

WHAT HAPPENS WHEN POLICIES ARE TRANSFERRED? THE PRIVATISATION OF THE TELEPHONE ORGANISATION OF THAILAND

Issariyaporn Chulajata^{1*} and Mark Turner^{2**}

University of Canberra

e-mail: ¹issay.chulajata@health.gov.au; ²mark.turner@canberra.edu.au

ABSTRACT

There is considerable interest in how policies originating in one time or place are adopted in other places and times. Explanations of this phenomenon have been dominated by three approaches: policy diffusion, policy convergence and policy transfer. This article demonstrates that each approach has both strengths and weaknesses, and no approach can, on its own, do adequate explanatory justice to the complexity of policy transfer from rich to poor countries. The article uses the case of the transfer of telecommunications privatisation policy to Thailand to show this complexity and focuses on the Telephone Organisation of Thailand (TOT). The case is presented to support the argument that the interaction of domestic and international actors among the unique structural features and historical events of a particular place result in the modification of policies as they move between countries and after they have arrived at their new destination.

Keywords: policy transfer, policy sciences, telecommunications, Thailand

* Issariyaporn Chulajata completed her PhD in Government from the University of Canberra in 2006. Her study focused on Thailand's experience with telecommunications privatization. Dr Chulajata started her career in the diplomatic service as Economic Adviser and was appointed Consul of the Royal Thai Consulate General in Los Angeles. She was an international consultant prior to her current appointment as policy analyst and economist in the Australian Public Service.

** Mark Turner is Professor of Development Policy and Management at the University of Canberra and Part-time Professor at the Australia New Zealand School of Government. He has extensive experience of research and consultancy on public sector management and politics in the Asia-Pacific region. Among his recent books are *Challenging Global Inequality* (Palgrave: Macmillan, 2007, with A. Greig and D. Hulme), *Decentralisation in Indonesia* (Asia-Pacific Press, 2003, with O. Podger) and *Central-Local Relations in Asia-Pacific* (Macmillan, 1999).

INTRODUCTION

There has been considerable interest in how policies originating in one place or time are adopted in another context. A multitude of terms have been employed to describe and explain this phenomenon. For example, Stone (1999, 2003) provides a lengthy list of terms, including lesson-drawing, policy bandwagoning, policy borrowing, policy shopping, systematically pinching ideas, penetration, external inducement, authoritarian imposition and policy pusher. Despite the terminological abundance, three approaches appear to dominate the literature—policy transfer, policy diffusion and policy convergence. Each of these terms captures the notion that policies move from one domain to another, yet each involves a different theoretical orientation and empirical concern. Ideally, each approach can be placed at different points on a continuum where agency is located at one extreme and structure at the other. In practise, there may be an overlap depending on variations in the definitions of the concepts used by different authors. The policy transfer approach is situated at the agency end of the continuum where actors make their own history. Policy convergence is located at the structure end, where events and environmental forces determine policy adoption. Policy diffusion lies in between the two but it is closer to the structure end.

Although these approaches have very different emphases, they share a common problem. Each pays scant attention to what happens when a policy enters a new domain. Is it simply adopted in its entirety? While experience suggests that this is often far from the case, there has been remarkably little attention paid to modifications that occur to policies when applied in new destinations and, more importantly, the process by which these modifications occur. This attention deficit is particularly acute for policies that are transferred from rich to poor countries. Recently, there has been interest in 'policy transferability' from rich countries to a range of developing countries (McCourt & Foon 2007; Evans 2004; Larmour 2005). However, while most of the literature notes that policies are differentially adopted in developing countries—for example, New Public Management in developing countries (Common 1998; Manning 2001; Polidano 2001; Turner 2002)—scholars rarely engage in detailed analyses of the processes or structural conditions that lead to such differential adoption.

This article seeks to address this understudied aspect of policy transfer through a case study focusing on the privatisation of telecommunications in Thailand. This case is used to support the argument that the interactions of domestic and international actors in relevant policy networks in combination with the unique structural features and historical

events of individual countries result in the modification of policies as they are transferred from one country to another. Thus, we must simultaneously consider both structure and agency when trying to explain policy transfer.

POLICY TRANSFER, POLICY DIFFUSION AND POLICY CONVERGENCE

In recent years, the concept of policy transfer has enjoyed the greatest popularity in explanations of how policies move from one jurisdiction to another, particularly in the field of public sector management (Common 2001; Dolowitz & Marsh 1996, 1998; Evans & Davies 1999; Evans 2004; Rose 1993). In broad terms, policy transfer can be defined as the process by which actors use policies developed in one setting to produce programs and policies within another (Dolowitz & Marsh 1996). This approach involves the idea of intention, with actors making calculated decisions to transfer particular policies. These may be domestic actors who voluntarily choose to adopt a policy from another domain; international actors who coercively force domestic actors to accept a policy from elsewhere; or there may be elements of both voluntary and coercive transfer (Dolowitz & Marsh 1998). The latter type may also approximate what Common (2001) refers to as 'perceptual transfer', wherein domestic actors perceive policy inadequacy and adopt a solution that has already been internationally defined and agreed upon, thus creating increasing pressure to conform.

One of the potential problems of the policy transfer approach is that it has a tendency 'to treat policy transfer as a discrete process, confining analysis to the specific actors involved without providing any description of the wider context' (Chulajata 2006: 18). Also, the policy transfer approach often seems to assume a one-way traffic from rich to poor countries, with the latter sometimes meekly accepting the new policy, at times willingly or, in many instances, under threat of sanctions such as with Structural Adjustment Loans (SALs). Another problem is that the perceptions of policy actors may be treated as if they are uniform. Thus, transferred policy ideas can be portrayed 'as if there were a single objective understanding of them' (Nakano 2004: 170). In reality, this is seldom the case, as stakeholders in the policy process ascribe different meanings to the items being transferred and, as a result, produce different policy responses (Holzinger & Knill 2005). Other criticisms have included the allegedly a historical nature of policy transfer (Stone 1999) and the fact that the 'breadth of the concept makes it difficult to disentangle from many other processes of policy-making' (James & Lodge 2003: 183). Nevertheless, the various iterations of

the Dolowitz and Marsh (1996, 1998, 2000) model of policy transfer have made this approach a popular vehicle for dealing with the movement of policies between different jurisdictions and/or times. This is perhaps due to its user-friendliness rather than its capacity to account for the complexities encountered when examining actual or alleged instances of policy transfer.

Some of these difficulties are addressed in the policy diffusion approach in which 'an innovation is communicated through certain channels over time among members of a social system' (Rogers 1995: 5). There is an implication of incremental changes with 'ideas or practices spreading, dispersing and disseminating from a common source or point of origin' (Chulajata 2006: 20). An evolving 'consensual knowledge' gradually seeps into the consciousness of policy-makers and other influential actors, leading to common definitions and answers to policy problems. The growing trend towards international cooperation and interrelationships, often subsumed under the overarching concept of globalisation, seems to give additional weight to this interpretation of policy movement, although Holzinger and Knill (2005: 792) argue that 'one should not expect a general increase in cross-national policy convergence—not even in the era of globalisation'.

While the diffusionists may admit some consideration of developing country actors making their own history, policy convergence, in its original formulation, focuses on giving the adoption of rich country policies by developing country governments an air of inevitability. The concept of policy convergence has a long history, which Kerr (1983: 3) describes as 'the tendency of societies to grow more alike, to develop similarities in structures, processes and performances'. It was originally 'associated with the range of social and economic forces produced by industrialism' (Bennett 1991: 215), but it was also central to modernisation theory which, in the 1960s, predicted that developing societies were on track to reproduce the economic, political and social systems of the 'advanced' societies (Moore 1963). The modernisation process would facilitate the convergence of developing countries on a specific model of capitalist liberal democratic development. There has also been more recent interest in the idea of convergence in relation to public sector management whereby the innovations in certain Western countries to produce post-bureaucratic organisational forms based on market principles will be adopted elsewhere (Osborne & Gaebler 1992; Kettl 2000). Such 'mimetic isomorphism' derives from convergence towards 'demonstrably superior' or preferred models of public sector management and the fading away of old models in some sort of 'naturally' occurring (rather than calculative) process (Powell & DiMaggio 1991; Oliver 1991; Pollitt 2001).

Both policy diffusion and policy convergence can be criticised for not paying enough attention to the actors who are involved in taking policies from one place to another, although Bennett's (1991) early review of the field does include processes suggestive of the policy transfer approach—emulation and elite networking and policy communities. They can appear detached from the power struggles between actors involved in promoting or opposing the spread of policy innovations; people do not seem to be involved in making their own histories. However, as Van Waarden (1995) has indicated, foreign models are likely to be changed to fit national institutional structures and policy styles. Some political science literature takes this a step further, claiming that some developing country leaders have proved adept at outwitting rich countries and International Financial Institutions (IFIs) (Bonner 1987; Bayart 1991; O'Brien 1991). Such observations indicate that the policy transfer approach may be insufficient on its own to deal with the complexities of policy adoption and implementation in the developing countries. The policy transfer approach requires extension to examine the interactions that occur among stakeholders, especially domestic ones, during transfer and supplementation from the diffusion and convergence approaches, which look primarily to structure for explanation. Such amalgamation of approaches has been advocated by some authors (Stone 1999; Evans & Davies 1999). This is the method pursued in this study and leads to the following proposition: policy is transferred by actors in policy networks, and their interactions will vary between jurisdictions, leading to different policy characteristics, but their interactions are located in specific and changing contexts and events that will influence the possibilities and choices open to the policy actors.

PRIVATISATION AND POLICY TRANSFER

For more than two decades, there has been considerable interest and action in transferring policies involving public sector reform from rich countries to poor countries. The results have been mixed, but the enthusiasm remains (UNDP 2005; World Bank 2000; Polidano 1999; Minogue 2001; Common 1998, 2001). Some reform initiatives have derived from the New Public Management philosophy, and others from a global fascination with the possibilities offered by information technology and an international movement for territorial decentralisation. One major public service reform that has been transferred to most developing countries has been the privatisation of State-Owned Enterprises (SOEs). While examples of privatisation can be traced back to at least the 1940s, its recent popularity is

generally understood to commence with the initiatives of British Prime Minister Margaret Thatcher, who was elected into office in 1979 (Hemming & Mansoor 1988; Megginson & Netter 2003). Her extensive privatising reforms provided the catalyst for privatisation policies to spread out across the globe. Privatisation attracted the attention of many governments, private sector organisations and international agencies, with the result that since the early 1990s, there has been a privatisation boom across the developing world (Kirkpatrick 2002). Industries and services previously run by the state have increasingly been handed over to the private sector as the state is rolled back to focus on its core functions. Bureaucrats, it is argued, should not be in business (World Bank 1995).

There is no common agreement on a definition of privatisation (Wettenhall 2006; Cook et al. 2006). At first, the term referred to the denationalisation or selling off of SOEs, but over time, a range of other initiatives have also been identified as privatisation. The choice of initiatives to be labelled 'privatisation' varies somewhat between authors, organisations and countries. We prefer to adopt a broad view that incorporates the following: a range of actions that can be taken to sell off state assets; contracting out to the private sector; various cooperative arrangements between the state and private sector; deregulation and liberalisation to facilitate private sector competition with government enterprises; leasing government assets to private operators; and corporatisation. This coincides with the contemporary official definition of privatisation in Thailand:

Any measures that increase private sector participation in sectors where Government enterprises presently operate, including divestiture of state owned enterprises or assets (ownership transfer), concession arrangements, joint ventures, management contracts, leasing, outsourcing, contracting services, deregulation which increases competition, creation of needed regulatory bodies, and introduction of new competition (Ministry of Finance 1998).

What all of these initiatives have in common is the participation of the private sector in activities formerly carried out and often monopolised by the government. It is also possible that the great variation in privatisation practise reflects the modification of policies emanating from one place when those policies reach foreign shores. This point will be demonstrated in the following case study.

THE PRIVATISATION OF THE TELECOMMUNICATIONS ORGANIZATION OF THAILAND

The Telephone Organization of Thailand (TOT) was established in 1954 as a SOEs with responsibilities for the installation and delivery of telephone and telephone-related services (Prud'homme 2000). It was a major component of the state's monopoly of telecommunications services. In the 1960s, the TOT engineered significant growth in the number of fixed telephone lines in Thailand, extended the geographical spread of the telephony system, imported new technologies and commenced integration into emerging international satellite systems. While the 1960s, also saw the Thai government begin to shift its emphasis from reliance on SOEs for economic growth and infrastructure development to award the private sector an increasingly important role, there were no plans for telecommunications privatisation. The government signalled its intention to privatise poorly performing SOEs, but the statement of intent was not reflected in implementation (Dempsey 2000). The state was still organised as a 'bureaucratic polity' in which the bureaucracy dominated decision-making in the state and provided a barren environment for the spread of such ideas let alone their practise (Riggs 1966).

The rate of telecommunications expansion and technological innovation continued to increase in the 1970s, leading the government to establish the Communication Authority of Thailand (CAT) with responsibilities for international telephone services, facsimile operations and postal services (Brooker Group 2002: 48). This state duopoly of CAT and TOT effectively controlled all telecommunications in Thailand. There was no private sector participation.

At the start of the 1980s, Thailand could still be described as a 'bureaucratic polity' in which military leaders and high-ranking public servants exercised sway over policy-making (Riggs 1966). However, this political order and relative autonomy of the state came under challenge during the 1980s, as rapid and sustained economic growth led to the emergence of a wealthier and increasingly assertive national bourgeoisie and a growing middle class (Laothamatas 1992; Hewison 1992). Furthermore, the cabinet took on a more 'civilian and less bureaucratic' character while the 'financial rewards for politicians had grown by leaps and bounds' (Milne 1992: 10). Policy-making was becoming more contested, involving more actors. These domestic political changes coincided with two other more structural developments. Firstly, the IFIs discovered privatisation in the mid-1980s and began to promote the practise in developing countries with the backing of powerful bilateral allies such as

the USA and UK (Galal 1991). It became one of the policy instruments of the Washington Consensus, the package of liberalising economic reforms for growth that was so vigorously promoted across the globe (Williamson 1990, 1993). By 1984, the Asian Development Bank (ADB) had integrated privatisation as a goal in its operational strategies and assistance plans (ADB 2001). Secondly, in the telecommunications sector, Thailand's impressive economic growth led to a booming demand for telephone services. The TOT could not meet this demand and, with support from the private sector, introduced the 'uniquely Thai solution' of Build-Transfer-Operate (BTO) contracts (Chulajata 2006: 192). These contracts enabled private companies to enter the Thai telecommunications market as partners (rather than contractors) of the monopoly SOEs by building and exclusively operating telecommunications networks over a lengthy period of time. The immediate transfer of the assets once construction had been completed back to the state under the BTO arrangement was to circumvent legal restrictions on private sector telecommunications ownership. While private sector companies eagerly took advantage of the market openings, the TOT viewed the BTO concessions as a temporary solution to a shortage of state funding for telecommunications infrastructure and services rather than a significant step along the road to privatisation (Painter & Wong 2005). After all, the public enterprise sector in Thailand, including the TOT, had remitted more funds to the government than it had received in the period from 1983 to 1988 (Galal 1991). This meant that there was no financial pressure to divest the TOT or other leading SOEs. Furthermore, SOE workers were organised and opposed to privatisation and, because of Thailand's outstanding economic growth record many political leaders, saw 'the need to reform the SOEs as less pressing' (Dempsey 2000: 376).

The engagement of the private sector can be seen as a method of meeting the huge cost of infrastructure expansion generated by booming demand. In retrospect, the BTO concessions can be perceived as the first move towards telecommunications privatisation and were representative of an ideological shift in favour of privatisation under the government of Chatichai (1986–1991). However, TOT still maintained monopoly rights and powers in the domestic telephony market. Ironically, while the BTO concessions were a first step towards privatisation, the complex legal framework of conditions, rights and restrictions was at odds with the competitive market envisaged by the advocates of economic liberalisation (Telephone Organisation of Thailand 1992, 1993).

The 1990s saw an increase in pro-privatisation sentiments and actions in Thailand. The technocrats in the bureaucracy ensured that the Seventh National Economic and Social Development Plan (NESDP) indicated

greater commitment to deregulation and privatisation. This was in line with the government philosophy, although the 'noncohesive nature of the coalition' ensured that no specific interest dominated. International actors were by now providing impetus to the promotion of privatisation, especially in association with their technocratic allies in the Thai bureaucracy (Schmidt 1996). Thus, the government perceived the need to conform to the liberalising requirements of the General Agreement on Trade in Services and to go along with the IFIs' prescriptions for economic growth led by the private sector. Thus, ADB funded three technical assistance packages for privatisation in 1992–1993, including one for Telecommunications Restructuring and Privatisation. The Thai government voluntarily accepted the policy transfer of these international actors as they aligned with the government's own desire to have improved and expanded telecommunications services as integral components of national development. Other actors were more circumspect about the privatisation. These included nationalist politicians, the public, some academics and journalists, and, most importantly, the TOT's employees. They worried about a range of issues, including job security, the potential for growing inequity in access to services, and loss of national assets to foreign investors. To allay these fears, the former Ministry of Transport and Communications (MOTC), the parent ministry of the TOT and CAT, organised a symposium in 1993 to report on a CAT-TOT working group on privatisation. Representatives from international telecommunications SOEs and telecommunications regulatory organisations joined the CAT-TOT team to explain the benefits of privatisation. This was followed by a consultancy study commissioned by the TOT in 1994 from mainly international firms—Coopers and Lybrand, Merrill Lynch, Skadden Arps, Slate Meagher and Flom and TISCO—to examine future telecommunications liberalisation and propose appropriate privatisation strategies. The ensuing report argued in favour of corporatising the TOT en route to floating its shares on the stock exchange, finally leading to the TOT's transformation into a public company—full privatisation (Telephone Organisation of Thailand 2005).

By the mid-1990s, the advocates of TOT privatisation also included a group of mostly domestic private sector companies that had secured lucrative contracts with the TOT and had developed connections with political parties. These included the M-group, the Jasmine Group, the Loxley Group, the Samart group, the Shin (Shinawatra) Group, the Telecom Asia (TA) Group, the TT&T Group and the UCOM Group (Chulajata 2006). Multinational telecommunications companies also added their weight to the pro-privatisation lobby, seeing opportunities for themselves in a more liberalised Thai telecommunications sector.

The Steering Committees of the TOT, CAT and MOTC agreed with the international consultants' pro-privatisation recommendations and incorporated them into the final draft of the Telecommunications Master Plan (TMP) approved by the Cabinet in 1995. This document envisaged a future of fully privatised telecommunications SOEs and a telecommunications sector characterised by competition between both domestic and international private sector companies. Not all were convinced. A survey of TOT workers at the time revealed considerable doubts as well as a lack of understanding about privatisation. These sentiments were echoed by the Thai middle class, labour unions and the media; they were all suspicious of whose interests were being best served by privatisation (Chulajata 2006). Meanwhile, a new government under Barnharn Silpa-Archa required the resubmission of the TMP and once again appointed the familiar cast of international consultants (and one domestic firm) to review, amend and clarify proposed privatisation strategies. Four ministries consulted by the TOT gave their unanimous support for liberalisation of the telecommunications sector and the privatisation of the TOT. They noted the need for timely action so that the TOT would not be disadvantaged in Thailand's growing and diversifying telecommunications market. This consideration was evident in the revised TMP which was approved by cabinet in November 1996. A rosy future of strategic alliances, capital inflow, reduced bureaucratic red-tape and expanding business was anticipated by the TOT's leadership.

These optimistic visions were rudely interrupted by the Asian Financial Crisis of 1997, which affected Thailand severely. The exchange rate of the Baht tumbled, economic growth went into reverse, many jobs were lost, families dropped below the poverty line, property prices plunged, investment capital dried up and financial institutions shut down or struggled to survive. The IMF stepped in to provide the government with urgently needed funds, but these financial injections came with conditions imposed by the IMF, one of them being a demonstrated commitment to privatisation. This condition was spelled out repeatedly in a series of 'letters of intent' sent by the Thai government to the IMF between 1997 and 1999. They assured the IMF of Thailand's intention to implement privatisation in key sectors. The establishment of an Office of State Enterprise, the release of a Privatisation Master Plan in 1998 and the identification of fast-track privatisation candidates, including the TOT, were furnished as evidence of the government's commitment to privatisation. The Secretary of the NESDB reaffirmed the importance of privatisation for the future competitiveness of the Thai economy (Wongcha-um 2000).

The coercive mode of privatisation policy transfer employed by the IMF was given further impetus by two other factors. Firstly, conditions attached to Thailand's membership in the World Trade Organisation (WTO) required the liberalisation of telecommunications services by 2006 (Thanapachai & Plengmaneepeum 1997). State domination through its giant SOEs was no longer acceptable. The TOT had to be privatised. Secondly, a new Thai Constitution introduced in October 1997 contained three clauses stipulating that broadcasting and telecommunications could no longer be monopolised by the state. While these events appeared to have made telecommunications privatisation a *fait accompli*, there was growing acknowledgment that, there were considerable legislative and administrative obstacles to overcome.

In 2002, the TOT commenced the staged path to privatisation by being converted to 'The TOT Corporation Public Company Limited' with an initial capitalisation of 600 million shares at 10 Baht each. However, the sole shareholder was the Ministry of Finance (MOF). Although the new TOT remained technically an SOEs, it was exempt from the rules, regulations and cabinet resolutions that normally governed all SOEs in order to prepare it for full privatisation. New subsidiaries were formed, and joint ventures with private sector firms were initiated; these new relationships involved enterprises concerning mobile phones, submarine optical fibre cables, the Internet, online airline seating, plastic chip cards, telephone directories and information services. This move was portrayed as part of the privatisation plan to convert a bureaucratic entity into a flexible modern business organisation, the 'Best of the Best' (TOT 2002). Restructuring commenced in line with the concept of 'decentralized operation, centralized control', service-mindedness, customer focus and entrepreneurship were to become characteristics of the organisation, and the balanced scorecard was introduced to improve employee performance (TOT 2003, 2004). These activities clearly signalled that the TOT Corporation Public Company was preparing for full privatisation by shaking off its bureaucratic past and introducing the management methods and jargon of the private sector.

Despite embracing the fashions of modern private sector management to demonstrate its fitness for entry to the ranks of major private corporations, the TOT still had to grapple with the issue of operating concessions granted to a range of private sector operators, which was described as an 'odd set-up' in *The Economist* (2006). What was to happen to these agreements covering periods ranging from 15 to 27 years? How could these concessions be converted into licences? This matter received much attention and generated considerable debate. It also entailed several consultancy reports but remained stubbornly unresolved (Prateepchaikul

2001, 2002; Tortermvasana & Prateepchaikul 2003). It even precipitated the creation of the National Telecommunications Commission (NTC) in 2004 to provide policy guidance in telecommunications. But the NTC was unable to formulate concession conversion proposals acceptable to all parties. And there was still the need for a substantial and complex legislative program to facilitate the full privatisation of the TOT.

While telecommunications privatisation was still the declared policy objective of the Thai government, its implementation increasingly encountered obstacles. The government slowed the progress of telecommunications privatisation while both allowing and encouraging political opposition to privatisation from unions, nationalists, and others. But it was a political bombshell that exploded in 2005 that took the ground out from under the supporters of telecommunications privatisation. This catastrophic development was the sale of telecommunications giant Shin Corporation to Temasek Holdings, the Singapore government's investment company, for USD1.85 billion. Shin Corporation was owned by the family of Thai Prime Minister Thaksin (Bowornwathana 2005). This galvanised and boosted the Thaksin administration's opposition, which viewed this development as proof of using a government position for personal financial gain. The sale of Shin Corporation to Temasek Holdings also lent support to the idea that national security would be threatened by the sale of strategic Thai assets to foreign interests. Privatisation thus became associated with corruption, the self-interest of elites and the loss of national patrimony. The situation was compounded by the March 2006 judgment of the Supreme Administrative Court to accept the TOT employees' appeal 'to revoke the plan and change its status back to a state enterprise' (*Telecom Asia Daily* 2006). The telecommunications privatisation band-wagon had stalled.

ANALYSIS

All of the theories that deal with the movement of policies from one place to another pay inadequate attention to what happens to those policies when they arrive on foreign shores. The example of the TOT shows that a great deal happens. Unique structural features of the recipient societies, events in the local arena, and the interplay of domestic and international actors in policy networks lead to the modification, perhaps repeatedly, of the imported policy. Furthermore, it must be remembered that policies in the countries of origin are also liable to change, and these changes are likely to be communicated among the actors in the policy network. Not one of the dominant approaches to policy movement is capable of dealing with this

complexity. This sort of analysis requires the use of a range of ideas drawn from the competing literatures of policy transfer, policy diffusion and policy convergence.

The policy transfer approach focuses on agency, or what actors do. The primary advice that this approach can offer is to look for the actors that facilitate the transfer of policies. In the case of the TOT, we can identify a range of actors who both facilitated policy transfer and opposed it. The Thai government demonstrated interest in privatisation policies from at least the mid-1980s, when IFIs began to promote the merits of privatisation. The Thai adherents to privatisation saw it as a method of increasing the competitiveness of Thailand in the global economy into which, it was perceived, the country was increasingly being integrated. Politicians and senior bureaucrats, especially technocrats in the NESDB and elsewhere, voluntarily transferred privatisation policies into Thailand with assistance from IFIs, including the World Bank, IMF and ADB. International consultancy firms also promoted and facilitated telecommunications privatisation through the advice provided to the Thai government. The domestic private sector put its weight behind telecommunications privatisation, especially companies that had secured or wished to secure lucrative concessions from the TOT. These companies built relationships with political parties to gain influence in political decision-making circles (Niyomsilpa 2000). International telecommunications companies provided further support for the move towards privatisation as they saw profitable opportunities in the Thai telecommunications sector and inadequate domestic capacity to meet the anticipated demand for infrastructure and services in such a market.

The coalition of interests in favour of privatisation built its case on claims of the efficiency and effectiveness of the market for the production and distribution of goods and services. The state, they argued, was unsuitable for such activity and should focus on core policy areas that did not include telecommunications. This ideology of market superiority expounded by IFIs and government officials was supported by domestic and international capital, especially as these business interests could see exciting possibilities for profit in an expanding and privatised telecommunications industry.

Caution rather than organised opposition accounted for the slow rise of privatisation in the 1980s and early 1990s. But as the 1990s progressed, the strength of the pro-privatisation coalition increased. Domestic private sector companies had gained profitable niches in Thailand's growing and diversifying telecommunications sector by this stage and were better able to lobby and influence the political parties and government decision-makers.

International consultancy firms that were hired to provide advice on privatisation reiterated the desirability of telecommunications privatisation and perhaps saw future opportunities for themselves in the implementation of privatisation policy.

Sustained opposition to privatisation came from labour unions, which were larger, more vociferous and better organised in SOEs than in the private sector. Accompanying the labour unions were advocates of nationalism who could be found in national politics, among academics, in the media, in Thai society at large, and later among the representatives of domestic capital. As Hewison (2005: 321) has observed, under Thaksin's rule 'slowing the pace of privatization was meant to allow time for domestic interests to ready themselves for involvement'. The opposition forces interpreted privatisation as an assault on sovereignty, and the bigger the SOEs was, the greater the assault. These actors also saw SOEs as fulfilling the social responsibilities of government and that privatisation would be a dereliction of that duty, most clearly expressed in higher prices for services and inequity in their distribution. Labour unions feared for job security and erosion of their terms and conditions of employment, which were generally more favourable than in the public service. There were some government officials who were not necessarily against privatisation per se, but have different views on what needed to be privatised and what form it should take. This was perhaps an inevitable aspect of coalition government. There may also have been disguised opposition (or at least foot-dragging) among some senior bureaucrats who were suspicious of what marketisation might do to the traditions of state control. Certainly within SOEs, such as the TOT, there were senior personnel who saw their interests threatened by privatisation and crossed over to the opposition (Dempsey 2000).

The relative strengths and exact make-up of these policy transfer coalitions varied across time because the participants in the telecommunications policy network did not act in a vacuum. Rather, they were influenced and constrained by events and forces in the environment in which they operated. As such, the insights of policy diffusion and policy convergence literature are required to complement the policy transfer framework to explain the course of events in the history of telecommunications privatisation in Thailand.

A major impetus for telecommunications privatisation was the increased demand for telecommunications services in Thailand. This worked in tandem with the rapid rate of innovation in telecommunications technology to produce a situation in which the state telecommunications monopoly simply could not keep up. It did not have access to the required resources and perceived a need to look to the private sector for assistance.

This was complemented by a prevailing global policy regime in favour of privatisation as an integral element of rolling back the public sector and letting the invisible hand of the market take over. Conforming to or at least accommodating such dominant paradigms becomes the global norm. In the case of Thai telecommunications, this norm was most clearly spelled out in the requirements of the WTO for a competitive market in telecommunications. The advent of the Asian Financial Crisis in 1997 was an unforeseen event that greatly increased the rate and intensity of privatisation policy transfer, notably in the coercive transfer of the IMF. This was complemented, in the same year, by the voluntary support for privatisation contained in the new constitution.

If the actors and events have been working in favour of telecommunications privatisation in Thailand appeared to make such an invincible team, then why was the privatisation of telecommunications only ever partial and, after 2005, in abeyance? The answer once again comes from combining the approaches of policy transfer and diffusion, looking at actors in context. Among the opposition actors whom we have identified, labour unions, especially those at the TOT, some senior TOT personnel, some academics, some media personnel, nationalist politicians, the Thai public, especially the middle class, and some senior Thai public servants may have been less than enthusiastic about privatisation. Their opposition could be detected in foot-dragging, procrastination and other techniques designed to slow the pace of change. Domestic capitalists also joined the opponents of privatisation when they perceived the major threat to their interests posed by foreign capital. For all these actors, their degree of antipathy towards privatisation ebbed and flowed. In 2005, it flowed most strongly as privatisation policy transfer became entwined with the political crisis associated with the sale of the then-Prime Minister Thaksin's family telecommunications company, Shin Corporation. This produced an upsurge in nationalist sentiment opposed to the growing role of foreign companies in Thailand's telecommunications sector and aroused fears of price rises for services in the context of economic hardship. Furthermore, it aroused the longstanding public mistrust of the motivations of private sector actors in privatisation. They were seen as looking after their own interests to the detriment of the public good. The public, encouraged by the media, looked for equity in access to telecommunications services. After all, successive Thai governments had pledged their commitment to universal service access.

Additional factors that contributed to the stuttering progress of telecommunications privatisation can be found in the structure and workings of the state and can perhaps be interpreted as a legacy of the bureaucratic

polity. This same legacy of legal and bureaucratic complexity has been identified as a key factor in stalling recent public administration reforms (Painter 2004). When the state recruited private sector assistance to meet the increasing demand for telecommunications services, it employed an ingenious BTO scheme in order to circumvent the legislation that gave the TOT and CAT monopoly status in their areas of operation. However, dismantling the ingenious structures to facilitate full TOT privatisation proved to be far more difficult than their construction, as agreement could not be reached between and within state organisations, especially the TOT and private providers, on the terms of the concession conversions. Different concession conditions and the fear of losing out in the conversion process meant that consensus was elusive. The delayed process of TOT privatisation was also hampered by several changes of government. New governments wished to put their own particular policy stamp on legislation and hence felt the need to review and revise the policies of their predecessors. Finally, within the government, there appeared to be some who saw the TOT as a valuable state asset providing an excellent income stream. For example, by 2004, the TOT had fully recovered from the Asian Financial Crisis and was in an expansionary mode earning a net profit of 11.5 billion Baht on revenues amounting to 62.1 billion Baht (Telephone Organisation of Thailand 2004: 7). Thus, financial justification for retaining state ownership could be advocated. Furthermore, it would be favourably received by a population comfortable with decades of a centralised state and its dominant role in service delivery.

CONCLUSION

The case of telecommunications privatisation in Thailand reveals that policy transfer is not a straightforward affair. It is likely to be the opposite, as a range of actors, both domestic and international, and changing contextual factors determine the transferability of particular policies and the form that those policies actually take. In Thailand, there have been 20 years of importing, experimentation and declared commitment to telecommunications privatisation, yet it remains partial and uniquely Thai, sometimes standing in clear contrast to the ideas and practises found in transferring nations and institutions.

The story of telecommunications privatisation policy transfer in Thailand is one of complexity and is not amenable to explanation by simple models. However, by adopting a hybrid explanatory framework employing the analytical strengths of different perspectives—policy transfer, policy

convergence and policy diffusion—we are better able to interpret the course of events and identify the processes that occur when policies developed in one place are transported to another location. Only by adopting such multi-level dynamic models can we begin to gain a proper understanding of what happens when policies are transferred.

REFERENCES

- Asian Development Bank (ADB). 2001. *Special Evaluation Study on Privatization of Public Sector Enterprises*. Manila: ADB.
- Bayart J-F. 1991. Finishing with the idea of the Third World: The concept of the political trajectory. In Manor J. (Ed.). *Rethinking Third World Politics*. London: Longman, 51–71.
- Bennett, C. 1991. What is policy convergence and what causes it? *British Journal of Political Science*, 21(2), 215–233.
- Bonner, R. 1987. *Waltzing with a Dictator: The Marcoses and the Making of American Foreign Policy*. Quezon City: KEN.
- Bowornwathana, B. 2005. State capture, conflict of interest, business empires and the super patron: Comparison of big businessman Thaksin and Berlusconi in power. Paper presented at the *IXth International Research Symposium on Public Management*, Bocconi University, Milan, 6–8 April.
- Brooker Group. 2002. *Major Players in Thai Telecommunications Industry*. Vol. 3. Bangkok: Tara Sim.
- Chulajata, I. 2006. Policy transfer in privatization: Thailand's experience with telecommunications. Unpublished PhD thesis, University of Canberra.
- Common, R. 2001. *Public Management and Policy Transfer in Southeast Asia*. Aldershot: Ashgate.
- _____. 1998. Convergence and transfer: A review of globalization of new public management. *International Journal of Public Sector Management*, 11(6), 440–450.
- Cook, P., Kirkpatrick, C. and Parker, D. 2006. Privatisation. In Clark, D. (Ed.). *The Elgar Companion to Development Studies*. Cheltenham: Edward Elgar, 473–479.
- Dempsey, J. 2000. Thailand's privatization of state owned enterprises during the economic downturn. *Law and Policy in International Business*, 31(2), 373–402.
- Dolowitz, D. and Marsh, D. 2000. Learning from abroad: The role of policy transfer in contemporary policy-making. *Governance*, 13(1), 5–24.
- _____. 1998. Policy transfer: A framework for comparative analysis. In Minogue, M., Polidano, C. and Hulme, D. (Eds.). *Beyond the New Public Management: Changing Ideas and Practices in Governance*. Cheltenham: Edward Elgar, 37–58.

- _____. 1996. Who learns what from whom: A review of the literature. *Political Studies*, 44(2), 343–357.
- Evans, M. (Ed.). 2004. *Policy Transfer in Global Perspective*. Aldershot: Ashgate.
- Evans, M. and Davies, J. 1999. Understanding policy transfer: A multi-level, multi-disciplinary perspective. *Public Administration*, 77(2), 361–385.
- Galal, A. 1991. Public enterprise reform: A challenge for the World Bank. *Working Papers on Public Sector Management and Private Sector Development*. World Bank.
- Hemming, R. and Mansoor, A. 1988. Privatization and public enterprises. *IMF Occasional Paper*, No. 56.
- Hewison, K. 2005. Neo-liberalism and domestic capital: the political outcomes of the economic crisis in Thailand. *Journal of Development Studies*, 41(2), 310–330.
- _____. 1992. Thailand: On becoming a NIC. *The Pacific Review*, 4, 328–337.
- Holzinger, K. and Knill, C. 2005. Causes and conditions of cross-national policy convergence. *Journal of European Public Policy*, 12(5), 775–796.
- Kerr, C. 1983. *The Future of Industrial Societies: Convergence or Continuing Diversity?* Cambridge, Mass: Harvard University Press.
- Kettl, D. 2000. *The Global Public Management Revolution: A Report on the Transformation of Governance*. Washington DC: The Brookings Institution.
- Kirkpatrick, C. 2002. Privatization. In Kirkpatrick, C., Clarke, R. and Polidano, C. (Eds.). *Handbook on Development Policy and Management*. Cheltenham: Edward Elgar, 121–132.
- Laathamatas, A. 1992. *Business Associations and the New Political Economy of Thailand: From Bureaucratic Polity to Liberal Corporatism*. Singapore: ISEAS.
- Larmour, P. 2005. *Foreign Flowers: Institutional Transfers and Good Governance in the Pacific Islands*. Honolulu: University of Hawaii Press.
- Manning, N. 2001. The legacy of the new public management in developing countries. *International Review of Administrative Sciences*, 67(2), 297–312.
- McCourt, W. and Foon, L.M. 2007. Malaysia as model: Policy transferability in an Asian country. *Public Management Review*, 9(2), 211–229.
- Megginson, W. and Netter, J. 2003. History and methods of privatization. In Parker, D. and Saal, D. (Eds.). *International Handbook on Privatization*, Cheltenham: Edward Elgar, 25–40.
- Milne, R. 1992. Privatization in the ASEAN states: who gets what, why and with what effect? *Pacific Affairs*, 65(1), 7–29.
- Ministry of Finance, Government of Thailand. 1998. *The Master Plan for State Enterprise Sector Reform*. Bangkok: Ministry of Finance, Government of Thailand. <http://www.mof.go.th/sepc/sepcfnmenu.htm>
- Minogue, M. 2001. The internationalization of new public management. In McCourt, W. and Minogue, M. (Eds.). *The Internationalization of New*

- Public Management: Reinventing the Third World State*. Cheltenham: Edward Elgar, 1–19.
- Moore, W. 1963. *Social Change*. Englewood Cliffs, NJ: Prentice-Hall:
- Nakano, K. 2004. Cross-national transfer of policy ideas: Agencification in Britain and Japan. *Governance*, 17(2), 169–188.
- Niyomsilpa, S. 2000. *The Political Economy of Telecommunications Reform in Thailand*. London: Pinter.
- O'Brien, D. 1991. The show of state in a neo-colonial twilight: Francophone Africa. In Manor, J. (Ed.). *Rethinking Third World Politics*. London: Longman.
- Oliver, C. 1991. Strategic responses to institutional processes. *Academy of Management Review*, 16(1), 145–179.
- Oliver, J. and Lodge, M. 2003. The limitations of 'policy transfer' and 'lesson drawing' for public policy research. *Political Studies Review*, 1, 179–193.
- Osborne, D. and Gaebler, T. 1992. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. Reading, MA: Addison-Wesley.
- Painter, M. 2004. The politics of administrative reform in East and Southeast Asia: From gridlock to continuous self-improvement. *Governance*, 17(3), 361–386.
- Painter, M. and Wong, S. 2005. Variations of the regulatory state? Government-business relations and telecommunications reforms in Malaysia and Thailand. *The Pacific Review*, 20(2), 173–195.
- Polidano, C. 2001. Why civil service reforms fail. *Public Management Review*, 3(3), 345–362.
- _____. 1999. The new public management in developing countries. *IDPM Public Policy and Management Working Paper*, No. 13, University of Manchester.
- Pollitt, C. 2001. Convergence: The useful myth? *Public Administration*, 79(4), 933–947.
- Powell, W. and DiMaggio, P. (Eds.). 1991. *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press.
- Prateepchaikul, V. 2001. Deregulation tests operators' mettle. *Bangkok Post Year-end 2001 Economic Review*. <http://www.bangkokpost.com/yearend2001/telecoms.html>
- _____. 2002. Liberalization clock is ticking. *Bangkok Post Mid-year Economic Review 2002*. <http://www.bangkokpost.com/midyear2002/telecom.html>
- Prud'homme, P. 2000. The forthcoming liberalization of the Thai telecommunications market: Present and future trends. Tilleke & Gibbins International Ltd. <http://www.tillekeandgibbins.com/Publications/pdf/telecommunications.pdf>
- Riggs, F. 1966. *Thailand: The Modernization of a Bureaucratic Polity*. Honolulu: East-West Center Press.
- Rogers, E. 1995. *Diffusion of Innovations*, 4th ed. New York: Free Press.
- Rose, R. 1993. *Lesson-drawing in Public Policy*. New Jersey: Chatham House.

- Schmidt, J. (Ed.). 1996. *Paternalism and Planning in Thailand: Facilitating Growth Not Social Benefits*. Aldershot: Avebury Ashgate Publishing Ltd.
- Stone, D. 2003. Transnational transfer agents and global networks in the 'internationalisation' of policy. Proceedings of Internationalization and Policy Transfer Workshop, New Orleans, 11–12 April. <http://www.tulane.edu/~dnelson/PolTRansConv/Stone.pdf>
- _____. 1999. Learning lessons and transferring policy across time, space and disciplines. *Politics*, 19(1), 51–59.
- Telecom Asia Daily. 2006. TOT privatization suffers legal setback. <http://www.telecomasia.com/article/articleList.jsp?catagotyld> (accessed 22 April 2006).
- Telephone Organization of Thailand. 2005. *General Information of TOT Corporation Public Company Limited*. Bangkok: Telephone Organization of Thailand. <http://www.tot.co.th/content/content.php?ContentID=Content-0510050747120039&lang=EN>
- _____. 1992, 1993, 2002, 2003, 2004. *TOT Annual Reports*. Bangkok: Telephone Organization of Thailand: <http://www.tot.co.th/content/content.php?ContentID=Content-0510050640200038&lang=TH>
- Thanapachai, S. and Plengmanee, S. 1997. Deadline set for liberalizing industry. *Bangkok Post*, 18 February.
- The Economist*. 2006. Thaksin helps himself. *The Economist*, 26 January.
- Tortermvasana, K. and Prateepchaikul, V. 2003. Making connections at last. *Bangkok Post Mid-year Economic Review 2003*. <http://www.bangkokpost.com/midyear2003/communications1.html>
- Turner, M. 2002. Selecting items from the menu: New public management in Southeast Asia. *International Journal of Public Administration*, 25(12), 1493–1512.
- UNDP. 2005. *Trends and Challenges in Public Administration Reform in Asia and the Pacific*. Bangkok: UNDP.
- Van Waarden, F. 1995. Persistence of national policy styles: A study of their institutional foundations. In Unger, B. and Van Waarden, F. (Eds.). *Convergence or Diversity? Internationalization and Economic Policy Responses*. Aldershot: Avebury, 333–372.
- Wettenhall, R. 2006. Privatization and development. In Huque, A. and Zafarullah, H. (Eds.). *International Development Governance*. Boca Raton: CRC Taylor and Francis, 471–494.
- Williamson, J. 1993. Democracy and the 'Washington Consensus'. *World Development*, 21(8), 1329–1336.
- _____. 1990. What Washington means by policy reform. In Williamson, J. (Ed.). *Latin American Adjustment: How Much has Happened?* Washington DC: Institute for International Economics, 7–38.
- Wongcha-um, S. 2000. The direction of the new long-term development of Thailand. http://www.gispri.or.jp/newsletter/2000/opini_e.pdf

World Bank. 2000. *World Development Report 2000/2001*. New York: Oxford University Press.

_____. 1995. *Bureaucrats in Business: The Economics and Politics of Government Ownership*. New York: Oxford University Press.