Political Regime Dynamics and Social Security Reform: A Case Study of the Social Security Act Amendments during the Periods of Yingluck and Prayuth

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Abstract

According to previous studies on social security policy in Thailand, a causal link between elected governments and developments in social security has been observed in the direction that the initiation and implementation of social security policy (and perhaps all other social welfare policies) occurred more frequently and more successfully when this country was ruled by an elected government. However, this observation appears problematic when brought to bear on the most recent cases of social security reforms that have occurred, especially during the period under Yingluck Shinawatra government when the attempt to amend the 1990 Social Security Act proposed by the organized labor and 14,264 public petitioners was rejected by the directly-elected House of Representatives; and the period under Prayuth Chan-ocha government when the Social Security Act Amendments of 2015, which included many requests from organized labor mentioned in the rejected bill, was passed by the appointed National Legislative Assembly. Relying on a strategic-relational approach, this paper claims that the changes and continuities in the social security policy in each particular period did not occurred as simply a result of the different types of political regime but was part of a broader effort to deal with the tensions and conflicts between and within different sections of the bourgeoisie, political parties, state agencies, and working class over policy problems, solutions, and directions that have emerged as a result of Thailand's capitalist transition during the past decade.

Keywords: social security policy, political regime dynamics, Yingluck, Prayuth, Thailand

1. Introduction

Previous studies on social security policy in Thailand have consistently demonstrated that the initiation and implementation of social security policy (and perhaps all other social welfare policies) occurred more frequently and more successfully when the country was ruled by an elected government (Nipon, 2003; Somkiat & Khoop, 2010; Vause & Chandravithun, 1992). Somkiat and Khoop (2010, pp. 2-3), for example, indicated that many major social welfare policies were begun initiated in Thailand during the periods when the government was elected. The remarkable cases include a project providing financial assistance for low-income citizens implemented by the Kukrit Pramoj government (March 14, 1975 – January 12, 1976), the Social Security Act enacted during the Chatichai Choonhavan government (August 4, 1988 – February 23, 1991), the universal healthcare policy of the Thaksin Shinawatra government (February 9, 2001 – September 19, 2006), and Abhisit Vejjajiva government (December 17, 2008 – August 5, 2011)'s 12-year free education. There have been very few cases however in which social welfare policies were begun initiated in Thailand during the periods when the government was elected. The remarkable cases include a project providing financial assistance for low-income citizens implemented by the Kukrit Pramoj government (March 14, 1975 – January 12, 1976), the Social Security Act enacted during the Chatichai Choonhavan government (August 4, 1988 – February 23, 1991), the universal healthcare policy of the Thaksin Shinawatra government (February 9, 2001 – September 19, 2006), and Abhisit Vejjajiva government (December 17, 2008 – August 5, 2011)'s 12-year free education. There have been very few cases however in which social welfare policies were introduced by a nonelected government; for instance, the 1972 Workmen’s Compensation Fund promulgated during the period of Thanom Kittikachorn (December 9, 1963 – October 14, 1973) and the Act to Protect Car Victims initiated during the period of Anand Panyarachun (March 2, 1991 – March 23, 1992). Moreover and in contrast, the interruption of social welfare policy initiation and implementation was observed during the periods of nonelected governments. Examples are the delay in the implementation of the 1954 Social Security Act during the Pibun government (April 8, 1948 – September 16, 1957) and the National Peace Keeping Council (NPKC)'s 1991 Amendment of the 1975 Labor Relations Act in order to remove state enterprise workers from coverage by the 1975 law and instead govern labor relations within state enterprises through the 1991 State Enterprise Employee Relations Act. However, the causal link that previous writers draw between elected governments and developments in social security appear problematic
when brought to bear on the most recent cases of social security reform (and reform attempts) that have occurred, especially during the period under Yingluck Shinawatra and Prayuth Chan-ocha governments. It was in the former period that the attempt to amend the 1990 Social Security Act proposed by the unionist Wilaiwan Sae-Tia and 14,264 public petitioners (hereafter: the organized labor bill) was rejected by the directly-elected House of Representatives. In contrast, the Social Security Act Amendments of 2015, which included many requests from organized labor mentioned in the rejected bill, were passed by the appointed National Legislative Assembly during the later period. This paper thus suggests that a simple focus on the political regime is not helpful for explaining the outcomes of social security policy reform in the recent cases of Thailand.

Relying on the so-called strategic-relational approach (Note 1), this paper argues that in order to explain the changes and continuities in the social security policy in the periods of, for instance, the Yingluck and Prayuth governments; we must rather focus on the state and consider the state system in at least two aspects. First, the state form during these two periods needs to be examined in terms of it being a complex institutional ensemble characterized by a specific pattern of “structural selectivity,” the in-built biases that make each state form more accessible to some social groups than others, which reflects and modifies the balance of class forces (Poulantzas, 1978, pp. 127-139). Secondly, because policy outcomes are also shaped by struggles over control of the state, the constitution of those social and political class forces and the variations of class power in different forms of state must then be emphasized (Poulantzas, 1978, pp. 140-145). Brining this theoretical approach to the most recent case of social security reform in Thailand provides an effective lens for exploring and providing insights into the nature of the changing forces behind the Thai social security policy-making process in recent years. It also helps to generate insights into levels of political influence of the various actors in the Thai policy-making process, particularly the government, politicians, technocrats (i.e., the Ministry of Labor and the Social Security Office), business entrepreneurs, labor groups and other relevant stakeholders.

2. Method

This paper used the amendments of the Social Security Act during the period of Yingluck’s and Prayuth’s governments as a case study to examine the effects of different state forms regarding the balance of class forces. Data for the analyses were taken from three major sources. The first source is official data collected by several organizations working relating to social security issues such as the Office of Social Security, Ministry of Social Development and Human Security, and Office of National Economic and Social Development Broad. The second source is information reported in the media about actions, reactions, and opinions of the key policy decision-makers and involves when dealing with the social security issues during the period of study. The third source is information obtained from an in-depth interview asking many individuals who work related to social security decision-making process and those who are impacted by the policies such as politicians, bureaucrats, business groups, civil society organizations and academics.

These three sources of information were jointly used in the two stages of examination. The first stage employed a chronological approach to explore the existing political and economic constraints unique to the social security legislation during the period of Yingluck and Prayuth governments. The second stage of examination dealt intensively with the questions aiming to assess and explain the relationship of the Thai state to: (1) the dominant classes, focusing especially on how the political agents and personnel—the cabinet, the bureaucracy (especially, the Ministry of Labor, the Social Security Office: SSO, the Board of Social Security Fund: SSF), members of the Parliament, and so on—in each period acted in and through the state in responding to the requests to amend the 1990 Social Security Act; and (2) the masses and their struggle, focusing in particular on how working-class demands were politically accommodated into social security policy, comparing the periods of the liberal democratic regime of Yingluck’s government and the authoritarian regime of Prayuth’s government.

The terms the liberal democratic form of the state and political regime used in this paper was taken from Poulantzas’ (1978, pp. 203-207; see also Jessop, 1982, pp. 167-168) conceptions of “normal” form of the capitalist state, which is characterized by representative democratic institutions with universal suffrage and competing political parties. The ideological state apparatuses in this form of the state are typically private and thus enjoy a significant degree of autonomy from its control (Ibid.). The terms authoritarian form of state and political regime, or what Poulantzas called “a new type of normal form of state,” used in this paper was defined as “an ‘intensified state’ developed to control every sphere of socio-economic life combined with radical decline of the institutions of political democracy and with draconian and multi-form curtailment of so-called ‘formal’ liberties” (Poulantzas, 1978, pp. 203-204; see also Jessop, 1982, p. 170). According to this definition, the authoritarian state is considered in this paper by acknowledging that it is still essentially democratic in character but its implications for representative democracy are involved the enhanced roles of the governmental and bureaucratic systems and a decline in parliamentary institutions, the rule of law, and political parties (Jessop,
3. Results

The attempt made by organized labor to reform the social security system appeared at the beginning of the period of the Yingluck government. In particular, the cabinet of Yingluck, on September 20th of 2011, decided to submit all of the bills initiated by public petitioners during the previous government (which the organized labor bill was included) to be considered by the parliament. In brief, the organized labor bill aimed to expand the SSF benefits to cover all state and private temporary workers, release the SSO and SSF from officialdom, ensure professional management, and set in place a more accountable and transparent system that allowed more participation from workers to improve benefits and curb corruption. Among these reform issues, the effort to transform the bureaucratic structure of the SSO’s administration, which manages the SSF, into a public organization under the supervision of the prime minister is one of the most contentious parts of the bill. This idea aiming at changing the legal status of the SSO—from a bureaucratic organization under the Ministry of Interior to a public organization or “a special administrative agency”—was supported by several scholars and activists in the labor-development field because this reform would make the new SSO more independent in terms of human resource management, budgeting and financial administrations, and more accountable for insured persons (Thanachaisetavut, 2008, p. 173).

In addition, the request for reforming the SSO and the SSF was emerged as a result of many criticisms of the process of Social Security Committees nomination. According to the present Act, the Social Security Committee consists of 5 representatives from the government, including the Permanent Secretary for Labor and Social Welfare as Chairman, a representative of the Ministry of Finance, a representative of the Ministry of Public Health, a representative of the Bureau of the Budget, and 5 representatives of employers and 5 representatives of employees appointed by the Minister, as members. For many insured persons, this process of nomination has several weaknesses. In the appointment of the 5 representatives from the government, there are no clear and suitable qualifications for those that should be appointed as committee members. For this reason, many committee members that were not social security experts and had no experience in the social security field were appointed. Regarding the process of the selection of representatives of employers and employees, where 5 representatives of employers are selected by 11 employer councils and 5 representatives of employees are selected by 9 employee councils, major criticisms have focused on methods that do not reflect the real representation of employers and employees. Thus, the bill proposed a revision of the method for the election of the SSO board by allowing the SSF members to directly elect the board members (Prapha, 2556, p. 6).

The approval to proceed with organized labor bill impressed many labor activists because it showed that the Phua Thai government was responsive to promises made to labor during the election campaign in June 2011 (Bandit Panviset, 8 October 2011). The entry to power of Yingluck, due to her relation to Thaksin as a sister, also led many labor activists to expect that a window of opportunity for reforming the SSO would be opened because considerations for reform first emerged during the period of the Thaksin government and had been supported by many SSO officers and several organizations, such as the Office of Civil Service Commission (OCSC), the Ministry of Labor, and the SSO between 2002 and 2004 (Labor Activist #A, Personal Interview, 5 March 2014). However, it should be recognized that there was no consensus among these personnel and organizations regarding the reform measures. In particular and the most importantly, while the idea to transform the bureaucratic structure of the SSO’s administration, which manages the SSF, into a public organization under the supervision of the Ministry of Labor was approved by the OCSC and the Ministry of Labor in a consultative meeting between these organizations on January 25th of 2003, the implementing process regarding this approval moved slowly forward under a responsibility of the SSO (Thanachaisetavut, 2008, pp. 176-178). In addition, there had been an opinion survey asking 2,038 SSO officers about the desire to transform their working status into an officer of an independent organization reported in 2003. The results showed that approximately 48.9 percent of the respondents preferred to transform their status, while 42.4 percent did not (Thanachaisetavut, 2008, p. 178). The respondents around 7 percent requested for a two-year test before the changing status officially in active (Ibid.). Based on this survey results, it was hard for the organized labor to expect a great support from the SSO officers to the idea aiming at to reform the structure and administrative of the SSO. Moreover, for many SSO executives, the bureaucratic form of the SSO’s administration is the most effective structure they can enforce legal regulations under their authority and use the provision of a system for social assistance (Note 2).

Contrasting to many labor activists’ positive expectation from the decision made by the Cabinet of Yingluck in proceeding with organized labor bill to the parliament, many others worried about the Phua Thai government’s delay in the implementation of a wage rise policy and were disappointed with the government’s lack of any sign of movement in the area of labor rights (Brown, 2012, p. 15, 18). As Brown (2012, p. 16) pointed out, Yingluck’s
government’s formal labor policies were brief, general, and largely inspired by economic proposals concerned with the reproduction of labor power, including the following: “to provide improved labor market information for those seeking employment; to tackle issues of workplace safety and employment security; to promote a more efficient labor relations system; expand coverage and increase the benefits available under the national social insurance system; promote skill upgrading, and prepare a framework that would govern the free flow of skilled labor that will occur following the formation of the ASEAN Community in 2015.” In this regard, it could be interpreted in another way—that the decision made by the cabinet of Yingluck to submit the organized labor bill to the parliament did not mean that Yingluck and her Phua Thai government accepted all the ideas aiming to reform the social security system mentioned in the proposed bill. In particular, the organized labor’s request for expanding the SSF benefits to cover all state and private temporary workers might be acceptable to and supported by the involved state agents, especially the cabinet of Yingluck and the Ministry of Labor, as this was consistent with the Yingluck’s government’s labor policies. In contrast, another request, particularly the proposal aiming to transform the bureaucratic structure of the SSO’s administration into a public organization under the supervision of the prime minister, because it was not mentioned in the government’s policy statement, may hardly be looked into seriously or ignored entirely by the Phua Thai government. In order to identify the more persuasive explanation why the organized labor bill immediately proceeded into the legislative process but moved slowly forward and then was rejected by the majority of the House of Representatives and eventually replaced by the bills proposed by the cabinet and Democrat Party politicians’ bills, an investigation into what occurred at the time at which this bill was proposed to the parliament is therefore required.

3.1 The Economic Context

It has to be recognized that the organized labor bill was proposed to the parliament when Thailand’s economy was relatively strong and supported by robust commodity-related exports, a growing number of tourists, a low unemployment rate (lower than 0.4 percent), and overall economic expansion by 2.9 percent from the previous year for the first half of 2011 (Trairatvorakul, 2011; World Bank, 2011). Thailand’s economic strength also was recognized by the World Bank, as it was upgraded from a lower-middle-income country to an upper-middle-income country in July 2011 (Farrelly, 2012, p. 307; Jitsuchon, 2012, p. 13). However, many economic challenges remained, especially those that were a result of the devastating earthquake and tsunami in Japan that temporarily disrupted the supply chains of many Japanese-owned manufacturers operating in Thailand and the Great Recession in Europe appearing in 2006 that had some impact on Thailand’s exports (Farrelly, 2012, p. 307). Under these economic conditions, Yingluck introduced major economic policies that focused on stimulating domestic demand, for example, a first-time car-buyer tax rebate, a rice-pledging policy, and a commitment to increase the minimum wage instead of letting Thailand’s capitalist development rely too much on an export-oriented industrialization policy (Busbarat, 2013, p. 3).

In terms of Thailand’s model of economic development, the attempt to shift Thailand’s growth strategies from an export-oriented industrialization approach to strategies that focused more on the implementation of economic stimulus policies in order to boost domestic consumption meant the resurrection of what media and academics has been called “Thaksinomics” (Warr, 2011, p. 61), which offered a dual-track policy of development whereby one track stimulated foreign direct investment, international trade, exports, and tourism while another track sought to strengthen small and medium-sized businesses as well as tackle poverty (via populist policies) (Note 3). Relying on this development strategy, the Yingluck’s government, on one hand, considered social security policy as one of its mechanisms linked to other state policies to protect and promote firms and sectors of economy in its catching-up efforts to overcome the disadvantages of competing against more advanced economies as well as reap the benefits of globalization. For this reason, the proposal attempting to reform the administration or management of the social security system by releasing the SSO and SSF from officialdom as the organized labor requested had never matched the desire of the government to use the mechanisms provided by the social security system (in particular the SSF) to respond to business confidence. On the other hand, because independent business entrepreneurs and the rural poor increasingly became an important part of Thailand’s economy as not only producers but also consumers, it was necessary for the Yingluck’s government to initiate or maintain some welfare policies, in which social security policy is a crucial part, in order to improve economic security for these increasing in number and economic significance groups of people. For Yingluck and her Phua Thai-led government, making independent business entrepreneurs and the poor economically secured gave them at least two benefits. First, in terms of economics, it helps the government to deal with the impacts of the globalization of capital that has increased number of the poor, the unemployed, and workers in an informal sector of Thailand’s economy. Second, in terms of politics, it assists Yingluck and her Phua Thai Party to secure profits for political cronies and maintain the poor as a loyal constituency for them. In contrast to the proposal to reform
structure and administration of the SSO, the organized labor’s request to expand the SSF benefits to cover all state employees was in accordance with the capitalist development strategy of the Yingluck’s government; thereby it was included in the bill proposed by the cabinet of Yingluck and eventually approved by the majority of the House of Representatives.

The structural and organizational reform attempts proposed by organized labor had also never matched neither the desire of businesses that generally supported the state in controlling the social security program in order to protect themselves from social risks and to maintain their profitability and competitive position nor that of the government and bureaucracy (especially, the Ministry of Labor, the SSO, and the Board of the SSF) to use the mechanisms provided by the social security system (in particular the SSF) to negotiate with business as well as laborers (Labor Activist #B, Personal Interview, 8 March 2014). Evidence supporting this claim could be observed through the period when Thailand was facing an economic challenge that accompanied the heavy floods that were most destructive in the central plains, especially in the main industrialized province of Ayutthaya (Bangkok Post, 10 October 2011; The Nation, 11 October 2011). Agricultural, especially rice, production was hit hard (Bangkok Post, 10 October 2011) while SMEs struggled with floods because the prices of some raw materials, notably water hyacinth, had increased (Wiriyapong, 5 October 2011). The worst floods on a scale not seen in 70 years also damaged many of the factories that made hard disk drives, products of which Thailand is the world’s second-largest producer (Wiriyapong, 12 October 2011) and had a crucial impact on the residential property market (The Nation, 11 November 2011). In order to help businesses find relief from the impacts of the flood crisis, the government and other state agencies responded to the requests proposed from the private sector damaged by the flood (Note 4) in numerous ways and most if not all of them went in line with the interests of business and the state itself. For instance, the Cabinet, on October, 13th of 2011, made an impromptu decision to help with the flood damage by ordering all state agencies to cut 10 percent from their regular budgets in order to fund 80 billion baht worth of flood relief and rehabilitation. In about a week after the FTI proposed its flood relief measures to the government, the Central Wage Committee made a decision to raise the daily minimum wage by 40 percent in every province, effective from April, 1st of 2012. This increase would take the minimum wage to 300 baht in seven provinces, including Bangkok, Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan, Samut Sakhon, and Phuket. The Committee also promised that the minimum wage for every province could be expected to be 300 baht by 2013 or earlier, depending on economic conditions (Penchan Charoensuthipan, Bangkok Post, 18 October 2011). In order to alleviate the effect of the wage rise, the Finance Ministry also agreed to allow approximately 300,000 small and medium enterprises to claim a tax reduction from the Labor Ministry (Penchan Charoensuthipan, Bangkok Post, 18 October 2011); and in order to assist employers in recuperating from the flood damage, the SSO approved a 10-billion Baht to establish a soft-loan fund for employers. As part of the flood relief measures, the SSO also agreed to decrease employers’ monthly contributions to the SSF from 5 percent to 3 percent for six months beginning in January 2012, and before this contribution rate will be raised to 4 percent in the second half of 2012 (The Nation, 1 December 2011).

The use of the social security system as part of flood relief measures made the government and businesses acknowledge the importance of social security reform in a way that could make it more effective for the state to relieve the burden of maintaining and reproducing labor in the long run. The businesses therefore supported the idea that maintains the current structure and form of organization that has been used in administrating and managing the social security system (Note 5). Thailand’s experience in dealing with the heavy flood also was evidence showing that the adoption of conventional social protections, especially those that are available in the 1990 Social Security Act, may have become inadequate to cope with economic uncertainty and crisis that may cause problems on an expansion of capitalist development. Provisions to provide assistance for private employers, especially in unexpected cases such as natural disasters which interrupted business operations, thus were included in the government’s amendments bill (Note 6).

3.2 The Political Constraints

Apart from the economic constraints explained above, we need to understand the complexities of the political constraints on state managers at the time Yingluck and her Phua Thai Party won a House of Representatives election on July, 3rd of 2011. In particular, it was the time after various conflicts and violence resulting from the street mobilizations of the United Front for Democracy against Dictatorship (UDD), or the Red Shirts (largely pro-Thaksin (Note 7)), and the People’s Alliance for Democracy (PAD), or the Yellow Shirts (implacably anti-Thaksin (Note 8)), political movements in 2008, 2009, and 2010 (Farrelly, 2012, p. 304). More precisely, the period when the Yingluck government decided to proceed the organized labor bill to the parliament was only approximately 16 months after the clash between the UDD protesters and the armed forces under the command of General Prayuth (while he was a chief commander of the army) and Prime Minister Abhisit, which led to
nearly a hundred deaths and more than 1,800 injuries (Tharoor, 2010).

In the case of Thailand’s decade of street protest in particular, some scholars have depicted such phenomena in the early period of the disputation as “a tussle of competing elites, with a rising elite, associated with Thaksin, challenging the long-dominant conservative elite of palace-connected military leaders, big business/old money and technocrats” (Hewison, 2015: 57 and see, Hewison, 2008: 205–7 for further explanation). However, as the conflict deepened, especially after the military-royalist coup led by the National Council for Peace and Order (NCPO) on September, 19th of 2006, society-wide mobilization and political polarization has precisely existed in Thai society (Hewison, 2015: 57). There has been a political contestation between two rival movements. One is the PAD, which originally formed in February 2006 (Note 9) by a group of previous business associate of Thaksin plus a rival politician, and then was supported by intellectuals, elements of the military, some unions, political activists and had a voice through Sondhi’s media outlets (Pye & Schaffar, 2008, pp. 43-44). The PAD’s protests resumed after their unexpected victory in the 2007 election of the pro-Thaksin party (i.e., the People Power Party); their followers occupied the Government House from August to December of 2008, block the entrance of the parliament building on October, 7th of 2008 in order to prevent the House to elect the new prime minister after Samak Sundraravej was judged by the Constitution Court to be disqualified, and shut down Bangkok’s two airports between November, 25th and December, 3rd of 2008 (Thabchumpon & McCargo, 2011, p. 995). The PAD ended the protest and declared “victory” after the Constitutional Court dissolved the three parties of the government coalition, including the People Power Party, Chart Thai, and Matchima Thippatai, for accountability on electoral fraud involving party executives, which caused Somchai to be disqualified from the prime minister position.

Another movement is the UDD (Note 10), which initially emerged to oppose the 2006 coup, then campaigned against the military-backed constitutional referendum in 2007, and eventually organized as a parallel movement to the PAD to represent the interests of the deposed political parties (i.e., the Thai Rak Thai and People Power Party) and of Thaksin since late 2008 (Forsyth, 2010, p. 464). On December 20th of 2008, the UDD supporters gathered in downtown Bangkok to show their dissatisfaction with the military-back election of Abhisit as a new prime minister. The UDD’s protests in early 2009 caused the cancellation of the 4th East Asian Summit scheduled to be held in Pattaya. Violent clashes with police and soldiers during the demonstrations in Bangkok in April 2009 left hundreds of people injured. On March, 14th of 2010, the UDD began another month-long protest against the Democrat Party-led government and the elite by occupying the Pan Fah Bridge area. The protesters then occupied the priciest shopping area of Bangkok, Ratchaprasong, and established this area as the second protest site. The military moved against the Pan Fah Bridge camp on April, 10th and on April, 14th the UDD decided to abandon Rajadamnoen and gather everyone at Ratchaprasong until being dispersed in the May, 19th assault.

The ongoing political conflict that followed the 2006 coup has had a massive impact on Thai society and labor. Since 2005, Thai governments whether they were supported by the pro-Thaksin or the anti-Thaksin movement had to spend most of their time in office to seek the way to resolve political conflicts (Chattrakul & Ayudhya, 2010, p. 3). As for Yingluck, her government, on one hand, had to accommodate the military, the Thai elites, and the monarchy through its efforts to avoid conflict between its allies and the conservative clique (Busbarat, 2013, pp. 1-3). On the other hand, the Yingluck government had to make a proper response to her supporters, especially the UDD supporters, in order to determine responsibility for the violence used by the previous government and perhaps punish those considered to have acted with excessive force (Farrelly, 2012, p. 304). Social security reform, like many other labor policies, therefore was not urgently considered and implemented by the Yingluck government compared to the government’s other policies presented to the parliament especially the reconciliation policy dealing with the long-running political conflict, economic policies that attempted to provide a boost to domestic demand under the context of global economic uncertainty, and government intervention policies focusing on health, education, and energy security.

The social divide into two opposing sides also has brought about a division within the organized labor movement, with various of its elements either aligning with the PAD’s movement (e.g., the State Enterprise Relations Group: SERG, the Thai Labor Solidarity Committee: TLSC) or supporting the UDD’s movement (in particular working class in the North, Northeast, and Bangkok suburban areas) (Sakdina Chattrakul na Ayudhya, 2010: 3). Moreover, within this broad division, there are also some organized labor groups joining the PAD’s movement but opposing to royalists and military interests and many organized labor groups supporting the UDD’s movement while disfavoring Thaksin and his parties (Brown & Ayudhya, 2013, p. 123). The division within their movement made these organized labor groups became hesitant and reluctant in working together (Ayudhya, 2010, p. 3); thereby the capacity of the organized labor movement to push the voices and interests of the working class into the
policy process has been limited. As for the case of their attempt to reform the social security system, even though the delay of the legislation process of the social security bill led to organized labor’s disappointment, their collective activities operationalized in order to push pressure on such a process at a time when Thailand had seemingly recovered from the flood was unable to make the parliamentarians and policy makers to pay a great attention to their request.

In late March 2012, for instance, a small group of 200 protesters led by Wilaiwan Sae-Tia gathered in front of the Parliament building aiming to re-submit the organized labor bill to Labor Minister Phadoemchai Sasomsaph (Bandit Panviset, 24 March 2012: 15). This resubmission was a sign that organized labor was willing to remind Phadoemchai that the legislation process of the social security bill was very slow and they needed the House of Representatives to consider the draft bill before the end of the parliamentary session in April 2012 (Bandit Panviset, 24 March 2012: 15). Nevertheless, not only did the disappointment expressed by the organized labor receive a positive response from the Ministry of Labor, but also the frustration of organized labor was further increased because their amendment bill remained overlooked by the House of Representatives. The main reason was that the coalition-party politicians proposed the so-called “reconciliation bills (Note 11)” aiming to offer blanket amnesty for politicians, state officials, and the people involved in the political rallies that had taken place between the September, 15th of 2005 and the May, 10th of 2010 (Note 12), to the parliament (Charoensin-o-larn, 2013, p. 287). These bills were then placed at the top of the parliamentary agenda. This occurrence, again, confirmed that social security reform was not the top priority of the Yingluck government’s or the Phua Thai Party’s policy.

Another example showing the inability of the organized labor movement to struggle for a social security reform could be seen in the event that one of the organized labor groups led by Wilaiwan Sae-Tia and Chalee Loysung, chairman of Thai Labor Solidarity Committee, on 29 May 2012, submitted a petition to the Ministry of Labor, attempting to express their frustration and to encourage the government and the House of Representatives to pay more attention to the then previously had to the legislation process of the social security bill. The Ministry of Labor responded to this request by letting the leaders of organized labor have a meeting with executives and high-level officers of the Labor Ministry led by Sanga Sanguanwong, the then secretary to the Labor Minister, and Nakhon Silapa-archa, the deputy permanent secretary-general of the Labor Ministry. At this meeting, Nakhon Silapa-archa stated that the Labor Ministry would coordinate with the Office of the Council of State regarding the progress of the consideration of the social security amendment bill (Voiceolabour, 30 May 2012). However, the parliamentary session finally ended without any progress concerning the legislation of the social security amendment bill as a consequence of the dispute over the reconciliation bills that brought anti-Thaksin massive protests back into Thai politics. This appearance shows that organized labor’s collective activities, because they could not gain a support of wide range of working-class activists and private-sector trade unionists as a result of the division within these labor groups, were unsuccessful in stimulating the legislative process regarding the social security amendment; thereby organized labor had to wait for a while until the parliamentary would open again in December 2012. This also was evidence suggesting that the organized labor has to think and rethink about new ways of organizing and actions in order to improve their capacity to make their struggles for social security reform success. It is at this juncture that this paper turns its focus on how the Yingluck government, members of the Parliament, and other state agents, in particular the Ministry of Labor, the SSO, and the Board of SSF, responded to the requests to amend the 1990 Social Security Act. As capitalism evolves and develops in a way that makes working-class in the informal sector and precarious employed segment become one of the main targets of Yingluck’s domestic consumption stimulus strategy, the following discussion will reveal that it was not a result of the collective activities organized by organized labor but of the political and economic constraints that led the legislative process of the social security amendment.

4. Discussion: Why the Amendments Failed during the Yingluck’s Government But Succeeded in Prayuth’s

As mentioned above, the Phua Thai-led government’s extension of the parliament session that had originally been scheduled to end on the April, 18th of 2012 in order to push ahead with the charter amendment and unity bills made labor activists disappointed with the insincerity of the government politicians as to what they promised to the organized labor during the 2011 electoral campaign to push for the long-awaited workers’ version of the social security bill (Penchan Charoensuthipan, Bangkok Post, 11 June 2012: 2). During the second half of 2012, politics in Thailand were conducted within the ongoing political contestations between the Thaksin supporters and anti-Thaksin networks over the reconciliation process and the constitution amendments (Charoensin-o-larn, 2013, p. 302). There was no positive sign sent from the government or any MPs that the organized labor bill would be considered in the coming parliamentary session. However, Thailand’s economy in
the first half of 2013 was badly affected by the continuing global financial crisis and the slowdown of domestic consumption as a result of Yingluck’s economic policy boosts implemented in 2012, especially the first-car tax rebate scheme, and a delay of a new infrastructure stimulus package due to challenges in the court by opponents of the Pheu Thai government (Farrelly, 2014, p. 308; Ockey, 2014, p. 42).

Moreover, it was the time when the Yingluck government had to launch a nationwide policy to increase the minimum wage to 300 Baht that was postponed for a year due to the impact of the floods. However, this policy implementation came at time of crumbling export demand in the EU and the USA. Thus, for some economic scholars and observers, especially those at the Thailand Development Research Institute (TDRI), the wage hike would, it was argued, increase costs for the employers and put many small- and medium-sized enterprises (SMEs) out of business (Chalaemwong et al., 2012, pp. 4-6). These economic constraints placed pressure on the Yingluck government to think and rethink the social security system as one of the most helpful supportive measures for individual capitalists in response to the problems generated by capitalism. Held in the parliament for over a year, the organized labor bill eventually was considered by the House of Representatives in the first stage of parliamentary legislation on 21 March 2013. However and as usual, in addition to the bill proposed by unionist Wilaiwan Sae-Tia and 14,264 public petitioners, there were other 3 other amendment bills introduced by different groups, including the Cabinet, Democrat Party MPs led by Rawat Areerob, and Democrat Party MPs led by Nakorn Machim.

Nevertheless, the parliament rejected the bills proposed by the Democrat Party MPs led by Nakorn Machim and unionist Wilaiwan Sae-Tia, both of whom called for a significant change in the governance of the SSO. In particular, these two bills proposed making the SSO an independent organization with effective internal controls and audit mechanisms, as organized labor had pushed for years. Moreover, both bills strongly called for the appointment of an independent audit committee to provide oversight of the SSO’s board of directors. In addition to the request for reforming the SSO and the SSF, both bills proposed a revision of the method for the election of the SSO board in order to make each member becoming the real representation of employers and employees.

The rejection of the organized labor bill, which took three years to prepare and which gathered nearly 15,000 supporters, was unacceptable for labor activists, including Sunee Chaiyaro, vice-chairwoman of the Law Reform Commission, who called such a rejection as an abuse of the legislative process (Bangkok Post, 10 April 2013). In addition, this rejection, in labor scholars’ view, has wasted an opportunity to reform the office’s governance to ensure that trillions of Baht contributed by Thai workers is efficiently and honestly used (Bangkok Post, 10 April 2013). However, as the outcome of conflicts and disagreements between organized labor and its supporters, the Yingluck government, the Ministry of Labor, the SSO, Phua Thai, and Democrat politicians, and so on over the social security reform problems and directions, the acceptance of the bills proposed by the Cabinet and MP Rawat had shown that the Yingluck government did not totally ignore the importance of social security reform. Rather, the government selected the reform issues that maintained the state’s power to control the SSF by keeping the SSO in the bureaucratic structure under the supervision of the Ministry of Labor. In particular, this selection showed that the bureaucratic form of the SSO administration is the most preference for the government and the Ministry of Labor to use mechanisms provided by the social security system especially the SSF in negotiating with the business as well as the labor. The government also compromised with some requests, aiming to accommodate some working-class demands into this legislation. In the Cabinet’s bill, the government, for example, agreed to increase state contributions to be half of, instead of equal to, the insured person’s as the 3 other bills proposed. The government also added 1 representative from the Ministry of Interior to the SSO board, which led to an increase of 1 representative from each employer’s and insured person’s side. Notwithstanding, this process had to be put on hold for a while due to the political conflict that heated up again when the anti-government protest led by the People’s Democratic Reform Committee (PDRC) forced Yingluck to dissolve the parliament on 9 December 2013 (Farrelly, 2014, pp. 314-315; Ockey, 2014, p. 45).

The political situation became worse when the Red Shirts organized massive rallies aiming to oppose the PDRC’s movement and to support the continuation of the House of Representatives election. However, the House election scheduled for 2 February 2014 was obstructed by PDRC protesters and eventually decided incomplete by the Constitution Court. The political conflict then expanded to political violence between the PDRC and Phua Thai supporters. There was an attempt to solve this political conflict, however, whereby the military invited politicians and protest leaders from the two opposing sides for negotiations. The conflict was finally ended by the military coup led by the so-called National Council for Peace and Order (NCPO) on 22 May 2014 after a negotiation was held for only 2 days. This event not only ended the legislative process of the social security amendment during the period of Thailand’s liberal democratic regime under the Yingluck government but also set up a new political context for the politics of social security reform under the authoritarian regime.
If the causal link that previous scholars draw between elected governments and developments in social security was confirmed, the amendment of the Social Security Act should be gone with the coup. However, it was (surprisingly) brought back by the Ministry of Labor in October 2014 (approximately 2 months after the Prayuth government was established as one of the 38 government-sponsored bills earmarked for “urgent consideration” by the National Legislative Assembly, NLA). One of the main reasons for this initiation was related to international and political pressure, which made the NCPO announce the a 3-step Roadmap for returning happiness to Thai citizens that included the following: (1) building national reconciliation, (2) reforming the nation by appointing a national assembly, an interim Prime Minister and cabinet, a reform council, and a commission for drafting a new constitution, and (3) holding general elections under a democratic system (Kitti Prasirtsuk, 2015, pp. 203-204). According to this roadmap, the NCPO had to open some public spaces for Thai citizens to express their demands and suggestions, especially those that were critical issues that the NCPO had to consider (issues of labor and social security reform were included) in order to create legitimacy for themselves and to smoothly stay in power. Although the freedom of expression and the right to participate in political activities during the authoritarian regime of the Prayuth government were limited, organized labor, like many other groups of Thai citizens, was therefore allowed to give some voice to the public and state agencies regarding their concerns about economic and social problems. For example, when General Surasak Kanjanarat was appointed to be the Minister of Labor, some labor activists immediately called on him to pay attention to labor’s agenda. Wilaiwan Sae-Tia, vice-president of the Thai Labor Solidarity Committee, said to the media that she expected the new Labor Minister, even though he is a military officer, to make a great effort to ensure transparent spending of the SSF, to which 10 million workers were subscribed (Bangkok Post, 2 September 2014). Arunee Sito, leader of a network of informal workers in Bangkok and neighboring provinces, in addition, urged the new Labor Minister to extend the benefits of the SSF to cover informal workers, including taxi drivers, farm workers, street vendors, and workers that worked at home as this category of workers also formed a core part of the labor force and helped to drive the economy (Bangkok Post, 2 September 2014).

However, the main factor that stimulated the legislation process of the amendments of the Social Security Act, as in the period of the Yingluck government, was economic rather than the pressures applied by organized labor. Evidence supporting this claim can be observed when labor activists led by Manas Kosol, National Congress of Thai Labor president, submitted a petition to the NLA asking it to delay the bill’s first reading until their requests (Note 13) were added (Bangkok Post, 31 October 2014). However, such a strategy could not delay the legislation process of the amendment bill. Kowit Satjawiset, labor inspector-general, for example, explained that “the bill is mainly designed to increase benefits for SSF members and ensure accountability of the SSO board members by requiring them to declare their assets to the National Anti-Corruption Commission” (Bangkok Post, 31 October 2014); so, in his opinion, the bill had already met the requirements of organized labor. In addition, Labor Minister Surasak argued that the bill would go ahead as it had been stalled for some time; however, in order to compromise with labor’s demands he committed to organized labor, saying that “a committee would be formed to work with the labor representatives to make changes to the bill as it is vetted by the NLA” (Bangkok Post, 31 October 2014). As Surasak promised, two labor representatives, including Manas Kosol and Arunee Sito, were appointed as commissioners to consider a draft amendment to the social security law.

As a consequence of the slow exports due to a continuation of the global economic recession and the political unrest which lowered consumer confidence and deterred tourists, Thailand had a very low growth rate in 2014 (McCargo, 2015: 347-348). Aiming to relieve individual capitalists of the burden of maintaining and reproducing labor power under this economic circumstance, the proposed amendment to the social security law was expected by the Ministry of Labor to pass its third and final reading in December 2014. However, the draft amendment to the social security law was actually approved by the NLA on 5 March 2015. The process in considering the bill took a longer time than was expected because some activities in particular the establishment of a working committee to find a way to restructure the SSF (The Nation, 11 November 2014). The New Social Security Act (Amendment B.E. 2558) became effective on 22 June 2015. In this new Act, the SSF benefits were expanded to cover all state and private employees. It also provided assistance to private employers, especially in unexpected cases such as natural disasters which interrupted business operations. In order to improve the management of the SSF and to make it more transparent than it had been in the past, the committee members were required to publicly disclose their assets to the National Anti-Corruption Council and had to refrain from seeking benefit for themselves and others, either directly or indirectly, while managing funds. However, organized labor’s requests to make the SSO an independent agency had not been added to this Act. Like the Yingluck government, such ignorance revealed that the Prayuth government was more likely to maintain the management structure of the
SSO in the bureaucracy under the supervision of the Ministry of Labor in order to use the mechanisms provided by the social security system, in particular the SSF, in negotiating with business as well as labor. This occurrence revealed that state managers (i.e., Yingluck and Prayuth governments) in the most recent case of Thailand’s social security amendments remained free to lay the groundwork for a social security system that could enhance and sustain the conditions for capital economic activity. The case study also provided substantial support for strategic-relational thesis that changes and continuities in the social security policy in each particular period did not occurred as simply a result of the different types of political regime but was part of a broader effort to deal with the tensions and conflicts between divergent groups within the capitalist class-the bourgeoisie, political parties, state agencies, and working class-over policy problems, solutions, and directions.

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Notes

Note 1. The said approach is the approach that does not consider state as a complete mechanism of power that situated as a center of power that been divided and categorized in layers. However, state is the center of relation of power among social power groups that divided into classes, fractions and categories (Poulantzas, 1978: 128 – 129). The concept that applied in this article is to consider state as a strategic field that classes, fractions and categories of people that compete within and among the groups in order to be the leading group that dominate economics, politics and idea via direct or indirect power of state (Jessop, 2008: 123).

Note 2. This opinion was obtained from the researcher’s personal interviews with 5 department/division-directors at the SSO between March and April 2014.

Note 3. Further explanation and discussion regarding Thaksinimics can be found, for example, in Looney (2004), Phongpaichit and Baker (2004), Rado (2008), Szep (2011) and so on.

Note 4. The Federation of Thai Industries (FTI), as one of the peak private-sector bodies representing Thai manufacturers at both national and international levels, for example, proposed several measures to the government. First, the FTI urged the government to establish a 50-billion-baht government fund. The FTI also asked the government for a waiver of electricity fees for three to six months, setting up a committee to help affected workers and special loan rates for small and medium-sized operators. According to the FTI’s proposed measures, the Customs Department should consider tax measures for companies to replace machinery and raw material damaged by floods. For the measures relating to the government’s labor policies, the FTI requested the government to postpone the daily minimum wage to 300 baht for two to three years and waive social security fees for businesses (Bangkok Post, 11 October 2011).

Note 5. This argument was supported by the researcher in-depth interviews with one of the Vice Chairman of the Board of Trade of Thailand in Bangkok on July 31st of 2013, 1 President of the Chamber of Commerce in northern province on April 29th of 2013, 1 President of the Chamber of Commerce in northeastern province on April 5th of 2013, and 1 President of the Chamber of Commerce in eastern province of Thailand on May 27th of 2013, and 2 Vice Presidents of the Chamber of Commerce in 2 southern provinces on February 28th of 2013 and March 11th of 2013.

Note 6. The researcher interviews with one of the Advisors of the Commission on Labor at the House of Representatives on May 3rd of 2013 and the Assistant of the Minister at the Ministry of Labor on May 23rd of 2013.

Note 7. Members of the UDD are mainly rural workers from outside Bangkok, especially in the Northern and Northeastern Thailand. But the red-shirt ranks also include the poor and lower-middle class in Bangkok, students, left-wing activists and some business people who view attempts by the urban middle class and military elite to control Thai politics as a threat to democracy (BCC, 13 July 2012; Buchanan, 2013: 65; McNeill, 2010).

Note 8. The PAD is a loose grouping of royalists (or an ultra-nationalist wearing yellow because it is the color used to celebrate the King’s birthday), the urban middle class, and businessmen accused Thaksin of corruption and inadequate loyalty to the monarchy. Its leadership, particularly Sondhi Limthongkul, who is a media mogul, and Chamlong Srimuang, who is a former general with close ties to the king’s most senior in the Privy Council, has links with the military and the royal circle (BCC, 13 July 2012; Buchanan, 2013: 65; McNeill, 2010).

Note 9. In fact, Sondhi Limthongkul, a leader of PAD, had already been doing anti-Thaksin campaigning for several months, largely under the Thailand Weekly talk show label, and his supporters had already informally adopted yellow as their color.

Note 10. It should be noted here that UDD is the dominant red shirt group, but the movement includes other groups only loosely affiliated and not subordinate to with PAD.

Note 11. In fact, there were four proposed bills, but the most contentious version was ironically proposed by the 2006 coup leader General Sonthi Boonyaratglin, who was at that time a Matubhum Party leader and House of Representative member.

Note 12. The attempt to offer a blanket amnesty to all involvers in political rallies between 2005 and 2010 mentioned in the bills led to a heat confrontation in the Parliament and tensions between Red Shirt and Yellow Shirt supporters. The main reason was that any amnesty that would include Thaksin was unacceptable for the Yellow Shirts and the Democrat Party, while any amnesty that included the Abhisit government and soldiers responsible for the crackdown on the April-May 2010 protests was opposed by the Red Shirts (OcKey, 2013: 129-130).
Note 13. Similar to what the organized labor push for several years, the main requests the organized labor asked the Ministry of Labor to add into a draft amendment to the social security law included: the request to make the SSO an independent agency, guarantee its transparency, ensure social and medical welfare covers all workers, and allow for flexible management of the Social Security Fund to adapt to changing economic and social circumstances.

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