I. Introduction

The economic crisis arising in different countries including Thailand has comprehensively affected their national administration in both central and local governments. In Thailand, such adverse circumstances have significantly slowed down its economic development in 2009, as substantiated by the Thai Gross Domestic Product (GDP) deficit during the first two quarters of the year. To be precise, there were deficits of 7.1% and 4.9% in the first and second quarters, respectively. For that reason, the Thai government’s tax collection and budget allocation have dwindled to a certain extent. The continuing recession is evidenced by the 2010 annual budgeting, in which the government extended its deficit budget policy to the proportion of 3.8% of GDP.

Based upon this impasse, this paper will thus address the effects of the global economic predicament which impinge upon Thai local government in four areas, namely (1) the local government’s revenues, public service provision, social welfare, and local development, (2) the local government’s strategies in coping with the global economic crisis, (3) the ICT deployment in handling the crisis, and (4) the local government’s restructuring to diminish repercussions for the financial crisis in the future.

II. Thai Local Administration

This section will address the Thai local governance in two terms: (1) structure and (2) characteristic.
A. **Structure:** The structure of the Thai local government has been continually developing from the past to the present. Currently, the Separation of Power system has been deployed. According to this system, the executives are directly elected by the citizens, and so are the members of the local council. The structure of separation of power is applied to all levels of local government entities including Bangkok Metropolitan Administration (BMA), the City of Pattaya, Municipality, the Provincial Administrative Organization (PAO), and the Tambon (or sub-district) Administrative Organization (TAO), as shown in the diagram below.

**Figure 1. Structure of the Thai Public Administration**
Presently, the local government structure is divided into two major entities—the council and the executive local government—as follows:

1) The separation of power which belongs to the Council and the Executive is made lucid.
2) The Executive assumes full responsibility for internal administration within the locality.
3) The Council is in charge of monitoring the Executive and promulgating local laws.
4) The Council is directly elected by the local populace.
5) Positioning a Local Chief Executive is by election.
B. Characteristic of Thai Local Government:
Local government in Thailand can be classified into two types: (1) general and (2) special types as detailed in Table 1. below.

Table 1.

<table>
<thead>
<tr>
<th>Type</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td></td>
</tr>
<tr>
<td>Provincial Administrative Organization</td>
<td>75</td>
</tr>
<tr>
<td>Municipality</td>
<td></td>
</tr>
<tr>
<td>- City Municipality</td>
<td>20</td>
</tr>
<tr>
<td>- Town Municipality</td>
<td>81</td>
</tr>
<tr>
<td>- Tambon (sub-district) Municipality</td>
<td>1,025</td>
</tr>
<tr>
<td>Tambon Administrative Organization</td>
<td>6,744</td>
</tr>
<tr>
<td><strong>Special</strong></td>
<td></td>
</tr>
<tr>
<td>Bangkok Metropolitan Administration</td>
<td>1</td>
</tr>
<tr>
<td>The City of Pataya</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,950</td>
</tr>
</tbody>
</table>
Table 2. Estimated Revenues of Local Government in the Fiscal Year 2010

<table>
<thead>
<tr>
<th>Cabinet's Resolution</th>
<th>Estimated Net Income of the Central Government (million baht)</th>
<th>Subsidy Allocated to Local Government (million baht)</th>
<th>Tax Self-Collection and Quota on the Central Government Tax (million baht)</th>
<th>Total (million baht)</th>
<th>Proportion to Government's Net Revenue (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 17, 2009</td>
<td>1,510,100</td>
<td>171,820</td>
<td>-</td>
<td>372,920</td>
<td>-</td>
</tr>
<tr>
<td>April 21, 2009</td>
<td>1,350,000</td>
<td>148,000</td>
<td>201,100</td>
<td>349,100</td>
<td>25.86</td>
</tr>
<tr>
<td>May 6, 2009</td>
<td>1,350,000</td>
<td>136,700</td>
<td>201,100</td>
<td>337,800</td>
<td>25.02</td>
</tr>
</tbody>
</table>

Note: (1) unit = million baht, (2) US$ 1 = 35 Thai baht

The above table reveals that the central government’s budget allocation slightly decreased from 25.86% to 25.02%. To elucidate, the subsidy allotted to support the local government was caused by a drop in the central government’s estimated revenue in the 2010 fiscal year. Accordingly, the subsidy allowed for local government decreased in line with the central government’s lowering estimated revenues in 2010. The percentage of the budget allocated to the local government in proportion to the government’s net revenue was 25.86% in the 2010 fiscal year. Numerically, the subsidy permitted for local government was valued at 148,000 million. The projected revenues of local government including self-collection as well as the government’s collection and allocation amounted to 201,100 million baht (the government’s total net revenue = 1,350,000 million baht). According to the Cabinet resolution on May 6, 2009, the expenditure budget of
136,700 million baht was additionally portioned to local government in the fiscal year for 2010. This number plus local government’s tax self-collection and the government’s tax collection and allocation, amounting to 201,100 million baht, amounted to a total of 337,800 million baht in revenue. This figure was equivalent to 25.02% proportionate to the total revenues of the central government, amounting to 1,350,000 million baht.

IV. Effects of Economic Crisis on Local Government

The impasse of such financial downturn can be discussed in three major aspects: (1) public services, (2) social welfare provision, and (3) local development.

A. Public Service: Public service is in direct relation to the general public. The local government assumes responsibility for provision of land and water, including supply, sanitation, and wasted disposal, as well as maintenance of public places, including marketplaces and slaughterhouses. In the fiscal year 2009, the central government allocated and transferred a subsidy of 29,000 million baht budgeted for solving local problems involving, for instance, waste, road and pavement, training, and project launch, among others. Of course, a 28,000 million baht decrease from 57,000 million baht in the fiscal year 2009 budget to 29,000 baht in the fiscal year 2010 must lead to a cut in these public services and eventually the unfulfilling public requirements.

B. Social Welfare Provision: The supply of social welfare is one of the local government’s most important tasks assigned by the central government. Such tasks include copious projects of allowances for the elderly, the disabled, and AIDS-infected patients; 15-year free local education; proactive Public Health Volunteer@Village; drug-addicted rehabilitation; public
health service; crematory expenditures among others. Unfortunately, these projects were dismantled by the world economic crisis. This is because the lowered subsidy from the central government resulted in unsatisfactory public social welfare provision. Concurrently, some other problems also arose. For example, the elderly allowance project did not reach its target. That is, the paid allowance was not used by the elderly themselves. Similarly, the unemployment problem is still unsettled because of some limitations of redundant laws of the Ministry of Social Development and Human Society and those of the Interior Ministry.

C. Local Development: Local development was also damaged by the financial crisis. To clarify, the local government was assigned more tasks to develop its locality but with a lowered budget. In particular, the reduction of 57,000 million baht in 2009 to 29,000 million baht in 2010 impeded local development of roads and pavements, basic public utilities, environments, thereby aggravating stagnant economy in the local area.

V. Local Government’s Approaches to Cope with the World Economic Crisis

Under the current global financial crisis, local government has to be well-prepared. To successfully tackle the crux of the problem, three recommendations include (1) promoting public participation, (2) accentuating frugality, and (3) living one’s life in accord with the Royal Sufficiency Economy principles.

A. Promoting Public Participation: Local government will lessen its roles while increasing public
involvement. In this regard, voluntary contributions are encouraged among the local populace and the community in mutually developing its neighborhood. Several groups of people will be summoned to augment the number of people and amount of greater assistance within the community. This endeavor simultaneously encourages the passive public to become more participatory, instead of waiting for the government’s sole supervision. To prevent flooding, for instance, the villagers can jointly and enthusiastically dredge a ditch or canal.

B. Accentuating Frugality: Economizing should be emphasized. The budget expenditure should be planned in the most effective manner. The budget should be prudently spent, and redundant expenses cut off. Even though some expenses such as salaries and/or wages of civil servants or employees cannot be reduced, others such as civil servants’ site visits in foreign countries can be. The epitome of such budget retrenchment is to supplant a foreign site visit with a local one.

C. Abiding by the Royal Sufficiency Economy Principles: Local government should advise its populace to strictly adhere to the Royal Sufficiency Economy Principles, namely moderation, reasonableness, and self-immunity based on a body of knowledge and morality. Such an attempt is deemed a guideline for Thai people to survive the Thai economic crisis and become stable and sustainable through globalization and turbulence. Thai citizens have to learn to become more economical and less extravagant. Local government should foster communal unification in its immediate area, such as occupational training and grouping of agricultural housewives in order to jointly produce
products in their locality and distribute them to the market place.

VI. E-Government Initiative against the World Economic Crisis

At present, information and communication technology (ICT) is playing an increasingly important role in national development and in local development likewise. ICT system is deployed in administration to support at least two systems of the E-Government including (1) Geographic Information System (GIS) for tax mapping, and (2) Local Administrative-Accounting System.

A. Geographic Information System (GIS) for Tax Mapping: This system has numerous benefits. For example, the system increases the efficiency of tax collection by employing mapping software in monitoring those who do not file their taxes. GIS can also display accurate administration confines, exact property location, and all properties located in a certain administration area. The system can also be applied to manage spatial information. Nevertheless, GIS has some limitations, such as high cost and impracticality especially in remote and small areas, especially.

B. Local Administrative-Accounting System: This software is the initial step in building up work standards and efficient management systems for local government, whereby each local government across the country has a more flexible administration, displays financial status on a daily basis, and links information both at the local and national levels to be in alignment with each other. Importantly, such a system can help to determine the direction of the decentralization plan and conform to the Local Administration-Accounting System Restructuring Policy. Systems under such policy operate budgets, tax
collection, expenditure information, accounting records, and reporting. A significant limit to these systems is that it is not deployed by all local governments; therefore, the data link is not standardized throughout the country.

The introduction of the E-Government strategy to local government entities can be prototypical for other local administration organizations. That is, such a strategy can be used as the database for performance betterment. E-Government, however, tends to be successful in only urban areas, and not distant or suburban ones.

VII. Local Administration Restructuring to Decrease the Future Impact of the World Economic Crisis

The above discussion about the impact of the global economic crisis upon Thai local government pinpointed many issues. Hence, local government needs to restructure its administration in terms of (1) decentralization which emphasizes the public participation and (2) structural reform.

A. Decentralization Highlighting the Public Participation in Local Administration: It is challenging to conclusively ascertain learning and firmly establish participatory democracy. Decentralization does not simply refer to a transfer of power, authorization, or local government’s takeover of the central government’s power, but, more importantly, refers to:

(1) Offering an opportunity to the public sector, public organization, and diverse local sectors to actively participate in local administration: Various forms of such public involvement will certainly lead to powerful development and sensible problem-solving. In other words, the participatory form of local administration refers to the promotion of greater public involvement. As
such, the local populace can make contributions to
decision-making and administration in their locality. As
the local people themselves live with the problems, they
understand the best and are most familiar with these
problems and their own needs. In this context, the public
sector controls and encourages a lively give and take
interaction from a distance, whilst reducing its role as the
sole benefactor.

(2) Promoting decentralization from the central
government for the autonomy of local government in
Thailand: At this stage, public involvement has been
raised to a higher level, whether in terms of
- election procedures at the Tambon (sub-
district) level,
- transfer of responsibility from the central
government down to the local government
for opportune problem-solving,
- an increase of area for greater public
participation,
- promulgation of local laws, local development
plans, or
- budget accessibility of local government
entities in supporting activities of public
organizations.

Decentralization does not necessarily mean
that the central government’s power is all gone. Indeed,
its power retention still exists and further extends to local
government structure, the so-called Local-Bureaucracy,
via stipulation of laws, regulations, bylaws, acts, and
local laws.

B. Structural Reform: Structural reform refers to
the fact that there are 7,950 local governments in all
forms over five categories including BMA, Pataya City,
municipality, provincial administration organizations, and
Tambon (sub-district) administration organizations. Obviously, 7,950 is a number which requires a huge administration budget. Some local government entities are small, far-reaching, and endowed with inefficient administration. These small, ineffectual local administration entities should coalesce for greater efficacy, less redundancy, cost retrenchment, and continued existence through the economic crisis.

VIII. Conclusion
The global economic crisis has affected many dimensions of Thai local government. One obvious effect is the reduction of annual budgeting from the central government. Such budget reduction exacerbates local government in their administration whether in terms of public services, social welfare provision, or local development. As a result, for efficacy and survival of local government under the economic turmoil, local governments have to formulate their own strategies to handle the crisis. Such strategies include encouraging public involvement, highlighting frugality, promoting a way of life in accordance with the Royal Sufficiency Economy Principles, decentralizing power to local government, and amalgamating small local areas. These strategies can be used separately or in combination.