

- Gartner, M. and Klaus W. Wellershoff. 1995. "Is There an Election Cycle in American Stock Returns?" *International Review of Economics and Finance* 4, 4: 387-410.
- Handley, Paul M. 1997. "More of the Same? Politics and Business, 1987-96." In *Political Change in Thailand: Democracy and Participation*, ed. Kevin Hewison. London and New York: Routledge, pp. 94-113.
- Hensel, Chris R. and Ziemba, William T. 1995. "The January Barometer." *The Journal of Investing* 4, 2 (Summer): 67-70.
- Huang, R.D. 1985. "Common Stock Returns and Presidential Elections." *Financial Analysts Journal* 41: 58-61.
- Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Cambridge, MA: Belknap Press of Harvard University Press.
- Sarinee Achavanuntakul. 2006. "Kan chai tua thaeu thoe hun (nomini) nai talat laksap haeng prathet thai" [Use of Nominee Shareholders in SET]. TDRI Conference on Transparency in Good Governance: Issues Arising from the Shin Corp Sale.
- _____. 2008. "Kan pharthana talat kan ngoen phuea jatroen toep to thang sethakit korani sueksa khaosan nai talat thun" [Development of the Capital Market for Economic Development: Case Study of Information in the Stockmarket]. TDRI annual conference.
- Umstead, David A. 1997. "Forecasting Stock Market Prices." *Journal of Finance* 32, 2 (May): 427-41.
- Wilkinson, Richard and Kate Pickett. 2009. *The Spirit Level: Why More Equal Societies Almost Always Do Better*. London: Allen Lane.
- Wong Wing-Keung and Michael McAleer. 2007. "Non-Trading Day Effects in Asymmetric Conditional and Stochastic Volatility Models." *Economics Journal* 10, 1: 113-23.

5

Elite Networking through Special Executive Courses

NUALNOI TREERAT AND PARKPUME VANICHAKA¹

The class that assembled for the first time in Bangkok in March 2010 was not an average group of freshmen students. To begin with, there was Banharn Silpa-archa, a former prime minister and 40-year veteran of parliamentary politics who, at age 77, was hardly in the usual catchment for education. Beside him on the school benches were five other former ministers, one who had also been commander-in-chief of the army, two other generals, two deputy police chiefs, the head and two deputy heads of major government agencies, and a sprinkling of judges and MPs. In a class of less than a hundred students, this concentration of the powerful could not have happened by random chance. Nor was this an ancient and prestigious seat of learning. The school had been founded only five years earlier, and the vast majority of Thailand's population had never heard of it. The reason why this school's benches groaned under the weight of so much power had little to do with the content of the coursework or the value of the certificate received on graduation. Rather, it had everything to do with networking. These powerful people were there because the others were too.

In the past two decades, several key institutions have begun to offer short courses that nominally offer training for senior executives from various sectors of society but in reality exist primarily to create networks across the elites of the society. These courses attract people from the bureaucracy, military, judiciary, politics, media and business. Their motivation to enroll has less to do with the expertise they gain from coursework and more to do with the relationships they develop

through the class and the alumni association. Several people have attended many of these classes. Enrolments are oversubscribed.

How important are these new quasi-schools in creating networks among influential people, and what are the political implications? This chapter examines the process of elite networking in six executive courses. The first part examines the origins of these courses, and the second looks at their course content and networking activities. The third examines a sample network in depth, and looks at the benefits for the students and the parent institutions. The fourth section notes the prominence of billionaires among those attending these courses, and the final section looks at this phenomenon from a political economy perspective.

The Demand for Networks

The relatively low level of institutionalization in Thai public life has been noted many times—from the Cornell anthropologists' notion of "loose structure" in the 1950s through to Danny Unger's work on limited social capital in the 1990s (Embree 1950; Unger 1998). The monarchy, military, and bureaucracy are the only organizations with both structure and historical depth. Parliament has been constantly disrupted. With only one exception, political parties are ephemeral. Business associations have only very recently acquired more weight. The very rapid pace of economic and social change in recent decades has also meant that institution building lags behind social realities. In this situation, informal relations play a major role. Decision making often evolves from informal processes, while the formal institutions often merely act as a rubber stamp. Informal relations operate through *khwan pen phuak phong*, literally just "being a group together," meaning that such informal relations can be engineered among people who have no prior relations of kinship or friendship. Anek Laothammatas noticed that

Thai society...has to make use of private networks. Those good at politics must have many networks...those who join various groups must be easy-going, approachable—so that group formation proceeds very casually based mainly on friendship giving rise to mutual trust. (Interview, Jan. 22, 2010)

The original model for these new networks came from the alumni associations of the major universities. Until the 1960s, most recruits

into Thailand's elite, other than its military component, passed through a handful of schools and either one or the other of the country's first two universities, Chulalongkorn and Thammasat. Social bonds among students were cemented by hazing rituals, sports, and other campus activities. Alumni associations were formed to preserve these bonds into later life. The resulting networks, particularly those focused on certain faculties (such as Chulalongkorn University's Faculty of Political Science), were important in the relatively narrow social and political elite of the time, especially in the bureaucracy (Likhit 1978: 121–51).

The military adopted and also modified this model. Classmates at the Chulachomklao Military Academy and the Cadet School were encouraged to form strong lateral ties, and to preserve these ties through alumni activities in subsequent years. As a result, by the 1980s, the class groups of certain years had become players in the internal politics of the military. Most famously, alumni of Class Five of the Military Academy were responsible for the coup of 1991.

In 1955, the military founded the National Defense College (*Witthayalai pongkan ratcha-anajak, Wo Po Or*) to give short-course training to civilians in order to instill in their minds the importance of national security and the role of the military. Classes included both military officers and outsiders, mainly civilian bureaucrats. In 1967, the catchment was expanded to include executives of state enterprises. Besides its role as a propaganda vehicle for the military, this institution gradually became important also for building informal links out from the military into newly important social groups. In 1988, the military created a new institution to accelerate the development of this networking, the National Security Academy for Government and Private Sector (*Po Ro Or*). At the time, the military's role in the polity was coming under increasing attack from business quarters. A burning issue was the complaint that the military budget was eating into the regular annual budgets, which should have been used for projects to support industries and other businesses. *Po Ro Or* primarily recruited students from business and other civil society groups.

At these military courses, the educational content was less important than the active encouragement of bonding and networking. Much class work was in groups. Classes made many trips and visits, both within Thailand and overseas, offering long periods for socialization. Contact at the classroom was supplemented on the golf course and in exclusive clubs and karaoke parlors. Bonds formed during the

course were sustained by an active round of alumni activities. Most importantly, these academies actively inculcated the military culture of unconditional commitment to help colleagues in every possible way. Refusing a request from an old class member would be “bad form.”

These military courses were initially highly successful. Many of the most prominent businessmen of the era joined the classes. So too did many high fliers in the civilian bureaucracy and some select members of the media and civil society. The resulting links were vital in bridging the gaps separating military, civilian, business and professional groups. For two decades, there was scarcely a major figure in Thai public life (outside of royalty) that had not attended one of these programs.

After the political crisis of 1991–92, when the army took power by coup but was later forced from power by street demonstrations, the prestige of the military was badly damaged, and its role in national politics sharply reduced. The attraction of the military courses consequently declined. Moreover, changes in the power structure of the country created a demand to extend this network model to embrace newly emerging nodes of power. The absolute dominance of narrow elites in the civilian and military bureaucracy had diminished as new political forces developed. The bureaucracy itself had expanded in size and complexity, particularly with the addition of new technological functions. Business groups had become richer and more politically established. Provincial centers had risen in importance, and their business elites had been drawn into national society by improved communications.

These changes created a demand for new network-building bodies. From the late 1990s, five new quasi-schools were launched on the model of the military academies.

1. In 1996, the Office of the Judiciary launched a “Senior Judicial Officers Course.”
2. The King Prajadhikop Institute (KPI), founded in 1998 in the wake of the 1991–92 political crisis with the aim of promoting democracy through research and educational activities among the public at large and among politicians themselves, launched a “Course on Politics and Administration under Democracy for Executives” for MPs along with officials, businessmen and members of civil society groups.

3. In 2005 the Stock Exchange of Thailand (SET) created the Capital Market Academy (CMA) offering two executive courses a year on the capital market.
4. In 2008 the Chamber of Commerce created the Commerce and Academy offering a “Top Executive Program in Commerce and Trade” (TEPCoT).
5. In 2009 the Election Commission created an Institute for Development of Politics and Elections offering a “High-level Course on the Development of Politics and Elections.”

In addition, in 2003, the military opened up the courses at the National Defense College to politicians.

Of these six courses, four are organized by state institutions and two by private-sector bodies. All six have proved popular among executives from the public and private sectors. Several people have applied to enroll in more than one course. The principal attraction is not the course content but the opportunity to become part of networks of influential people spanning the bureaucracy, military, politics and business.

The Content and Character of Executive Courses

By 2011, a total of 6,921 persons had graduated from the National Defense College course, 857 from that of the Office of the Judiciary, 1,517 from the KPI course, 245 from that of the Election Commission, 1,039 from the Stock Exchange’s CMA, and 285 from the Chamber of Commerce’s TEPCoT. Tables 5.1 and 5.2 show the breakdown of the students in 2011.

The courses offered by the four public-sector bodies have an academic character and aim to develop capacities and impart information. They are also designed to promote networking and connections, but with no particular agenda. These institutions have been criticized for allowing students to use third parties to attend class and to carry out the research projects required as part of the assessment.

The two private-sector courses also have academic content. For example, the CMA course is divided under three headings: knowledge about the capital market, 50 per cent; corporate governance, 25 per cent; and leadership roles and social responsibility, 25 per cent. The content is largely technical, and the sessions are led by experts in the

Table 5.2 Breakdown of Students at Two Private-Sector Courses, 2011

	CMA		TEPCoT	
	total	per cent	total	per cent
Business, financial	10	10.4	2	2.2
Business, non-financial	53	55.2	43	47.3
Politicians	5	5.2	1	1.1
Bureaucracy/state enterprise	11	11.5	23	25.3
Military	1	1.0	6	6.6
Police	3	3.1	1	1.1
Judicial	5	5.2	4	4.4
NGO	2	2.1	2	2.2
Media	0	0.0	2	2.2
Academic/education	2	2.1	3	3.3
Other	4	4.2	4	4.4
Total	96	100.0	91	100.0

field. Participants have to present a final project paper in order to qualify for a certificate of achievement. However, the course content and assessment conditions in the private-sector courses are much lighter and less burdensome than in the public-sector courses. In addition, these courses stress three other aspects: building a consensus among class members; promoting policy-making ideas that emerge from the class; and cementing relations among the students as a network that can act as a lobby for policy change.

All six institutions give importance to building close social relations among the members, using similar methods with minor variation in methods of recruitment, techniques for building relationships, and devices for sustaining these relationships after graduation.

Recruitment

The public-sector courses are open for application. The managers choose the students within a framework of quotas for different groups. While the private-sector courses also are open for applications, the managers invite targeted individuals to join the courses.

Qualifications. All six courses specify that members must be senior executives or prominent public figures in some field, and impose no requirement for prior knowledge or qualifications relating to

Table 5.1 Breakdown of Students at Four Public-Sector Courses, 2011

	Election Commission		King Prajadinipok Institute		Office of the Judiciary		National Defense College		Total	
	total	per cent	total	per cent	total	per cent	total	per cent	total	per cent
Business, financial	0	0.0	2	2.0	0	0.0	3	1.0	3	1.0
Business, non-financial	16	20.0	30	32.7	36	32.7	61	20.0	61	20.0
Politicians	31	38.8	3	3.0	2	1.8	6	2.0	6	2.0
Bureaucracy/state enterprise	12	15.0	21	21.0	11	10.0	83	27.2	112	36.7
Military	2	2.5	11	11.0	6	5.5	112	36.7	112	36.7
Police	1	1.3	1	1.0	6	5.5	13	4.3	13	4.3
Judicial	4	5.0	12	12.0	30	27.3	12	3.9	12	3.9
NGO	5	6.3	4	4.0	3	2.7	7	2.3	7	2.3
Media	2	2.5	0	0.0	2	1.8	0	0.0	0	0.0
Academic/education	1	1.3	4	4.0	6	5.5	1	0.3	7	2.3
Other	6	7.5	12	12.0	8	7.3	7	2.3	8	2.6
Total	80	100.0	100	100.0	110	100.0	305	100.0	305	100.0

the course content. The most important qualification is being someone of accepted influence in society, economy or politics. In cases where applications exceed the course capacity, personal connections between the applicants and those on the selection committee are the next most important factor deciding whether an applicant will gain admission.

Size and structure of the class. All of these classes quickly became oversubscribed, resulting in expansion of class sizes. For example, the TEPCoT course grew from 37 students on its first intake to 91 by the fourth year. In most cases, courses initially favored applicants who were “owners and allies,” meaning they came from institutions in fields closely allied to that of the course’s parent institution (that is, finance-related firms and government agencies in the case of CMA), but these were rapidly outnumbered by “outsiders” from totally unrelated fields, thus increasing the utility of these courses as the focus of broad-based networking.

Motivation of applicants. The principal motive of applicants is to participate in power networks, while the knowledge gained is secondary. A course that is known to have alumni who are powerful or prominent in society, a relatively light academic burden, and broad selection criteria will be more popular than one with opposite characteristics. The popularity of the CMA is testament to this fact. The Chamber of Commerce followed the same strategy but was less successful at attracting politicians.

The CMA course was particularly successful in attracting many figures that were powerful and socially prominent. As a result, those joining these courses could hope for immediate benefit from the connections they thus gained. The National Security Academy targeted “rising stars” in the middle ranks of any organization, and their courses lasted a year. Members thus had to invest a long time in study, and face a delay before their class-fellows reached the levels of real power and influence—with a risk that they might not reach such a level at all. By contrast, the CMA courses were half the length, and the networking benefits more immediate and less subject to risk.

Building Relationships During the Course

Course managers arrange freshman inductions to “create familiarity and break down barriers” before the start of the course. In the Office of the Judiciary courses, this process extends over two days. Some

courses eject the students who fail to attend this session. One student who attended the KPI’s “Happy Freshman Induction” at a Pattaya hotel in February 2011 described the activities as follows:

On the afternoon of 10 February, there were contact groups...making acquaintance among members of the Class 15, singing, clasping hands and embracing, exchanging names, the likes of each member, playing a “love bridge” game, playing competitive games such as tearing an A4 sheet into as long a strip as possible, cheering the group, and so on.

I understood that KPI wanted to emphasize building as broad relations as possible. In particular in the “love bridge” game each participant, all of whom are “big” in their various bodies, must lose their “bigness” in order to create a cooperative and harmonious atmosphere for the task of building and maintaining a love bridge that is as secure and steady as possible.²

All six executive courses have a similar approach involving classroom discussion, debates, seminars, students taking turns to make presentations, and group projects. These methods oblige all the students to develop close working relationships with their classmates. For example, a handout for a TEPCoT class noted that the syllabus “emphasized learning through discussion and exchange of information, opinions, and true experience among class members rather than the transfer of information from a teacher.” One student at the first year of this course explained the impact of this teaching method:

TEPCoT is very good project that organizes classes by having the senior executive from each organization present and exchange their experiences, especially in group discussions, bringing true experience to discuss, giving new and different perspective, and building a network between government and the private sector. In addition, there is an exchange of opinions between the senior executives of each organization, creating understanding about the working style and limitations of different organizations, making it possible to work together with greater efficiency in the future.³

At the CMA, all members of the class address each other as *phi*, the form of address normally used to address someone of greater seniority. This practice is probably copied from the National Defense College, where it is not so strange since the age range of students is rather limited (48 to 53). But in the CMA classes, students range from

30 to 90 years, with those from government backgrounds tending to be older, and those from business tending to be younger. The use of the single form of address is a way of breaking down the social distance usually resulting from difference of age. CMA places great emphasis on “becoming friends” and “understanding one another and working together.” One CMA activity is a “leadership camp” for developing local leaders in the provincial areas which doubles as an opportunity for tightening relations among the class members.

The CMA’s thrice-a-week coursework is conducted in a building conveniently situated next to a prestigious golf course in the Bangkok inner suburbs. Many participants make a day (and night) of it by playing a round of golf with classmates in the morning, capping that with a sociable lunch, proceeding from the class to a group dinner, and continuing for karaoke until late in the night.

A CMA class is divided up into eight groups, each with no more than 12 members, selected to have a varied mix of backgrounds, age, and experience. Besides the coursework, there is a constant program of extracurricular activities, particularly involving opportunities for eating together. CMA has an “Evening Program” with the stated objective of “tightening relationships among the students in the same class which is an important component of the class to develop relationships among members of the group and between groups.”⁴ As part of the program there is a dinner after class every Thursday evening, with each group in the class taking turns to play host, decide upon a theme for the food, drink, music, and entertainment, and pick up the expenses. Each group competes to please the whole class as much as possible, and the private-sector class members are expected to be “big-hearted” in this activity. In CMA class 9, the cost of each of these evenings exceeded a million baht, since, as one participant observed, “there are a lot of private sector members and few government officials. Those with the ability are big-hearted and want to service their friends.”⁵

Apart from these weekly activities, every CMA student has to participate in an annual event in which the alumni of all previous years welcome the current year’s intake, with both the alumni and the new intake putting on a show. This event is especially important for cementing the relations within the class, as well as building links across classes. As one alumnus noted, “We had to prepare to put on a show for all the earlier alumni to watch, and we quickly became close during the rehearsals.”⁶ Each class also has several short trips

and at least one (optional) overseas tour of seven to ten days (for example, to see the stock exchanges in New York and Tokyo), providing opportunity for extended socialization. These extra-curricular activities ensure that participants are able to build strong personal relationships within the four-month period of the course.

To create relations between classes at CMA, each student has a code number, and the alumni from previous classes are tasked to look after those in subsequent classes who have the same code. Whereas the classes from the military academies sometimes became competitors in military and national politics, CMA actively encourages vertical links between classes, as well as the horizontal ties among each class’s members.

In addition, members of the CMA class initiated other activities for building relations among themselves, such as sporting contests (golf, football, futsal) within the class, and between classes, tourist trips, and eating together on various occasions. Such activities showed that relations among class members had reached a point where they no longer needed a third party to organize their joint activities. A former under-secretary at the Ministry of Communications commented, “We became very friendly, very close, very harmonious. Just recently our CMA class went on a trip together to the Maldives. Great fun. All my family went along too.”⁷

Sustaining Relationships Beyond the Course

Any educational institution that wants to cultivate relations among its former students finds an alumni association. The fact that all of the executive courses have created alumni clubs or associations indicates that networking is a key objective of these courses.

These alumni bodies organize a regular stream of activities such as annual gatherings, freshman receptions, seminars, entertainments, sports events, and charitable activities in order to sustain contact among the alumni. For example, the alumni of the KPI course organized a concert to celebrate the 7th cycle birthday of the King on December 5, 2011. The alumni association of the National Defense College has a scheme for members to get discounts on goods and services from participating companies.

These alumni bodies also sometimes have a political role. For example, on January 31, 2012 the KPI alumni issued a statement on the proposed amendment of article 112 of the criminal code

concerning *l'esse majesté*. The CMA alumni prepared a plan for the development of the Thai capital market and presented it to the Ministry of Finance in February 2008. CMA class 11 prepared a plan entitled "National strategic plan for disseminating knowledge on finance to the public," which resulted in a joint scheme of the Stock Exchange of Thailand and the Bangkok Metropolitan Authority to have teaching on the capital market in 436 city schools.⁸

Apart from the alumni association activities, certain class members organize occasional dinners or meetings on various occasions such as a housewarming, celebrating a promotion, a golf game, or just an excuse to dine together. Such gatherings tend to take place among members of the same year, or a group within that year, and tend to be for fun rather than any social purpose.

Networking

Some students rarely take part in the alumni activities and make little use of the connections formed in these classes. But the fact that many high-status individuals are interested in joining the CMA classes indicates that they hope to gain some benefit from networking. Interviews with several class-members showed that personal relations between members of two different bodies resulted in a more efficient working relationship, with benefits for the institutions involved.

Some impression of the span of these networks can be gained by looking in more detail at the example of one general who attended these courses.

General A studied in three executive courses: at the National Security Academy class 4 in 1991; the CMA class 4 in 2007; and TEPCoT class 2 in 2009. General A had formerly been important in the army, had served in the senate, been a director of several major state enterprises, and director in several private companies—sometimes together with other classmates. The members of General A's network are here identified by the post they held at the time of study, or their current or most recent position in the case of the National Security Academy.

National Security Academy class 4, 1991

Director-general of the Department of General Education
National chief of police

Deputy commander-in-chief of the army
Minister of defense

Under-secretary, Ministry of Culture
Under-secretary, Ministry of Health

Director, Thai Beverage Company (Chang Beer)

Director and secretary, Chaipattana Foundation⁹

Member of the National Economic and Social Advisory Council

Chairman of the Board, Electricity Generating Authority of Thailand

Director-general, Department of Special Investigations, Royal Thai Police

Deputy under-secretary, Ministry of Foreign Affairs

National chief of police

Minister of finance

Chairman of the Board, Bangkok Rubber Company

Deputy governor of Bangkok

Deputy chairman, National Olympic Committee

Deputy managing director, Bangkok Entertainment (TV channel)

Chairman of the board, Trinity Finance Company

CMA class 4, 2007

Director, Siam Commercial Bank

Chairman, Siam Commercial Securities

Governor, Electricity Generating Authority of Thailand

Under-secretary, Ministry of Education

Rector, University of the Thai Chamber of Commerce

Deputy president, Court of Appeal

Deputy chairman of the board, Matichon Publishing (newspapers and books)

Under-secretary, Ministry of Energy

Deputy secretary-general, Office of the Narcotics Control Board

Chairman, Kim Eng Securities Thailand

Auditor, Ministry of Finance

Chairman of the board, Sahaviriya Steel

Chairman of the board, Stock Exchange of Thailand

Deputy secretary-general, Securities and Exchange Commission

Chairman and managing director, Cho Kanchang Construction

Deputy commissioner of police

Secretary of the parliament

Chairman of the Thai-Myanmar Friendship Association

Director and senior managing director, Charoen Pokphand (CP) Group

Director, TKS Technology (printing)

Chairman of the board, Institute of Economic Policy, Ministry of Finance

Director, Siam Piwat Company (real estate developer)

TEPCoT class 2, 2009

Director, Siam Commercial Bank

Managing director, Mitrphol Sugar

Director-general, Department of International Economics, Ministry of Foreign Affairs

Under-secretary, Ministry of Industry

Deputy under-secretary, Ministry of Commerce

Former under-secretary, Ministry of Communication

Director-general, Department of International Trade, Ministry of Commerce

Deputy chairman of the board, Matichon Publishing

Director-general, Customs Department

Deputy director, Committee on State Enterprise Policy, Ministry of Finance

President, Thai Chamber of Commerce

Secretary-general, Securities and Exchange Commission

Deputy under-secretary, Ministry of Agriculture

Director-general, Department of International Trade Negotiations, Ministry of Commerce

President, Appeals Court Zone 6

Presiding judge, Central Labor Court

Acting commissioner of police

Consultant, National Defense College

Director-general, Department of Alternative Energy Development, Ministry of Energy

Deputy under-secretary, Ministry of Commerce

Deputy director-general, Tax Department

Under-secretary, Ministry of Commerce

Director, King Prajadhipok Institute

Deputy attorney-general

Chairman of the Board, ICC International (brandname goods, Central group)

The Ties that Bind

Most graduates see that the major benefits of attending CMA are the number, variety, and quality of the links that they are able to establish in such a short space of time:

As for learning, it may be better to spend time reading for yourself. But from the social perspective, the program is wonderful. It's good for building connections for information and support.... The ties that bind are mutual interests.

Business people benefit in the long run. Meeting politicians such as ministers gives them connections. When someone from their class is in government, they have connections to some extent, creating opportunities for future deals. Politicians also want to connect to businesses.

For a columnist who writes regularly for a newspaper, businessmen give him business clues and news. There are so many people from the financial world. One of my younger class attendants is a deputy manager in Krung Thai Bank.

My class elder with the same running number is an ex-minister. He talked to me and helped all the time. I can ring him any time. This is a new connection I got from attending CMA. I was also invited to give some lessons in CMA later after I graduated. If I had not attended, I would not have had these opportunities. (Interview with an academic member of CMA class 6)

Institutional Networking and the Pursuit of Institutional Interests

Apart from the individual benefits of networking, CMA and TEPCoT clearly use networking to pursue the interests of their parent institutions.

The Stock Exchange of Thailand aims to develop Thailand's capital market to play a significant role in the world financial system. It believes that the main obstacles to this development are the lack of understanding and negative attitudes on the part of individuals and institutions which have a direct or indirect impact on the exchange. The CMA was created as part of a strategy to overcome these two obstacles through two methods: explaining the capital market through the content of the course; and campaigning for policy changes through the network of alumni (interview with an academic member of CMA class 6).

Around half of the course content and activities in the main module of the CMA course is devoted to the importance of developing the Thai capital market. In all, 36 hours out of a total of 60 course hours are devoted to this topic, not including the preliminary course on the basics of the capital market.

The CMA campaigns for policy changes indirectly by explaining its ideas and plans to those who join the course, and directly by presenting proposals to people of political influence, and by seeking support elsewhere in the elite through networking with other executive courses.

On February 27, 2008, the CMA alumni association held a seminar with nine presenters drawn from the first five classes of the CMA, including the head of the Securities and Exchange Commission, the director of the Economic Policy Institute in the Ministry of Finance, a former head of the central bank, and top executives from four leading finance companies. The guests at the seminar included the current minister of finance. The plans, presented as a joint proposal of the five alumni years, were aimed to develop the capital market through “three directions, seven policies, seventeen measures” (*Samakbom nak sueksa* 2008).

After this event, the minister of finance made a proposal to the prime minister to establish a committee for developing the Thai capital market, and the prime minister signed off on the proposal on March 25, 2008.

The committee was established, headed by the minister of finance with the under-secretary of the ministry as his deputy and 23 other members drawn from related government agencies and representatives of the finance industry. Every one of these government agencies had sent members to study at CMA as part of the CMA’s policy of targeting institutions which had a bearing on the capital market. All five of the representatives of the finance industry on the committee had studied in CMA’s classes 4 and 5. The committee set up subcommittees to draft proposals, and held talks between agencies that had never sat down together in this way before—clearly a result of the CMA’s networking. The central bank participated in a subcommittee on proposals for tax incentives for investment. The Ministry of Commerce joined a committee to discuss changes in regulations. The Revenue Department joined a meeting on tax incentives for listed companies to compensate for the costs of their higher accounting standards. The Office of State Enterprise Development joined sessions on overcoming

the obstacles to listing subsidiaries of state enterprises on the stock exchange.

The resulting Four-year Plan for Development of the Capital Market (2009–13), which was approved by the committee and presented to the Ministry of Finance, had eight main points (*Ecofocus*, Aug. 10, 2009): end the Stock Exchange of Thailand’s monopoly¹⁰ in order to increase efficiency and attract more quality investment and investors into the capital market; have a free market for financial intermediaries, both finance and security companies, in order to increase competition and fairness; reform laws to aid development of the capital market; adjust taxes to incentivize more investment and more trading in stocks; develop new financial products to attract investors; institutionalize the savings system through a national pension fund for informal workers; develop a culture of long-term saving; and develop a secondary bond market.

The key aim of the plan was to liberalize the market, and to move from a structure of mutual-owned or member-owned security companies to investor-owned companies registered on the stock market, in the belief this would broaden the base of stock-holding in the securities sector, increase transparency, and reduce conflict between security companies and other players in the stock market (Atinut and Yanyong 2007). Most of all the reforms aimed to break the hold of a ring of registered securities companies which were able to dictate the policies of the exchange in their own interest and often to the detriment of listed companies and private investors. The Stock Exchange had earlier contracted the Boston Consulting Group to advise on reforms, but their proposals had faced opposition from the securities companies, and been pruned down to some internal reforms, including the launching of CMA. In its first three years, CMA recruited students from among middle-ranking executives in related public and private organizations, concentrated on building good will, and made no moves on policy advocacy. After a new finance minister was appointed in 2008, the CMA developed this plan and presented it to the government. Legislation for demutualization of the stock market was drafted under the Democrat Party-led government (2009–11) and sent for scrutiny by the Council of State (Wilai 2010). After the 2011 election and the return of a Pheu Thai party-led government, the bill was withdrawn.

Disagreement over the legislation focused especially on the fate of a 15-billion baht fund for the development of the capital market,

part of which was raised as a levy on the fee income of the member companies in the exchange. Under the reform legislation, the fund would be separated from the exchange and constituted as a non-profit juristic person. The member companies, and the Pheu Thai government, feared that the fund would be misused. The Pheu Thai finance minister also feared that the reforms would transform the stock exchange from a non-profit organization into a business that would fall under the control of a small group of investors, resulting not in greater efficiency but more conflict of interest (Wilai 2010). In other words, in the view of opponents, the stock market reform plan that emerged from the CMA was an ambitious attempt to alter the distribution of interests and benefits from the stock market.

CMA joined with the five other executive courses listed above to create the “six institution network.” At the second annual meeting of the network on August 31, 2011, CMA presented its plans for reform of the stock market. The meeting took the form of a discussion with no attempt to reach a conclusion or consensus, yet this presentation marked the beginning of an attempt to build broader support for the proposals through this network, and to create a new platform for building consensus on political and economic issues.

TEPCoT and Policy Networking

The Chamber of Commerce uses the TEPCoT course as a workshop for discussing and formulating policies relating to trade and commerce, and as a channel for introducing these ideas to people in positions of political power and influence. This is evident from the classroom process and the ceremonies of graduation.

The four months of classwork at TEPCoT is organized under three headings: (1) environment analysis (outside-in); (2) national and organization perspective (inside-out); and (3) efficiency strategies and competitiveness. Apart from lectures given as part of the course introduction, all the teaching takes the form of class discussions on pre-determined topics, and the students have to contribute their thoughts to the compilation of a class strategic plan on each of the three topics. At the graduation ceremony for the class, a politically important figure is invited to preside, and part of the event is the presentation of the strategic plans. The ceremony for class 4 was held at the Ministry of Commerce, and the minister of finance presided.

TEPCoT tries to recruit students among people of influence and prominence, and maintains a 50:50 share between the public and

private sectors. TEPCoT is also a member of the “six institution network,” yet has not used its annual meetings to present policy proposals relating to trade and commerce. Possibly this is because the members of the Chamber of Commerce are so extremely varied and their interests so diverse that there are few policy issues on which they concur. For this reason, the Chamber of Commerce has not been as forceful and effective a policy advocate as CMA.

Policy Networking and Institutional Interests

The executive courses set up by the Stock Exchange of Thailand and the Thai Chamber of Commerce are mechanisms for achieving certain objectives of the parent organization by recruiting help to devise and promote changes in policy and institutions. Both the CMA and TEPCoT hand-pick students and then encourage them to devise policy plans and help promote these plans among other members of the elite.

The two courses have become highly popular because of the aggregate social, political and economic capital of the students that they recruit or attract. Both the Stock Exchange and the Chamber of Commerce have leveraged the success of these courses to press for policies that they want implemented in the interests of their institution. Rather than education in the true sense, the courses and networks they have created are a tool to pursue institutional interests within a social framework where decision-making power is distributed across various bodies within a democratic framework. Even so shaping policy is far from easy due to the complexity of the interests involved.

Executive Courses and Billionaire Families

In all, 62 individuals from the families found in *Forbes* magazine's list of “Thailand's 40 Richest” for 2011 had attended one or more of the six executive courses. These 62 individuals were drawn from 24 of the 40 families (Table 5.3). The most popular courses were at the National Defense College and the CMA. The attraction of the National Defense College courses probably arose from the large number of senior officials still attending these courses, despite some decline as a result of competition from the new courses. The attraction of the CMA was probably the attendance by prominent politicians. At least one person from almost half of these top lineages

Table 5.3 Executive Course Students on Forbes List of Richest Families, 2011

	National Defense College	Office of Judiciary	KPI	CMA	TEPCoT	Election Commission	Total
Total individuals	34	9	7	32	4	0	62
Total lineages	13	6	6	19	3	0	24

Sources: Calculated from "Thailand's 40 Richest", Brian Mertens, Forbes, 2011, <http://www.forbes.com/sites/tatianaserafin/2011/08/30/thailands-40-richest/> and http://www.forbes.com/lists/2011/85/thailand-billionaires-11_rank.html

had attended CMA. By contrast, no single member of these families had attended the course offered by the Election Commission.

The family with the largest number of students was the Chirathiwat family (16), owners of the Central retailing empire, followed by the Shinawatra family in property and telecommunications (8), and the Karnasuta family in construction (7). Two other prominent families, Techaphaibun and Leesawatdikun, that fell outside this top 40 had also contributed many students at these courses.

Although 3 of the top 40 families are in the media business, only 1 individual from these 3 had attended any of these courses, despite the fact that the courses are keen to attract media companies in order to gain publicity.

Conclusion: The Political Economy of Executive Networking

In December 2011, an MP on the parliament's budget scrutiny committee challenged that the award of lucrative contracts by the Meteorological Department had been distorted by the fact that the buyers and sellers had been in the same CMA class. The under-secretary involved had to make a public declaration that, "Everything was done by the book. I do not devote my life to serving friends. We studied together for only a few days. I will not let friendship interfere with principle in carrying out government work" (see *Daily News*, Dec. 12 and 19, 2011). The fact that CMA had invited both the under-secretary and a major contractor of the ministry to the same class raised issues of public concern. Similarly, a telecommunications contract between a state enterprise and a certain business group was

investigated by the Counter Corruption Commission after it was exposed that executives from both the state enterprise and the company had attended CMA class 10.

The institutions behind these courses claim that the relations formed among course members and alumni facilitate cooperation between various bodies across the public and private sectors. Yet, as the two examples above illustrate, these courses have been subject to criticism that they provide opportunities for abuse, in particular by fostering relations between those in monitoring roles on the one hand and those they are supposed to be monitoring on the other. According to principles of good governance, there should be some appropriate distance between those who make policy, monitor its impact, and detect offences on the one hand, and those who pursue profit and interest within those policies on the other. It is well known that the motive for enrolling in these courses is not gaining knowledge or pursuing any public benefit but establishing contacts that can be of some personal benefit. As students of CMA reported:

Although it is not lobbying, we need to keep up connections. If I'm making a TV program and I don't know the right people, how can I sell sponsorships? I sit on the advisory board of Smart Company so I have to follow up things. Whatever occupation one is in, one needs connections.... Everybody says the same: studying in this course is the ultimate. You meet people from every circle for sure.¹¹

I work in politics. When I need information or opinions, I tell my assistant to make an appointment with a businessman to tell me a little about the topic and what the problems are. In the past, I didn't have this kind of connections. But now I have an additional 98 advisors.¹²

I'm happy to have got close to people in order to exchange inside views. Without regard to each person's official position or whatever, there's openness and a depth of detail which sometimes we cannot find elsewhere. This is an inside track that I like.¹³

These six executive courses have clear objectives of creating networks among their students without any clear indication whether these networks are for public, group or private benefit. Each course attempts to build an image that it is the center of a broad network spanning the elite of administration, politics, economy and society. These networks tend to concentrate power, by creating conditions under which personal relations confer privileges in contravention of

principles of good governance whereby the workings of the state should be transparent, fair to all, and subject to checks and balances.

Courses run by state agencies should be subject to regulations that ensure the course are run for private rather than public benefit, that they contribute to the efficiency of the state agency, and that they uphold principles of transparency and good governance. In the case of both the private and public run courses, there should be clear principles governing the enrolment of executives from state agencies based on the benefit to the agency. Several senior executives from state agencies have enrolled in several courses in sequence, at the expense of working time and often in fields unrelated to their official work in any way.

The links of cooperation within the elite created through these courses affect the balance of power in society in several ways. First, they reduce conflict within the elite and lead to a sharing of benefits and privileges under a system of personal cronyism. As a result power over the economy, politics and resources is more concentrated and circumscribed within a small elite. The system of checks and balances is overridden. Outsiders are unable to compete. As a result, the power gap between the elite and the rest gapes wider. Second, these courses serve as a channel to admit new entrants to the elite without generating conflict. In the Thai economy so closely tied to globalization, new economic groups are appearing all the time. The executive courses are a "fast track" for new groups to become part of the elite, by opening the door only just wide enough to admit these new groups, while retaining the structure of barriers that confine the elite within a narrow circle.

Notes

1. This chapter is based on primary research into these quasi-academic institutions. There is no prior literature in Thai or English. The research materials were all in Thai. They included interviews with attendees at these classes, course materials, and publicity by the institutions and alumni groups. Readers who wish to pursue this material are directed to the referencing in the Thai-language version of this article (Nualnoi 2015).
2. Assistant Professor Phramahansa Nithibunyakon, deputy rector for academic affairs, Mahachulalongkorn University.
3. Dr Chingchai Hanchanlath in the TEPCoT course newsletter, issue 1, Oct.–Dec. 2009.

4. Student manual, CMA class 13.
5. "Leader Society, hong rian ni mi tae 'foest klat'" [Leader Society, this classroom for First Class only], Dulyapawin Kronsang, *Krungthep Thurakit*, Nov. 24, 2009.
6. Thana Thianachariya, former deputy chairman, TAC group.
7. "Wo to tho, super-connection haeng chon chan nam" [CMA, super-connection for the elite], ASTV online, Dec. 3, 2010, available at <http://www.manager.co.th/CelebOnline/ViewNews.aspx?NewsID=9530000170688> [accessed Apr. 8, 2012].
8. "Ko Lo To jap mue ko to mo hai khwam ru kae yaowachon" [Stock exchange joins hands with Bangkok Municipality to provide education for youth], available at http://www.tsi-thailand.org/index.php?option=com_content&task=view&id=1686&Itemid=577 [accessed Apr. 10, 2012].
9. A foundation that supervises several of King Bhumibol's "royal projects." See www.chaipat.or.th.
10. Section 154 of the Securities and Exchange Act 1992 states: "No person other than the Securities Exchange which is established under this Act shall engage in the business of securities exchange or similar business." The English translation of the act is found at <http://www.sec.or.th/EN/SECInfo/LawsRegulation/Documents/actandroyal/11Securities.pdf>.
11. Raphiphan Luengaramrat, a media lobbyist, reported in *Krungthep Thurakit*, Nov. 24, 2009.
12. Trairong Suwannakhiri, former Democrat Party MP and minister, available at <http://www.moneychannel.co.th/Menu6/TradingHour/tabid/86/newsid480/61526/Default.aspx> [accessed May 8, 2012].
13. Suwit Khunkitti, former MP and minister, available at <http://www.moneychannel.co.th/Menu6/TradingHour/tabid/86/newsid480/61526/Default.aspx> [accessed May 8, 2012].

References

- Atinut Chaloeiphong and Yanyong Thaicharoen. 2007. "Botrian jak kan demutualization talat laksap nai tang prathet" [Learnings from Demutualization in Stock Exchanges Overseas]. Research paper 3/2522. Bangkok: Thai Capital Market Research Institute, Stock Exchange of Thailand.
- Embree, J.F. 1950. "Thailand: A Loosely Structured Society." *American Anthropologist* 52: 181–3.
- Likhit Dhiravegin. 1978. *The Bureaucratic Elite of Thailand: A Study of Their Sociological Attributes, Educational Backgrounds and Career Advancement Pattern*. Bangkok: Thai Khadi Research Institute.

- Nualnoi Treerat. 2015. "Khruetakhai phu borihan sung phan khruetakhai thang kan suksa phiset" [Executive networks through special courses]. In *Su sangkhom thai samoe na [Towards an Equitable Thailand]*, ed. Pasuk Phongpaichit. Bangkok: Matichon, pp. 109–47.
- Samakhom nak suksa sathaban withayakan talat thun* [CMA Students Association]. 2008. "Raingan kan sammama rueang 'Talat thun thai... khrai ja pha tat' [Thai Capital Market: Who Will Operate?]. Feb., 27.
- Unger, Danny. 1998. *Building Social Capital in Thailand: Fibers, Finance, and Infrastructure*. Cambridge: Cambridge University Press.
- Wilai Akkharasomchit. 2010. "Kan suksa kan prae saphap khong talat laksap haeng prathet thai pheua phoem khwam samat nai kan khaeng khan" [Study of Reform of the Stock Exchange of Thailand for Greater Competitiveness]. MA thesis, Political Economy Center, Chulalongkorn University.

6

Network Bureaucracy and Public-Private Firms in Thailand's Energy Sector

NOPANUN WANNATHEPSAKUL

After the financial crisis of 1997, there emerged in Thailand two major business organizations with a hybrid semi-public, semi-private status. Both are groups of enterprises under a holding company, but each has a different form. PTT Pcl is a state-owned enterprise (SOE), which has been partially privatized as a public company. The Electricity Generating Authority of Thailand (EGAT) is a fully government-owned state enterprise. Both groups have been promoted as "national champions," have grown very fast, and now dominate the petroleum and electricity segments of the energy sector.

In both cases, the holding companies have co-invested with other private or public organizations to create subsidiaries and affiliates. While the holding company holds SOE status and thus is subject to rules and regulations governing SOEs, their subsidiaries may have ambiguous or dual status. Under certain laws, they are treated as a SOE, but under other laws they qualify as a private enterprise and thus have room to do things that a SOE may not. They have been able to expand very fast by exploiting this hybrid and ambiguous status.

Some executives in these organizations are very special. They hold or once held high public office; they are chairpersons or directors on several boards; at the same time they have high positions in public agencies that oversee these organizations. These overlapping functions are allowed by law. Their remuneration from these multiple posts is generous.