare services, China's birthrate is low and its population is aging rapidly. The absolute number of working age people began to decline in 2012 (Yang, 2014). A higher proportion of aged people means a smaller workforce, less tax revenue, and higher welfare payments. An aging population can dampen economic growth if labor productivity cannot be improved.

Besides income disparity, environmental degradation and corruption, which are major concerns of the government and public, social dissatisfaction is rising over economic and social problems, for example: higher living costs in cities, inadequate welfare coverage for workers who have migrated from rural to urban areas, crime and ethnic tensions, media censorship, and human rights violations. There is also increasing demand for more freedom and democracy.

Social problems in China may not worsen over time, but with better economic status, people are more concerned with universal issues such as freedom, democracy and human rights. Better access to information has led to wider awareness of problems that affect people's lives.

3. Implications for the Rise of China

Over the past several decades, the global economy has become more integrated, and the world is in an age of globalization. International trade and investment, as well as the flow of information and people across countries, have become more convenient, and the volume of international trade and investment has expanded rapidly. Under reform, China's economic development has benefited much from globalization. China was able to sell its labor-intensive products and earn foreign exchange to fuel its development. It was also able to attract huge amounts of foreign capital and use technology developed elsewhere to produce many goods effectively with its low labor costs.

In an earlier period of reform, China's FDI inflows relied heavily on investment from Hong Kong, Macao, Taiwan and overseas Chinese investors. As its economy became more prosperous, FDI inflows increased steadily. After China became a member of the World Trade Organization (WTO), trade and investment volumes accelerated as countries across the globe believed it would adhere to international trade and investment regulations.

3.1 China's Influence on the World Economy

While China's development has benefited from reform and greater openness, its reform also has profound influence on the world economy. Despite still being an emerging country, China has the world's second-largest economy, soon to be the largest. Many countries have thus been paying increasing attention to China.

Since the 1980s, there has been much talk of Asia's rise in the world economy. In 1993, the World Bank published a book titled "East Asian Miracle" (World Bank, 1993) that describes the successful development records of eight Asian economies (Japan, Korea, Taiwan, Hong Kong, Indonesia, Malaysia, Singapore and Thailand) through their adoption of sound economic policies toward growth and stability. China was absent from this miracle list. However, by the end of the 1990s, some of these miracle economies, including those of Indonesia, Korea and Thailand, suffered from economic crisis and needed substantial assistance from the International Monetary Fund (IMF).

At the start of the 21st century, the discussion on the rise of Asia, or Easternization, reappeared. This time, it referred to the fast-growing economies of China, India and other Asian countries compared with slow growth in America and Europe. The gravity of the world economy has shifted East. China's miraculous growth since 1980 has apparently been an important factor in this Easternization scenario. In fact, China could be considered as an important engine of growth that has helped spread prosperity through industrialization made possible by increasing trade and investment in East Asia. This compares with Japan, which was a leading industrialized country that transferred its industries to other Asian economies in the 1980s in the "flying geese model" (Kojima, 1973; Yamazawa, 1990).

As it has moved into the 21st century, the world economy has encountered many serious problems. The United States has not fully recovered from the 2008 financial crisis despite large sums of money injected into its economy through quantitative easing measures. Several European countries are suffering from high debt levels, low growth and high unemployment. Japan, Asia's former economic powerhouse, has suffered from low growth since 1990 despite successive stimulation measures. While developed economies of the United States, Japan and those in Europe were struggling, China grew robustly until recent years and has aided world trade and economic growth over the past two decades.

In 2011, the IMF published a spillover report of several major economies such as those of the United States, Europe, Japan, United Kingdom and China. The report on China (IMF, 2011) indicates that China's capacity to influence the world economy is rising and that few other countries in the world have so obviously gained from integrating with the world trading system as China. According to the report, the main channel of Chinese spillover effect is trade. It is the world's most "central" trader with the most sizeable connections, and has become a dominant importer of a range of commodities. Its ascent has yielded important growth effects to the world and with more spillover effects to developing economies. At present, China is the largest trading partner for many countries in regions across the globe.

Until 2000, China's outward FDI was modest. Since implementing its "going out" policy, China has become a leading investor in the world. In the past decade, its FDI to various countries in Asia, Africa and Latin America has increased rapidly. Outward FDI to various resource-rich countries in the developing world have concentrated on energy, metal and other resource industries to facilitate the procurement of natural resources and other raw materials. In addition, there are increasing investment projects in infrastructure and manufacturing activities.

In addition to outward FDI, China has purchased a large amount of bonds in the United States and other countries. As such, China has, in a way, supported spending in these countries with its accumulated foreign exchange reserves. China has been able to exert substantial influence on global financial markets. It has entered into currency swap agreements with many countries whereby a country's local currency can be exchanged for renminbi to pay for Chinese imports. The government has also been interested in promoting the renminbi as a key currency in global transactions. The campaign for renminbi internationalization has met with some success; it is more widely used in international trade and investment around the world. Some countries have also included RMB in their international reserves.

Another area of influence is seen in tourism. As Chinese people become more affluent, increasing numbers are travelling overseas and contributing to the growth of tourism in many countries.

With increasing demand for energy, mineral resources and agricultural materials, China has become an important commodities importer with growing influence on world prices. Its economic slowdown over the past few years might have created adverse effects in commodity markets, which have seen lower energy, metal and grain prices. Because its high growth performance over the past three and a half decades has contributed to world economic growth, its slowdown will affect many countries. This is particularly true for those countries that rely on the Chinese market for export expansion.

3.2 Impact on ASEAN and Thailand

The 10 member-states of ASEAN lie near China. ASEAN is diverse, with significant differences in development levels and areas of specialization, as can be said for regions of China. Closer ties between the two parties can ensure a fuller use of their comparative advantages. Both ASEAN and China can benefit from economic cooperation.

The general belief is that China can be a growth engine for the ASEAN region, but there are also fears. China's much larger economic and political power could risk hurting the trade and development prospects of ASEAN nations. Several years ago, for example, concerns were raised that China would compete with ASEAN in export markets such as the European Union, Japan, and the United States. There were also worries that China would divert FDI from ASEAN economies. One other concern centered on the flood of cheaper Chinese products into ASEAN economies, competing with local industries.

These concerns have subsided in recent years. With the signing of the China-ASEAN Free Trade Agreement (CAFTA) in 2010, investment and trade between China and ASEAN countries grew significantly. At present, China is ASEAN's largest trading partner and ASEAN, in turn, has become China's third-largest trading partner after the European Union and the United States. With slow growth in major trading partners such as the European Union, Japan and the United States, they have declined in importance as export destinations for ASEAN, while China's share of ASEAN exports has grown significantly. China's exports to ASEAN have also grown much over the years, and the country enjoys a trade surplus with most ASEAN countries.

Significant complementarities exist between China and ASEAN due to their differences in resource endowments and industrial structures. Most ASEAN countries are rich in natural resources and can provide raw materials to satisfy China's increasing demand. Materials such as rubber, tapioca, wood, palm oil and petroleum products from ASEAN match China's needs and form a large part of its imports from ASEAN countries. China has also increasingly imported rice from Thailand and Vietnam in recent years, and has expanded its imports of other food items such as fruit and fishery products from ASEAN countries.

In bilateral trade, a higher proportion of manufactured products from China are exported into ASEAN, while a higher proportion of agricultural and mineral products from ASEAN are exported to China. While this has led to criticism that the difference in value added of these exports has led to trade deficits for ASEAN, a detailed look at statistics reveal that ASEAN also exports many manufactured products to China, such as processed foods, textile products, electronics and electrical appliances. Intra-industry trade is also high in bilateral trade (Chen & Liao, 2005). Given the finer division of labor in industries, and as both parties progress on their paths of industrial development, it is likely that intra-industry trade for China and ASEAN will increase.

Increased investment flows between China and ASEAN are partly driven by differences in resource endowments. ASEAN is rich in resources and has an abundant supply of cheaper labor compared with China. At the same time, ASEAN investors can open factories in China to produce products in high demand but not yet manufactured in China. Such mutual investments could lead to creation of international production networks to benefit producers in both countries.

As China changes and income increases across the country, demand has increased for various products in different regions. The Chinese government's promotion of industrialization and the creation of infrastructure in areas that have lagged in economic development have generated substantial demand for raw materials, consumer products, and intermediate and investment goods. In addition, wage levels have risen higher compared with some ASEAN countries such as Cambodia, Laos and Myanmar. Thus, lower-income ASEAN countries could benefit from furthering economic linkages with China. Such countries could provide China with low-cost consumer products, especially to China's inner regions where income is relatively low and there is demand for inexpensive products. Such countries could also attract China's investment in labor-intensive industries. For higher-income ASEAN countries, economic relations with

China could see those countries supplying higher quality products to the Chinese market. There could also be investment in products China lacks or produces in inadequate quantities.

Over the past two decades, policies from both China and ASEAN countries have helped promote closer economic relations. In particular, China has been active in crafting and effecting measures that foster bilateral economic relations in the region. Furthermore, measures designed to promote regional development in China have also contributed to China-ASEAN economic relations. These measures include the Western China Development (Xibu Dakaifa), the Pearl River Delta Economic Zone (PRDEZ) and the Beibu Gulf Economic Zone (BGEZ) programs. Other measures include designating Guangxi as a gateway to ASEAN, the promotion of cross-border trade in Guangxi and Yunnan, plans to develop the Kunming-Singapore and Nanning-Singapore Economic Corridors, and the signing of China-ASEAN Free Trade Area (CAFTA). From the ASEAN side, policy measures such as establishment of the ASEAN Economic Community (AEC), the launch of a Master Plan on ASEAN Connectivity, and the many programs designed by ASEAN or by member countries have contributed to greater economic relations between China and ASEAN.

China's economic slowdown has come with significant reductions in the expansion of trade. This slowdown comes as major economies of the world have not fully recovered from their downturns. In the past, China was able to import greater amounts of products from ASEAN. More recently, however, export expansion of ASEAN countries to China has slowed sharply. Thus, the slowdown in China's growth has caused concern among ASEAN economies that China might no longer be a growth engine, and that the Chinese market could have problems absorbing exports to fuel continued economic expansion in ASEAN.

Despite anxieties over China's slowdown, there are reasons to believe that its reduction in growth prospects will not seriously affect ASEAN's long-term economic development. The Chinese economy is in a period of transition, or restructuring and rebalancing. It is moving toward deeper economic reforms that focus on growth quality rather than growth figures alone. As long as China's economy does not crash, ASEAN countries can rely on China's growth to further economic development. For China's part, growth will likely continue, although at a slower pace.

For Thailand, China is an important export market and, in recent years, has become an important source of tourism revenue. China has also become a leading foreign investor in recent years, and economic relations between the two countries have grown closer. Not long ago the European Union, Japan, and the United States were very important trading partners, absorbing over half of the country's exports. Recessions in these economies, however, have meant that their import volume from Thailand has slowed greatly. In contrast, trade volume between China and Thailand has risen significantly. Since 2010, China has been the largest importer of Thai goods, and Thai imports from China have also grown rapidly. In the past decade, China's FDI in ASEAN has also increased rapidly and Thailand has attracted increasing FDI from China. In addition to thriving trade and investment relations, other economic relations have grown. China is the top source of tourists in Thailand. The May 2014 military coup led to a sudden drop in the number of tourists, but those numbers have revived and the figures for China have risen the most. As a result, the Thai tourism industry in the second half of 2014 grew.

Although Thailand does not share borders with China, access by land transport is convenient. As Thailand is at the center of the Indochina peninsula, it can benefit from increased connectivity between China and ASEAN by using transport links to reach China through neighboring countries. Due to convenient land transport from Thailand's Northeast provinces to China via Lao PDR and Vietnam, an increasing amount of products are using this route. This is especially true for fruit, which requires quick transport to maintain freshness. Land transport links between China and Thailand will be further enhanced with plans to build high-speed railways connecting China with many ASEAN countries. Thailand recently agreed with China to cooperate on building high-speed rail lines, and to link China through other rail routes with Thailand's neighbors. With improved rail links between the countries, products from both will benefit from convenient land transportation channels.

The economies of China and Thailand have significant complementarities. Thailand is rich in natural resources and can supply raw materials to feed China's growing demand from the expansion of industrial activities. For example, Thailand could supply rubber, tapioca and wood. Although a large producer of rice that has been largely self-sufficient in terms of food, China has increasingly imported rice from Thailand in recent years.

4. Concluding Remarks

China's development experiences since its economic reform began in the late 1970s can offer valuable lessons to emerging countries, despite having a government system that differs greatly from that of other countries. Lessons worth studying, for example, include the process of changing from a centrally planned to a market economy, the change in emphasis from promoting heavy industries to light industries, and moving from relying heavily on SOEs to letting private enterprises play a greater role in industrial development. Also of interest are the effects of opening the economy to more foreign trade and investment, policies on agricultural reform, rural development, and regional and urban development.

Realizing that very high economic growth is no longer possible, the leadership recently said that China has entered a stage of "new normal" situations, with lower growth rates, but it will maintain a medium-to-high annual growth rate of around 7 percent. More importantly, its economic structure will be improved and upgraded, with more structural reforms geared toward rebalancing the economy. Examples of reforms include relying less on exports and more on expanding the domestic market, reducing disparity in income distribution, and rationalizing utility prices and interest rates. Industrial development will increasingly be driven by technology and innovation instead of increasing input and investment.

Although further and deeper reform measures need to be planned and implemented, the next stage of economic reform will be more difficult, as China has passed beyond the stage of easy development made possible by abundant labor and natural resources, and it is more difficult to use the late-comer's advantage in technological development to advance its industries. How China will move further in its economic development should be watched carefully.

In recent years, China has launched several initiatives. Among the bold measures of the current government are the establishment of the Shanghai Free Trade Zone and the "one belt, one road" strategy, which aims to revive the ancient Silk Road that connects Europe and Asia by land, and the establishment of the 21st century maritime Silk Road to connect China with other countries in Southeast Asia, Africa and Europe. China has also been active in using its accumulated foreign exchange reserves to strengthen its relationship with countries throughout the world. For example, China has been a founding country in BRIC's Development Bank and the Asian Infrastructure Investment Bank (AIIB). The implications of these initiatives for Thailand and for ASEAN need to be examined further.

The rapid expansion of the Chinese economy over the past few decades has meant that its importance to ASEAN, including Thailand, is growing. Thailand's proximity to China, the good relations between the countries, and the opportunities for mutually beneficial economic relations mean that substantial gains can be made from closer economic ties. Nonetheless, China's uniqueness and the rapidity with which its economy and society are changing mean that it should be closely studied if any country is to obtain the full benefits from closer economic relations. As an important neighboring country that can influence Thailand's and ASEAN's economic growth and development, in-depth studies of China should be promoted.

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Challenges for Thai OTOP Community Enterprises: Experiences from Thailand and Japan, A Comparative Study

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Abstract

This paper examines the ways Thailand adapted Japan's OVOP (One Village One Product) scheme to create its OTOP (One Tambon One Product) plan for community economic development. This comparative study of community enterprise experiences in Thailand and Japan on the development, policy, subsidization and business development of small communities finds a variety of factors, such as: (1) the Thai community entrepreneur does not embrace a culture of entrepreneurship in adhering to contractual agreements, while Japanese community entrepreneurs adhere to their contracts; (2) OTOP entrepreneurs make products that don't use local capital, natural resources or local culture, but instead copy products, while OVOP enterprises focus on uniquely local products; (3) Thai community entrepreneurs don't distribute products directly to the end-consumer, while OVOP entrepreneurs promote products directly to restaurants or launch them directly to consumers; (4) Thailand maintains an OTOP fund, which has led to non-productive loans, while Japan provides technical guidance and support for promotion and sales; (5) in Japan, local governments subsidize community enterprises with funds from the central government, whereas in Thailand, localities lack OTOP budgets and resources, all of which are held by the central government.

Keywords: *community enterprise, community development, One Tambon One Product, One Village One Product*

1. Introduction

Agricultural countries all over the world try to engage with farmers through a variety of policies, such as production, structural adaptation, the establishment of funds to aid farmers, the development of quality products, goods distribution, the products' value-added, and creating new and alternative businesses such as social enterprises. All of these policies promote the sustainable development of agriculture. Even if these efforts do not work in all agriculture societies, this paper posits that the social process of these policies will lead to the development of human resources and sustainable development in agricultural countries.

Since UNESCO launched the sustainable development concept nearly three decades ago, many developing countries in Asia, Africa and Latin America have adopted it successfully as a means to develop their agricultural communities. Japan's "One Village One Product: OVOP" is an example of this concept, though it is seen in different forms throughout the world. Thailand's version, "One Tambon One Product: OTOP," was initiated in 2001 by Thaksin Shinawatra, the prime minister at that time.

Studies by Okara (2009), Shakya(2011), Kurokawa (2011) and Murayama (2014) reveal four major differences between the original OVOP policy in Japan and OTOP practices in Thailand: (1) OVOP is a locally led, bottom-up movement, while OTOP is a centrally led, top-down policy; (2) OVOP does not have a designated budget, while OTOP is allocated an annual budget; (3) OVOP focuses on community development through promoting one local product, while OTOP focuses on advancing entrepreneurship by promoting a "No. 1" through an OPC (OTOP Product Champion) program that follows specified criteria; and (4) OVOP focuses on self-sufficiency, while OTOP involves continuous government assistance.

This paper examines the ways in which Thai OTOP community enterprises follow Japanese OVOP community enterprises, with the understanding that Thailand adopted and modified the OVOP concept for use in its own community economic development.

2. History of the OVOP Concept

The earliest form of Japan's OVOP was developed in 1961 in Oyama Machi, the poorest village in Oita prefecture. Calling it the New Plum Chestnuts strategy, Hirumi Yahata, the president of the Oyama agricultural cooperative, devised a plan to transform agricultural production from rice to more lucrative plums and chestnuts in an attempt to raise local living standards. This attempt, whose motto was "Let's plant plums and chestnuts to go to Hawaii," proved to be successful by 1967 (Shakya, 2011).

What we now know as OVOP began as a community enterprise in 1979, when it was introduced and promoted as "Isson Ippin" by then-governor of Oita prefecture, Dr. Morihiko Hiramatsu.

2.1 The OVOP Concept of the Movement

In the 1960s, Oita faced many problems, including population decline, as the local labor force of young people migrated to the large cities, where industrial mass production of inexpensive standardized goods offered employment (Moriyama, 2012). When Dr. Hiramatsu became prefectural governor in 1979, he discovered that the income of the remaining residents was low, and he wanted to devise a plan to alleviate their financial hardship. He recognized that an OVOP movement could achieve three goals for prefecture's impoverished residents (Moriyama, 2012).

The movement's initial and ultimate goal was to increase residents' per capita income and revitalize a rural society whereby everyone could feel proud and satisfied with life in their respective communities.

Secondarily, an OVOP plan could invigorate regions using two approaches: exogenous and endogenous development. While exogenous development attracting outside investment could not stimulate all areas, endogenous development in rural areas can make full use of their potential resources and capital, preserve the environment and develop localities by promoting semi-secondary industries. This is the spirit of the OVOP movement.

The movement's third goal aimed to build a society oriented around gross national satisfaction (GNS) that improved the quality of life, fostered the pursuit of a worthwhile life, and allowed for the coexistence of nature and humans. A GNS-oriented society is based on the philosophy of the sufficiency economy.

The OVOP movement was based on three principles: (1) local yet global, (2) self-reliance and creativity, and (3) human resource development.

The first principle promotes the concept of "Think globally, act locally." Citizens create specialty products as a source of local pride, such as agricultural products, tourist sites and folksongs. The community can use the local capital, i.e., the natural resources, culture and items unique to the area, to make and develop high value-added, globally marketable products that provide self-reliance and sustainability to the area. This principal belief in local knowledge and instinct is a buried treasure in each village. Residents choose their specialty product for the OVOP movement, not government officials, though all are aware of their potential. Local government provides technical guidance and support for promotion and sales.

Finally, human resource development is the movement's most important component. Oita prefecture established the Land of Abundance Training School to cultivate human innovation. The school has no assigned textbooks or teachers for the regional revitalization programs. Instead, local people who have succeeded in the movement are invited to be lecturers. Students, whose course of study is two years, include farmers' wives, agricultural cooperative staff, teachers and office workers.

From the 1960s to the present, Oita prefecture has accumulated various social capital, including OVOP groups, social organizations, prefectural farmer networks, urban and agricultural cooperatives, OVOP corporations, expansion of product associations, and tourism development organizations.

2.2 OVOP Movement in Other Countries

Many Asian, African and Latin American countries have successfully adopted OVOP concepts, with **China** the first nation outside Japan to adopt it. In 1980, Shanghai initiated the “One Hamlet One Product” (OHOP) plan.

Cambodia established a project on January 27, 2006. Close to a decade later, Cambodia still lacks experience in implementing this movement (Sopheaktra, 2008) and is constrained by a lack of market strategy, inadequate technology for processing and packaging, a lack of financial support, inadequate management skills and an absence of defined product standards.

Indonesia has been implementing its “Saka Sakti” or “One Regency One Product” plan, since 2000. Aquaculture production in a variety of economically important species is being promoted with small-scale operations by community groups, while on a large scale by cooperatives. The aquaculture cluster, however, is constrained by a lack of quality seeds (Ruchiwit, 2014).

Malaysia has been carrying out its movement since 2003 as a policy for integrating rural development to emphasize each district’s role in spearheading rural development for international markets. In 2004, under the banner One-District-One-Industry, Malaysia set up four product categories: industries, crafts, food and rural industry products. It is improving the wellbeing of Malaysia’s rural population Radiah (Kader, Mohamad, Azid, & Ibrahim, 2009).

A similar movement has been carried out in **Myanmar**, producing fishery products such as fresh snakehead and “belar” (*Trichogaster pectoralis*) fish. Local communities have also produced other fish products, such as sour fish, fish sauce, fish paste, dried and salted fish, and shrimp. Still, they lack technology and adequate marketing capability, though now products are being marketed by entrepreneurs (ASEAN Foundation, 2008).

The **Philippines** started its “One Barangay One Product” movement in 1993. Later, the name was changed to “One Town One Product,” aimed at promoting entrepreneurship and creating job opportunities for rural communities involved mainly with MSMEs (micro, small and medium enterprises). SULONG, or SME Unified Lending Opportunities for National Growth, provides capital for MSMEs under this movement (“Sulong” literally means advance or forward) (ASEAN Foundation, 2008).

Vietnam still has no legal framework regarding an OVOP-like plan, though local enterprises produce specific products such as fish sauce and other items through rural community efforts. The Ministry of Fisheries and Rural Development of Vietnam has negotiated with the World Bank for possible funding of the country’s FOVOP activities (ASEAN Foundation, 2008).

3. Adopting the OVOP Concept and Thai OTOP Community Enterprise Experiences

3.1 The Initiation and Social Context of the OTOP Project

Thai Prime Minister Thaksin Shinawatra went to Oita prefecture to study the OVOP movement of Dr. Hiramatsu, which he then adopted under the name “One Tambon One Product” (OTOP). The OTOP project, launched in 2001 as public policy, was significant in the election campaign of the government’s Thai Rak Thai party. It was intended as a policy to improve the economic situation at the grass roots level; however, the government did not adopt the whole principal, modifying it to meet the context of Thailand’s social capital in the 2000s. OTOP is said to be a successful project.

At the same time, the Eighth National Economic & Social Development Plan (1997-2001) had the revised aim of promoting sustainable development by using strategies to improve the quality of life, develop human resources and focus on people’s participation in strengthening community organizations. After the 1997 economic crisis, His Majesty King Bhumipol announced the Theory of Economic Self-Sufficiency to focus on greater resiliency and sustainability, and the government announced self-sufficient community economic projects in all provinces (Prayukvong, 2007).

The Ninth National Economic & Social Development Plan (2002-2006) adopted the “Sufficiency Economy” philosophy of His Majesty King Bhumipol as a policy guideline. The plan was to develop good governance, strengthen grass roots organizations and promote sustainable development in rural and urban communities. The plan was attempting to eradicate poverty and unequal income distribution through the development of social capital.

The Office of the Prime Minister issued regulations for the OTOP National Board 2001 according to five objectives: (1) to create jobs and income for communities, (2) to strengthen communities to become self-dependent, (3) to promote Thai wisdom, (4) to promote human resource development, and (5) to promote communities' creativity in developing products in harmony with the local culture and way of life.

3.2 The Development of OTOP in Thailand

The OTOP project was announced as an urgent policy in 2001 and is still in use today. The government is concerned with promoting activities to develop products and support sales promotion. Various activities have run continuously, such as annual product fairs and exhibitions, and the yearly search for an OTOP Village Champion (OVC). Thailand's development of OTOP has been as follows:

Table 1 Development of OTOP in Thailand

Year	The development of OTOP and Activities
2001	-Government announced as an urgent policy -Established OTOP administration board -Placed under Community Development Department, Ministry of Interior -Village Development Fund established (July) for OTOP and many community groups
2002	-Rating system for OTOP products given one to five stars -Integrated: Ministry of Interior, Ministry of Industry, Ministry of Agriculture and Cooperatives and Ministry of Commerce
2003	-Quality Chosen for OTOP Product Champion (OPC): Local Link Global Reach -Community Development Department, support to link OTOP network to product development on Tambon level, District level, Provincial level, and Central government level
2004	-Enacted "Village Fund and Urban Community Act" -OTOP groups registered with Department of Agricultural Extension, Ministry of Agriculture and Cooperatives for fund engagement. -29,385 OTOP products registered for grading (one to five stars) and 7,967 products were selected.
2005	-Established Small Medium Large Government Budget (SML Fund) -Enacted "Small and Micro Community Enterprise Promotion Act" -OTOP groups obtained support from the Tambon Administration Organization, the Community Development Department, and other government agencies. -Ministry of Commerce announced that the export value of OTOP goods reaches USD 1 billion (40 billion baht).
2006	-Search for OTOP Village Champion (OVC) -Highlighted OVC as a mechanism to promote and support development of Thai OTOP products -Five stars: 812 products selected
2007	-Knowledge-based OTOP activity
2008	-Entrepreneur promotion activity
2009	OTOP Tourism Village activity
2010	-Sustainability of OTOP activity -OTOP producers registered under OTOP: 33,228 <ul style="list-style-type: none"> • Community-based enterprises = 66.8% • Single-owner enterprises = 31.1% • Small and medium-sized enterprises = 2.2%
2011-	-Market movement both domestic and international market
2014	-Business matching project

The government has supported activities, maintained funds, chosen quality products, promoted and supported the development of OTOP products for global markets, and worked to develop SMEs.

3.3 OTOP Sales Output, 2009-2013

Table 2 shows that earnings from OTOP increased from 7,180 million baht in 2009 to 72,243 million baht in 2013. Food products comprise the majority of OTOP products. The government has subsidized products continuously. The OTOP budget allocated 800 million baht in 2003, 1,500 million baht in 2004, 1,000 million baht in 2005 and 2006, 500 million baht in 2007, and 400 million baht in 2008 (Natsuda et al., 2011).

Table 2 OTOP Sales Output, 2009-2013

Fiscal Year	OTOP Products					Total (baht)
	Food	Beverage	Fabric & Apparel	Apparatus, Decorations and Souvenirs	Herbal (non-food)	
2009	4,853,491,710.00	163,486,954.00	550,713,070.01	1,485,263,736.00	127,204,868.00	7,180,160,338.01
2010	29,509,066,445.00	3,133,326,603.00	9,173,871,567.00	15,322,660,946.00	2,296,381,909.00	59,435,307,470.00
2011	33,480,483,803.00	3,953,094,299.00	10,995,645,544.00	15,615,323,813.00	2,772,725,537.00	66,817,272,996.00
2012	33,622,500,013.45	4,280,207,123.00	10,741,448,111.00	15,416,838,431.39	2,743,698,791.25	66,804,692,470.09
2013	35,552,676,674.00	3,328,985,833.00	14,084,198,739.00	15,514,533,368.00	3,762,762,352.00	72,243,156,966.00

Source: Community Development Department, Ministry of Interior, Accessed on May 12, 2014

3.4 OTOP to be SMEs

In 2014, the Ministry of Industry collaborated with the Ministry of Commerce to develop OTOP businesses into SMEs by enhancing development of the production process, packaging, quality of products, management and five-star rating system. This operation would choose five-star rated products throughout the development: 152 products from 76 provinces (two from each province).

The Community Development Department reported that OTOP can increase SMEs by 1.55% of all products in 2012. OTOP entrepreneurs choose not to become SMEs for many reasons, including unfavorable tax measures and lack of government subsidies. An academician at the Ministry of Commerce has said, "The main reason OTOP entrepreneurs don't want to become SMEs is the government subsidy. If an OTOP becomes an SME, the government won't subsidize it. This is a problem for the Ministry of Commerce and Ministry of Industry."

4. Challenges for Thai OTOP Community Enterprises

A comparative study of community enterprise experiences from Thailand and Japan has found that Japan devised a collaborative policy to enhance community enterprises. Its government is trying to revitalize rural areas via collaboration among enterprises in the agricultural, commercial and industrial sectors. Within these three sectors, the government promotes collaboration among six industries categorized in three groupings: (1) agriculture, forestry, and fisheries as the primary industry; (2) manufacturing as the secondary industry; and (3) retail as the tertiary industry. The goal is to create new value-added products using regional resources such as crops, food and food processing, and sales on products from agriculture production, the processing production and service activities (Hiroshi Ehara, interviewed on May 16, 2014).

The promotion of product development and market cultivation is a key to revitalizing rural areas through close collaboration between large industries and SMEs, including food processing and lodging service industries, as supported by the Act on Promotion of Business Activities by Collaboration between SME Operators and Operators of Agriculture, Forestry and Fisheries, which came into effect in July 2008. The act was affected to realize the revitalization of local areas through employment creation and income improvement by not only using rural human resources and knowhow, but also by the broadening of multiple initiatives of collaboration among the agricultural, commercial and industrial sectors, which bring out originality and ingenuity. Regarding collaboration between agriculture and related industries, the

agricultural sector must link with various industries including, but not limited to, the food and restaurant industries and the tourism sector. Initiatives to promote the consumption of local produce through collaboration with local, distressed retail areas have made progress by using heretofore vacant shops.

Noshiro city provides a good case study of collaboration among agricultural, commercial, and industrial sectors through revitalization in local areas. This city in Akita prefecture established a Yu-ichi (evening market) by bringing agricultural products and processed food to previously unused shop in the local shopping area. Farmers bring and sell agricultural products and processed food by themselves. It has gained popularity among people on their way home from work and with housewives nearby. The shop has a long line of customers. Sales have increased two-fold compared with when the farmers sold in front of the post office (Ministry of Agriculture, Forestry and Fisheries, 2008). This collaboration among agricultural, commercial and industrial sectors is a new concept in Japan.

Actions such as the agricultural employment program that create jobs in rural areas in a Japan whose economy is in a severe state and declining rapidly following the worldwide financial crisis. Employment conditions are worsening on a decline in the number of job openings to the applicants. Due to an expectation of rising labor demand in the primary industry, the government is strongly promoting this field to advance employment numbers at a rapid pace.

In December 2008, the Ministry of Agriculture, Forestry, and Fisheries (MAFF) established rural employment counseling counters. These consultation services receive many inquiries. The number of consultations and inquiries at this service (and similar services in prefectural governments) had reached 22,656 people between December 24, 2008, and April 15, 2009. The number of new workers recruited for the agricultural, forestry, and fishery sectors through the consultation services between December 2008 and April 15, 2009 was 1,370. In the agricultural sector, the government launched an employment program that provides support for agricultural corporations to undertake on-the-job training for individuals motivated to work. There are 1,226 participants in training courses at 1,057 agricultural corporations under this project. To foster individuals as leaders contributing to the revitalization of rural areas, the government launched "Inaka-de Hataraki-Tai." This project provides practical training regarding the revitalization of rural areas to urban dwellers interested in activities and settlements. Local governments subsidize this project. Agricultural corporations employ job applicants and implement practical training, with training costs of approximately 97,000 yen/month and a training period of 12 months or fewer.

A comparative study of community enterprise experiences between Thailand and Japan on development, policy, government subsidization and business development of small communities finds a variety of factors as follows:

4.1 A Culture of Entrepreneurship

The Thai community entrepreneur does not embrace a culture of entrepreneurship that honors commercial agreements, as farmers grow OTOP products in their spare time outside the main growing season. During the season, farmers abandon their OTOP production without respecting their promises to the market trade network; they merely break their contracts to continue growing and harvesting their crops. In Japan, community entrepreneurs honor their production contracts.

4.2 The Problem of Products

In making high value-added products, Thai OTOP entrepreneurs neither make products and goods that use local capital or natural resources, culture and items unique to the area, nor develop them into globally marketable products that could provide self-reliance and sustainability. Instead, they copy products made elsewhere by other entrepreneurs. In Japan, the focus is on community development through the promotion of uniquely local products.

4.3 The Distribution of Products

Thai community entrepreneurs don't distribute products directly to the end-consumer, but instead sell to middlemen or brokers. In Japan, OVOP entrepreneurs promote their products directly to restaurants or launch their products directly to consumers.

4.4 Financial Discipline

OTOP product promotion has so far operated as a centrally government-led, top-down policy. When a community entrepreneur initiates an enterprise, he or she borrows money from the national government-maintained OTOP fund. Unfortunately, most of this money is then spent on activities or objectives other than establishing a productive OTOP business, resulting in a non-productive loan. Moreover, these so-called entrepreneurs seem to have little interest in the products they say they intend to create and market.

In Japan, the community entrepreneur movement is locally led. Local knowledge and instinct are thought to be a buried treasure in each village. Residents choose their specialty product for the OVOP movement, not government officials, though all are aware of their potential. Local government provides technical guidance and support for promotion and sales.

4.5 The Subsidization of Government

In Japan, local governments provide subsidies to community enterprises with money from the central government. If a business meets application criteria, it can receive subsidies for certain projects. In Thailand, local governments lack an OTOP budget and resources, all of which are held by central authorities.

In the case of Moku Moku farm, the Japanese Ministry of Agriculture has provided subsidies to build facilities for food processing. The farm has employed former Ministry of Agriculture staff and therefore has good connections and a good relationship with the ministry. Total costs for company activities at the farm are six billion yen, of which two billion yen came from central and local government subsidies. The subsidies can only be used for buildings and processing of food products and may not be used for accommodation facilities.

In Thailand, monetary subsidization has been held by central government agencies, such as the Department of Agricultural Extension, Ministry of Agriculture and Cooperatives, Community Development Department, Ministry of Interior, and Ministry of Commerce. Local governments lack an OTOP budget and resources to develop each area.

5. Conclusion

These days, local products in various countries generate income for their communities and cities, especially in tourist areas. However, local product development in rural or agricultural areas in many developing countries is likely to face problems related to various factors, mainly from trying to apply OVOP principles without fully understanding the concepts, and from applying those principles in a different context than its prototype, such as in societies, cultures, economies and political situations that are different from those in which OVOP was conceived. Therefore, cross-cultural implementation is necessary to make successful modifications.

Factors that have made OVOP a success in Japan are (1) being based on a culture of self-sufficiency, (2) making products that have unique characteristics in each area, and (3) developing networking between farmers and their prefectures, cities, agricultural cooperatives, NGOs, resident associations, chambers of commerce and tourism associations.

It is unclear whether Thailand's OTOP movement can solve rural and urban poverty and unequal income distribution, but it seems likely to increase local social capital. OTOP entrepreneurs whose businesses progress sustainably will inevitably develop social capital. They can develop human resources and knowledge management, which are the most important factors in enabling communities to become self-reliant and sustainable.

How can the OTOP movement solve poverty and unequal income distribution in rural communities? To find alternative ways, Thailand must 1) reconsider the principle of the OVOP concept; 2) rethink the ways in which funds are distributed; 3) go forward in efforts to collaborate with other economic sectors; and 4) help entrepreneurs distribute products directly to end-consumers.

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Measuring the Impact of a State's Legal and Organizational Framework on Social Capital through System Dynamics Modeling

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Abstract

The scientific community recognizes the critical effect of social capital on economic development; social capital benefits society with lower transaction costs and less opportunistic behavior among institutions, thus representing a key factor contributing to the quality of a country's global competitiveness. At a macro level of analysis, social capital arises through formalized institutional relationships, structures and public policies constituting a state's organizational and legal framework. Good public management, services and transparency foster in individuals their social commitment, honesty and a solid trust toward public institutions – all proxies of social capital. In contrast, bad public administration depletes social capital. The literature has heretofore been more successful at documenting the beneficial impact of social capital than at developing management tools for devising policies. The present research, tailored on the Italian state, may help fill this gap in literature through the design of a management tool to help policy makers assess the social capital created or depleted by public policies. The system dynamics model provided in this study, which includes such information in policy design, may also lead policy makers to select policy alternatives that produce the best results for social capital growth.

Keywords: *social capital, management tool, policy design, development, Italy, system dynamics.*

1. Introduction

A previous study titled “Building a State's Global Competitive Advantage by Improving Its Finances: a system Dynamic Model Tailored for the Italian State” and published in this review (issue 1/2014, pp. 43-58) analyzed the connections among a state's organizational and legal framework, enterprise development and state financial stability. The research demonstrates how, through chains of circular causalities, such a framework can affect considerably a country's global competitiveness.

The present study further develops this analysis by extending the effects of a state's organizational and legal framework on social capital development. The following analysis was performed by implementing Social Network Analysis (SNA) theory and system dynamics methodology. While the former has facilitated the understanding of the institutions that should be included in the analysis and how they are relevant to social capital, the latter can help simulate the plausible behavior of so-called social capital following the complex of public policies constituting the Italian state's organizational and legal framework.

At an international institutional level, social capital is defined as “networks, together with rules, shared views and values facilitating cooperation within and between groups” (OECD, 2001). In a similar manner, the World Bank (2008) defines it as “the institutions, relationships and norms that shape the quality and quantity of a society's social interactions.” The growing interest in social capital stems, in part, from empirical evidence about the role of networks and norms of mutual support in contributing to higher quality community governance as well as economic, social and personal development (Healy, 2002). The social capital-economic growth relationship has been outlined by several authors (Putnam 1993, 1995, 2000a, 2000b; Portes 1998; Woolcock 1998a, 1998b, 1999, 2000; Woolcock and Narayan 2000; Narayan 1995, 1997, 1998, 1999; and Narayan and Cassidy, 1999) as well as institutions (World Bank, OECD). All the above-mentioned authors show the potential of the concept of social capital for understanding differences in economic growth among nations and in success among individuals. Social capital arises from interconnections among institutions and individuals and, although intangible, contributes to improvement of

a state's global competitiveness more effectively than one might think. Lyon (2005) represents the concept with a simple extension of the standard production function:

$$Y_{it} = F(K_{it}, L_{it}, S_i, A_{it}),$$

where Y , K , L , S and A are, respectively, value-added, capital, labor, social capital, and the productivity measure. All variables except S are subscripted by both i and t to indicate that they vary with region i and time t ; social capital alone is assumed not to change over time and varies only by region (Lyon, 2005). In this study, social capital thus becomes an essential factor of production.

This productive nature of capital and its influence on other types of capital, such as human and cultural capital (Teachman, Paasch, & Carver, 1997, Coleman, 1988), were introduced by Coleman (1990). Compared with Bourdieu, who is responsible for bringing the concept and term social capital to present-day discussions, Coleman was the first to extend the analysis from individuals to other entities, including non-elite groups (Schuller, Stephen, & John 2000). He also started to analyze empirically relationships among such entities and to formulate assessment indicators (Schuller et al., 2000).

Robert Putnam widened the analysis of social capital studies and popularized the concept of social capital through a study of civic engagement in Italy (Boggs, 2001). The author of "In Making Democracy Work" (Putnam, Leonardi, & Nanetti, 1993). broadened the analysis to one represented by communities and regions and then analyzed the differences, in terms of social capital presence, among regions in the north and south of Italy.

Therefore, the economic literature has been divided by two theoretical approaches to the definition of social capital. The first approach defines social capital as mostly an attribute of an individual, i.e., as a person's potential to activate and effectively mobilize a network of social connections based on mutual recognition of proximity (in a social space) and maintained by symbolic and material exchanges (Bourdieu). The second approach defines social capital as an attribute of a society, as the quality of networks and relationships enabling individuals to cooperate and act collectively (Putnam). Within this framework, social capital is based on the trustworthiness of public and political institutions that establish and uphold the rule of law, making all kinds of exchanges transparent and safe. For these reasons, social capital facilitates achievement of higher levels of efficiency and productivity in society (Mateju, 2002, Leonardi, 1995, Day, 2002, Alridge et al., 2002). Following this framework, this study shows that public policies play a fundamental role in fostering social capital development and consequently, through it, economic development. In particular, public policies produce two kinds of social capital: structural and cognitive. The former facilitates information sharing, collective action and decision-making through established roles, social networks and other social structures supplemented by rules, procedures and precedents. As such, it is a relatively objective and externally observable construct (Grootaert & van Bastelaer, 2001). The latter refers to shared norms, values, trust, attitudes and beliefs. It is therefore a more subjective and intangible concept (Uphoff, 2000).

The literature distinguishes through synthesis two fundamental groups of elements that foster social capital development: on one hand, networks and social structures; on the other hand, shared norms, values, trust and beliefs. It follows that the wider the network and more solid the trust, the greater the benefit in terms of social capital increase. Thus, this study's purpose is to make explicit the network links among state, enterprises and families through the use of SNA and to build a model simulating the impact of policies constituting the state's organizational and legal framework on social institutions' reciprocal trust, which is the second element of social capital.

2. The Dynamic Problem

The present study aims to provide a method to assess the impact of the Italian state's organizational and legal framework on social capital development, thus extending, as mentioned in the introduction, the previous system dynamics model simulating the impact of this complex of public policies on enterprise performance and localization strategies. In other words, the study aims to provide evidence of the effect of a state's organizational and legal framework on trust, shared norms and values, and collaboration among social institutions, in particular enterprises and state organizations.

To this end, a first obstacle to overcome is the measurement of the links of trust among such institutions: the measurement of social capital has always been problematic since it cannot be measured directly. Moreover, different configurations of social capital (bonding, bridging, linking¹, structural and cognitive) and methodologies adopted (quantitative, comparative and qualitative) have prevented agreement on a common accepted measurement method. Even so, economic doctrine allows for the use of proxy variables in assessing the development or depletion of social capital (Krishna & Uphoff, 1999, Narayan & Pritchett 199, Brem & Rahn, 1999, Uslaner, 2001, Grootaert, 1999, Andriani & Karyampas, 2009, Putnam, 1993, Paldam & Svendsen, 2002, Knack & Keefer 1997, World bank 2008). This means to establish and analyse correlation coefficients between proxy variables and social capital. The behavior of the former can provide a plausible measure of social capital in a society.

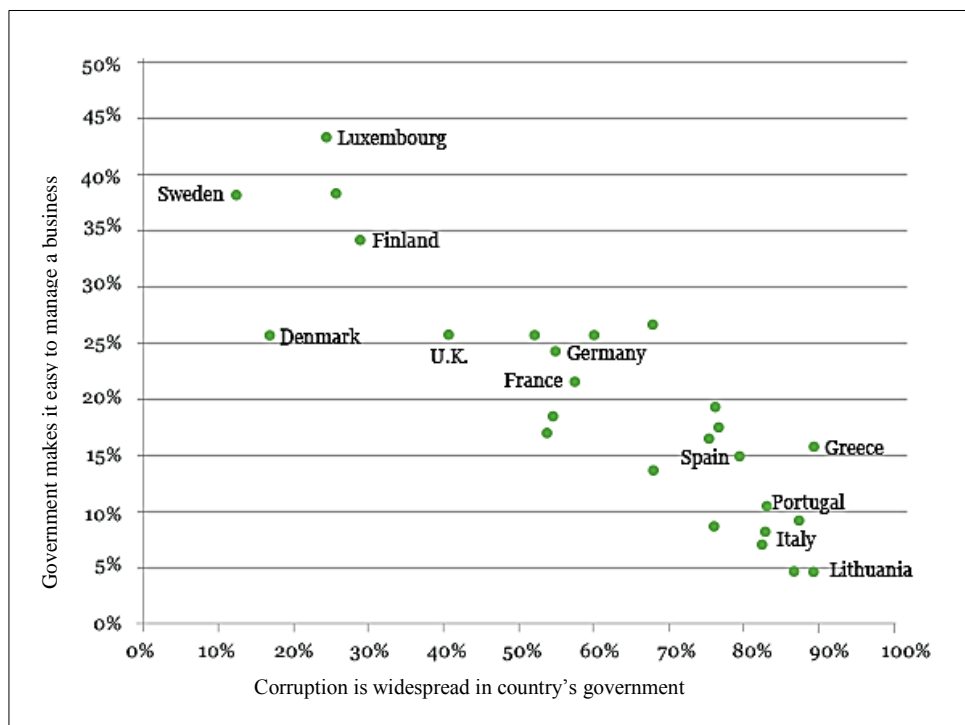


Figure 1 Perceptions of effort needed to operate a business, and government corruption in EU in 2014.

Source: Gallup 2014

An example of the functioning of proxy variables is shown in Figure 1: government corruption as well as the organizational and legal framework (ease of managing a business) may be taken as a measure of the links of trust among public institutions and economic players. The level of corruption and behavior of a state's organizational and legal framework thus may provide an estimation of social capital behavior over time. The behavior of social capital may then be used to analyse and predict the social and economic phenomena linked to the presence or absence of social capital. The example in Table 1, based on the research by the Bank of Italy (2007), analyses the tax evasion propensity depending on the quality of actions of public administrations and the rate of unemployment and other proxies of social capital.

¹ The configurations “bonding,” “bridging” and “linking” refer to social capital originating from interactions of individuals, respectively, within a social group, among similar social groups and between different society groups.

Table 1 Correlation between propensity for tax evasion, quality of public administrations facilities and unemployment rate in Italy. Source: Bank of Italy.

Item	Value	Propensity for tax evasion
Quality of PA	low	0.47
	medium	-0.04
	high	-0.43
Unemployment rate	low	-0.38
	medium	0.07
	high	0.38

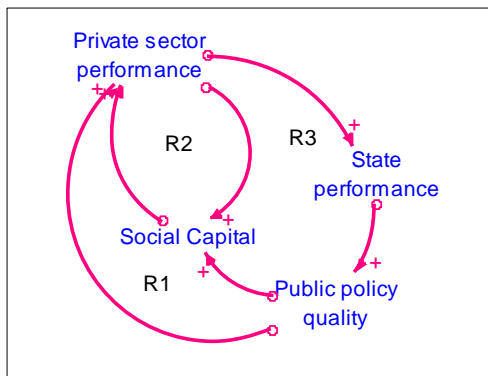


Figure 2 Dynamic problem

The dynamic problem addressed by the present work is a vicious circle whereby an inefficient state organizational and legal framework creates a drop not only in trust, shared norms and values, collaboration among enterprises, and a state’s organization (direct effect on social capital, loop R3), but also in private sector performance (loop R1). This last, in turn, produces a lower commitment of private sector (loop R2) and incentivizes it to adopt a deviating behavior to the detriment of state performance (indirect effect on social capital, loop R3). As a consequence, public policies are issued regardless of private sector examples of development (loop R3). Thus, the dynamic problem synthesized above shows how a weakening of links of trust among social institutions depletes social capital.

3. Dynamic Hypothesis

This paragraph describes the hypothesis for building a system dynamics model. It concerns the causal relationships leading to the depletion of social capital, which require specifying the variables in a state’s organizational and legal framework that influence social capital. To measure such influence, necessary for evaluating social capital, the literature distinguishes three approaches: quantitative, comparative and qualitative. The common point of these approaches is the use of proxies for social capital, i.e., of variables whose behavior may effectively represent an approximate measure of social capital (Krishna & Uphoff, 1999, Narayan & Pritchett, 1999, Whiteley, 1999, Rose, 1999, Brem & Rahn, 1999, Uslaner, 2001, Grootaert, 1999, Andriani & Karyampas, 2009, Putnam, 1993, Paldam & Svendsen, 2002, Knack & Keefer, 1997, World bank 2008).

This study, using proxies to measure variations in social capital, uses a mix of quantitative and comparative methods. The following system dynamics model is built on quantitative relationships among variables. Parameters influencing social capital development are compared with those of a pair of western European countries, i.e., the quality of a state’s organizational and legal context is assessed not in absolute terms but against a benchmark with one of Italy’s strongest competitors, as happens in reality. The

methodology adopted is based mainly on system dynamics models and marginally on SNA in that it concerns the identification of institutions in the model and the analysis of the strength of their relationships.

Table 2 Social capital dimensions included in the study

Social capital dimensions		Types	
Form	Cognitive	Structural	
Measurement method	Quantitative	Comparative	Qualitative
Methodology	Stat. Analysis	SD models	SNA

Social networks are nodes of individuals, groups, organizations and related systems that tie in one or more types of interdependencies, including shared values, visions and ideas; social contacts; kinship; conflicts; financial exchanges; trade; joint membership in organizations; and group participation in events (Serrat, 2009). SNA thus views social relationships in terms of network theory, consisting of nodes (representing individual actors within a network) and ties (representing relationships between individuals (Pineiro, 2011, D’Andrea, 2009, Carrington et al., 2005, Corbisiero, 2007, Trobia et al., 2011)). Such networks are often depicted in a social network diagram, where nodes are represented as points and ties are represented as lines, as shown in Figure 3.

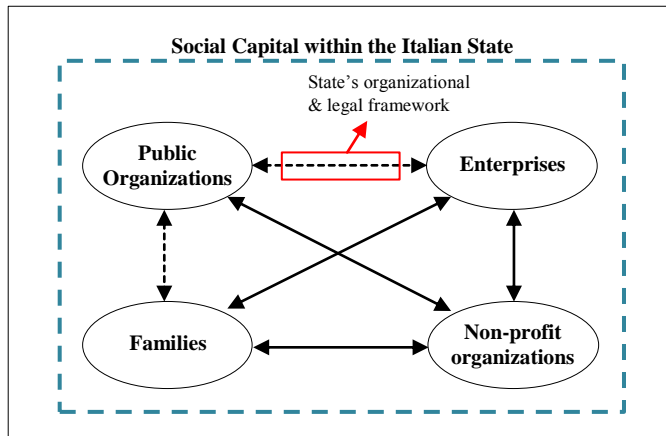


Figure 3 Representation of the network and trust among social institutions

The institutions included in this model are public organizations, enterprises and, in a marginal way, families as they are concerned with public education expenses and unemployment. Their relationships are shaped according to the state’s organizational and legal framework that represents the complexity of public policies affecting the activity of enterprises.

The hypothesis followed by the present study is that an inefficient state organizational and legal framework undoubtedly reduces enterprises’ trust in public institutions. Consequently, the phenomenon not only fosters in enterprises disappointment, but also an even lower social commitment toward collaboration on which the state can rely. Eventually, an impoverishment of networks and trust, sources of social capital, determines the depletion of such a strategic asset for the development of the Italian state.

3.1 The Stock and Flow Diagram

In the simplest structure of the stock-and-flow diagram, social capital may be represented as stock. Social capital, even if intangible, is comparable to other types of capital. The term “capital” is usually identified with tangible, durable and alienable objects, such as buildings and machines, whose accumulation can be estimated and whose worth can be assessed (Solow 2000). This definition refers to the main feature of capital, accumulation or depletion, which dictates that capital should be included in the model as a stock.

Social capital stock changes overtime at a rate given by the trust of economic player toward a state institution and policies represented by the state organizational and legal framework. If trust grows over time, the stock of structural social capital will increase; otherwise, it will decrease. As in real life, trust depends on perception of key critical items that enterprises believe are basic for their success. Such items are indicated in Table 3 below. The critical items are represented by performance gaps in organizational and legal frameworks with respect to a reference European country (Germany/Austria). In particular, such gaps concern: a) tax and bureaucracy compliance; b) authorization delays of public authorities; c) short-term loan interest rates; d) long-term loan interest rates; e) tax rates; f) time to settle commercial disputes. Such gaps are exogenous to the model, i.e., these are parameters, not endogenously determined by the model. The model also includes endogenous variables that, although some of them are not shaped as gap, influence social capital stock, such as: a) delocalization ratio²; b) unemployment ratio³; c) education expenses reduction⁴; d) bank anticipation as consequence of delays in cashing from public organizations; e) FDI inflow gap; f) bank loans gap; g) investments in R&D and machinery gaps; and h) quality and efficiency gaps.

Table 3 Performance gaps between states' organizational and legal frameworks (Italy vs. Germany/Austria, 2012)⁵

Variables' list	Units	ITALY	EU (A/D)
Interest rates on long term loans	%	6,24	3,49
Interest rate on deposit advances	%	4,86	2,56
Time to obtain authorization	days	730	80
Av. time to cash from public organiz.	days	193-269*	45
Infrastructure quality and availability	0-1	0,9	1
Tolls per km	eur	0,136	0
Fuel cost (per liter)	eur	1,76	1,50
Cost of power per MWh	eur	192	125
Av. time to settle commercial disputes	days	1210	273
Time of tax and bureaucracy compliance	days	119	70
Tax on profits	%	32**	25
Real state tax	% EV	0,01	0,005***
* In Public healthcare			
** It includes IRAP rate			
*** Extimiation			

Trust in public institutions is affected not only by the objective gaps illustrated above, but also by the perception of such gaps by the economic players themselves. The subjective perception of variables affecting trust is a well-established concept in social capital measurement models. For example, Narayan and Cassidy (2001) have included in their model the variables “subjective well-being,” “optimism about the future,” and “perceived ability to survive a crisis.” The inclusion of subjective perceptions is more reflective of reality. The identification of which gaps are perceived as more problematic has been performed according to the annual World Survey by the World Economic Forum (WEF, Schwab 2013) about the most problematic factors of doing business. In Italy's case, these problematic factors are as follows: a) tax rates, 22.5%; b) access to financing, 18.6%; c) inefficient government bureaucracy, 17.1%; d) restrictive labor

² Given by the stock of enterprises relocated out of Italian enterprise stock, the variable is endogenously generated by the previous model simulating the delocalization of Italian enterprises following an inefficient organizational and legal framework.

³ Given by the unemployment caused by delocalization, endogenously determined by the previous model, out of the number of people unemployed in Italy in January 2014 (Istat, 2014).

⁴ Given by the loss in Italian public finances following delocalization, endogenously determined by the previous model, multiplied by the public education expenses rate out of total public expenditures in 2012.

⁵ Variables parameters have been collected from the following sources: AdnKronos, 2012, CGIA Mestre, 2012, Confartigianato, 2012, Confindustria, 2012, Deloitte, 2012, PriceWaterhouse & Coopers, 2013.

regulations, 9.3%; e) tax regulations, 7.9%; f) policy instability, 6.6%; g) corruption, 6.5%; h) inadequate supply of infrastructure, 5.3%; i) insufficient capacity to innovate, 3.2%; j) crime and theft, 1.6%; and k) inadequately educated workforce. 0.6%.

The last step in assessing the influence of key critical factors on social capital concerns their correlation with social capital development. A study conducted by the Bank of Italy’s research center in 2007 shows the following correlation coefficient among the quality of public administrations facilities, unemployment and social capital. The study thus shows a strong correlation among the aforementioned key critical factors (Cannari & D’Alessio, 2007).

Table 4 Correlation coefficients among social capital, quality of public administration facilities and unemployment

	Social Capital	Quality of PA facilities	Unemployment
Social Capital	1,00	0,85	-0,81
Quality of PA facilities	0,85	1,00	-0,83
Unemployment	-0,81	-0,83	1,00

Source: re-adaptation from Bank of Italy (2007)

Therefore, the influence of key critical factors on social capital development has been set according to Figure 4. Their influence on social capital is thus determined as follows:

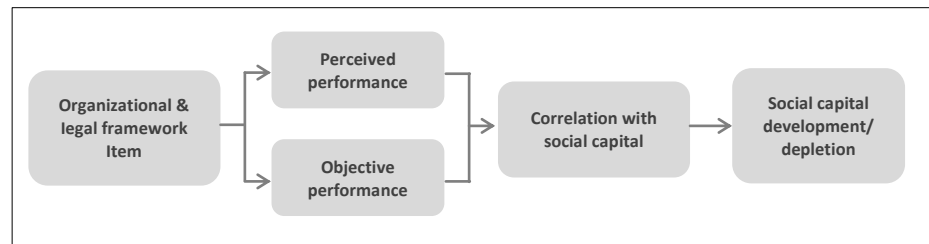


Figure 4 Scheme for assessing influence of key critical items on social capital

- a) the objective performance of gap is calculated as a ratio whose variation has a linear influence on social capital;
- b) the subjective perception acts a multiplier of the previous ratio; when the gap is identified among the most problematic factors of doing business in Italy, its perceived influence is high;
- c) when the correlation coefficient is strong as shown in Figure 4, the variables listed above can be employed effectively as proxies of social capital.

In synthesis, the influence of the key critical factors affecting social capital is calculated by the following expression:

$$SCVR = \Sigma (OP * SP * C)/n$$

where:

- a) SCRV is the social capital variation rate;
- b) OP is the objective performance of variables illustrated above;
- c) SP is the subjective perception of variable performance according to the most problematic factors of doing business in Italy (WEF, 2013);
- d) C is the correlation between the gap and the social capital development;
- e) n is the number of variables affecting social capital.

The influence of the variables included on social capital is calculated as an arithmetic mean since it is impossible to determine the real weight of each factor on social capital as they depend on subjective perception. However, since the present study's purpose is to provide policy makers with an evaluation tool of structural social capital following a complex of public policies, the weight of variables could be more easily set equal. Further development of the present research may be undertaken to gain insight into the impact of the aforementioned factors on social capital development as a guide for policy makers in setting priorities.

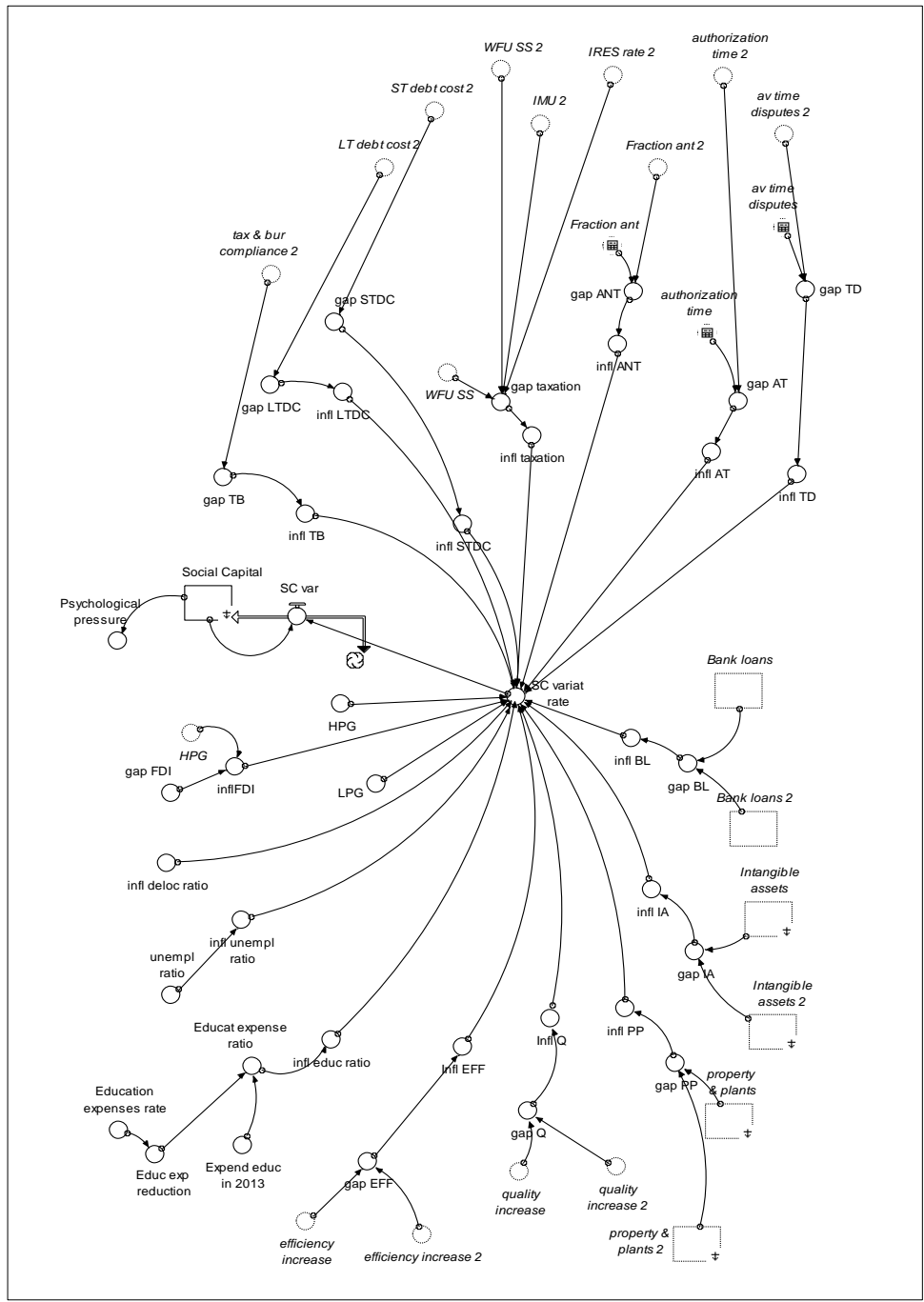


Figure 5 Stock and flow diagram

3.2 Extension of the Previous Model

The model represented in Figure 5 explains how social capital is influenced by the efficiency of a state's organizational and legal framework, but alone it does not give evidence of the effect of the loops illustrated in Figure 2 (dynamic problem), i.e., of the effect of a drop in social capital on the behavior of private and public institutions. To do so, as mentioned in the introduction, this model should be analyzed as an extension of the previous model published in this review (Issue 1, 2014, pp. 43-58). The previous model explains the effect that Italy's state organizational and legal framework has on enterprise localization strategies and, consequently, on state financial performance. The present model allows the earlier one to include the effects of a state's organizational and legal framework on social capital. The drop of social capital "amplify" the incentives to the adoption of deviant behaviors of economic player and their relocation abroad. At the end, the model simulates the financial damage on a state organization due to enterprise behavior. The full model is shown in Appendix A.

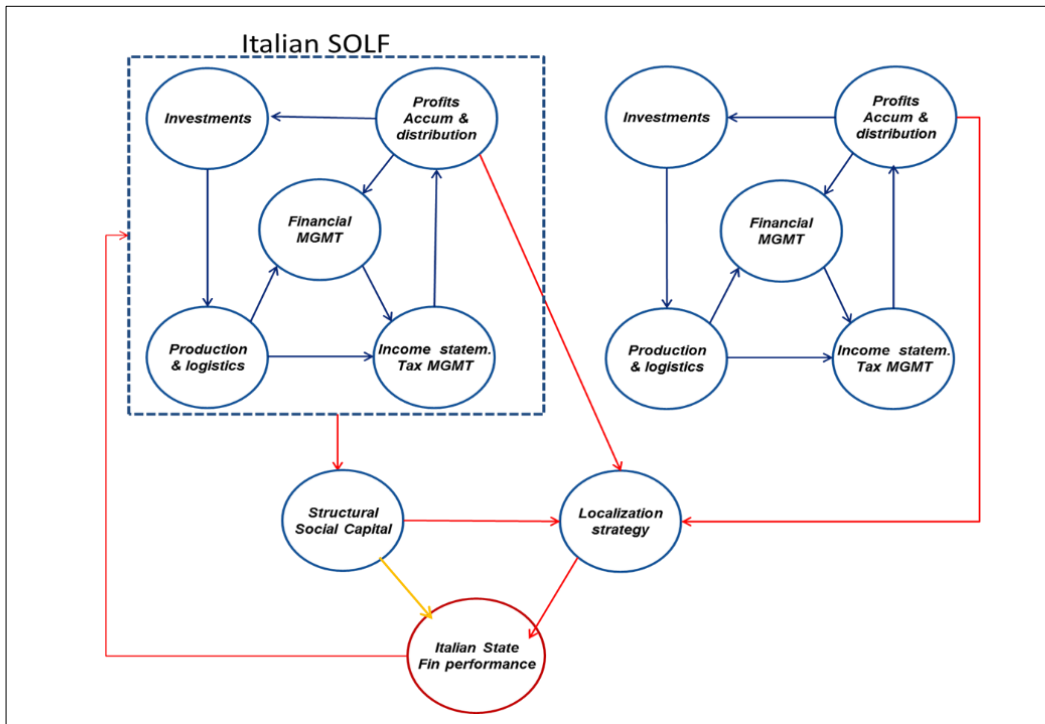


Figure 6 Scheme of the extension of the previous model

4. Model Analysis

Model analysis consists mainly of seven tests (Sterman, 2000) as mentioned below:

- 1) Unit consistency test: a model that has inconsistent units is usually not only unreliable but also worthless (Sterman, 2000);
- 2) Face validity test: model must reflect how things work in reality;
- 3) Equilibrium shock test: it identifies and fixes incorrect equations;
- 4) Extreme conditions test: by setting parameters to extreme conditions, it seeks to identify and fix wrong or incomplete equations;
- 5) Reference mode comparison test: this checks the correspondence of simulated variable's behaviour to the one recorded in reality over a determinate period of time;
- 6) Parameter sensitivity test: it evaluates model response to parameters' variation;
- 7) Structure-behavior test: it shows how each feedback loop operates, creating endogenous variation of the model's stocks;

The present work describes only the face validity and structure-behaviour tests as they illustrate how the model works and how single variables affect social capital stock behavior.

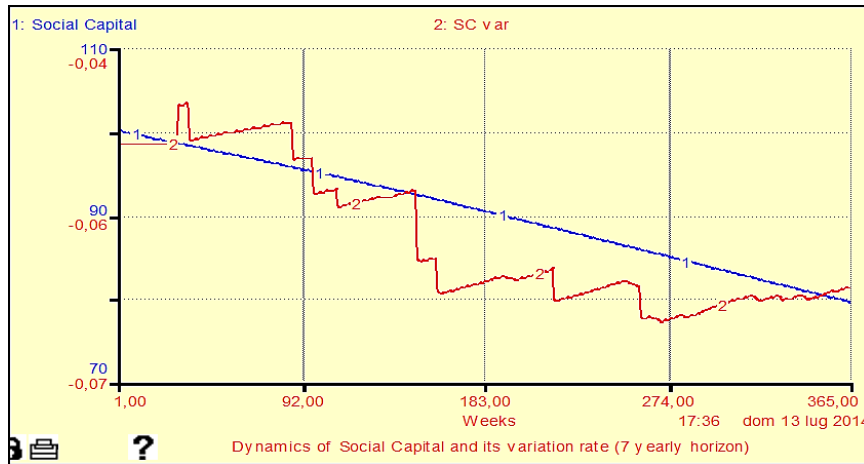


Figure 7 Social capital stock and variation rate (7-year horizon)

In the face validity test, as illustrated in Figure 7, the complex of public policies constituting the organizational and legal framework leads to social capital depletion. The variation rate change over time according to those variables endogenously determined by the model are: a) FDI inflow; b) delocalization ratio; c) unemployment ratio; d) education expense reduction; e) bank loan gap; f) investments in intangibles gap; g) investments in plant and machinery gap; h) quality gap; and i) efficiency gap.

Regarding social capital stock, the model simulates over time its decrease in absolute value due to a negative variation rate. The social capital stock behavior follows the type “exponential decay” for a declining impact of its variation rate on decreasing stock. In case of a positive variation rate, the social capital curve is shaped according to the type “exponential growth.”

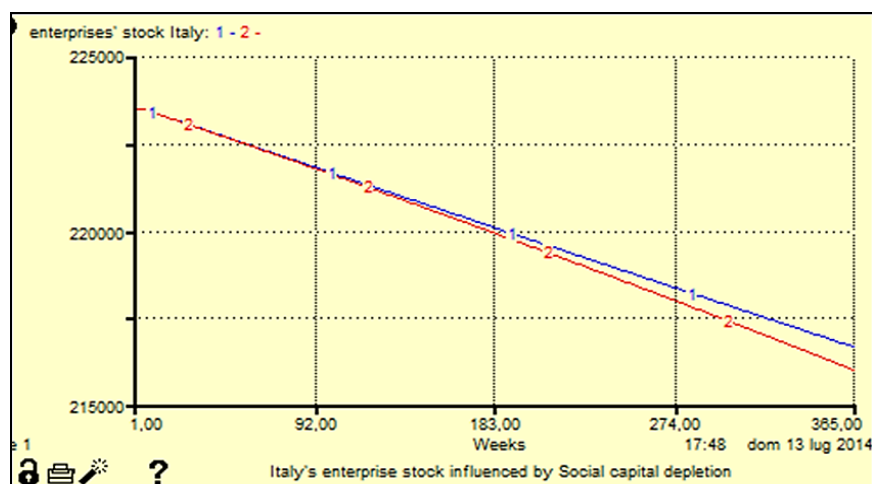


Figure 8 Effects of social capital drop on enterprise delocalization

In the structure-behaviour test, the effects of social capital stock variation on model loops are analyzed. In particular, with regards to the loop R2 in Figure 2, Figure 8 shows the impact on delocalization due to social capital drop. This is equal to the difference of the value of the two curves and is due, as illustrated in Figure 9, to a drop of the links of trust among state and private institutions that act as pressure to relocate abroad.

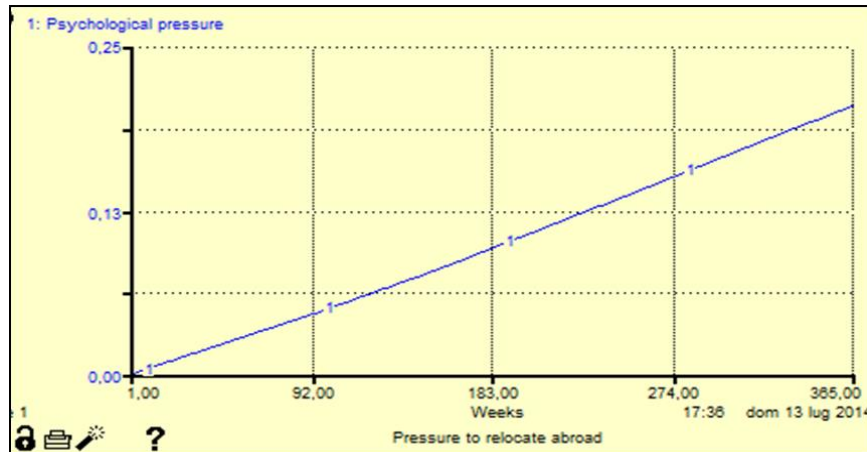


Figure 9 Effect of social capital drop on the motivation to relocate abroad

A relocation of enterprises abroad as well as their deviant behavior become a cause of poorer state accounts (loop R3). As a countermeasure, the state increases fiscal pressure and adopts aggressive and, in some cases, predatory measures to balance national accounts. By doing so, the state reiterates loop R3, causing a further drop in social capital.

5. Policy Design

An inefficient organizational and legal framework undoubtedly reduces, as shown in model analysis, the reciprocal trust among social institutions. Such complex policies not only foster in enterprises disappointment toward public institutions, but in turn produce an even lower social commitment and honesty among enterprises on which a state can rely. Eventually, an impoverishment of networks and trust, both proxies of social capital, determines the depletion of such strategic assets for the development of the Italian state. Instead, effective public policies resulting in an efficient organizational and legal framework produce a positive reflection in term of social capital development. Good public management, services and transparency foster in individuals their social commitment, honesty and a solid trust toward public institutions and, therefore, the development of the social capital in society. The policy design thus performs according to this consideration.

For this purpose, once again the model is invoked to give a measure of evaluation of public policies in terms of social capital. The following table (Table 5) shows the parameters of some policies that the Italian state could be ready to implement to improve its legal and organizational framework.

Thusly, the policies recommended consist of:

- a) Increasing competition in capital markets and utilities;
- b) Increasing efficiency of payments due by public organizations, as well as ensuring brief times and transparency in obtaining authorizations from public authorities;
- c) Guaranteeing short times for the settlement of commercial disputes, and simplification of enterprise tax and administrative compliance;
- d) Improving the functioning and the endowment of infrastructures to benefit enterprise productivity.

The model simulation specifically excludes a change in the current tax leverage in order not to sacrifice in the short term the amount of tax revenue that the state needs for its institutions (although a reduction of excessive general administrative expenses may allow for lower tax rates).

Table 5 lists the policy adopted and their parameters according to Table 3. The last, compared with the former, is integrated with two additional columns indicating those policies adopted and, consequently, the new parameters concerning the legal and organizational framework. These last has been set to the average level of Italy’s neighbouring countries (Austria and Germany).

Table 5 Specification of policies adopted and their parameters

Variables' list	Units	ITALY	EU (A/D)	Policy switch	Policy's param.
Interest rates on long term loans	%	6,24	3,49	Yes	3,3
Interest rate on deposit advances	%	4,86	2,56	Yes	2,4
Time to obtain authorization	days	730	80	Yes	60
Av. time to cash from public organiz.	days	193-269*	45	Yes	40
Infrastructure quality and availability	0-1	0,9	1	Yes	1
Tolls per km	eur	0,136	0	No	
Fuel cost (per liter)	eur	1,76	1,50	No	
Cost of power per MWh	eur	192	125	Yes	125
Av. time to settle commercial disputes	days	1210	273	Yes	180
Time of tax and bureaucracy compliance	days	119	70	Yes	50
Tax on profits	%	32**	25	No	
Real state tax	% EV	0,01	0,005***	No	
* In Public healthcare					
** It includes IRAP rate					
*** Extimtion					

Figures 10 to 13 illustrate policy results in terms of social capital, behaviour of market players and state performance.

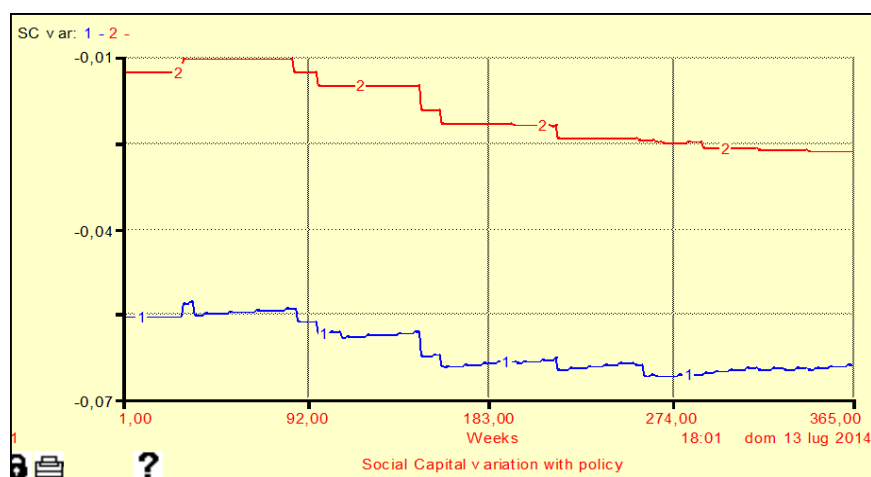


Figure 10 Social capital variation rate with policy (red curve)

Figure 10 shows that an improvement of the Italian state organizational and legal framework reduces the objective gaps influencing the decrease in social capital. Policy performance in terms of social capital variation rate is shown by the red curve. Its behaviour is determined by the model’s endogenous variables.

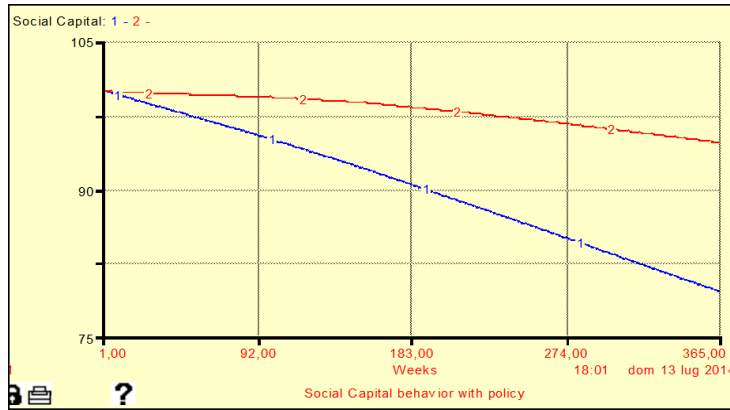


Figure 11 Social capital behavior with policy (red curve)

A lower negative variation rate affects social capital behaviour. In Figure 11, social capital, through implementation of the policy, decreases just six points over seven years (red curve), compared with a drop of 20 points if maintaining the status quo.

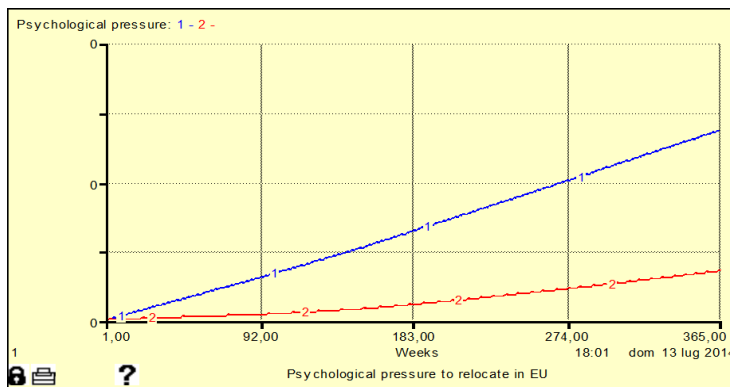


Figure 12 Impact of policy on motivation to relocate (red curve)

Such performance of social capital, through activation of loop R2 seen in Figure 2, influences positively the behaviour of market players by reducing their opportunistic behaviour and weakening their reasons to relocate abroad as illustrated in Figure 12 (red curve).

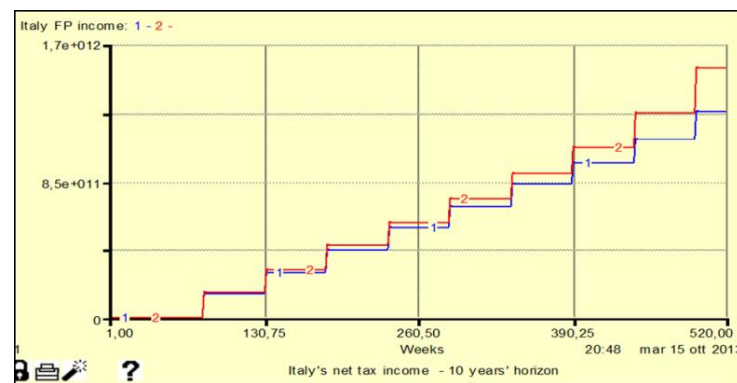


Figure 13 Impact of policy on state financial performance (red curve)

Eventually through activation of loop R3 as seen in Figure 2, the reduction of the phenomena of relocation and opportunistic behaviour of market players increases financial resources for a state's organization. In Italy's case, as shown in Figure 13 over a 10-year horizon, the positive impact on a state organization is represented by additional 274 billion euros in public receipts (red curve) at a constant tax leverage.

6. Conclusions

The state's organizational and legal framework undoubtedly plays an important role in directly shaping the economic performance and behaviour of private institutions. This study shows also the existence of indirect effects on private institutions due to the mean of social capital. In other words, an additional part of private and public institutions performance (since they are strictly connected) relies on reciprocal trust, shared norms and values. Social capital acts as an amplifying factor of performance by the institutions involved in a network, both in cases of positive and negative performances, as seen in the case developed in the present research.

This study may also fill a gap in the social capital literature, which so far has been more successful at documenting the beneficial impact of social capital rather than deriving policy prescriptions and relative tools to policy makers, although analytical tools are already sufficiently developed for this purpose. Therefore, the present research may represent a first attempt to evaluate the complex of public policies in term of social capital development. This has been done essentially with objectively measurable policy results as social capital proxies. The building of a system dynamics methodology has also demonstrated the possibility to simulate the development of social capital in line with public policy design. Including such information in policy design, the introduction of system dynamics models such as Decision Support System may effectively lead not only to develop and select policy alternatives producing best results in terms of social capital development, but also to replace public bureaucratic management models with performance management systems and provide major accountability in the public sector (Bianchi, 2010).

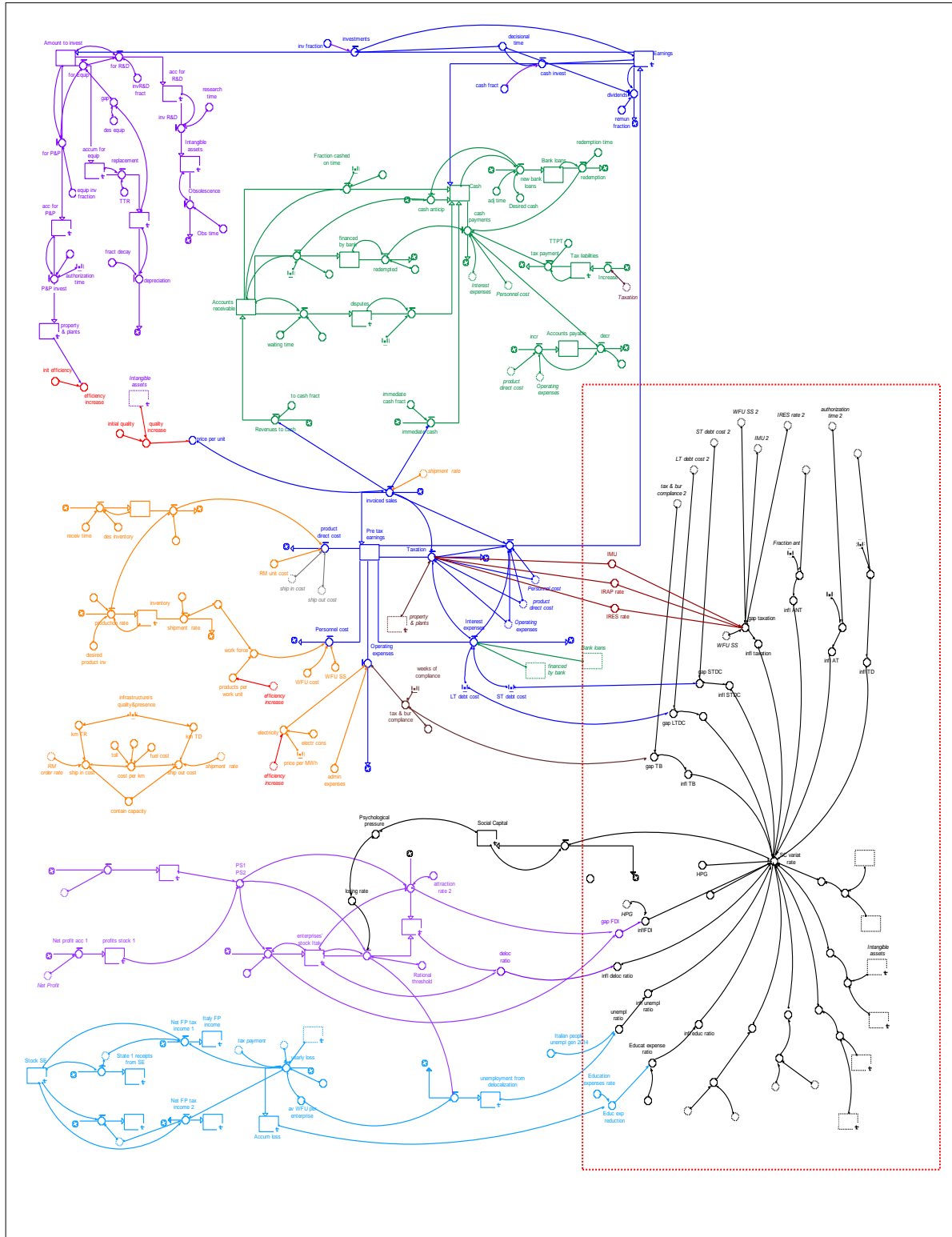
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Appendix A Previous model including the present one on social capital (framed in the dotted line)



The Relationship between Corporate Governance and Stock Prices of MAI-Listed Companies Using the Feltham-Ohlson Valuation Model

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Abstract

This study's objective was to examine the relationship between corporate governance and the stock prices of companies listed on the Market for Alternative Investment (MAI) by using the Feltham-Ohlson (FO) Valuation Model. The study's population was 45 MAI-listed companies whose securities were first traded before 2008. Regression analysis was used to test the research hypotheses. The findings show that the CG Rating met the "Clean surplus relation" condition and furthermore, with 95% confidence, the changes in 2009, 2010 and 2011 stock prices could possibly be explained by the FO valuation model. Nonetheless, the unusual correlations that did not follow the FO framework provide two conclusions: (1) MAI-listed companies' capital structure during 2009-2011 might not have had an impact on firm valuations, and (2) investors did not use publicized CG Ratings in their decision-making.

Keywords: *CG rating, corporate governance, stock price, CG, FO model, valuation model*

1. Introduction

Do investors use publicized CG Ratings in trading stocks listed on the Market for Alternative Investment (MAI)? This paper tried to find a realistic answer to the question. The MAI serves as an exchange for small and medium enterprises (SMEs) to attract additional capital from the public. Prior to listing on the MAI, the majority of SMEs faced fiscal and operational pitfalls such as poor management skills, a lack of local financial resources and low competitive skills that act as barriers to their growth prospects. Despite these challenges, the Office of SMEs Promotion's report 2011 still confirms the role of SMEs as a major engine of growth in Thailand's economy. So the essential guidelines for MAI's implementation are to continuously develop SMEs both before and after their listings so they can progress from informally run family businesses to those managed professionally and thus have the competitive ability required to enable feasible growth.

Corporate governance (Montreevat, 2006) is seen by the Board of Governors of the Stock Exchange of Thailand (SET) as a necessary tool for listed companies to develop and maintain a transparent working environment and enhance a company's competitiveness so as to preserve capital and increase shareholders' long-term value. At first, the Securities and Exchange Commission (SEC) selected the Thai Rating and Information Services Co., Ltd., (TRIS) to conduct a corporate governance rating service with "voluntary" CG Codes. It is believed that CG Ratings help investors differentiate the most promising stocks from others. In December 1999, the Thai Institute of Directors (IOD) was established with the support of the SET, and since 2001 one of its important functions has been to conduct annual surveys on the state of corporate governance of listed companies in Thailand and announce the rankings according to their CG performance. The IOD's survey results have been endorsed by the National Corporate Governance Committee (NCGC) and have been used by the SEC and SET to provide a roadmap for improving corporate governance. Consequently, the NCGC has disclosed CG Rankings to the public and featured them equally with the financial data of listed companies.

As the SEC believes that CG Ratings help investors differentiate the most promising stocks from others, the relationship between CG Ratings and stock prices on the MAI is investigated in order to answer this paper's question. Moreover, corporate governance itself is believed to be the tool to enhance a company's competitiveness to preserve capital and eventually increase shareholders' long-term value. This

study will use a valuation model that takes into account stock prices, CG Ratings and accounting data in financial statements that represent competitiveness.

The remainder of this paper is as follows: the second section discusses hypothesis development; the third section details sample and research methodology; the fourth section presents the study's results; and they are followed by a summary and conclusion.

2. Hypothesis Development

2.1 Corporate Governance (CG) and Its Previous Studies

Black (2001) was one of the first to study the relationship between CG and a firm's performance and to find a positive relationship. Gompers, Ishii and Metrick (2003) used Return on Assets (ROA), net profit and growth rate as performance measurements in their study and found a high correlation in the same direction between CG and firm performance. Later, the study of Brown and Caylor (2004) found a relationship between bad corporate governance and lower performance. In another study, Drobetz, Schilhofer and Zimmerman (2004) found a positive impact of CG on a firm's value. When they compared performance between firms with good and bad CG, the results showed that investors paid attention to the performance of the good CG firms. Moreover, Durnev and Kim (2007), Klapper, Leora, & Love (2002), and Black, Jang and Kim (2006) provide evidence that companies with higher governance and transparency scores enforce higher firm values—and that this governance valuation effect is more pronounced in countries with weaker legal systems. On the contrary, Bebchuk and Ferrell (2009) found that increases in the level of an entrenchment index based on six governance provisions are monotonically associated with economically significant reductions in firm valuation. They also found that firms with higher levels of the entrenchment index were associated with large negative abnormal returns during 1990-2003.






The adoption of CG practices by stock markets in developing countries stimulated new approaches in research and study. Utama and Utama (2005) studied the effect of CG on a firm's performance as measured by Economic Value Added (EVA) and found that the CG index had a positive and significant effect on EVA. They also investigated the effect of the CG index on ROA and ROE as a measurement of firm performance. Their results show that the CG index has a positive and significant effect on these performance measurements. A few years later, Martani and Saputra (2009) reached the same conclusion: listed companies with high CG have higher EVA than those with lower CG. Morey, Gottesman, Baker, & Godridge (2009) studied the correlation between governance quality and share prices in emerging markets, using samples from 21 countries, and found that improvements in CG were associated with higher share prices. Recently, Moradi, & Aldin (2012) investigated the effects of corporate governance mechanisms and financing activities on firms' performance by studying 84 firms listed on the Tehran stock exchange selected through random sampling. Their findings reveal that CG, financing decisions and capital structures are affected by firms' performance. In the same year, Ergin (2012) studied listed companies on Turkey's stock exchange and used the price model to discover whether investors consider using CG in evaluating a stock's price. His results show that CG rankings are positively and significantly associated not only with financial performance but also with accounting performance.

Returning to Thailand, a survey of 202 firms listed on the SET in mid-1996 by Price Waterhouse (1997) revealed that about 70% of senior management felt that improvements should be made on CG issues in Thailand, which confirmed CG weaknesses in the 1990s. Hence, since the economic crisis in 1997, Thailand has deeply realized the importance of rebuilding capital market confidence by monitoring strong disclosure and accounting standards and practices, legal and regulatory enforcement, and CG. Since then, significant CG reforms have been introduced and are underway, including the SET's adoption of 15 Principles of Good CG. To promote good practices, the Thai Rating and Information Service (TRIS) has been assigned by the authorities as the sole corporate governance rating agency for listed companies in Thailand. The SET and SEC provided incentives to companies to be rated by TRIS as a means of promoting good practices. Several listed firms have already been rated. In December 1999, the Thai Institute of Directors Association (IOD) was founded with support from the SET, Bank of Thailand and World Bank. Apart from providing various training programs, the Thai IOD, acting since 2001, conducts research and surveys on corporate governance. Its report has been recognized by the National Corporate Governance

Committee and agencies concerned as the most comprehensive corporate governance study of Thai listed companies to date (Montreevat, 2006).

The Thai IOD's assessment criteria for CG are based on the principles of good corporate governance as set forth by the Organization for Economic Cooperation and Development and SET. The sources for information scoring are company annual reports, annual information filings (Form 56-1), notice and minutes of company shareholder meetings, company websites, information from the SET/SEC database and other publicly available information. After scoring, listed companies are classified into six groups according to their corporate governance scores (Table 1) in the CGR publication. A list of companies receiving a good CG rating and above are publicized by the SET and IOD.

Table 1 Classified CG scores, icons, and description

Score	Range number of Logo (publicized)	Description
90-100		<i>Excellent</i>
80-89		<i>Very Good</i>
70-79		<i>Good</i>
60-69		Satisfactory
50-59		Pass
Lower than 50	No logo given	N/A

Source: Corporate Governance Report of Thai Listed Companies (CGR) 2006

2.2 Feltham-Ohlson Valuation Model

The most prominent valuation model in the empirical accounting research is the Feltham-Ohlson (FO) model (1995). The two main assumptions of the FO model are (1) the relevance of publicly disclosed accounting information and a firm's market value, and (2) the existence of linear information dynamics.

Many studies attempted to form models that could predict the stock market reaction to disclosed information, especially accounting data in financial statements. Ohlson (1995) and Feltham & Ohlson (1995) proposed a basic valuation model that expressed a firm's value as the sum of traditional accounting data highlighted by abnormal earnings. The stated model defines firm value (P_t) as the summation of the book value of shareholder equity (y_t), same year, and the present value of future abnormal earnings. Later, Ohlson developed the valuation model and accepted "other non-accounting information" as a control variable according to its encouragement of abnormal earnings.

This paper will begin with the following basic FO valuation model:

$$P_t = \beta_0 + \beta_1 BVA_t + \beta_2 BVL_t + \beta_3 AE_t + \omega^1 v^1 + \omega^2 v^2 + \varepsilon$$

Where:

P_t	=	stock price at period t
BVA_t	=	book value of assets at period t
BVL_t	=	book value of liabilities at period t
AE_t	=	abnormal earnings of period t
v^1, v^2	=	other non-accounting information
ε	=	tolerance value

The above equation must be based on the following key assumptions:

- 1) The present value of expected future dividends determines the intrinsic firm value considering neutrality to the risk or a fair game.

$$P_t = \text{present value of all future dividends: PVED}$$

$$P_t = \sum_{\tau=1}^{\infty} R^{-\tau} E_t [\tilde{d}_{1+\tau}]$$

Where:

$$P_t = \text{market value of asset or stock price at year } t$$

$$\tilde{d}_{1+\tau} = \text{expected future dividend}$$

$$= \geq 0$$

$$R = \text{fixed expected return}$$

- 2) Clear profit or Clean surplus relation: CSR

The clean surplus concept derives from conservative accounting. It requires that entries to retained earnings be recorded only as periodic earnings and dividends (Ota, 2002).

$$b_t = b_{t-1} + x_t - d_t$$

Where:

$$b_t = \text{book value of equity at period } t$$

$$x_t = \text{periodic profit for period } t$$

$$d_t = \text{dividend paid at period } t$$

- 3) Linear Information Dynamics or Linear Information Model

The Linear Information Model explains the time-series behavior of the variables (Ota, 2002). In other words, the relationship of control variables must exist in a linear equation.

The development FO model emphasizes abnormal earnings as a variable that inspires the firm value. Abnormal earnings are estimated by the difference between the periodic profit and a return of the use of capital (Dahmash and Qabajeh, 2012).

$$x_t^a = x_t - r (y_{t-1})$$

Where:

$$x_t^a = \text{abnormal earning for period } t$$

$$x_t = \text{periodic profit for period } t$$

$$r = \text{risk-free rate}$$

$$y_{t-1} = \text{shareholders' equity at the beginning of the period}$$

According to the literature review, the FO model is well defined for this study and CG rating will be used as a proxy for other non-accounting information.

3. Sample and Research Methodology

The research relies on statistical inference methods for testing hypotheses. All calculations are analyzed in a regression program.

3.1 Model

To answer the question of this paper, the relationship between corporate governance and the stock prices of MAI-listed companies is investigated. Despite the core objective, this paper wants to strengthen the study to prove the SEC’s belief in the influence of CG mechanisms, so the Feltham-Ohlson valuation model in equation (1) is applied.

$$P_t = \beta_0 + \beta_1 BVA_t + \beta_2 BVL_t + \beta_3 AE_t + \omega^1 v^1 + \omega^2 v^2 + \varepsilon \dots\dots\dots (1)$$

Where:

- P_t = stock price at period t
- BVA_t = book value of assets at period t
- BVL_t = book value of liabilities at period t
- AE_t = abnormal earnings of period t
- v^1, v^2 = other non-accounting information
- ε = tolerance value

The equation (1) was built within a framework whereby stock price appears as a dependent variable with contemporary accounting data and other data are treated as explanatory variables (Ohlson, 1995). Moreover, it is designed to adopt a back-to-basics approach that relies on a “measurement perspective”. The highlights of the FO valuation equation (1) are the “other non-accounting information” variables, v^1 and v^2 , which are undefined, and any expected variables can be substituted by way of a linear relationship. This paper substitutes publicized IOD’s CG ratings for the “other non-accounting information” variables.




Note that the core assumption required for all explanatory variables in the model is the clean surplus relation (CSR). In traditional accounting, the CSR ensures that all changes in the book value of equity are reported as either income (accounting earnings) or dividends. As permission to be explanatory variables, CSR is the relation between current and next-period data as linear and stationary, which is called the Linear Information Dynamics relation (LIDOM). Consequently, the horizontally collected IOD’s CG ratings must be tested for clean surplus relation, equation (2), before plugging data into the FO valuation model.

$$CG_{t+1} = \gamma CG_t + \varepsilon \dots\dots\dots (2)$$

Where:

- CG_t = CG Rating for current period
- CG_{t+1} = CG Rating for the following period
- ε = tolerance value

Applying IOD’s CG ratings to any expression will cause a problem because the IOD and SET publish a volume of icons instead of CG scores, and only those companies receiving good CG ratings and above are publicized. To use the data in the analysis, CG ratings are decoded using a four-level rating scale before substituting the “other non-accounting information” variable in the FO model.

4	=	Excellent	or	
3	=	Very good	or	
2	=	Good	or	
1	=	Lower than good	or	no logo

In fact, the range of CG scores for each classified group can be collected and for this reason, in the case of testing clean surplus relation, a ceiling score for each group will be used instead of the four-level rating scale.

Eventually, a major issue related to variables application is the type of data used in the FO model. Stock price, book value of asset, book value of liability and abnormal earnings are quantitative data, but CG ratings are qualitative data. To solve this problem, the basic equation is transformed into the following equation (3), which is suitable for studying the relationship between corporate governance and stock prices of MAI-listed companies.

$$\begin{aligned}
 P_t &= \beta_0 + \beta_1 CG_{t-1}BVA_t + \beta_2 CG_{t-1}BVL_t + \beta_3 CG_{t-1}AE_t + \beta_4 CG_{t-1} + \varepsilon \\
 &= \beta_0 + CG_{t-1} (\beta_1 BVA_t + \beta_2 BVL_t + \beta_3 AE_t) + \beta_4 CG_{t-1} + \varepsilon \quad \dots\dots\dots (3)
 \end{aligned}$$

3.2 Population

The data for this study were collected from 45 listed companies on the MAI whose securities were first traded before 2008 and had reported and disclosed financial information and other non-accounting information according to SET regulations continuously through 2012.

3.3 Variable Measurement

Table 2 Variable measurement and definition

Variable	Definition	Calculation and Measurement
Pt	Firm’s value at period t	Market price per share at the end of period
BVA _t	Firm’s size at period t	Common logarithm of moving average of the book value of assets at the end of period
BVL _t	Liability at period t	Common logarithm of moving average of the book value of liabilities at the end of period.
AEt	Operating efficiency or abnormal earning at period t	The percentile ranking of abnormal earnings. Abnormal earnings are the difference between operating profit after tax and a return, at a risk-free rate, to the moving average of equity at the beginning of period.
CGt-1	Corporate governance rating at period before t	a) FO valuation model using a four-level rating scale instead of the number of icons awarded. b) Testing clean surplus relation: a ceiling score for each group will be used instead of the number of icons awarded.

3.4 Hypotheses

This paper conducts the test by replacing CG ratings with non-accounting information in the FO model as an explanatory variable. Therefore, a CG rating must be tested for a CSR condition. Consequently, the approach to answering this paper's question rests on two hypotheses:

H1: The relationship of CG ratings meets the assumption of clean surplus relation;

H2: The relationship of stock price, CG rating, firm size, liability and abnormal earnings must exist in a linear equation.

4. Results of the Study

Do investors use CG Ratings when trading capital stocks on the MAI? This paper uses the FO model as a tool to answer the question. To adhere to the main FO model concepts, the two hypotheses must be tested and presented in series. First comes the testing of the CSR condition using simple regression, followed by an analysis of the linear relation between stock price and CG rating together with the controlled variables in the FO model.

4.1 H1: The relationship of CG rating meets the assumption of clean surplus relation.

Using simple regression to examine the relationship of CG rating between 2008 and 2011, the empirical results are reported in table 3.

Table 3 Simple regression analysis output (n = 45)

CG ₀₈ , CG ₀₉				
Independent variable	Unstandardized coefficient		t	Sig.
	B	Standard error		
constant	0.365	0.062	5.889	0.000
CG rating ₀₈	0.567	0.102	5.567	0.000
R = 0.647 R ² = 0.419 Std. Error of the estimate = 0.277439 F = 30.986 Sig. = 0.000				
CG ₀₉ , CG ₁₀				
Independent variable	Unstandardized coefficient		t	Sig.
	B	Standard error		
constant	0.223	0.057	3.939	0.000
CG rating ₀₉	0.751	0.079	9.473	0.000
R = 0.822 R ² = 0.676 Std. Error of the estimate = 0.189069 F = 89.736 Sig. = 0.000				
CG ₁₀ , CG ₁₁				
Independent variable	Unstandardized coefficient		t	Sig.
	B	Standard error		
constant	0.117	0.046	2.524	0.015
CG rating ₁₀	0.836	0.061	13.735	0.000
R = 0.902 R ² = 0.814 Std. Error of the estimate = 0.132583 F = 188.654 Sig. = 0.000				

Table 3 shows that with 95% confidence, the change in CG rating₀₉ can be explained by CG rating₀₈; the change in CG rating₁₀ can be explained by CG rating₀₉; and the change in CG rating₁₁ can be explained by CG rating₁₀. When looking at R², their values prove that the longer the IOD conveys its survey of CG, the higher the impact of the current-period CG to the following-period CG (t value and F value were increasing).

However, the output models have pointed out the question about the significance of constant values because the beta coefficient of the constant values in the models is decreasing. Curve fit is tested and the predictions from equations without constants are better, so the relationship of CG rating meets the assumption of clean surplus relation and the null hypothesis is rejected. The expressions that prove the clean surplus relation are as follows:

$$CG_{09} = 0.567CG_{08} \dots\dots\dots (2.1)$$

$$CG_{10} = 0.751CG_{09} \dots\dots\dots (2.2)$$

$$CG_{11} = 0.836CG_{10} \dots\dots\dots (2.3)$$

4.2 H₂: The relationship of stock price, CG rating, firm size, liability and abnormal earning exist in a linear equation.

As mentioned earlier, CG rating is qualitative data and as such this type of data will cause a problem in exercising the FO model. To solve this problem, this paper applies a four-level rating scale to the number of icons and, unavoidably, the control variables are adjusted with the following equation (3) used to test the hypothesis:

$$P_t = \beta_0 + \beta_1 CG_{t-1}BVA_t + \beta_2 CG_{t-1}BVL_t + \beta_3 CG_{t-1}AE_t + \beta_4 CG_{t-1} + \varepsilon \dots\dots\dots (3)$$

Using multiple regressions to analyze the relationship of current-period stock price and previous-period CG rating together with the current-period controlled variables that mention in basic FO model, firm size, liability, abnormal earning, and empirical result are reported in table 4.

Table 4 Multiple regression analysis output

Year 2009 (n = 45)						
Control variables	Unstandardized coefficient		t	Sig.	Collinearity statistics	
	B	Std. error			Toler.	VIF
constant	4.010	1.206	3.324	0.002		
CG ₀₈ Firm Size ₀₉	3.751	1.829	2.051	0.047	0.003	287.784
CG ₀₈ Liability ₀₉	0.271	0.972	0.279	0.782	0.014	70.819
CG ₀₈ Abnormal	2.154	1.077	2.001	0.052	0.441	2.269
CG Rating ₀₈	-24.887	6.885	-3.615	0.001	0.009	113.034

R = 0.644 R² = 0.415 Std. error of the estimate = 3.012932 F = 7.091 Sig. = 0.000

Year 2010 (n=45)						
Control variables	Unstandardized coefficient		t	Sig.	Collinearity Statistics	
	B	Std. error			Toler.	VIF
constant	2.752	1.621	1.697	0.097		
CG ₀₉ Firm Size ₁₀	3.228	1.708	1.890	0.066	0.005	214.078
CG ₀₉ Liability ₁₀	-0.578	0.957	-.604	0.549	0.015	64.624
CG ₀₉ Abnormal	0.867	1.096	.791	0.433	0.459	2.177
CG Rating ₀₉	-15.801	6.274	-2.518	0.016	0.014	73.654

R = 0.505 R² = 0.255 Std. error of the estimate = 3.429150 F = 3.430 Sig. = 0.017

Year 2011 (n = 43: delete data of two companies because of the high volatility in their stock prices)

Control variables	Unstandardized coefficient		t	Sig.	Collinearity statistics	
	B	Std. error			Tolerance	VIF
constant	0.709	1.682	0.422	0.676		
CG ₁₀ Firm Size ₁₁	3.822	1.535	2.490	0.017	0.005	206.24
CG ₁₀ Liability ₁₁	-1.163	0.951	-1.223	0.229	0.013	76.824
CG Rating ₁₀	-14.694	5.458	-2.692	0.011	0.015	67.091

R = 0.532 R² = 0.283 Std. error of the estimate = 3.171487 F = 3.755 Sig. = 0.011

Table 4 shows that with 95% confidence, the changes in stock prices in each year during 2009-2011 can be explained by all control variables in the FO model and CG rating of the previous year, but the power of the explanation decreases over time (R² and F value). When looking at the impact of each independent variable in the equations, only two independent variables have a significant effect on stock price: firm size and CG rating (beta coefficient). Nonetheless, the model comprising the control variables in table 4 can explain the change in stock prices significantly.

Even though these equations have shown a significant correlation, both tolerance values and VIFs indicate problems of autocorrelation that are unacceptable in a regression equation. To test the autocorrelation, Durbin-Watson values have been measured.

- 2009: when comparing Durbin-Watson values to the critical value, the result cannot conclude whether there is an autocorrelation.
- 2010: when comparing Durbin-Watson values to the critical value, the result can conclude that there is no autocorrelation.
- 2011: when comparing Durbin-Watson values to the critical value, the result cannot conclude whether there is an autocorrelation.

Therefore, the findings prove that all control variables can explain changes in stock prices and the relationship exists in a linear equation, so the null hypothesis is rejected. What follows are expressions for 2009, 2010 and 2011.

$$P_{09} = 4.01(+/-3.012932) + 3.751CG_{08}BVA_{09} + 0.271CG_{08}BVL_{09} + 2.154CG_{08}AE_{09} - 24.887CG_{08} \dots\dots (3.1)$$

$$P_{10} = 2.752(+/-3.42915) + 3.228CG_{09} BVA_{10} - 0.578CG_{09} BVL_{10} + 0.867CG_{09}AE_{10} - 15.801CG_{09} \dots\dots (3.2)$$

$$P_{11} = 0.709(+/-3.171487) + 3.822CG_{10} BVA_{11} - 1.163CG_{10} BVL_{11} - 0.573CG_{10}AE_{11} - 14.694CG_{10} \dots\dots (3.3)$$

5. Summary and Conclusion

This paper applied the FO model to test the relationship between CG ratings and stock prices of MAI-listed companies. The CG rating is substituted for non-accounting information in the model with the requirement that the rating must pass the test of clean surplus relation. Moreover, in the FO framework, all control variables should have positive correlation, especially non-accounting information that is used by investors to predict future earnings (Liu, J, Ohlson, J, 2000).

From the hypotheses testing, this study finds that: (1) the CG rating meets the clean surplus relation condition, and (2) CG rating, firm size, liability and abnormal earnings can explain the change in stock prices and that the relationship exists in a linear equation. Even though the analysis proves the linear relationship in the applied FO model, the FO framework on positive correlation has not been followed. Control variables in the model show negative correlations are CG rating and liability. As for CG Rating,

this finding implies that investors do not pay attention to publicized CG ratings, do not use such information for decision-making, and this is contrary to the studies of Klapper & Love (2002), Durnev & Kim (2005), and Black, Jang Kim (2003). However, this finding has the same conclusion as the later study of Hodgson, Lhaopadchan, and Buakes (2011). CG ratings are not employed by investors because the rules governing Thai IOD's assessment criteria for CG are being updated to meet international standards. Indeed, little research supports the interpretation of a negative correlation as an insignificant relationship. What Bauer et al. (2004) and Beiner et al. (2006), for example, claimed as negative correlations between a CG rating and a firm's performances were, in fact, insignificant correlations between those two variables.

Another control variable that breaks the FO framework is liability. It appears that liability has both positive and negative signs. As the relationship between debt size and stock price each year does not indicate a coefficient sign in the same direction, the capital structure of MAI-listed companies during this study may not be relevant to determine a firm's value and its operating results in the future (Modigliani & Miller, 1958). In particular, interest expense can be a tax credit (Modigliani & Miller, 1963).

The last issue is the model's power to explain the relationship. The outcomes show a weak power of explanation. When looking at the economy during 2008-2011, Thailand had a downturn that would unavoidably cause abnormalities to the capital market. In times like that, investors' decisions in weighing risks with potential benefits received would be different from a period of normal capital markets. In the 1960s, for example, when the economy was in recession and capital markets were not in a normal condition, the study of Fama (1965) found that investors hardly used past stock prices to forecast returns in the very near future and they could be affected by changes very easily (Fama, 1969). Supported by the work of Markowitz (1952) about investor behavior, securities cannot be evaluated in isolation, but only as a group. The decision to hold any security would depend on what other securities an investor wanted to hold. Very often, deviations in asset prices came from unreasonable investors. Such events could have occurred in Thailand's capital market during 2008-2011 and, of course, the model's ability to explain changes in stock prices would be less than 50%.

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Change: Civil Society, Street Politics and Democracy in Contemporary Thailand

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Abstract

Since the French Revolution, street demonstration has symbolized a force that leads to political change. The successes of political movements that have involved public participation and demonstration, such as Salt Satyagraha in India, the March on Washington in the United States, EDSA in the Philippines, and the June Democratic Uprising in South Korea, have transformed street politics into a symbol of democracy and human rights throughout the world. In Thailand, three major street movements led to political change in the 20th century: those of 14 October 1973, 6 October 1976, and May 1992, which contributed to a stable democratic system through 2006. In the 21st century, the meaning of “civil society” has changed in many countries. While the referendum is replacing street politics in Europe, North America, and Australasia, street politics remain intact in Asian states that allow it. The Saffron Revolution in Myanmar and Umbrella Revolution in Hong Kong represent democratic principles and place street politics at the core of civil society in Asia.

Even so, a change within the structure of civil society in Asia is occurring that is contributing to Thai society’s ever-changing landscape: the involvement of political parties in civil society can no longer be denied. While some parties and politicians in civil societies have long existed, it is a first in Thai history for political parties to be founded and operate in civil society for political advantage. This change in social structure has attracted rival political parties to form movements through political supporters, which is related to this study that will focus on the leadership and organization of Thai civil society since the start of this century.

Keywords: *civil society, political participation, street politics, democracy, civic culture, political parties, political leadership*

Now a new ideal or counter-vision, or at least a slogan-contrast, was required,
and appropriately enough it was found in Civil Society...

(Gellner, 1994:3)

1. Introduction

As Ernest Gellner noted, until the 1970s the term “civil society” had been relegated largely to the study of philosophy and was absent from the study of politics. It was put to use to understand contemporary politics by reformers in the Soviet Union and Eastern European countries seeking to escape totalitarianism (Gellner, 1994:1). In Eastern Europe, civil society was non-existent and needed to be created. The idea gained currency that “In extensive parts of the world, what it denoted was absent. This lack came in due course to be strongly felt and bitterly resented: eventually it turned into an aching void” (Gellner, 1994:1).

In these circumstances, it is hardly surprising that “civil society” quickly became an ideal, “a shining emblem” (Gellner, 1994:1), rather than a concept. And as it was translated into different circumstances, the ideal was locally contextualized so it came to have different meanings in different places. In Eastern Europe and Latin America, labour and the Catholic Church were considered important civil actors as they led the fight for democracy. In America, where democracy was secure, mundane bowling leagues, clubs and federations became a focus of attention. In the Middle East and Africa, lineage groups, particularly tribal groups, were credited with a leading role. In Asia, civil society came to be conceived in terms of the middle classes and their NGOs, even as scholars saw the middle class as illiberal and NGOs as often compromised. Yet in Thailand, despite middle-class support for the 1976 coup, the group was seen as a positive force for democracy. Civil society was envisaged as a powerful force for

democracy, a force superior to politics and business: an unsullied, oppositional force with the power to overcome soldiers and corrupt politicians alike.

2. Objectives

This research explores the following points:

1. The nature of civil society in Thailand;
2. The change of Thai civil society in the 21st century;
3. The roles of political parties in civil society;
4. The evolution of leadership within civil society;
5. The future of civil society and political parties in Thailand.

3. Methodology

This paper combines secondary research with elements of primary research through observation, and focuses on qualitative analysis to understand case studies of both leadership and followers. Resources consist of primary sources from numerous scholars such as Gellner (1994), McCargo (1997), Pasuk (1997), Missingham (2003), Baker and Pasuk (2004), and Ockey (2004). Secondary sources comprise articles from numerous scholars such as Albritton (2007). Electronic resources draw on Websites such as Wat Onoi, Matichon, and ASTV Manager.

4. Literature Review

Civil society made its way into scholarly literature on Thailand only in the 1990s. Thirayuth Boonmi, in a collection of newspaper articles published in 1993 and titled *Sangkhom Khemkhaeng* [Strong Society], deemed civil society a “third power” and the only hope to resolve Thai political problems. In summarizing Thirayuth’s work in 1995, Gawin Chutima claims that, “Obviously, even though he does not use the word NGOs, the groups he mentions cannot be anything else” (Gawin, 1995, pp. 142-43). Gawin also links the NGOs, and by extension civil society, to the middle class, claiming, “It is no doubt that the people in NGOs come from the middle class, and the NGOs owe their fundamental strength to the student and intellectual movement of middle class people” (Gawin, 1995, p. 140). Naruemon Thabchumpon also saw NGOs as central to civil society, claiming, “NGOs in Thailand have filled a vacuum created by the inability of political parties, trade unions and peasant associations to expand popular participation” (Naruemon, 2002, p. 183). The key role for NGOs, she argues, was to link “elite-urban” and “rural-popular” elements of civil society (Naruemon, 2002, p. 187). In his work on the Assembly of the Poor, one of the most successful “rural-popular” organizations, Bruce Missingham (2003, p. 189) provides clarification of the relationship between NGOs and mass movements, citing a 1997 Assembly of the Poor video:

Our advisers comprise NGO workers and village leaders with campaign experience. They act as *phi liang*, coordinating negotiations with the state, communicating with the media and allied organizations in the city, administering the preparation of negotiation documents and summarizing our issues to explain to the public.

As Missingham explains, “To refer to the activists as *phi liang*, therefore, suggests that they occupy a superior position with a responsibility to care for and guide the villagers” (Missingham, 2003, p. 189). Finally, Pasuk Phongpaichit’s Wertheim Lecture (1999) to the Thai Studies Conference summarizes and exemplifies this idealization of civil society. Like Missingham, Gawin and Naruemon, she notes the “catalytic role” of NGOs in the organization of civil society. She then argues that civil society has become “a repository of hope,” i.e., that people have transferred their belief in democracy to a belief in civil society as “the route to a better political future.” In the process, they have abandoned faith in democratic institutions (Pasuk, 1999, pp. 10-12).

The literature on Thailand frequently attributes two characteristics to civil society. First, civil society is seen as an independent force, an idealized force that can bring about democracy in opposition to the state and the political system. It is seen as both separate from and superior to political institutions. Second, while civil society and its movements are conceptualized to include the general public, it is seen as

organized and led by middle class-educated activists who know better than those they seek to help. This paternalistic view differs little from state paternalism, and even employs the same *phi liang* vocabulary.

Politically, prior to the ascendancy of Thaksin Shinawatra as prime minister in 2001, Thai governments have dealt with civil society on an *ad hoc* basis in reaction to movements that aggressively made demands, especially those that came to Bangkok to demonstrate. In some cases, such as the Ban Khrua demonstrations against the building of an expressway through the community, movements were effective; in other cases, they were ignored, but not in a way that indicates an overall strategy on the government's part. Thaksin was the first prime minister who sought to deal with civil society systematically. He set out to co-opt those who could be co-opted, and to discredit those who could not, either by dividing them from their supporters, or through more devious means, such as directing the Anti Money Laundering Unit to investigate movement leaders and using legal maneuvers to minimize movements and the effectiveness of civil society (Pasuk & Baker, 2004, pp. 145-48). Thaksin's genius lay in providing funding for development to communities and their activists. For activists concerned primarily with community development and not with politics or political empowerment, this provided them with opportunities that had been previously unavailable. Many activists, such as "slum angel" Prateep Ungsongtham, found common cause with Thaksin in development efforts. Others, often middle-class activists from Bangkok, were concerned that such policies disempowered individuals and communities and corrupted civil society, which outweighed the benefits of development. In many cases, those who opposed Thaksin saw civil society as a third way in politics, a means of rescuing democracy from corrupt politicians, and they wanted to maintain it as an oppositional force free of the flaws of parliamentary rule. Such activists saw Thaksin as buying the loyalty of their constituents, so that at some level, competition existed philosophically and for the support of individuals. Many communities, such as Ban Khrua, were left internally divided, as some community leaders sought benefits from Thaksin's policies, while others found common cause with NGO activists in opposing Thaksin. Similarly, the Assembly of the Poor split, with one of its NGO activist leaders seeking to bring the Assembly into the anti-Thaksin People's Alliance for Democracy (PAD), while most of its members were supporting the pro-Thaksin United Front of Democracy against Dictatorship (UDD). Pasuk and Baker (2004, p. 147) conclude that as a result of Thaksin's tactics, "civil society become superfluous," though perhaps it should be seen rather as a key battleground between competing visions of development and democracy.

5. Contemporary Civil Society

The two most powerful movements in contemporary civil society have grown, in part, out of this divide engineered by Thaksin. This division is only part of a larger conflict driven by politics and politicians that has come to encompass civil society. The two most powerful movements to emerge have been the PAD, along with its later evolution as the People's Democratic Reform Committee (PDRC), and the UDD. To understand Thai civil society and its relationship to politics, it is beneficial to explore the leadership, followers and money behind the movement. The PDRC's emergence in 2013-2014 provides the most significant movement in Thai politics. Therefore, this research will focus heavily on the PDRC and its predecessor PAD as a case study.

To understand the PDRC, it is important to view the PAD as its foundation. The PAD developed from a split between Thaksin and media executive Sondhi Limtongkul, who had been close associates. Thaksin had helped rescue Sondhi's business during the Asian economic crisis, and Sondhi had helped Thaksin in his efforts to attain favorable media coverage. While their relationship had become increasingly troubled over time, the falling-out came when, on his television talk show of September 9, 2005, Sondhi read a letter from a follower with the pseudonym "Luk Kae Longthang (Lost Lamb)", which explained how the misbehaviour of the oldest lamb against its siblings led to serious concerns by their father (Pintong, 2006, pp. 128-130). This caused public concern as well as public interest (Manager 2006, pp. 19-20). Sondhi then took his programme to the streets, holding public rallies in place of the television broadcast. Since then, street politics has become a symbol of civil society in 21st century Thai politics.

The PAD/PDRC's main support rests on the Democrat Party. After 2008, PAD support went into decline due to the lack of Democrat participation. Following introduction of the Universal Amnesty Bill of 2013, the middle-class movement revived, drawing from the old PAD support group under the leadership of

former Democrat members and former PAD core leaders, and became the PDRC. The PDRC has become one of the largest and most significant movements in Thai civil society since the start of the 21st century.

6. Leadership

The PAD's leaders are Sondhi Limtongkul, Major General Chamlong Srimuang, Somsak Kosaisuk, Pipob Tongchai and Somkiat Pongpaiboon; additional (or second-generation) leaders include Sirichai Maingam, Saranyu Wongkrajang, Sawit Kaewan, Maleerut Kaewkar and Sumran Rodpetch. Moreover, a few others have played significant roles, including the coordinator, Suriyasai Katasila; PAD speaker Pantep Puapongpun; Prachai Liaopairath; Sarocha Pornudomsak; Chaiwat Sinsuwong; Rosana Tositrakul; Kasit Birom; General Patompong Kesarasuk; Squadron Leader Prasong Sunsiri; Commissioner Pratin Santiprapop; and, to a lesser extent, General Panlop Pinmanee and Major General Manoonkrit Rupkajon.

Despite this long list, the movement is primarily led by Sondhi Limtongkul and Chamlong Srimuang. Sondhi comes from a Thai-Chinese migrant family based in Sukhothai. His family owns a publishing company and distributes a Chinese-language newspaper in Bangkok (Limtongkul & Pornudomsak, 2003). Sondhi is not only a media tycoon, but also an able orator and media personality. By carefully employing his talents and assets, he has managed to gather supporters from the elite, entrepreneurs, small-business owners, students and especially the urban middle class. In particular, the middle class comprise the audience for his programs, which has allowed him to communicate with them directly and develop them into a mass movement. Sondhi was the first person to lead a mass movement to oust Thaksin and was able to incite tens of thousands of people to support his movement.

The second key leader, Chamlong Srimuang, has considerable experience in bringing down governments through street demonstrations. His involvement in street politics began during the elected Democrat government of Seni Pramoj, on October 6, 1976, while still an active duty military officer. This bout of street politics culminated in the massacre of Thammasart University students; subsequently, Chamlong tried his best to convince supporters that he had little involvement with this incident. However, he admitted he was involved with Mrs. Chongkol Srikanchana (Leader of Housewives Group and Rightwing Movement) to pressure the government at Royal Plaza even as he denied responsibility for the massacre (McCargo, 1997, pp. 33-41).

Chamlong again became involved in street politics in May 1992, when he led a movement to demand that junta leader General Suchinda Kraprayoon resign. Despite knowing the high likelihood that the military would shoot demonstrators, Chamlong chose confrontational tactics and soldiers did open fire (McCargo, 1997, p. 263). From these and earlier events, Chamlong earned a reputation as inflexible and uncompromising, qualities that contribute to his propensity to take his causes to the streets, rather than work through parliamentary channels.

Giles (2006, p. 312) argues that the PAD's executive power belongs to a group of old men with little respect for women or younger generations. Led by this older generation, many of their demands, including the return of a non-elected prime minister, are conservative rather than transformative. From 2008 to 2013, the PAD leaders experienced significant decline in support. By 2013, the PAD and its network had to integrate into the PDRC Movement. While Sondhi showed neither support nor opposition to the PDRC, ASTV and Manager Media gave significant backing to PDRC activities. Compared with the PAD, Chamlong was less active in the PDRC, while the Dharma Army and its larger Santi Asoke Buddhist sect are still active in it.

The most significant change in movement leadership is the rise of politicians. The faction that created PDRC comprises Democrat Party members Suthep Thaugsuban, Sathit Wongnongtoey, Wittaya Kaewparadai, Issara Somchai, Taworn Namesian, Chumpol Julsai, Chaiwut Bannawat, Putthipong Punnagan, Sakolti Pattayakul, Nattapol Teepsuwan, Ekanut Promphan, Tankhun Jitissara and Chitapas Birombhakdee Krisdakorn. The second group comprises PAD leaders Pipob Thongchai, Prasong Soonsiri, Somkiat Pongpaiboon, Somsak Kosaisuk, Samran Rodpetch, Saranyu Wongkrajang and Anchalee Paileelak. A third group comprises new leaders: Professor Seri Wongmontha from Naresuan University and Venerable Buddha Issara's abbot of Wat Onoi, Nakhon Pathom.

It is undeniable that among all PDRC leaders, Suthep Thaugsuban, former Secretary General of Democrat Party and Deputy Prime Minister of Democrat Administration, is most prominent. Similar to Chamlong, Suthep is an experienced politician as well as an exceptional orator. Referred to by supporters as “Uncle Kamnan” (District Headman), Suthep has been involved in national politics since 1979 as MP from Surat Thani. Throughout his long political career, he has been one of the most influential politicians as he was the key informant of many Democrat-led coalitions. Suthep nominated himself to the Secretary General of PDRC, which was well accepted by PDRC supporters.

Beyond Suthep, the PDRC brought in a new generation of speakers. They may not be powerful enough to be considered leaders, but it is undeniable that these icons of a young generation have attracted significant numbers of young followers. Chitapas Birombhakdi Krisdakorn, who worked as deputy speaker of the Democrat Party, is among the most popular figures in social media. She has attracted large media attention in traditional and social media.

The most prominent leader among those without direct political connections is Venerable Buddha Issara, the abbot of Wat Onoi, Nakhon Pathom. He set up a stage at Government Complex that attracted significant followers from upcountry. The official website of Wat Onoi states that Buddha Issara was ordained in 1979 but left the monkhood in 1980 to enlist for two years of military service, after which he was ordained again in 1983. In 1989, Buddha Issara established Wat Onoi, of which he became an official abbot in 1995. In 1999, Buddha Issara sought an appointment to the Sangha position of the District Magistrate. In his official account, he claims he stepped down from this position in 2001 upon realizing that it brought about a wicked desire for power. A contrary account suggests that he was under investigation by Sangha for submitting false information related to his appointment. Still, it is undeniable that Buddha Issara has had considerable numbers of followers throughout his period as a monk. Moreover, these followers showed their dissatisfaction toward Sangha in the same manner as the Santi Asoke group of Chamlong Srimuang.

7. Followers

Giles noted that the PAD’s most important constituencies are the “capitalist” and middle class, which are generally, though erroneously (Ockey, 2004, Albritton & Thawilwadee, 2007, Giles, 2006), thought to have been the primary force of Thailand’s democratic movement since 1973. This group includes not only those with large-scale capital, but owners of small and medium enterprises (SMEs). Included are a number of high profile “capitalists” and aristocrats (Giles, pp. 48-50). Giles argues that these groups comprise the most powerful faction within the PAD, and direct their policies and movement (Giles, p. 309). However, they are not well-organized, so their influence is largely felt in the form of constraints on decision-making rather than in active policy-making. Giles argues that the PAD’s organization and policies are in line with NGOs, which means they specialize in a “narrow range of capitalist and middle class interests, while the wider policies were very vague in order to maintain cooperation from other sectors in the society” (Giles, p. 304). Here, like Missingham, Pasuk, and others, he sees NGOs as inherently middle class, which for Giles means they are conservative. In 2013, the conservative elite, middle class, and small-business owners of Sino-Thai descendants remained at the PDRC’s core. Significant numbers of shops in Sino-Thai ethnic areas decided to shut their businesses on regular basis to join the PDRC throughout its active periods.

The Dharma Army, an organizational unit within Santi Asoke, has long drawn from a similar constituency.¹ Jackson (1989, p. 66) describes the followers of Santi Asoke as “the less highly educated strata of the middle class... merchants, tradesmen, and small businessmen.” Jackson noted that Santi Asoke was founded, in part, as a protest against the perceived corruption in the Sangha, so that in decrying Thaksin’s corruption, the Dharma Army found common cause with Sondhi. The anti-Sangha movement including the Dharma Army has expanded significantly under the PDRC. The entrance of Buddha Issara into the movement allowed the anti-Sangha group to expand even further. The originality of Buddha Issara’s status as senior monk allowed the anti-Sangha movement to be much more participatory in PDRC’s activities.

¹ Santi Asoke’s basic structure is outlined in Apinya (1993, p. 163).

Beyond this lower middle class and “capitalist” strata are several other groups, most also associated with the middle class. The National Student Center of Thailand (NSCT) distanced itself from the PAD and PDRC after they called for a non-democratic selection of a prime minister. Still, many university students were recruited from schools such as Chulalongkorn University, Rangsit University, Bangkok University, the National Institute of Development Administration, and Ramkhamhaeng University. There are also significant numbers of institutions (or the executives of those institutions) that favor the PAD/PDRC and are willing to promote the movement through academic means. Staff participate on the PAD/PDRC stage, give interviews to newspapers, and can influence students. In 2013, large numbers of students moved into different directions from NSCT, by joining and even speaking on PDRC stages against the government of Yingluck Shinawatra.

Many unions of state-owned enterprises (SOEs) and bureaucrats supported the PAD/PDRC, although, they did not necessarily follow their union leaders. Included among the working class unions, such as the State Railway of Thailand, were other unions of middle class professionals. Furthermore, this group expanded to the unions of medical doctors, Ministry of Health officials, and Thai Airways. Some NGOs also joined the PAD/PDRC (Matichon, 2008, p. 71).

One additional group should be mentioned: the Southern Thailand PAD/PDRC contingent, which was bussed in from various provinces in the South. Their participation resulted largely from criticism by the Thaksin and Yingluck administrations that southern PAD/PDRC members are Democrat Party supporters and joined because the Democrat supported PAD/PDRC’s desire to overthrow the administrations through street politics. Thailand has clear political divisions: the Thai Rak Thai and its successor parties command voters from the North and Northeast, whereas the Democrats command voters in Bangkok and the South. Therefore, it is hard for the Democrats to distance themselves from the PAD/PDRC in Bangkok and southern Thailand.

The PDRC’s formation in 2013 demonstrates that its core remains within the Thai middle class, especially among the aristocrats, middle class, SOEs, Sino-Thai ethnics, southern Thais, and SMEs. Therefore, little difference exists between PDRC and PAD supporters, though the size of PDRC supporters is much larger. Their main argument cites the immoral passage of the 2013 amnesty bill, which the Yingluck administration passed by employing a suspicious procedure. By then, dissatisfaction with the administration had reached its peak. Numerous newspapers and online media used phrases such as “E-Ngo” (“dumb lady”) to identify Yingluck when she spoke poorly. Her low approval rate sunk even further on accusations of corruption over a disastrously expensive rice-buying scheme to prop up farmers by promising to pay them at prices far above market levels. This led to significant numbers of followers joining the PDRC in a bid to oust the government.

8. Conclusion

Examining the nature of civil society through its leadership and followers in the context of a large-scale social movement highlights important features. The current movement has demonstrated that civil society cannot stay above politics, just as it could not in the past. In 1976, civil society movements on the left and especially on the right were closely connected with politicians. In 1992, the two best-known leaders of the uprisings were Chamlong Srimuang, leader of the Phalang Dharma party, and Chawalit Yongchaiyudh, leader of the New Aspiration Party. Both sides of the current movement have been guided largely by politicians: Suthep and his factions for the PDRC. A deeper understanding of civil society requires an examination of the relationship between civil society and politicians, and in particular of the reason civil society turns to politicians for support, and even for leadership, in times of crisis.

Some reasons for politicians having played prominent roles in civil movements can be discerned from the analysis presented here. Politicians such as Suthep are skilled orators who can influence a crowd. Politicians can provide an organizational structure and committed followers for a range of issues. As shown with the PAD and PDRC, new forms of technology can create a near-organizational structure: for the PAD/PDRC, the 4G internet network and social media, along with media organs including ASTV Manager, Bluesky Channel, and even RSU Wisdom TV. However, such structures do little to promote commitment to a cause. It is easy to ignore a message over the internet, a Line message or phone call, but if one is a member of the Dharma Army or a politician’s support network with one’s friends and acquaintances, it is

difficult to ignore a call for action. Furthermore, even well-organized civil society networks, such as state enterprise unions, may struggle to compete with political organizations. Because civil society networks are generally issue-oriented, they can have difficulty in maintaining loyalty, as seen in the defection of the NSCT and the Metropolitan Electricity Authority from the PAD/PDRC. On the other hand, political networks are loyal and committed to their leaders over the long term on a range of interests. This greater commitment seems to be the key to the role of politicians when civil society movements set out to overthrow a government.

Another striking feature of civil society when it becomes involved in large-scale movements is the complex and divided organizational structures that tend to develop. To form a large-scale movement, it is necessary to combine smaller organizations. However, smaller organizations have leadership that cannot be easily bypassed. In some cases, organizations large and small, and old and fledgling, cooperate uneasily as they work out power relations among them. Both PAD and PDRC leaders have struggled to retain supportive groups and control followers.

The idealization of civil society has had an interesting impact on the discourse of protest. Because civil society is envisioned as pure, accusations of paid protestors have become a rhetorical weapon in attacking a movement. Of course no large-scale movement can sustain a protest without assisting its members, whether it be with food, transportation or money, so hypocrisy lurks behind such accusations. At the same time, these accusations contain a bias: poor people cannot afford to fund their protests, so such attacks are a means of privileging middle-class protests. As civil society is meant to be above politics, a second means of attack has been to attribute opponents with political ambition. Thus Chamlong was forced to forswear political ambitions during the 1992 protests. In a similar manner, Suthep and his Democrat group decided to ordain into the monkhood to avoid such criticism.

Further observations can be made regarding civil society and democracy. For a long time, politics has carried highly negative connotations in Thailand, epitomized by the phrase, *nakkanmuang nam nao* [dirty water politician]. Consequently, there has been a tendency to insist that other institutions, from the monarchy to the courts to the military to civil society, remain somehow above politics: pure and unsullied by the dirty water. Whether intended or not, this discourse has delegitimized the parliamentary system; it is not trusted to solve political crises. Inevitably, crises lead to demands for intervention from one or another institution seen as above politics, which precludes parliament and renders it ineffective in resolving crises.

Finally, visions of civil society as a force for democracy, of the middle class working with the poor against the selfish interests of politicians, and of civil society actually being civil look increasingly implausible. The PAD/PDRC have openly called for coups on many occasions, as well as a new form of government with a non-elected prime minister and a largely appointed parliament. Furthermore, Bangkok-based NGO activists in two cases examined here (Ban Khrua and the Assembly of the Poor) sought to lead constituents into the PAD/PDRC against their wishes and interests. This willingness of the middle class, activists and civil society more generally to abandon democracy's basic principles contradicts the ideal established in the literature. Yet the idealization of civil society that is precisely the problem. In conceiving of civil society as a third way, as a repository of hope against a corrupt but democratic system, as necessarily oppositional, it became inevitable that civil society would find itself openly opposed to the democratic system. Only a greater recognition that civil society cannot be above politics, but must be fully engaged with politicians and the political process, can lead to a better outcome.

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Guan Yin Pavilion at Rangsit University

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Abstract

The purpose of the Chinese-Thai Institute is (1) to represent a marriage of the Chinese and Thai cultures not through iconography or symbolic senses but through the study of materials and making, and (2) to respond to recent flooding in the area. The design of the building achieved this through simple displacement—the building would only float in the event of a flood, otherwise, it would sit firmly on a concrete foundation. Unfortunately, the Owner was not willing to invest in this proposal. The building was built anyway, save for the floating exhibition hall.

Keywords: Guan Yin pavilion, Chinese and Thai culture, bricks, floating

1. Introduction

Rangsit University had plans to build a home for the Thai-Chinese Institute, which is a campus organization that develops working relationships with Chinese universities and organizations. Up to this point, the Institute was sort of a transient entity, a series of people and laptops moving from one building to another, but its increasing scale and significance meant it needed to have a physical presence within the campus. The president of the university, Dr. Arthit Ourairat, was eager to create an architectural symbol of this cross-cultural alliance (Ourairat, 2015).

The building's site was pre-determined: it was to sit on a pond at the north entrance of the campus. The water feature was meant to be a symbolic gesture; a contextual placement that gave the building its name: Guan Yin Pavilion.

Early visualizations of the building (shown on next page) incorporated three elements which still remain in the building today: a curved roof line, a grey-colored brick, and a bamboo forest. The entire building was placed in a 1,500 square meters natural water pond. A bronze sculpture of Guan Yin, the deity of mercy and compassion, was to stand tall within the building's perimeter. Her sculpture would also incorporate Thai and Chinese characteristics. The building, in many ways, would represent a marriage of two cultures. It could be neither distinctly Chinese nor Thai; rather a hybridized concentration of the two.



2. Design Process

As architects, we don't usually start a project from iconography or symbolism-- for us form is always a bi-product of other decisions and relationships, but this was an important gesture to our potential client, so we had to shift our approach a bit. Our conversations always begin with material and making, and we started thinking about bricks.

We visited the brick factories about two hours north of Bangkok where bricks have been made for centuries. The wood-fired kilns can no longer keep up with current production demands, but they're cavernous and beautiful and from another galaxy. Most of the modern factories use their old wood fired kilns for storage.

Thai bricks are red while Chinese bricks are grey-- it has to do with the nature of the soil. We wanted to use a grey brick but weren't interested (of course) in producing the bricks in China and shipping them to Thailand. We found a factory that was doing experiments in double-firing bricks, and we learned that by double-firing, the clay color shifts from red to grey. We liked this option—that the soil would be Thai, but the color would be Chinese.

Our early massing studies began from this idea of a classically symmetrical building. There would be two volumes, placed under a single roof, and we wanted them to be unified in material but differentiated in detail. Our idea was to use a single brick in two different ways—to create a solid wall and a perforated wall. We experimented around with lots of different shapes and configurations in search of a brick that would give us the most variations in building texture and transparency.

In order to achieve our solid volume and our perforated volume we designed the brick to be used both horizontally and vertically. Horizontally, they form a solid wall. The orientation of the brick allows the peaks to be aligned in certain areas creating a crisp shadow line and offset in other areas creating a heavy texture, almost a turbulence. Vertically, they stack to form tightly-spaced columns that function as a screen. The peaks align and alternate to create sinuous solids and play with the solid-void nature of the screen.



The brick itself became the building block of the project-- both literally and conceptually. As an architecture material, it symbolizes a method of construction that is centuries old. (Xinian et al., 2002) The knowledge of this material is primal. The tradition of brick firing and masonry is shared by both Thai and Chinese builders. The only difference is the raw material and the technique, and these differences are, indeed, quite nuanced.

The shape of the final brick echoes the actual roof line of the building. We derived this curvature from studying sweeping Chinese roof lines found in Chinese temples and palaces (Xinian et al., 2002), as well as Thai roof lines, and merging the two. This was, of course, not a standard profile that was readily available. We collaborated with A.P.K. Daokoo brick factory in Angthong province, 2 hours north of Bangkok, to custom-extrude a hefty brick for this project. The bricks were then double-fired in oxidation to produce their grey color. This technique also required quite a bit of experimentation on the manufacturer's part. Color nuances and shape variation are difficult to control when it comes to bricks. The process is quite dependent on many unstable conditions-- from soil quality, to heat, to moisture, to atmospheric conditions of the factory.

In 2011, Thailand was devastated by massive flooding in the through northern and central part of the country. This was foremost on the university's mind as we were moving into schematic design on this project. Despite popular belief that this was a natural disaster, these floods were actually caused by mismanagement. Trillions of gallons were moving down the country, overwhelming rivers and canals, and eventually the floodplains, until it reached suburban Bangkok.

The university was severely impacted by the flood since it sits in low area. The entire university was inundated with nearly 3 meters of water—classrooms, offices, storage rooms, auditoriums, workshops, and laboratories underwater for two months, the destruction was tremendous. In the aftermath the campus development office announced that all new buildings would have parking garages on the first floor to mitigate further damage, should another flood occur. It was a logical decision, but not a creative one. It did

not seem elegant that in 10 years, the likely campus pedestrian experience would be completely defined by a sea of dark parking garages, blank walls and steep stair cases.

It was during this time that we began discussing the possibility of floating the building as a means of dealing with future flooding.

The entire building is situated in an existing pond and is comprised of two masses, symmetrical in volume. The area to the left is the exhibition hall. The area to the right is a two-story office building with conference rooms and a café. Each has a building footprint of about 500 square meters.



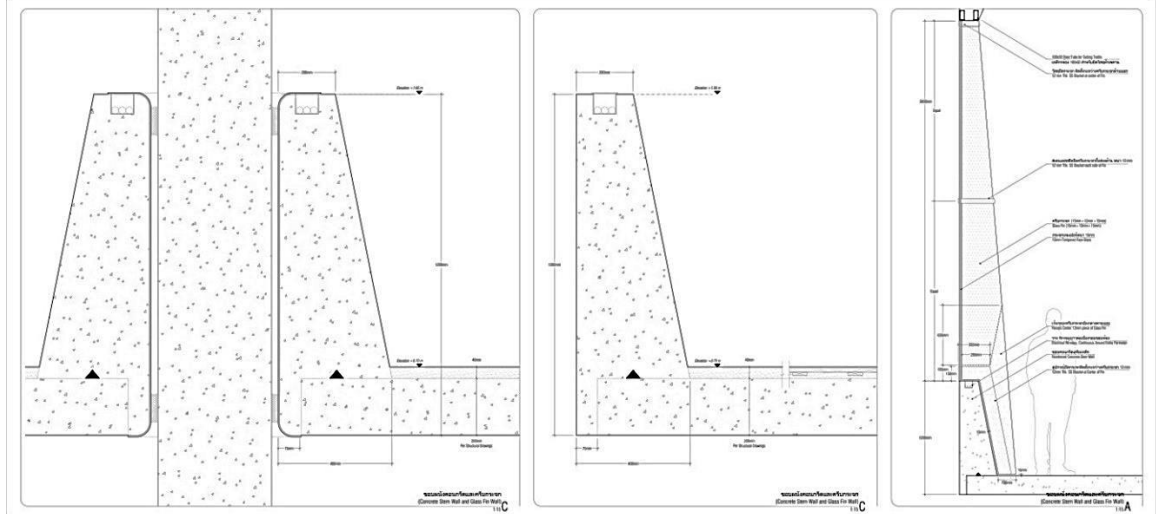
Given the scale and complexity of the program and the risk involved, it was decided early on with the structural engineer that only one mass needed to float. The exhibition hall is essentially a large, open volume, and its contents are temporary. It was the better candidate for experimentation precisely because it didn't really need to float.

Rangsit University was enthusiastic about this and saw this project as many things—innovation, publicity, a chance to spearhead technology that could really be fine-tuned and developed for use in other situations across the country.

There are many ways to float a building, the most common post-flood solutions being explored in Thailand at the time focused on single family residences sitting on empty oil drums or sealed plastic tanks. This system unfortunately requires constant maintenance to guarantee an air tight volume. This specific project needed a system that was more foul-proof, maintenance free, and our solution was to float the

building through simple displacement. In typical conditions the building would sit on its grade beams and only come “active” in the event of a serious flood. This construction was similar to piers, in which the pile foundation is attached to the ground, but the raft moves up and down depending on the tide.

We had many conversations with engineer and hydrologist Dr. Seree Suparathid and determined that the university had reached its maximum water level in 2011. This was the worst case scenario, and we could design directly for that. It wasn’t necessary to float the entire building, only the floor slab and walls needed to float—the roof, the columns, and the foundation could remain fixed.



The exhibition space was designed as a floor slab with a tapered concrete perimeter wall and collars around each internal column.

In order for this concrete tub to float, the composite density of this volume needed to be less than the density of water. According to calculations, the entire tub would weigh about 235,000 kilograms. Because of the massive weight of the tub and the nature of flooding in this area, the tub would rise slowly and be as steady as a rice barge.

On top of the perimeter walls sits a glass wall that has a vertical cantilever of about 4 meters. It is braced by tapered fins and connects to a fabric ceiling above. The fabric ceiling would have a crumple zone which would allow the tub to rise and settle with no intervention.

As for the office portion of the building, flood mitigation would be dealt with by raising the building well above flood level. Experientially, we wanted this elevation change to be gradual, beginning at

the entrance of the building, which would be 2.30 meters taller than the existing sidewalk level. A drastic elevation change such as this required delaying the process of arrival, so that the slope would be gradual, leading up to the main entrance door of the office area. Therefore the entrance to the building would not be a direct path, but a slow and gradual one that wrapped around the back of the building. This arrival betrayed the classical set-up of the symmetrical building, but offered a much slower, measured approach.

The concrete used in this building's foundation was to be a special mix used in dam construction. It would contain water stopping "crystals" that would enlarge when saturated with water. Along with mortar water-stop connectors embedded in major slab connections, this would prevent the high-strength concrete from leaking. This type of construction is common at a small scale-- usually in docks and piers-- but this project would be the first time it would be used at this large scale.



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APPENDIX A

RANGSIT JOURNAL OF SOCIAL SCIENCES AND HUMANITIES (RJSH)

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APPENDIX B

RANGSIT JOURNAL OF SOCIAL SCIENCES AND HUMANITIES (RJSH)

NOTE FOR AUTHORS

1. Aims and Scope

Rangsit Journal of Social Sciences and Humanities (RJSH) is an international scholarly journal officially published biannually, in print and on-line. The months of publication are January and July. It is a multidisciplinary journal that aims to provide a high profile vehicle for publication of various new issues in different academic areas. The scope of the *Journal* encompasses, but is not limited to, social sciences, and humanities.

2. Submission Deadline

Submissions are to be permanently open. A manuscript submitted between July 1st and December 31st will be considered for publication in the January-June Issue of the subsequent year whereas a manuscript submitted between January 1st and June 30th will be considered for publication in the July-December Issue.

3. Categories of Articles

The *Journal* accepts the following types of articles:

1. **Research Articles:** A research article is a regular quantitative or qualitative article which aims to present new findings or interpretations.
2. **Notes or Address:** A brief record of something or speech written down that presents important issues.
3. **Review Articles:** There are two types of review articles: non-systematic (or journalistic) reviews and systematic reviews. Non-systematic or journalistic reviews provide a summary of evidence derived from primary studies that have been selected and synthesized according to the author's personal and professional perspective. Non-systematic reviews can cover a wide range of subject matter at various levels of totality and comprehensiveness. Systematic reviews, on the other hand, provide summaries of related primary studies that have been searched for, evaluated, and selected and reported according to a rigorous methodology.
4. **Innovations:** An innovation is an article which aims to present creative arts and designs, procedures or devices.
5. **Comments or Critiques:** A comment or critique is a short article that makes comments or replies to a comment on another article already published by this *Journal*.
6. **Book Reviews:** A book review is a short article that is written by a specialist and read by the general community. The aim of a book review is to give a brief summary of the book's strengths and weaknesses and to evaluate the book's overall usefulness to the audience it is intended for.

Research articles, review articles, and innovations should not exceed 15 pages of standard A4 paper using *RJSH* format. Notes, comments or critiques, and book review should not exceed 5 pages. Template for research articles is available at www.rsu.ac.th/rjsh. All categories of articles must coincide with manuscript preparation instruction (see Manuscript Preparation Section).

4. Editorial Policies

RJSH accepts only the work that has not been published; that is not under consideration for publication, elsewhere; and that its publication has been approved by all co-authors and the relevant authorities responsible at the institute where the work was conducted. Submission also implies that the authors have already obtained all necessary permissions for the inclusion of copyrighted materials, such as figures and tables from other publications. Previously published work will not be considered for publication. Submitting a copied piece of writing as one's own original work is considered plagiarism. The *Journal* is published by Rangsit University Press, Thailand. Contributions are in English. Copyright is by the publisher and the authors.

Authorship: *RJSH* expects that all of the authors listed on a manuscript have contributed substantially to the submitted paper. By submission of the manuscript, cover letter, and Copyright Transfer Agreement (CTA), the corresponding author affirms that all named authors have agreed to be listed as authors of the paper. Furthermore, by their signatures on the CTA, all authors affirm that they have both read and approved the manuscript, and that they take full responsibility for the content of the article.

Review Process: *RJSH* assumes responsibility for insuring that submitted manuscripts receive expert and unbiased reviews. *RJSH* strives to complete a peer review of all submitted papers and the publication of accepted manuscripts in a timely manner and to keep the authors informed of any problems with their manuscript. All submitted manuscripts are initially evaluated by the Editor-in-Chief in consultation with members of the Editorial Board before being sent for double-blind review. *RJSH* is under no obligation to submit every manuscript to formal peer review. Manuscripts that are judged by the editors to be inferior or inappropriate for publication in the *Journal* may, at the discretion of the Editor-in-Chief, be rejected without formal written reviews by referees. *RJSH* attempts to obtain at least two written reviews for each manuscript that is entered into the peer review process, although the Editor-in-Chief has the discretion to make final decisions about the disposition of a manuscript with fewer than two reviews. The reviewers' evaluations will be used by the editors to decide whether the paper should be accepted, revised or rejected. A copy of the referees' comments will be sent to the corresponding authors whose paper needs revision. All reviewers serve anonymously and their identities are protected by the confidentiality policy of *RJSH*.

Confidentiality: As is customary for the peer review process, *RJSH* holds the identity of authors and the contents of all submitted manuscripts in confidence until such time as the papers are published. This confidentiality extends to the comments of editors and reviewers that have evaluated the paper; these comments and reviews are released only to the corresponding author. Co-authors may have access to these documents either by obtaining them directly from the corresponding author or by submitting to *RJSH* a letter of request that has been signed by the corresponding author. Similarly, *RJSH* expects that editors and reviewers will maintain strict confidentiality of the authors' identities and the contents of manuscripts that they examine during the review process, and furthermore, will never disclose the contents (either orally or in writing) of documents related to the peer review of a manuscript. A violation of this policy is considered a serious breach of trust.

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5. Manuscript Preparation

General Instruction: Submit your manuscript in both PDF and MS word formats. Manuscripts are acceptable in both US and UK English, but the use of either must be consistent throughout the manuscript. Please note that the editors reserve the right to adjust style to certain standards of uniformity.

Format: Unless specified, type text with 10-point Times New Roman font on 12-point line spacing, with a 1.25 inch left margin, 1 inch bottom and right margin, 2 inch top margin, 1.2 inch header, and 0.6 inch footer. Main text is set in single column. First lines of paragraphs are indented 0.5 inch. For hard copy, use standard A4 paper, one side only. Use ordinary upper- and lower-case letters throughout, except where italics are required. For titles, section headings and subheadings, tables, figure captions, and authors' names in the text and reference list: use ordinary upper- and lower-case letters throughout. Start headings at the left margin. If you wish, you may indicate ranking of complicated section headings and subheadings with numerals (1, 1.1, 1.1.1). Try not to exceed three ranks. All pages must be numbered in the top right-hand corner.

Title: Use 11-point bold font on 12-point line spacing. The length of the title of the article must not exceed 2 lines. A title should be concise and informative. The alignment of the title is centered.

Author Names: Use 10-point font on 11-point line spacing. Centered alignment and leave one line space below the title of the article. Begin with the first name of the author followed by the last name. For more

than one author, separate each name by a comma (,), and identify each author's affiliation by superscript numbers at the end of the author's last name.

Author Affiliations: Use 9-point font on 10-point line spacing. Centered alignment and leave one line space below the author names. Include institutional and e-mail addresses for all authors. Place superscript numbers at the beginning of each affiliation accordingly.

Abstract: Use 10-point font on 11-point line spacing for heading and 9-point font on 11-point line spacing for abstract content. An abstract of up to 250 words must be included as and when appropriate. For research papers; the purpose and setting of the research, the principal findings and major conclusions, and the paper's contribution to knowledge should be briefly stated. For empirical papers the locations of the study should be clearly stated, as should the methods and nature of the sample, and a summary of the findings and conclusion. Please note that excessive statistical details should be avoided, abbreviations/acronyms used only if essential or firmly established.

Keywords: List up to 6 keywords and separate each keyword by a comma (,). The keywords should accurately reflect the content of the article. The keywords will be used for indexing purposes.

Main Text: Use 10-point font on 12-point line spacing. In the main body of the submitted manuscript the following order should be adhered to: introduction, methodology, results (if any), discussion (if any), conclusion, acknowledgements, and references. Please note that some article categories may not contain all components above. Tables or figures must be included in the text for the reviewing process. In addition, tables and figures must also be submitted individually in separate files. Refer in the text to each table or illustration included, and cite them in numerical order, checking before submission that all are cited and in correct sequence.

References in the Text: To insert a citation in the text use the author-year system, i.e., the author's last name and year of publication. Examples are as follows: "Since Johnson (2008) has shown that..." or "This is in agreement with results obtained later (Benjamin, 2010)". For 2-3 authors; all authors are to be listed, with "and" separating the last two authors, for more than three authors, list the first author followed by et al. The list of references should be arranged alphabetically by authors' names. All publications cited in the text should be presented in a list of references following the text of the manuscript. The manuscript should be carefully checked to ensure that the spelling of authors' names and dates are exactly the same in the text as in the reference list. Responsibility for the accuracy of bibliographic citations lies entirely with the author(s). Citation of a reference as "in press" implies that the item has been accepted for publication. Authors are responsible for the accuracy of the content of the references.

List of References: RJSH uses the American Psychological Association (APA) referencing style, details of which can be found at <http://www.apastyle.org/>. References should be listed at the end of article, arranged alphabetically according to the last names of the authors and then chronologically. The following are examples of the APA referencing style:

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Author./ (Year of publication)./Title of Abstract (abstract)./Journal Title./Volume(Issue)./Page number.

Example:

Clark, D.V., Hausen, P.H., & Mammen, M.P. (2002). Impact of dengue in Thailand at the family and population levels (abstract). *Am J Trop Med Hyg*, 67(2 Suppl), 239.

Books

Author./ (Year of publication)./Book Title./Edition (if any)./Place of publication:/Publisher.

Example:

Goodwin, C.J. (1995). *Research in psychology: Methods and design*. New York: John Wiley & Sons, Inc.

Book Articles

Author./ (Year of publication)./Article Title./Book Title (Page Numbers)./Edition (if any)./Place of publication:/Publisher.

Example:

Holland, J.L. (1973). Making vocational choice. *A theory of career* (pp. 43-49). New Jersey: Prentice-Hall.

Conference and Seminar Proceedings

To cite proceedings that are published regularly, use the same format as for a journal article. To cite proceedings that are published in book form, use the same format as for an article in a book.

Dissertation or Thesis

Author./ (Year of publication)./ Title of dissertation or thesis./ Type of Thesis./ Awarding Institution.

Example:

Norasingha, A. (2009). Expression and distribution of mucorinic receptors in hepatic composite of the cirrhotic rats. A thesis for the degree of Master of Science in Biomedical Sciences. Rangsit University.

Editorials

Author./ (Year of publication)./ Title of Editorial (editorial)./ *Journal Title*,/ *Volume*(Issue),/ Page numbers.

Example:

Fisher, R.I. (2003). Immunotherapy in Non-Hodgkin's lymphoma: Treatment advances (editorial). *Semin Oncol*, 30(2Suppl 4), 1-2.

Journal Articles

Author./ (Year of publication)./ Article Title./ *Journal Title*,/ *Volume*(Issue),/ Page numbers.

Example:

Leelawat, S., Leelawat, K., Narong, S., & Matangkasombut, O. (2010). The dual effects of delta 9-tetrahydrocannabinol on cholangiocarcinoma cells: Anti-invasion activity at low concentration and apoptosis induction at high concentration. *Cancer Investigation*, 28(4), 357-363.

Polk, A., Amsden, B., Scarrtt, D., Gonzal, A., Oknamefe, O., & Goosen, M. (1994). Oral delivery in aquaculture. *Aquacult. Eng*, 13, 311-323.

Seals, D.R., & Tanaka, H. (2000). Manuscript peer review: A helpful checklist for students and novice referees. *AdvPhysiolEduc*, 22, 52-58.

Srichandum, S. & Rujirayanyong, T. (2010). Production scheduling for dispatching ready mixed concrete trucks using bee colony optimization. *American J. of Engineering and Applied Sciences*, 3(1), 823-830.

Letters

Author./ (Year of publication)./ Title of Letter./ *Journal Title*,/ *Volume*(Issue),/ Page number.

Example:

Enzensberger, W., & Fisher, P.A. (1996). Metronome in Parkinson's disease (letter). *Lancet*, 347, 1337.

Notes

Author./ (Year of publication)./ Title of Note./ *Journal Title*,/ *Volume*(Issue),/ Page number.

Example:

Haier, R.J., Schroeder, D.H., Tang, C., Head, K., & Colom, R. (2010). Gray matter correlates of cognitive ability tests used for vocational guidance. *Biomed Central*, 3, 206.

Unpublished/In Press Articles

Author./ (In press Year)./ Article Title./ *Journal Title*./ (in press).

Example:

Veena, B. (2004). Economic pursuits and strategies of survival among Damor of Rajasthan. *J Hum Ecol*. (in press).

Internet periodicals

Author./ (Year of publication)./ Article Title./ *Journal Title*,/ *Volume*(issue),/ page numbers./ Retrieved mm dd, year, from the full URL of the web page

Example:

Adams, P.J. (2000). Australian economic history. *Journal of Australian Economics*, 5(2), 117-132.
Retrieved June 12, 2001, from <http://jae.org/articles.html>

Internet non-periodicals

Author./ (Year of publication)./Article Title./Retrieved mm dd, year, from the full URL of the web page

Example:

Lemire, D. (n.d.). Write good papers. Retrieved July 1, 2010, from <http://www.daniel-lemire.com/blog/rules-to-write-a-good-research-paper>

Illustrations and Figures: All illustrations should be provided in a file format and resolution suitable for reproduction, e.g., EPS, JPEG or TIFF formats, without retouching. Photographs, charts and diagrams should be referred to as "Figure(s)" and should be numbered consecutively in the order to which they are referred. In addition to placing figures with figure captions into the main text, **submit each figure individually as a separate file.**

Line Drawings: All lettering, graph lines and points on graphs should be sufficiently large and bold to permit reproduction when the diagram has been reduced to a size suitable for inclusion in the journal. Do not use any type of shading on computer-generated illustrations.

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English Language Editing before Submission: Authors for whom English is a second language may choose to have their manuscript professionally edited before submission.

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There are four editorial decisions: Accept, Accept with Minor Revision, Resubmit with Major Revision, and Reject. A Reject decision is definitive and authors may not submit a new version of the manuscript to the *RJSH*. A Resubmit with Major Revision requires a major re-write of the manuscript and/or inclusion of significant new data, and thus the creation of a new manuscript, which will thus be assigned a new submission date. An Accept with Minor Revision decision implies that the paper can, in principle, attain the required standard of the *Journal* without major change. Editors may or may not have a revised manuscript reviewed (generally, by the original reviewers), in order to ascertain whether changes to the original manuscript adequately responded to the criticisms. If changes made do not result in a paper of the required standard, the revised manuscript will be definitively rejected. If a revised manuscript of "Accept with Minor Revision" is accepted, the original submission date will be retained.

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9. Further Reading

The following resources will provide valuable guidelines for the preparation of manuscripts.

Anonymous. (n.d.). How to write abstract. Retrieved January 17, 2011, from

http://www.journal.au.edu/au_techno/2006/jan06/vol9num3_howto.pdf

Anonymous. (n.d.). How to write an abstract: Links and tips. Retrieved January 17, 2011, from

<http://research.berkeley.edu/ucday/abstract.html>

Koopman, P. (n.d.). How to write an abstract. Retrieved January 17, 2011, from

<http://www.ece.cmu.edu/~koopman/essays/abstract.html>

Lemire, D. (n.d.). Write good papers. Retrieved January 17, 2011, from <http://lemire.me/blog/rules-to-write-a-good-research-paper/>

Plonsky, M. (n.d.). Psychology with style: A hypertext writing guide. Retrieved January 17, 2011, from

<http://www.uwsp.edu/psych/apa4b.htm>

Seals, D.R., & Tanaka, H. (2000). Manuscript peer review: A helpful checklist for students and novice referees. *Adv. Physiol. Educ*, 22, 52-58.

Jones, A., & Pham, H. (n.d.). Basic Referencing using the APA System, Teaching and learning unit, Faculty of Economics and Commerce, The University of Melbourne. Retrieved February 15, 2011, from <http://www.scribd.com/doc/57603066/A-Pa-Style>

APPENDIX C

RANGSIT JOURNAL OF SOCIAL SCIENCES AND HUMANITIES (RJSH)

Research Article Single-Column Template

Please note that the paper size is standard A4 size (approx 8.27 x 11.69 in)

**Type your title here using 11-point Times New Roman bold font on 12-point line spacing.
The length of the title of the article must not exceed 2 lines.**

Author Names (Use 10-point Times New Roman font on 11-point line spacing.

Begin with the first name of the author followed by the last name. For more than one author, type 'and' before the last author's name. For more than two authors, also separate each name by a comma (,). Identify each author's affiliation by superscript numbers at the end of the author's last name.)

Author Affiliations (Use 9-point Times New Roman font on 10-point line spacing.

Include institutional and e-mail addresses for all authors. Place superscript number in front of author's affiliation corresponding to author's name.)

Submitted date month, year; accepted in final form date month, year (To be completed by RJSH)

Abstract (10-point bold font on 11-point line spacing)

For abstract content, use 9-point Times New Roman font on 11-point line spacing. First line is indented 0.5 inch. An abstract of up to 250 words must be included. Include your major findings in a useful and concise manner. Include a problem statement, objectives, brief methods, results, and the significance of your findings.

Keywords: List up to 6 keywords and separate each keyword by a comma (,). The keywords should accurately reflect the content of the article. The keywords will be used for indexing purposes.

1. Introduction

The actual manuscript will be published in a single-column style in the RJSH journal. This single column template is adopted as a user friendly format. Thus, with this template, the main text is set in a single column. Type text with 10 point Times New Roman font on 12 point line spacing, with a 1.25 inch left margin, 1 inch bottom and right margin, 2 inch top margin, 1.2 inch header, and 0.6 inch footer. First lines of paragraphs are indented 0.5 inch. Please note that the paper size is standard A4 size (approx 8.27 x 11.69 in). In MS Word, select "Page Layout" from the menu bar, and under Paper Size select A4 Size.

The introduction should put the focus of the manuscript into a broader context. As you compose the introduction, think of readers who are not experts in this field. Include a brief review of the key literature. If there are relevant controversies or disagreements in the field, they should be mentioned so that a non-expert reader can find out about these issues further. The introduction should conclude with a brief statement of the overall aim of the experiments.

To insert a citation in the text use the author-year system, i.e., the author's last name and year of publication. Examples are as follows: "Since Johnson (2008) has shown that..." or "This is in agreement with results obtained later (Benjamin, 2010)". For 2-3 authors; all authors are to be listed, with "and" separating the last two authors, for more than three authors, list the first author followed by et al. The list of references should be arranged alphabetically by authors' names. All publications cited in the text should be presented in a list of references following the text of the manuscript. The manuscript should be carefully checked to ensure that the spelling of authors' names and dates are exactly the same in the text as in the reference list. Responsibility for the accuracy of bibliographic citations lies entirely with the author(s). Citation of a reference as "in press" implies that the item has been accepted for publication. Authors are responsible for the accuracy of the content of the references.

2. Objectives

The objectives of the study should be specified explicitly.

3. Materials and methods

This section should provide enough detail to allow full replication of the study by suitably skilled investigators. Protocols for new methods should be included, but well-established protocols may simply be referenced.

4. Results

The results section should provide details of all of the experiments that are required to support the conclusions of the paper. There is no specific word limit for this section. The section may be divided into subsections, each with a concise subheading. The results section should be written in past tense.

Tables must be cell-based without vertical lines. They should be produced in a spreadsheet program such as Microsoft Excel or in Microsoft Word. Type all text in tables using 9-point font on 10-points line spacing. Type the caption above the table to the same width as the table.

Tables should be numbered consecutively. Footnotes to tables should be typed below the table and should be referred to by superscript numbers. Submit separate files of tables in their original file format and not as graphic files in addition to incorporating in the main text. Tables should not duplicate results presented elsewhere in the manuscript (e.g., in graphs).

Table 1 Table caption

C1	C2	C3	C4
R1			
R2			
R3			
R4			
R5			
R6			

If figures are inserted into the main text, type figure captions below the figure. In addition, submit each figure individually as a separate file. Figures should be provided in a file format and resolution suitable for reproduction, e.g., EPS, JPEG or TIFF formats, without retouching. Photographs, charts and diagrams should be referred to as "Figure(s)" and should be numbered consecutively in the order to which they are referred



Figure 1 Figure caption

Table 2 Table caption

C1	C2	C3	C4	C5	C6	C7
R1						
R2						
R3						
R4						
R5						
R6						
R7						
R8						
R9						
R10						

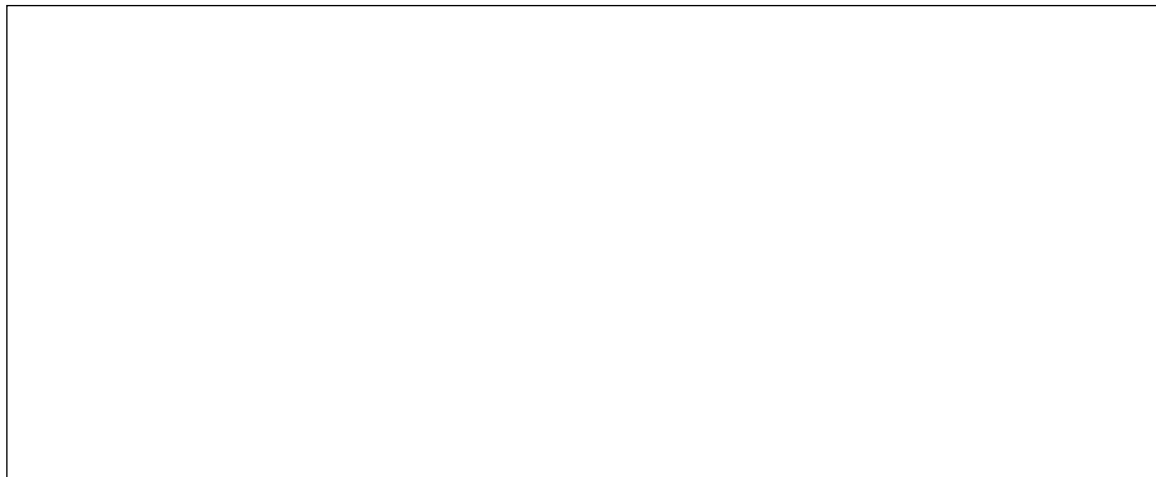


Figure 2 Figure caption

5. Discussion

The discussion should spell out the major conclusions of the work along with some explanation or speculation on the significance of these conclusions. How do the conclusions affect the existing assumptions and models in the field? How can future research build on these observations? What are the key experiments that must be done? The discussion should be concise and tightly argued. Conclusions firmly established by the presented data, hypotheses supported by the presented data, and speculations suggested by the presented data should be clearly identified as such. The results and discussion may be combined into one section, if desired.

6. Conclusion

The Conclusion section restates the major findings and suggests further research.

7. Acknowledgements

People who contributed to the work but do not fit criteria for authorship should be listed in the Acknowledgments, along with their contributions. It is the authors' responsibility to ensure that anyone named in the acknowledgments agrees to being so named. The funding sources that have supported the work should be included in the acknowledgments.

8. References

RJSH uses the American Psychological Association (APA) referencing style, details of which can be found at <http://www.apastyle.org/>. References are arranged alphabetically according to the last names of the authors and then chronologically. The first line of each reference is aligned left. Use hanging style of 0.5 inch after the first line of each reference. The following are examples of the APA referencing style:

Abstracts

Author./ (Year of publication)./Title of Abstract (abstract)./Journal Title./Volume(Issue)./Page number.

Example:

Clark, D.V., Hausen, P.H., & Mammen, M.P. (2002). Impact of dengue in Thailand at the family and population levels (abstract). *Am J Trop Med Hyg*, 67(2 Suppl), 239.

Books

Author./ (Year of publication)./Book Title./Edition (if any)./Place of publication:/Publisher.

Example:

Goodwin, C.J. (1995). *Research in psychology: Methods and design*. New York: John Wiley & Sons, Inc.

Book Articles

Author./ (Year of publication)./Article Title./Book Title (Page Numbers)./Edition (if any)./Place of publication:/Publisher.

Example:

Holland, J.L. (1973). Making vocational choice. *A theory of career* (pp. 43-49). New Jersey: Prentice-Hall.

Conference and Seminar Proceedings

To cite proceedings that are published regularly, use the same format as for a journal article. To cite proceedings that are published in book form, use the same format as for an article in a book.

Dissertation or Thesis

Author./ (Year of publication)./Title of dissertation or thesis./Type of Thesis./Awarding Institution.

Example:

Norasingha, A. (2009). Expression and distribution of mucorinic receptors in hepatic composite of the cirrhotic rats. A thesis for the degree of Master of Science in Biomedical Sciences. Rangsit University.

Editorials

Author./ (Year of publication)./Title of Editorial (editorial)./Journal Title./ Volume(Issue)./Page numbers.

Example:

Fisher, R.I. (2003). Immunotherapy in Non-Hodgkin's lymphoma: Treatment advances (editorial). *Semin Oncol*, 30(2 Suppl 4), 1-2.

Journal Articles

Author./ (Year of publication)./Article Title./Journal Title./ Volume(Issue)./Page numbers.

Example:

Leelawat, S., Leelawat, K., Narong, S., & Matangkasombut, O. (2010). The dual effects of delta 9-tetrahydrocannabinol on cholangiocarcinoma cells: Anti-invasion activity at low concentration and apoptosis induction at high concentration. *Cancer Investigation*, 28(4), 357-363.

Polk, A., Amsden, B., Scarrtt, D., Gonzal, A., Oknamefe, O., & Goosen, M. (1994). Oral delivery in aquaculture. *Aquacult. Eng*, 13, 311-323.

Seals, D.R., & Tanaka, H. (2000). Manuscript peer review: A helpful checklist for students and novice referees. *Adv Physiol Educ*, 22, 52-58.

Srichandum, S. & Rujirayanyong, T. (2010). Production scheduling for dispatching ready mixed concrete trucks using bee colony optimization. *American J. of Engineering and Applied Sciences*, 3(1), 823-830.

Letters

Author./ (Year of publication)./ Title of Letter./ *Journal Title*./ Volume(Issue),/ Page number.

Example:

Enzensberger, W., & Fisher, P.A. (1996). Metronome in Parkinson's disease (letter). *Lancet*, 347, 1337.

Notes

Author./ (Year of publication)./ Title of Note./ *Journal Title*./ Volume(Issue),/ Page number.

Example:

Haier, R.J., Schroeder, D.H., Tang, C., Head, K., & Colom, R. (2010). Gray matter correlates of cognitive ability tests used for vocational guidance. *Biomed Central*, 3, 206.

Unpublished/In Press Articles

Author./ (In press Year)./ Article Title./ *Journal Title*./ (in press).

Example:

Veena, B. (2004). Economic pursuits and strategies of survival among Damor of Rajasthan. *J Hum Ecol.* (in press).

Internet periodicals

Author./ (Year of publication)./ Article Title./ *Journal Title*./ Volume(issue),/ page numbers./ Retrieved mm dd, year, from the full URL of the web page

Example:

Adams, P.J. (2000). Australian economic history. *Journal of Australian Economics*, 5(2), 117-132. Retrieved June 12, 2001, from <http://jae.org/articles.html>

Internet non-periodicals

Author./ (Year of publication)./ Article Title./ Retrieved mm dd, year, from the full URL of the web page

Example:

Lemire, D. (n.d.). Write good papers. Retrieved July 1, 2010, from <http://www.daniel-lemire.com/blog/rules-to-write-a-good-research-paper>

APPENDIX D

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APPENDIX E

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