

# AID'S SUCCESS STORY IN THAILAND

*An assessment after 40 years*

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**A**n island of relative stability in Southeast Asia, Thailand has enjoyed a rapidly growing economy and has been an ally of the United States for four decades. Over this entire period Thailand has received development assistance from the United States (as well as from other countries and international agencies) and American foundations. In the earlier years of post-World War II development, U.S. aid was predominant among external aid sources. Generally speaking, the U.S. aid program did achieve its overall objectives and was an effective instrument for enhancing U.S.-Thai relations.

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Foreign aid usually gets poor press. Critical authors have proffered broad generalizations despite the vastly heterogeneous experience of foreign aid, the diversity of its content over time, and the very different contexts in which aid programs have operated from continent to continent and in well over 100 countries. Despite the importance of aid as an instrument of U.S. foreign policy, very few studies have examined the role and impact of aid in individual countries over extended periods of time.

Thailand provides an illuminating case for such a study. It ranks near the top of World Bank indices of growth performance and quality of economic policy.

Furthermore, Thailand's aid flow makes it typical of aid recipients; major aid recipients, such as South Korea and Taiwan, were provided with large-scale aid that substantially augmented their own resources and the investment and import capabilities of their economies. The more typical aid to Thailand was small in relation to domestic resources and was allocated mainly to individual projects for technical assistance, institution-

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building, and (in the early years) infrastructure. Thus, an examination of the program's impact must scrutinize the individual problems and sectoral objectives, as well as evaluate the major projects that were designed to achieve these objectives.

Since its inception in 1950, the U.S. aid program in Thailand administered by the U.S. Agency for International Development (and predecessors) has amounted to a little more than \$1 billion plus another 10 percent or so for food aid, the Peace Corps, and other such projects. In most years the program fell into a range of \$15-35 million. It had a relatively low period between 1972 and 1978 and peak years between 1966 and 1969. The individual projects numbered in the hundreds, leaving a long paper trail. We can examine the record of success or failure according to three measures: 1) specific goals in institution-building, health, transportation, agriculture, and other sectors; 2) the program's role in counter-insurgency; and 3) pursuit of overall strategic objectives at the heart of the relationship between the two countries.

## *Instrumental goals*

THE FIRST PERSPECTIVE IS THE EASIEST. OVER THE FOUR DECADES U.S. aid projects can be found in virtually every sector of the Thai economy. Scores of government departments and agencies, educational and financial institutions, and other facilities received technical assistance, training, and advanced education for staff plus modest amounts of equipment and financial support. More than 11,000 Thais were trained in the United States and third countries. Tens of thousands more received training either in aided educational facilities in

Thailand or during the course of project implementation, for example, while operating equipment on a highway construction project. Some projects were aimed at creating or strengthening educational institutions. Others were designed to raise the capability of government units responsible for infrastructure development, health, educational, and economic services central to development, or for broad aspects of public sector efficiency. A series of projects over the years assisted promotional and financial services that supported private sector development. In the earlier years substantial funds were provided for infrastructure—selected main highways, air transport, electric power, and irrigation.

Generally speaking, these activities had two related objectives. The direct objectives of most (non-infrastructure) projects—to provide training and build institutional capacity—were what might be called instrumental goals. At a second level, these instrumental capacities were applied to the achievement of specific development objectives, such as controlling malaria and other diseases, promoting foreign investment, planning and managing infrastructure investment and maintenance, developing high-yielding seed varieties, increasing the reach and effectiveness of agricultural extension services, raising the fish catch, expanding family planning services, improving economic policy research, and so on.

For most of these projects the record is clear. Many of the specific development objectives have been achieved. The population growth rate has been halved, malaria has been reduced to a minor public health problem, an army of teachers has been trained to provide nearly universal primary education, and investment/institutional programs have laid the basis for subsequent development of portions of the country's economic infrastructure. Other efforts clearly failed: irrigation in the northeast region accomplished little (to cite one example) and efforts to decentralize bureaucratic authority from Bangkok to provincial and local jurisdictions had only minor impact.

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tial—though difficult to document—effects on the broad social and political orientation and work ethos of the trainees as they have risen to senior positions. It is striking that approximately 40 percent of the officials occupying senior (non-security) decision-making positions in the Thai government in 1986 had been participant trainees under the U.S. aid program, many in degree programs in American universities. The percentage would be higher still if it included recipients of training grants from Fulbright, Rockefeller, Ford, and other U.S. foundations. In addition, organizations that received technical aid under the U.S. program have shown long-term vigor and have made important contributions to the country's development.

## Alleviating poverty

ALTHOUGH THE ALLEVIATION OF POVERTY BECAME A MAIN theme of aid legislation beginning in 1973, the Thai program had concerned itself with poverty reduction from the early 1950s. As with many later aid programs of other Organization for Economic Cooperation and Development (OECD) countries, U.S. aid tended to focus on the northeast region of Thailand—the country's poorest area and the region most exposed to the instabilities and security problems posed by the nations of Indochina. Donors saw reducing poverty in the Northeast as an important component of internal security strategy.

Northeast poverty stemmed from two principal factors: physical isolation and poor natural resources. While the Northeast continues to lag behind the rest of the country, incomes have been rising over the years. Poverty has been reduced by greater availability of potable water, improved quality of village housing, greater accessibility of health and education systems, and availability of transport and communications services. Economic and social mobility and the quality of life in general have improved.

Some of AID's projects, especially in health and transportation, have made demonstrable contributions to advancing living standards of the poor in the Northeast. In what may seem like a paradoxical outcome to the proponents of the poverty-oriented changes of the 1973 legislation, the impact of earlier (so-called trickle-down) infrastructure projects on Northeast incomes appears to have far outweighed the effects of post-1973 projects (e.g. in rural development and in decentralized local planning systems), which were

specifically designed to target the poor rather than rely on broad economic growth to alleviate poverty. Needless to say, the story of income growth in the Northeast has been bound up with a complex of domestic and external factors among which aid programs have exerted a significant but not decisive effect. Seen from the appropriate perspective, U.S. aid activities in the Northeast have included some clear successes related to income and welfare advances, accompanied by some fairly clear failures, for example, in land settlement and in irrigation, as previously noted.

## The domino that never fell

THAILAND'S INTERNAL SECURITY PROBLEMS—AN INSURGENCY led by Vietnamese-trained cadres of the Communist Party of Thailand (CPT) and supported by Vietnam and mainland China—began in the late 1950s, peaked in the late 1970s, and collapsed in the early 1980s. The Thai domino never fell partly because of the CPT's inability to develop a large-scale insurgency based on wide rural support. The reasons for Thailand's success in this struggle are complex and have been hotly debated by Thai and foreign political analysts.

For example, some critics at the time charged that the counterinsurgency projects assisted by AID would alienate rather than win over peasant hearts and minds by facilitating village visits by arrogant provincial officials. Such fears proved groundless. Instead, the insurgency fell because of a mix of factors: the split in the CPT and withdrawal of Chinese support, the Thai government's increase of the volume and quality of rural programs, and its focus on amnesty rather than coercion.

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Given the now incontestable results, hindsight suggests that some of the AID-assisted components of the counterinsurgency effort (for example, in-service training of provincial and district officials and equipment and budget support for rural road construction) made important contributions to the government activities that were aimed at sustaining villager loyalty and denying to the CPT the potential for capturing and mobilizing rural discontent.

## *Development and political opening*

FROM THE VERY FIRST PRESENTATIONS TO the Congress in the early 1950s, successive administrations have argued that development assistance would help realize Thailand's strong development potential. Thailand's stability and market-oriented economic policies were also expected to have a spillover impact on the country's turbulent neighbors. In fact, most of the AID projects made significant contribu-

tions toward Thailand's relatively outstanding development process.

Mutual U.S.-Thai security objectives have also been achieved. Internally, after a period of authoritarian reaction in the mid-1970s, Thailand reestablished its social stability in the context of increasingly pluralistic, albeit imperfect, political processes. Regionally, the dominoes are falling in Thailand's direction, propelled by powerful international currents to be sure, but also strongly influenced by Thailand's growing economic strength in contrast to the failure of command economics in neighboring countries. A growing political science literature exploring the relationships between economic development and democratization looks at Thailand as one exemplar of modern economic development that has created conditions favorable to political pluralism (although the relationship is certainly not inevitable). The relationship arises out of several factors, the first being sheer economic complexity. Middle and professional classes have emerged that are capable of running a

modern economy increasingly beyond the managerial competence of the military elite, while a proliferation of economic interest groups and newly articulate consumer, village, provincial, and non-governmental activist organizations have fostered democratic institutions. In Thailand, those optimistic that development will lead to stronger democracy also point to the powerful cultural preference for accommodation rather than polarization, grounded in Buddhist moderation, and the increasing transparency of public affairs, thanks to a relatively free press.

## *The centrality of training*

THAILAND'S EXPERIENCE HOLDS IMPORTANT lessons for developing countries and for foreign aid. U.S. aid was demonstrably a significant factor in Thailand's signal success. The salient characteristics and contributions of that aid were continuity of purpose and presence; a strong role for AID's country mission in program definition and implementation; and Thai confidence that American development assistance (in sharp contrast with some other aid sources) was driven by professionalism and a relative absence of commercially self-serving objectives.

As for program content, the most pervasive and long-lasting contribution was the creation of human capital and the development of a wide array of Thai institutions. While U.S. aid was marginal in size, these institutions, manned and often directed by U.S.-trained participants, have been central to the planning and management of Thai development policy and programs. The training and institutional linkages with the United States have also cumulated into a rich legacy of good will that affects other dimensions of U.S.-Thai relations. ■

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