

**POLITICAL PARTY FINANCE REFORM AND THE RISE OF
DOMINANT PARTY IN EMERGING DEMOCRACIES:
A CASE STUDY OF THAILAND**

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ABSTRACT

The dominant party system is a prominent phenomenon in emerging democracies. One and the same party continues to govern the country for a certain period through several consecutive multi-party elections. Literature on this subject has tended to focus on one (set) of explanation(s) deduced from electoral model, but the way a certain party dominates electoral politics at the outset of democratization remains neglected. Alternatively, this thesis highlights the importance of the party finance model, arguing that it can complement the understanding of one-party dominance. To evaluate this argument, the thesis adopts a complementary theories approach of the congruence analysis as its strategy. A systematic empirical analysis of the Thai Rak Thai party in Thailand provides support for the argument of the thesis. The research findings reveal that the party finance regime can negatively influence the party system. Instead of generating equitable party competition and leveling the playing field, it favors major parties while reduces the likelihood that smaller parties are more institutionalized and competed in elections. Moreover, the party finance regulations are not able to mitigate undue influence arising from business conglomerates. Consequently, in combination with electoral rules and party regulations, the party finance regime paves the way for the rise and consolidation of one-party dominance. The findings also suggest that well-intended reformers need to take the more equalizing party finance regime into account if they want to tackle the issue of the dominant-party system in new democracies.

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LIST OF ABBREVIATIONS

DP	Democrat Party
ECT	Election Commission of Thailand
ENP	Effective Number of Parties
MMC	Multi-Member Constituency Plurality system
MMM	Mixed-Member Majoritarian system
MMP	Mixed-Member Proportional system
PPDF	Political Party Development Fund
PR	Proportional Representation system
SMC	Single-Member Constituency Plurality system
TRT	Thai Rak Thai party (Thais Love Thai)

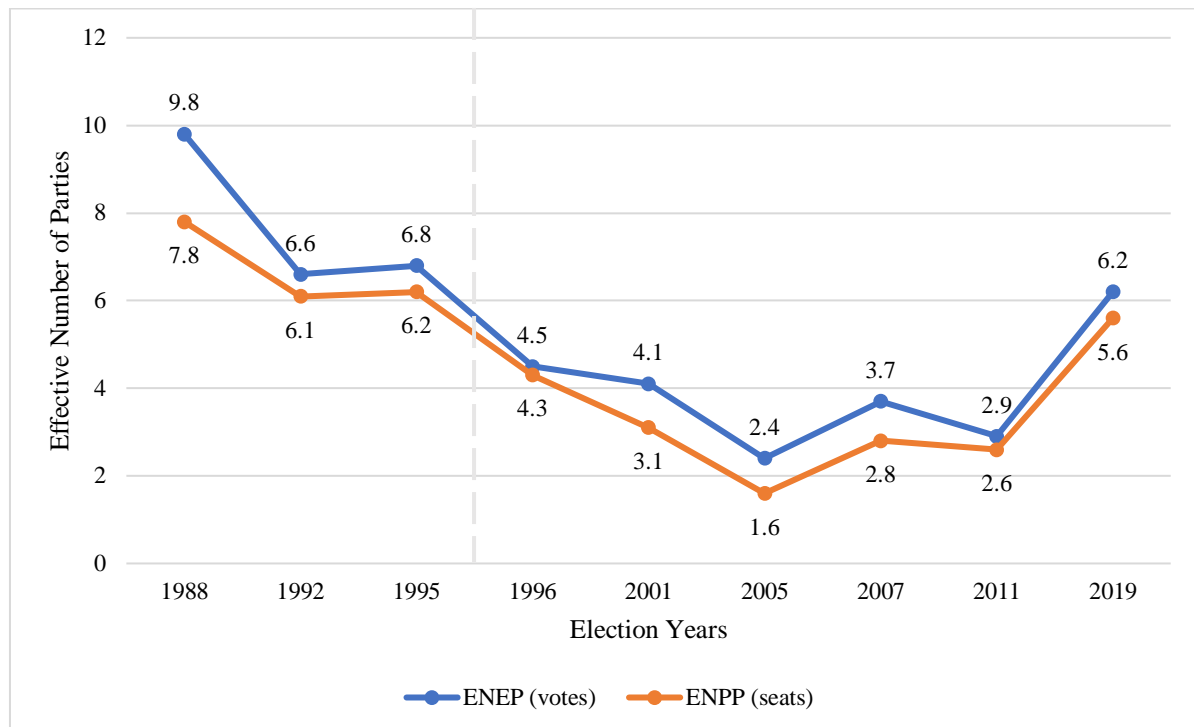
INTRODUCTION

The emergence of a dominant party is not a new issue in new democracies. It has been considered a threat to the democratization process because one-party dominance reduces competitiveness, lacks alternation, blurs the line between party and state, encourages corruption and self-centered behaviors with an ineffective checking system (Boucek and Bogaards 2010, 3). Scholars conventionally argue that electoral system is responsible for the rise of party dominance (e.g., Boucek 1998; Greene 2007; Magaloni 2006; Arslantas et al. 2020). Alternatively, many empirical studies reveal that party finance contributes to party dominance, generates an uneven playing field, and sustains political corruption (Magolowondo et al. 2012; Gowda and Sridharan 2012; Williams 2000; Serra 2016; Mietzner 2015; Norris and Van Es 2016). Keeping parties away from the issues, party finance reform is introduced to limit contributions/expenditures, to require disclosure of financial flow, and to provide public subsidies (Norris and Abel Van Es 2016: 7). However, the specific ways in which party finance complement electoral model remains understudied. To bridge the electoral system and party finance explanations, this thesis selects the Thai Rak Thai party (TRT) in Thailand between 2001 and 2006 as a case study.

Under the 1997 constitutional reform, the rise of TRT brought about a new type of political party, i.e., “a business-firm party” (International IDEA 2014, 94). It was founded and funded by the media mogul and billionaire Thaksin Shinawatra, won two consecutive landslide elections, and was then abolished in 2007 after a military coup. The TRT won almost half the seats in the 2001 election, formed a coalition government with a few tiny parties, and 75 percent in the 2005 polls (Chambers and Croissant 2010, 6). Figure 1 illustrates that the effective number of parliamentary parties (ENPP) decreased considerably from 4.3 in 1996 to 1.6 in 2005 when the TRT could form a one-party government. This can be interpreted as less than

two parties that have relative strength in the parliament. It is no doubt that the TRT is obvious evidence of a dominant party.

Figure 1: Effective Number of Parties in Thailand between 1988 and 2019



Sources: Chambers and Croissant (2010); the author's calculation¹

In response to such a phenomenon, literature on contemporary Thai politics addresses two main competing explanations: electoral model and personalistic explanation. On the one hand, the electoral model explains that the TRT benefited from a mixed-member majoritarian system and political party regulations, resulted in winning landslide victories in two consecutive elections (Sawasdee 2006; Hicken 2006). On the other hand, the personalistic approach emphasizes that the TRT was successful with the help of Thaksin's wealth and influence. His vision, charismatic character, and innovative policies attracted a large number

¹ The first phase (1988-1995) derived from Chamber and Croissant (2010). The second phase (1996-2019) is calculated by the author of this thesis based on Nohlen et al. (2001) and the data from the Election Commission of Thailand.

of voters to vote for him and his TRT (Ockey 2003; McCargo and Pathmanand 2005; Phongpaichit and Baker 2009). However, despite substantive party finance reform under the 1997 Constitution and some scholars emphasize the important role of the party finance reform (Waitookiat and Chambers 2015; Sirivunnabood 2018), there is no systematic study explain a dominant party in Thailand with party finance as an independent variable.

In this respect, this thesis aims to answer two relevant questions: *What explains a dominant party in Thailand?*; *How did party finance reform contribute to the rise of TRT?* The research argues that electoral model is necessary but not sufficient to explain the emergence of a dominant party. Through the theoretical lens of electoral model, party dominance is explained in some extents while neglecting the others. The neglected aspects can be complemented by party finance model. To evaluate this argument, I formulate two hypotheses (propositions) as follows:

H1: Parties struggle to gain as many parliamentary seats as possible to achieve the dominant position. A certain electoral system creates an advantage and disadvantage for each party differently. The mixed system with national electoral threshold provides a reductive effect on the party system in which major national parties benefits from disproportional advantage while preventing the new entry and small parties compete in electoral arena.

H2: The party finance reform can negatively influence the party system. Instead of generating equitable party competition and leveling the playing field, it favors major parties while reduces the likelihood that smaller parties are more institutionalized and competed in elections. The party finance regulations may not be able to mitigate undue influence arising from wealthy interests. Combined with electoral rules and party regulations, party finance reform paves the way for the rise of a dominant party.

The complementary theories approach of congruence analysis is applied to this research to provide empirical observations in an empirical case for the explanatory relevance of one

theory compared with another theory, revealing neglected explanatory insights in addition to a dominant theory (Blatter and Haverland 2012, 145). Basically, congruence analysis is based on the assumptions that empirical observations are strongly influenced by theoretical lenses researchers employed. Through theoretical lenses, researchers focus their attention on some aspect of the social reality while neglecting other aspects of the phenomenon under investigation (Blatter and Haverland 2012, 149). Therefore, the goal of empirical research is to bring about empirical evidence for the relevant theories by providing complementary explanations. In other words, the alternative theory will be underscored if the important empirical observations are in line with party finance model but beyond expectations deduced from the electoral model.

The unit of analysis is dominant parties in emerging democracies, where the countries transform multi-party system into dominant party system. With the complementary theories approach, the TRT is selected according to a theory-driven strategy. It is not to evaluate the relative strength of a theory compared with other theories (a competing theories approach). Rather, it is to show the capacity of party finance model to reveal factors of influence that would have not been considered by electoral model. In this regard, the TRT case is crucial to the extent that it presents the likeliness in respect to electoral model and also bolsters an alternative explanation (party finance model). The analysis is based on primary sources, including the constitution, political party and party finance regulations, official announcements, and party financial reports, and secondary sources, i.e., academic works, NGOs reports, and news articles. The data will be verified by validating the statements from interviews in news articles and academic works with official documents.

This research will be structured in the following way: chapter 1 starts with the discussion of dominant party literature. It is followed by the theoretical background of electoral model and party finance model, including theoretical expectations, strengths and weakness,

and empirical evidence based on each theory. Chapters 2 and 3 provide empirical analysis of the rise of TRT in Thailand through each theoretical lens. Chapter 4 discusses how the party finance model complements the electoral model, contributing to a better understanding of dominant party. The generalization is drawn on empirical findings from previous chapters to theoretical discourse regarding dominant party system. Research limitations and implications are also presented.

CHAPTER 1

THEORETICAL BACKGROUND

The following chapter presents the existing literature on a dominant party and dominant-party system, electoral system, and party finance. First of all, it discusses how scholars define the dominant party and the dominant-party system, and the conceptualization adopted in this thesis. Also, it presents all broad relevant approaches that have been employed by scholars and the reasons why some of them are not relevant to the Thai case. After that, it discusses deeply the theoretical background of electoral model and party finance model respectively. These include their conceptualizations, theoretical expectations deduced from each model, explanatory power, and the relationships with one-party dominance from comparative perspectives. By doing so, this chapter is going to illustrate theoretical debate and the gap in the existing literature, thereby formulating the conceptual framework of the thesis.

1.1 Dominant Party and Dominant Party System

1.1.2 Identifying Party Dominance

Although the term “dominant party” has been known since the mid-20th century (Duverger 1954), it was not until a few decades later that its concept has become more developed. In contemporary literature on parties and party system, the definition of a dominant party is far from consensus among scholars (Bogaards 2004, 174). However, there are four separate or combined criteria scholars employ to identify party dominance. The first criterion concerns a share of votes or seats in valid elections (Duverger 1954; Pempel 1990; Ware 1996; Blondel 1968; Sartori [1976] 2005; Van de Walle and Butler 1999; Coleman 1960). By this criterion, a political party is dominant if it is stronger than all other parties. One way to measure the outdistance is an electoral margin-of-victory (MOV): the difference between the share of

votes cast for the first-place party and the second-place party in the poll. More popularly, the other two measurements are the effective number of parties (ENP) and the degree of disproportionality.

The ENP consists of the effective number of parties in elections and in parliamentary politics, indicating how relative strength parties are in electoral competition and legislative body (the sum of square of the vote or seats shares of all the parties competing in election or legislature) (Laakso and Taagepera 1979). The assumption is simply: the greater parties effectively involved in election or legislature, the less monopolistic the party system (Boucek 1998, 99). Another measurement, degree of disproportionality, indicates the extent to which the electoral system sustains stronger parties against the entry of new or different competitors by depriving them of representation. This is measured by the mismatch between the percentage of the vote and seat shares each party received in a given election (the least-squares index or the so-called Gallagher index) (Gallagher 1991, 40-41). It assumes that the greater the electoral system's disproportionality, the more dominant parties are safe. In other words, the electoral system is effective if it has a reductive effect on the number of parties.

The second criterion considers that large parties repeatedly compete against smaller parties (Coleman 1960; Ware 1996; Blondel 1968; Pempel 1990; Sartori 2005). The dominant party system takes place in the context in which it allows opposition parties to exist legally and to run in multi-party election despite weaker parties legally may challenge but cannot, in fact, unseat a stronger party. This electoral pluralism represents competitive nature of party system which differs from the non-competitive system: single-party system where only one party is allowed to exist and rule the country (Sartori 2005, 197) and hegemonic system where minor parties are allowed only to exist but not permitted to compete antagonistically and equally against the hegemonic party (Sartori 2005, 204-205).

Thirdly, this criterion is related to superior capacity in government formation (Van Deeman 1989; Van Roozendaal 1992; Boucek 1998). A party is dominant not solely in electoral arena but also in government formation. This is very important, particularly in parliamentary system where majority parties are entitled to form a party government, maintain government stability, and manage parliamentary affairs. Again, it can be measured by the effective number of parliamentary parties (seats). In presidential system, election of the executive is separate from parliamentary election, but a dominant party occurs when the elected president's party is the same party as the dominant-majority party in the parliament (Bogaards 2004, 184). The last criterion considers the duration in office through regular elections (Blondel 1968; Greene 2007; Cox 1997; Sartori 2005; Bogaards 2004). A dominant-party system does not emerge when a stronger party dominates election result in one election and is defeated in subsequent elections. Instead, a stronger party won consecutive elections so that staying in power in a certain period of time provides the incumbent with more opportunities to access public resources, mass media, or even design electoral rule skewed toward the ruling party. Consequently, the incumbent party is likely to continue to win elections and stay in power.

1.1.2 Definition of Dominant Party System

Be that as it may, orthodox definitions of a dominant party system rely on two crucial variables: a time span in office and size of vote/seat shares (Bogaards 2004, 175). According to Sartori, a dominant party should be distinguished from a (pre) dominant-party system in that some countries obviously have dominant parties, but it does not follow that those countries have dominant-party system. Additionally, dominant-party system emerges in competitive context in which “minor parties are truly independent of antagonists of the predominant party” but a single party manages to win an absolute majority of seats over time. Therefore, a (pre) dominant-party system, Sartori (2005) puts it, “is such to the extent that, and as long as, its

major party is consistently supported by a winning majority (the absolute majority of seats) of the voters” (173). This conceptualization comprises two main dimensions: winning at least 50 percent of the seats and over three consecutive parliamentary elections (Sartori 2005, 175).

Modifying Sartori’s conceptualization, a dominant-party system in this thesis is defined as one that a certain party wins approximately 50 percent of seats in the parliament over at least two consecutive electoral victories in competitively multi-party elections and is likely to be persistent dominance. This conceptualization is relatively more relaxed than that of Sartori to the extent that it lowers the absolute majority threshold to the near-absolute and reduces time requirement, redressed by the likelihood that a dominant party will be persistent to dominate subsequent elections. By this operationalization, a given polity persists as a dominant-party system even if it slightly falls short of the 50 percent threshold over three consecutive elections as long as it shows a chance to win in the subsequent elections.

1.1.3 The Approaches for One-Party Dominance

There is no single cause explaining the origin of the dominant party system in emerging democracies. Based on the existing literature, four approaches have been adopted to account for the phenomenon. The first approach concerns the effect of electoral system. A number of scholars emphasize that incumbent dominant parties benefit from uneven electoral arrangements, strengthening their survival in power and discrediting opposition forces (Boucek 1998; Magaloni 2006; Reed 2007; Chhibber et al. 2014; Arslantas et al. 2020). The election is also held to build a political coalition, gather information, and prevent defections (Schedler 2006; Levitsky and Way 2002). The second approach holds the performance legitimacy of the ruling party as a basis for explaining popular support (Magaloni 2006; Onis 2012). The 1990s economic miracle in Asian countries such as Taiwan, Malaysia, and Singapore are employed to account for the longstanding dominant parties (i.e., KMT, UMNO, and PAP respectively).

The theoretical expectation of this approach is that dominant parties “should be sustained when the economy grows, and should collapse when the economy deteriorates” (Magaloni 2006, 13). However, some dominant parties, such as Mexico's PRI and Turkey's AKP continued to govern despite years of economic crisis.

The third approach focus on social and political cleavage. Relying on the classic work of Lipset and Rokkan (1967), literature on this approach argues that the dominant-party system can emerge from politicized and institutionalized religious, ethnic, or class cleavages and conflict (Greene 2007; Chhibber and Petrocik 1989). According to this, dominant parties such as KMT in Taiwan could sustain their power as long as they can manage to attach to political cleavage defined by national identity and failed to do so when a shift in the cleavage structure gradually emerge (Batto 2019). Briefly, the cleavage approach is based on three necessary propositions: social cleavage line must exist, the groups and their members must be conscious of their collective identity, and they must be mobilized and expressed by political organizations (Pennings and Lane 1998, 13). The last approach emphasizes resources and clientelism. A number of scholars suggest that the incumbent parties are likely to survive when they have discretionary control over economic and political resources. These include the abuse of state resources, manipulation of media coverage, and domination of clientelistic network (e.g., PRI in Mexico, LDP in Japan, AKP in Turkey, and KMT in Taiwan) (Greene 2007; Magaloni 2006; Scheiner 2006; Fell 2005). This leads to the assumption that the higher the resource is centralized and concentrated, the ruling parties are more likely to sustain their domination.

Not all approaches are compatible with the Thai case. The ethnic and religious cleavage line has long been in the Deep South, but it has been expressed in separatist movements. Also, the ideological cleavage had been prominently evident before the 1970s, giving rise to the Communist and Socialist parties. Still, they were never successful in elections and became extinct rapidly before the late 1980s. Recently before the 1990s reform, the polarization of

“angels” and “devils” could mobilize the people uprising in the 1992 Black May against a military-backed government led by Sammakhi Tham party, but this division was quickly absent from Thai polity after the incident. By and large, social cleavage had really existed in Thai polity but was never institutionalized because new parties have risen and old parties have declined regularly with military intervention (Ockey 2005; Ufen 2008). In recent work, Sawasdee (2019) maintains that political cleavage benefited Thaksin’s parties (the TRT, People’s Power, and Phue Thai parties) which have won four consecutive elections for nearly 20 years. However, the political cleavage—i.e., the Red Shirts that support Thaksin’s parties and the Yellow Shirts that support conservative opposition forces—has only become evident when the TRT was overthrown after the 2006 coup, a period beyond our study.

Scholars may argue that the TRT was successful because it was a programmatic party and did excellently at economic performance (Phatharathananunth 2008). However, the TRT was not the only party proposing programmatic appeal (Hicken 2006, 396-397). Obviously, the TRT benefited greatly from nationalist economic policies, so that it may explain the comfortable victory in 2005. However, it comes short of explaining the first landslide victory in 2001 despite the TRT was a new party. Apart from economic performance, the TRT was troublesome with serious allegations of corruption, media intervention, human rights abuses in the Deep South, the intervention of independent organizations, and the threat of the monarchical institution (Pathmanand 2008, 124). On the other hand, Thai Nation, New Aspiration, and Democrat parties were governments during the 1990s economic boom when Thailand became one of the Asian tigers, but these parties were defeated in 2001 and 2005.

Arguably, if programmatic and performance legitimacy is a determinant, the nationally party-centered strategy must increase along with the decline of vote-buying. The TRT was undoubtedly successful in national campaigns, but one of the international NGOs reports that traditional campaigns strategy and vote-buying were still commonplace in constituency

elections (ANFREL 2001, 2005). Paradoxically, the only reason programmatic and performance legitimacy is adopted is that the TRT was not in power long enough to prove whether it would survive the economic crisis. At this point, there are only two competing/complementary approaches under consideration—electoral model and party finance model—which will be tested in chapters 2 and 3.

1.2 Electoral Model

1.2.1 The Explanatory Power of Electoral System

The classic work on the effect of electoral rules on party system is Duverger (1954). Duverger asserts that the simple-majority single-ballot system tends to favor two-partism while double-ballot election and proportional representation multiply the number of parties in electoral competition, therefore facilitating multipartism. In a single-member district with plurality method, only two major parties can significantly compete for electoral victory with the hope of success. To avoid waste votes, voters strategically vote for one of two major parties that are more likely to win a seat (Lijphart 1994, 21; Taagepera and Shugart 1989, 12). In contrast, proportional representation increases the district magnitude, which fosters the development of many parties (Lijphart 1994, 12).

On the middle-ground between two ends, the mixed-member system was invented to provide the so-called “the best of both worlds.” The main reason is that the mixed system can decrease the degree of disproportionality between vote and seat shares in majoritarian elections while overcoming the issue of paralyzed coalition governments prevalent in PR system. In this respect, the mixed-member system is thus a combination of distinctive features of both majoritarian and PR systems (Shugart and Wattenberg 2001). Standard understanding assumes that a mixed system consists of two sub-types (mixed-member majoritarian (MMM) and mixed-member proportional representation (MMP)); however, only the first one, that mixes

majoritarian-proportional both in input and in output, should be regarded as a veritable mixed system. The second sub-type is slightly misleading because it separately input but “for the output is fully proportional” (Sartori 2001, 100).

The above conventional wisdom has been adopted by numerous scholars whose generalizations are derived from the experience of Western democracies although Duverger’s law lacks explanatory and predictive powers. As an independent variable, electoral law does not affect parties per se but it firstly causes party system and, in turn, the system cause relevant parties. Sartori (2001) contends that the main problem with Duverger’ law is that it does not tell anything about in what conditions would causal relation between electoral system and party format arise (91). Sartori thus proposes his rules. A plurality system can only maintain an existing nationwide two-party format, and, in the long run, it will produce a two-party format if two major national parties run in all constituencies and a majority of the electorate support one of those two party. The PR system will have reductive effects on the number of parties if it is applied in small electoral districts or establishes electoral threshold (Sartori 2001, 93).

Regarding the mixed system, it has not only the erratic impacts on the party system but also brings about ambiguity between the ultimate goal of PR (representativeness) and that of majoritarian elections (governability) rather than pulling out the best of two worlds. (Sartori 2001, 100). Therefore, elections should emphasize an evident end over another because double-stepping will not solve any problems. Moreover, the only single important direct effect of electoral system on parties per se is “whether party splitting is penalized and party aggregation is rewarded” (Sartori 2001, 102). The indirect effects include personalized and constituency-based politics (enhanced by a single-member constituency plurality) and party-based politics and centralized parties (reinforced by the PR system) (Sartori 2001, 102).

1.2.2 Electoral Rules and Dominant Party System

Among all approaches for one-party dominance, the electoral system is more emphasized than others. Elections redistribute political power to parties whose goal is to compete in electoral market to maximize their return. Since electoral rules directly structure party format regarding its numbers, sizes, and cohesion between parties in the polity, certain electoral systems thus favor particular types of the party system as much as some electoral rules have more reductive effects than others (Boucek 1998). In this regard, the electoral system should have at least explanatory power for the emergence of dominant-party system. It is obvious that non-proportional systems (single-member constituency plurality (SMC), single non-transferable vote (SNTV), and block voting system) are more likely to buttress and foster a dominant party's advantage (Boucek and Bogaards 2010, 8). However, dominant-party system can emerge under wide-ranging electoral systems. These range from SMC in Mexico (1920s-1960s) and India to SNTV in Japan (1947-1993) and Taiwan (1940s-1992), from mixed system in Mexico (since 1996), Japan (since 1993), and Taiwan (since 2008) to pure PR system in Turkey (since 1961) and South Africa (since 1994).

One possible answer to this empirical puzzle is that electoral model, which was developed through the experience of Western democracies, cannot explain unstructured party systems in new democracies. For instance, Bogaards (2000) points out that regardless of whether holding elections under plurality, majoritarian, or PR systems, most African countries still had dominant-party systems (170). Additionally, it is not just electoral rules determining the party system, but the incumbents may alter electoral rule if it no longer serves their speculative electoral outcome (Boucek 1998, 98) or if party systems are excessively unstable and fragmented (Italy and Israel) or if the ruling parties try to avoid the opposite danger of longstanding one-party predominance (Singapore and Japan) (Norris 2004, 81). According to these backgrounds, this thesis argues that the electoral model alone is not sufficient to account

for one-party dominance in emerging democracies. Therefore, it needed to be considered along with an additional approach: the party finance.

1.3 Party Finance Model

1.3.1 Defining Party Finance

Unlike the electoral model, party finance seems to be a black box in comparative politics. This greatly because specific legal regulations of political parties are a relatively recent development (OSCE/ODIHR 2011, 17). In terms of party finance, scholars have used various terms referring to the same subject of interest: campaigns fund/finance, especially in US politics (Pollock 1926; Overacker 1932); party finance in European context (Nassmacher 2011; Gunlicks 1993); and political finance by bridging the two sides of the continent (Heidenheimer 1970; Alexander 1989; International IDEA 2014). The general definition of party finance refers to all money that raises and expense in the political process; however, the variance relies on political purposes of those transactions. For the purpose of this research, party finance is defined as “the (legal and illegal) financing of ongoing political party activities and electoral campaigns,” particularly by candidates and political parties (International IDEA 2014, 2). This definition not only captures party finance in electoral campaign but also covers activities during non-election period (e.g., party routine organization, social activities, political communication, and party research).

1.3.2 The Effects of Party Finance

A large amount of literature on party finance confines itself to studying party finance per se. Generally, literature on party finance can be categorized into three main areas. The first area is the income that parties receive from various sources such as membership fees (e.g., Duverger 1954; Hardin 1982; Olson 1965), individual and corporate donors (Fisher 2002;

Nassmacher 2003), and state funding for parties to reduce illicit contributions (Gidland 1991; Nassmacher 1993; Katz and Mair 1995). The second area takes party expenditure into account, especially on electoral campaign and electoral frauds (e.g., Jacobson 1990; Johnston and Pattie 1995; Fisher 1999; Samuels 2002). The literature in this area also considers the party spending during the non-election period; namely, the costs of managing party organization and the spending on political research. The last area studies regulations on party finance which the state requires parties to comply with, ranged from setting limits on donations, requirements for parties to disclose and submitting income-expenses reports, conditions for receiving and using state subsidies for party activities. It is reasonable for this group to extend the study to institutional design and reform of party financial regulations (e.g., Geddes 1991; Scarrow 2004; Fisher 2004; International IDEA 2014).

More importantly, literature points out that party finance has a causal effect on party system and party organization (e.g., Nassmacher 1989; Katz and Mair 1995; Van Biezen 2000). Van Biezen (2000), for instance, maintains that public subsidy for parties during the first phase of democratization in Spain and Portugal contributed to dominant parties. Public funding intensifies and centralizes power at central offices, making parties part of state apparatus as they are mainly dependent on state financial support. As a result, it increases the inter-party collusion at the expense of decreasing inter-party competition, preventing new and small parties from challenging the dominant parties in electoral regime.

Another effect of party finance regulation is that it has the potential to level the playing field and, therefore, providing equitable, free, and electoral competition among parties in established democracies (Köln 2016; Potter and Tavits 2015). In contrast, the designed party finance regulations can also negatively impact electoral competition in emerging democracies. Specifically, the regulations skewed in favor of dominant parties' advantages while discrediting their rival parties at the starting point, leading to lower electoral competitiveness. (e.g., PRI in

Mexico, FRELIMO in Mozambique, CCM in Tanzania, and CP in India) (e.g., Greene 2007; Magolowondo et al. 2012; Gowda and Sridharan 2012). Furthermore, the regulations may increase political corruption, which dominant parties raise funding via black money and spend it on their day-to-day operations and electoral campaign (Williams 2000; Serra 2016; Gowda and Sridharan 2012; Mietzner 2015).

1.3.3 The Concept of Party Finance Regime

For an appropriate concept to study and understand party finance regulations, Norris and Van Es (2016) propose that it should not focus on particular laws, but the concept should be broad enough to cover formal and informal rules. They then developed the concept of political finance regime, which is defined as “*the framework of public policies, legal statutes, judicial rulings, procedural rules, institutions, and informal social norms that regulate the role of money in politics*” (Norris and Van Es 2016, 14). This broad concept comprises formal and informal rules, covering interactions between political actors and various institutions, written laws and regulations, cultural norms, social practices, and values. The framework is not limited to considering parties and candidates as political actors, but it extends to affiliated groups and elected officials whose activities in election and non-election periods are regulated by a political finance regime.

Furthermore, to study how party finance regulations affect parties and party system, four main dimensions, which countries worldwide share singly or in combination, should be considered in this thesis (Norris and Van Es 2016, 7-13; International IDEA 2014, 21-29).

Financial reporting: the enclosure requirements are designed to affect political actors’ accountability by disclosing the sources of income and expenses to the public. Candidates and parties are required to submit the public reports regularly to independent supervisory organizations (usually election commissions), which are primarily responsible for monitoring,

auditing, and punishing the non-compliance. These requirements are hopefully to reduce black money and increase transparency.

Contribution limits: this type of policy is designed to restrict potential funders' behavior. This may include outright bans of certain entities—public and semi-public organizations, foreign donors, trade unions, and corporations—and/or restrictions on maximum caps of financial contributions. The policy is expected to generate equality of opportunity by mitigating and preventing cronyism and favoritism, thereby parties and candidates depend on various sources of funding.

Expenditure limits: Spending caps aim to affect political actors' spending behavior. This regulation may include restrictions on total spending or certain types of expenditure, during electoral campaign or in-between election periods, and per district or per voter. Like contribution limits, spending limits are designed to curb the role of money politics, particularly to generate a level playing field. It is to ensure that the largest bankroll parties do not automatically take advantage of their wealth in elections.

State subsidies: this policy provides direct and indirect assistance for candidates and parties. The direct funding may require candidates and parties to use the resource for certain purposes in specific levels of party organizations. The distribution of public funding usually relies on the share of seats or votes in previous elections, or equal allocation to all registered candidates and parties. The indirect subsidies provide candidates and parties with free access to broadcasting to enhance communicative linkage between voters and representatives. Moreover, it is expected to develop effective extraparlimentary activities and lessen undue risks of the abuse of state resources and the influence of a few wealthy interests.

It is noteworthy to mention that at one end, party finance regulations are regarded as libertarian if they present only enclosure requirements that reflect a minimal role of state intervention. At the other end, the rules are egalitarian if public funding presents as the state

intervenes directly in political marketplace. Contribution and expenditure limits are located in the middle between the two ends, providing more equitable party competition and preventing risks of political corruption (Norris and Van Es 2016, 15).

CHAPTER 2

EXPLAINING THAI RAK THAI PARTY THROUGH ELECTORAL LENS

The previous chapter shows that two models are relevant to the Thai case: electoral model and party finance model. This chapter analyses how well the empirical evidence of the one-party dominance in the Thai case fits into the electoral model. The chapter starts with a description of constitutional reform in 1997 that changed the electoral system from multi-member constituency plurality (MMC) to a mixed-member majoritarian system (MMM). Next, empirical analysis is conducted basing on the election dataset, including but not limited to the 2001 and 2005 elections. It will gradually reveal whether (and to what extent) district magnitude, electoral threshold, and electoral formula of a certain electoral system directly affect a party system. At the end of the chapter, some empirical aspects that the electoral model neglects are discussed.

2.1 Party System and Electoral Reform under the 1997 Constitution

Until the 1997 constitution, the coalition government was a common practice in Thai polity due to the fact that no single party could win an absolute majority. During that time, no party regulation required candidates to be party members to be nominated to run in elections. The defection of only a few MPs from a slim majority could often bring the governments down immediately. Scholars have a consensus that the pre-reform parties had been weak and had lacked institutionalization; parties were assemblies of political factions where regional and local elites gathered loosely to negotiate positions in higher public offices (McCargo 1997; Ockey 2003). These factions had repeatedly been successful over a decade with the help of multi-member constituency plurality (blocked-vote) system. Under this system, each

constituency was designated to have up to three MPs, and an individual voter could vote as many as there were MPs in their constituencies from any party (Sawassdee 2006, 60). The ironic relationship between parties and the candidates can be seen in constituencies where two or three most powerful candidates from the same area could always make a mutual agreement, regardless of parties they belonged, in pursuing a simple majority (Chantornvong 2002, 216). This campaign strategy lays bare the fragmented multi-party system that caused governments' instability, political corruption, and lack of accountability in the Thai political system.

To solve those complicated issues, constitutional reform had been launched after the 1992 Black May people uprising. After five-years of the political reform, the 1997 constitution came into existence. This constitution was designed to regulate politicians' behaviors and institutionalize political parties by changing from multi-member constituency plurality (MMC) to mixed-member majoritarian (MMM) or parallel system. The House of Representatives consisted of 500 MPs: 400 members were to be elected on single-member constituency plurality (SMC) basis and another 100 were to be elected on the PR (a one-national slate party-list) basis (Art. 98, 99, 102). Each voter had to votes separately for both types of candidates. The constitutional drafters argued that smaller, single-member constituencies would encourage a closer bond between the representative and citizens without depending on local mediators (Constitution Drafting Assembly of Thailand 1997, 99). The party-list ballot was primarily designed to eliminate vote-buying and to strengthen party system through the introduction of the largest remainder formula with a 5 percent electoral threshold (Art. 100). Parties would not be given seats if they could not secure five percent of total popular votes for the party-list. This five-percent vote minimum was factored in to forestall small parties' proliferation and thereby reduce government's instability (Chantornvong 2002, 203). The drafters also believed that the party-list system would remedy the drawbacks in the constituency election by encouraging parties to campaign nationwide with more party-centered and policy-oriented strategies. This

system was also intended to attract capable and respectable personalities to enter politics (Constitution Drafting Assembly of Thailand 1997, 71-72; Callahan 2005).

2.2 The Consequence of Electoral System on the TRT's Dominant Party

The two post-reform elections made a major impact on the Thai political landscape. It was the first time in Thai political history that the same party nearly won an absolute majority in 2001 (248 out of the 500 seats) and won three-quarters of the lower house in 2005 (377 seats). The Thai Rak Thai (Thais Love Thai) became a dominant party and transformed a fragmented multi-party format into a dominant-party system. In addition, this party would have won a third election in 2006 if it had not been declared invalid by the Constitutional Court, as the Election Commission of Thailand (ECT) violated voter privacy (Hicken 2006, 399).² The new election was scheduled to take place in October in the same year, but the September military coup frustrated it. The overwhelming support of Thaksin and his TRT push them to the risky position that challenged the monarchy's legitimacy (Pathmanand 2008, 125-127). After eight months of the coup, the Constitutional Tribunal dissolved the TRT for bribing spoiler parties to compete in the April 2006 election.

The conventional explanation argues that a MMM system under the new constitution accounted for the decline in the number of parties. The smaller, single-member constituency plurality precluded the possibility for candidates from different parties to be elected in the same constituency and, therefore, it intensified the competition among candidates. This would give the incentive for small parties to run strategically in certain areas and to cooperate with each other across constituencies. Moreover, this new system would also, if necessary, encourage these small parties to merge with each other or even with the larger ones (Sawasdee 2006, 64;

² The third election under the 1997 constitution was held on 2 April 2006. Other major opposition parties, except a small number of spoiler parties, boycotted to compete in the election. By no real competing parties, the TRT won 460 of the 500 seats.

Hicken 2006, 393). Regarding the PR system, the five percent minimum requirement and the one-national constituency favored large parties to the extent that it led to the over-representation of them and prevented the new entry and small parties from entering the parliament altogether (Sawasdee 2006, 53). Consequently, the new electoral system considerably dropped the number of small parties and buttressed a few large parties. This explanation cannot be confirmed until it is corroborated by empirical observations.

It is noteworthy to start with the question of whether the new electoral system measured up to the expectation of the 1997 constitutional reform. International observers reports that the 2001 election failed in many aspects: prevalence of cheating and irregularity (e.g., vote-buying, misinformation, intimidation, violent action, and partisan conduct of government officials), the persistence of political dynasties, rerun election held in 62 constituencies (ANFREL 2001; McCargo 2002). However, the two post-reform elections achieved one of the main promises of the political reform; namely, they strengthened nationwide parties and eliminated small parties. Table 1 shows the election indices in Thailand from 1996 to 2011. It indicates that the two largest parties, the TRT and Democrat party (DP) covered over 75 percent and 94.4 percent of parliamentary seats in 2001 and 2005 respectively. The effective number of parties fell dramatically compared with the 1996 election. Most importantly, the reductive effect of the electoral system soared from 2.9 under the old electoral rule to 10.8 and 13.3 under the reformist constitution. This higher degree of disproportionality means that the MMM system sets the barriers to new and small parties in favor of large ones. As Hicken (2006) puts it, "...the goal of reducing the number of parties (and producing more stable government) has been fairly successful, though not precisely for the reasons reformers expected" (394) However, the question remains: What mechanism accounts for this phenomenon?

Table 1: Election Indices in Thailand between 1996 and 2011

<i>Election</i>	<i>Electoral system</i>	<i>Turnout (%)</i>	<i>1st party (%)</i>	<i>2nd party (%)</i>	<i>Above/Below 50 %</i>	<i>Interval (%point)</i>	<i>Margin (seat - vote charac)</i>	<i>ENEP</i>	<i>ENPP</i>	<i>LSq.</i>
1996	MMC	62.4	31.8 (NAP)	31.3 (DP)	-18.2	0.5	+2.7	4.5	4.3	2.9
2001	MMM	69.95	49.6 (TRT)	25.6 (DP)	-0.4	24	+10.73	4.1	3.1	10.8
2005	MMM	72.56	75.4 (TRT)	19.2 (DP)	+25.4	56.2	+16.95	2.4	1.6	13.3
2007	MMM	74.5	48.5 (PPP)	34.3 (DP)	-1.5	14.2	+10.42	3.7	2.8	8.28
2011	MMM	75.03	53 (PT)	31.8 (DP)	+3	21.2	+6.65	2.9	2.6	4.93

Note: NAP = New Aspiration party; PPP = People's Power party; PT = Puea Thai. The PPP and PT party were TRT's successors after the 2006 coup.

Source: Author's calculation based on Nohlen et al. (2001), and the ECT data (2001, 2005a), and the data available on the ECT website.

Under a single-member constituency plurality system, only one candidate will be elected by a simple majority. Under the new electoral rule, the TRT was the only party fielding candidates in all the 400 constituencies in two consecutive elections while the DP came second (397 and 395). There was no other party competing for more than 65 percent of the total seats. The TRT started its first landslide victory with 200 seats in constituency election and this was followed up with its second triumph with 310 seats, respectively counted 50 percent and 77.5 percent of success compared to the DP, which had only 24.37 percent and 17.72 percent successes. On the other hand, the smallest parties in the two elections, Thin Thai and Mahachon parties, had only 0.53 and 0.66 percent of success despite fielding their own candidates in 189 and 301 constituencies (ECT 2001, 2005a). The change from MMC to SMC with 400 of the 500 MPs elected on constituencies created the comparable effect as that of the change from PR system to SMC (Sawasdee 2006, 66). Since only one winner is available, voters are more likely to vote for the larger party for fear that electing a smaller one would be waste of their vote.

Small parties thus faced difficulties in interfering as a third party in the constituencies. This may explain why small parties could not survive under the new electoral rule.

Apart from the effect of smaller constituencies, the plurality method also benefited large parties because it tended “to produce disproportional election outcomes, and to discourage multipartism” (Lijphart 1994, 21). The winner was not necessary to get over 50 percent of total votes as long as they collect the most votes in constituencies while other candidates do not get a seat at all. However, the result of empirical evidence is mixed. The TRT had 35.69 percent of vote share in 2001 but had 55.71 percent in 2005. The DP saw an uptick from 24.95 to 24.96 percent during the two elections. Considering the difference of vote-seat shares, almost all parties in the parliament were under-represented in constituency election. In 2001, the margin for the TRT was 14.31 percent point and Thai Nation was 0.50 percent point while other parties of all sizes were slightly under-represented. The TRT reached a 21.79 percent point in the 2005 election when the DP (-7.46), Thai Nation (-6.02), and Mahachon (-7.00) parties faced significant disproportional outcomes (ECT 2001, 2005a). Unlike the two post-reform elections, the largest parties in the four consecutive pre-reform elections slightly benefited from the margin between 0.94 and 2.7 percent points (Nohlen et al. 2001). As mentioned earlier, MMC may have had the same effect as the PR system did since it distributed vote share among many parties. In contrast, vote share under SMC was concentrated in only two large parties in constituencies. Having four times the proportion of constituency MPs than that of party-list ones contributed to the increase of disproportionality (reductive effect) of the electoral system.

Another controversy is whether the PR system with a 5 percent threshold reduced the number of parties. To calculate the party-list seats, the 2000 Act on the Election of the Members of Parliament prescribed that the total number of votes from all parties would be subtracted by votes for all below-threshold parties, and then divided by all party-list seats (100 seats) to obtain a quota (the number of votes) required for a seat. All votes for each above-threshold party

divided by a given quota in the first round, and seats would be allocated equally to their integer. After that, parties would be allocated one additional seat based on ranked fractional remainders until all seats would be allocated (Art. 76). According to this electoral formula, the higher the threshold is designated, the less likely the small parties will be allocated seats. This is because all votes for parties below the 5 percent threshold will not be taken into account for calculation. As a result, it led to the over-representation of the parties above the five percent threshold as total party-list seats remain constantly.

Based on the electoral formula, it is reasonable to anticipate that lowering the threshold would eventually add more seats to small parties and may increase the number of parties in the system. Table 2 shows a comparison of parliamentary seats with five and one percent threshold in the two elections. The left columns illustrate that there were, in fact, five parties having seats in the party-list system in 2001 and three parties in 2005. With five percent threshold, as many as 4,095,687 (14.30 %) and 2,782,849 (8.96 %) votes were wasted (ECT 2001, 2005a). These votes, which were supposed to translate into small parties, were supplemented to the above-threshold parties through the reduction of the number of votes per seat. According to the right columns of both election years, when the threshold is lowered to 1 percent, the wasted votes were reduced to 1,987,463 (6.94%) and 1,436,218 (4.62%) respectively. Large parties are allocated fewer seats while small parties get more seats so that there would be nine and four parties in the party-list elections. The effect of electoral threshold may lead scholars to conclude that it was responsible for reducing the number of small parties (Sawasdee 2006, 53).

Table 2: Compared Parliamentary Seats with 5% and 1% Thresholds in the 2001 and 2005 Elections

2001			2005		
Elected Party	Total seats with 5% threshold	Total seats with 1% threshold	Elected Party	Total seats with 5% threshold	Total seats with 1% threshold
TRT	248 (48)	244 (44)	TRT	377 (67)	373 (64)
DP	128 (31)	126 (29)	DP	96 (26)	94 (24)
Thai Nation	41 (6)	41 (6)	Thai Nation	25 (7)	25 (7)
New Aspiration Party	36 (8)	35 (7)	Mahachon Party	2 (0)	7 (5)
Chart Pattana	29 (7)	29 (7)	Farmer's Power Party	0 (0)	0 (0)
Seridham	14 (0)	17 (3)			
Rassadorn	2 (0)	3 (1)			
Thin Thai	1 (0)	3 (2)			
Social Action Party	1 (0)	1 (0)			
Thai Citizen	0 (0)	1 (1)			

Note: the number without parenthesis shows parliamentary seats of each party while ones in parentheses show the number of party-list seats. Rassdorn party was renamed to Mahachon in the 2005 election.

Source: Author's calculation based on data from the ECT (2001, 2005a).

Although the PR system in Thailand gave more advantages to large parties than small ones, the two election results reveal that the existence of a five percent threshold had a minor impact on the parliamentary composition. Moreover, large parties benefited only a little from it. Specifically, whether the threshold was higher or lower does not change the relative strength of the parties that already had constituency MPs. Overall, the number of actual parliamentary parties would hardly change. Only the Thai Citizen party would have changed its status from being “no seat” to the party with a single seat in the House. Most important, the anticipated

reduction of four and three seats did not significantly weaken the TRT. It would still have a nearly absolute majority in 2001 and a comfortable majority in 2005. Therefore, it is noteworthy that the introduction of the five percent threshold did not directly affect the rise and the persistent dominance of the TRT.

2.3 Conclusion

It is undeniable that the electoral system had a reductive effect on the number of parties. As empirical evidence has shown, the MMM skewed to large parties while preventing the development of small parties. The SMC encouraged the two largest parties to compete effectively in constituencies and forced small parties to concentrate on some areas. Also, the five percent threshold of the party-list system caused large parties to become over-representation while it made small ones underrepresented. Nevertheless, the dramatic decline in the number of political parties was not a direct result of the electoral system. The New Aspiration, Chart Pattana, Seridham, and Social Action parties (adding up to 64 seats in total) were not absent from the parliament because of their electoral defeat. Rather, they were merged into the predominant TRT after its first landslide victory. This issue will be discussed in the next chapter. Overall, the electoral model does well in explaining the general tendency of electoral consequence under the 1997 constitution. However, it has not answered why small parties did not have the potential to compete in the national party-list system. Most importantly, other things being equal, the electoral model cannot answer why the TRT still had a huge advantage over the other large parties in two consecutive elections, especially in 2005 when it succeeded in increasing 25 percent of seat share.

CHAPTER 3

EXPLAINING THAI RAK THAI PARTY THROUGH PARTY FINANCE LENS

The previous chapter shows that some empirical observations extend beyond the electoral model. The following chapter analyses the extent to which the empirical evidence of the one-party dominance in the Thai case is congruent with the party finance model. To start with, the chapter describes political issues that were taken into account by reformers at the time and party finance reform under the 1997 constitution that was introduced to regulate such problems. After that, the research systematically conducts empirical analysis based on various sources covering the period of the TRT's existence (1998-2006). It will show the extent that state subsidies, private donations, and "black money" reinforce and facilitate the emergence of one-party dominance in electoral politics. The final part of the chapter further discusses the failure of party financial reform in Thailand.

3.1 Money Politics and Party Finance Reform under the 1997 Constitution

There were limited party finance regulations before the 1997 political reform. The only three exceptions were the cap on donations for party members (the 1995 Party Act) and disclosure of party account (the Party Acts in 1974 and 1981). Combined with almost no genuine mass party in the Thai party system, most candidates were funded and nominated mainly by local godfathers who were involved in illegal, organized crime-type businesses, or monopolized enterprises, or service sector (Laothamatas 1996, 208; Chantornvong 2000, 56). At the national level, parties were funded by tycoons and members of the big conglomerate families whose interests depended on their investment in potential winning parties. Between the mid-1970s to the late-1980s, business leaders funded three largest parties—Thai Nation,

Social Action, and Democrat parties—so that the parties could dominate parliamentary politics (Phongpaichit and Baker 2000, 34). Some parties were connected to military leaders who used the loophole of the lack of donation caps to back up their own and allied parties (e.g., Saha Prachathai (1968-1971), and Sammakhi Tham (1992)) (Waitoolkiat and Chambers 2015, 615-617). Ultimately, money politics emerged in these contexts, and its discourse rapidly became a primary concern of the 1997 constitutional reform.

The reformers of party finance aimed to curb the role of political money, to strengthen party system, and to boost accountability and transparency in parties. Under the 1998 Act on Political Parties, parties were required to disclose and submit annual financial reports to the Election Commission of Thailand (ETC) (Art. 38-40). Also, party and party branch executives must declare their own and their family members' asset account before and after taking the offices (Art. 42). The 1998 Act required parties to reveal the amount of donations and identity of all individual and corporate donors. There was no cap on private donation; therefore, private donors could fund parties with no restriction (Art. 46, 48). However, the donations from illicit donors, foreign donors, and the public-private joint venture were banned (Art. 53, 55). For electoral expenses, the funds covering parties and candidates used for election campaigns were not allowed to exceed the ECT's stipulation in the election year. Party executives must allocate electoral funding for each constituency candidate and party-list election. (Art. 43- 44). These elements had existed before the 1998 Act, but they were less stringent and transparent.

The real novel element of the 1998 Act was the introduction of the Political Party Development Fund (PPDF), managed by the ECT for state subsidies for parties. This innovation was designed to institutionalize existing parties and “help smaller, poorer parties – even those without a seat in parliament – compete more effectively against larger parties” (Waitoolkiat and Chambers 2015, 623). In other words, the lawmakers hoped that, by public subsidies, the party system would be structured by strengthening parties of all sizes and by

tightening the close bond between the party and the electorate. The 1998 Act provided two types of state subsidies. Firstly, the direct state funding was annually allocated depending on the number of MPs and party-list votes in the previous election, the number of party members, and party branches (Art.58). To obtain state subsidies, party executives had to explain how the state subsidies would be used for party activities and had to report annually to the ECT (Art. 59). The second type was the indirect subsidies covering free airtime three times a year for broadcasting for election campaign and, expenditure for public utilities, postal costs, etc. (Art. 60-61). The parties that fail to comply with these regulations must be dissolved, and the executive committee of the parties would be banned for five years from forming a new party or being party executives (Art. 69).

3.2 The Consequence of Party Finance Reform on the TRT's Dominant Party

In the wake of the new constitution, the TRT party was founded in 1998 by a billionaire and media mogul Thaksin Shinawatra who had failed to manage the exiting Palang Dharma party. It was not entirely new in Thai politics that big national businesspersons funded and were directly involved in the parties competing in elections (Phongpaichit and Baker 2000, 35). However, it was the first time that the wealthiest tycoon founded and funded his “own party” so that it could succeed in managing two consecutive landslide victories and was expected to win the third election. Scholars suggest that the ineffective and counterproductive party finance reform as well as Thaksin's personal assets were responsible for the TRT's success story. The novel PPDF discouraged small parties while indirectly reinforcing large parties, forcing the latter to seek alternative funding (Waitoolkiat and Chambers 2015, 634; Sirivunnaboon 2018, 10). The TRT enjoyed most advantages with the largest bankroll, funded by Thaksin and his family, resulting in its rise and persistent dominance from 2001 to 2006 (Chambers and Croissant 2010, 25; Ockey 2003, 675). The current chapter will test this argument to show how

the party finance reform negatively contributed to the formation and consolidation of a dominant party. The first three aspects are structural—public subsidy, maximum expenditure, and restriction on donations—and the last one is the TRT's strategies and the overwhelming wealth of its owner.

As mentioned earlier, the PPDF was allocated to parties based on four criteria: existing MPs, party-list votes, party members, and party branches. The ETC announced the first allocation formula in 1998, which weighed each element equally (25:25:25:25) (Royal Thai Government Gazette 1998). The second formula was announced in 2000, immediately before the January 2001 election, and had been in effect until the 2006 coup. It gave more weight to parties that had done well in the previous election (35:30:20:15) (Royal Thai Government Gazette 2000). By this formula, small parties rarely had chances to receive a large amount of fund to compete effectively against larger, wealthier parties. Instead, the direct public subsidy favored large parties since 65 percent of total allocation would derive from the number of existing MPs and party-list votes. Table 3 shows annual party finance data of the TRT and DP from 1999 to 2007, including allocated PPDF, reported donations, and expenditures. The two largest parties were allocated public funding 52-61 percent of the total between 2001 and 2003 and 68-78 percent during the next three years. In 2001, for example, the TRT received public funding of more than 2.88 million dollars, which was more than the combination of the funding for New Aspiration (0.88), Thai Nation (0.4), Chart Pattana (0.62), Seritham (0.21), Rassadorn (0.09), and Social Action (0.05) parties (ECT 2003). Most interestingly, more than half of the PPDF was allocated to TRT, even having only ten branches nationwide, in the 2005 fiscal year, thus leaving other parties ate the scraps (ECT 2007). This result went against the goal of the PPDF, which promised to institutionalize parties of all sizes and to increase electoral competitiveness for small parties.

Table 3: Party Finance Data of the TRT and DP from 1999 to 2007 (in US Dollar)

Years	Total PPDF	Party	MPs	Party-list votes	Party members	Party branches	Received PPDF	Received donations	Approx. Annual Expense
1999	3,483,465	TRT	0	0	13,247	4	20,948	1,405,871	n/a
		DP	122	0	556,309	130	1,099,206	434,199	n/a
2000	6,967,742	TRT	0	0	n/a	n/a	141,597	12,442,692	n/a
		DP	122	0	n/a	n/a	1,897,513	4,740,823	n/a
2001	8,129,032	TRT	248	11,634,495	3,776,492	4	2,885,832	2,269,045	n/a
		DP	128	7,610,789	2,740,516	154	1,868,406	1,539,750	n/a
2002	6,193,548	TRT	248	11,634,495	9,705,004	4	2,416,129	697,938	n/a
		DP	127	7,610,789	3,753,911	170	1,400,000	418,693	n/a
2003	8,334,668	TRT	294	11,634,495	9,345,737	8	2,809,677	989,530	3,935,484
		DP	130	7,610,789	3,462,085	192	1,529,032	877,691	2,741,935
2004	7,419,355	TRT	295	11,634,495	8,186,586	8	3,340,268	3,245,190	10,129,032
		DP	130	7,610,789	2,452,721	193	1,756,110	399,711	3,387,097
2005	8,774,194	TRT	294	11,634,495	9,096,069	10	4,541,142	4,627,637	10,161,290
		DP	111	7,363,044	2,518,816	196	2,219,303	1,226,249	4,612,903
2006	8,774,137	TRT	377	18,993,073	12,081,088	10	5,039,981	4,213,496	8,874,194
		DP	96	7,210,742	2,510,471	194	1,853,277	1,275,377	8,448,387
2007	2,258,065	DP	Junta	7,210,742	3,799,149	194	1,115,099	n/a	4,870,968
		CTP	Junta	2,061,559	2,485,509	14	381,153	n/a	n/a

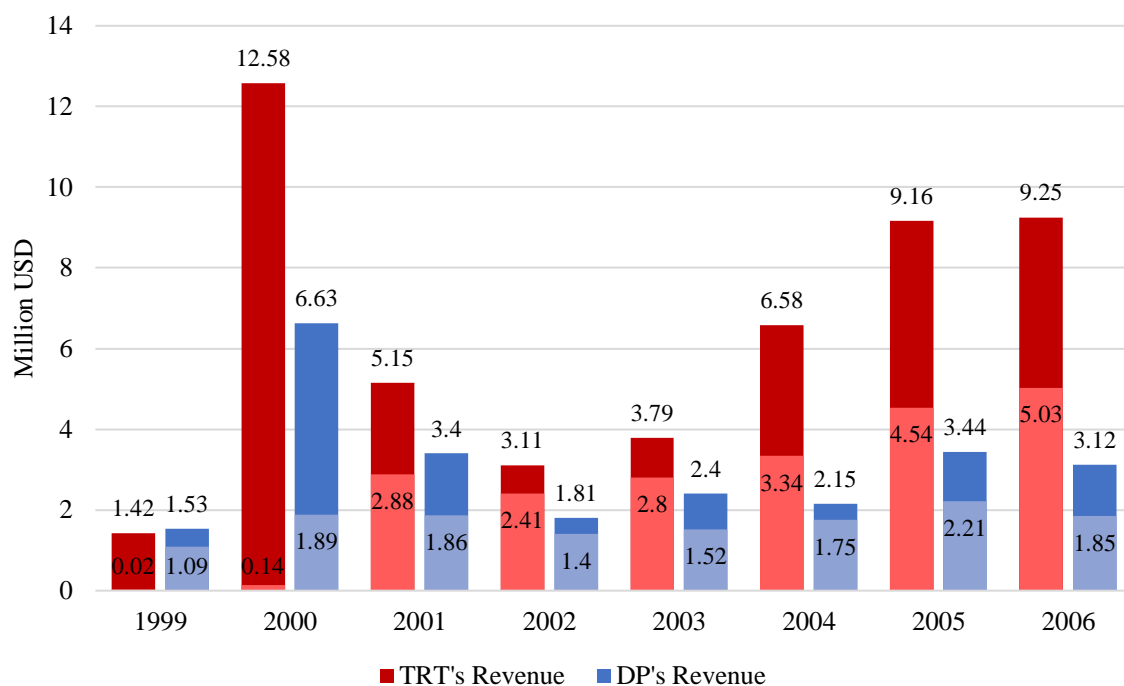
Note: 1 USD = 31 THB. This currency rate is used throughout the thesis.

Sources: Data from the ECT; Waitoolkiat and Chambers (2015, 629-630). The received donations adopted from Kaewkosaba (2005); *Khaosod* (2001, 2004); *Matichon Weekly* (2006); and *Manager Online* (2006). The approximate annual expense adopted from Sirivunnabood (2018, 11-12). The ECT data before 2014 is no longer available on the website.

The second aspect of large parties' financial advantages was a maximum expense to election campaigns. According to the ECT's Announcements on the Amount of Expenditure in the Election of MPs in 2000, parties could not allocate more than 32,258 dollars as campaign funding to each constituency candidate and for party-list election, based on the calculation of the number of party-list candidates multiplied by the same amount as a constituency candidate. Therefore, if a party competes in all 400 constituencies and names 100 candidates on the list, it would be able to spend around 16 million dollars in the election (12.9 million for constituency election and 3.2 million for the party-list). This maximum amount was raised to 48,387 dollars per constituency candidate in 2005, meaning that parties were able to invest up to 22.58 million dollars for election campaign if they competed in all seats. Under these conditions, the larger and wealthier the parties were, the more candidates they could send to enjoy the greater benefits from this maximum expense requirement. This explains why large parties were able to campaign in constituencies and national level simultaneously.

In contrast, smaller and poorer parties had to put a limited number of candidates to compete only in the most potential constituencies. Even in the party-list system, small parties could not manage the full list and run national campaigns by spending up to 3.22 million dollars. Sawasdee (2006) reveals that in the 2001 election, "only the five largest parties were able to put the optimal 100 candidates on their list" while many of "locally concentrated parties and smaller ones...named one or two candidates on the list" (58). She concludes that putting more than five names on the list did not seem to be rational strategy for small parties which had to pass a five percent threshold and had to campaign nationwide. To put it differently, investing large amounts of money in desperate campaigns seems too wasteful for small parties. Although this explanation supports both electoral model and party finance model, it does not explain why the TRT had a huge advantage over other large parties.

Figure 2: Comparison of the TRT and DP' Revenue from PPDF and Private Donations between 1999 and 2006



Note: The bottom (brighter) section shows allocated state subsidies and the upper (darker) shows received donations

Source: Author's calculation based on ECT data and Sirivunnabood (2018, 11-12).

The above-mentioned question is answered by the fact that despite the two largest parties earned much more amounts of state funding than the smaller parties, these state subsidies were not sufficient to cover the costs of election campaigns and routine organizations (see Table 3). The literature confirms that large parties did not rely solely on state subsidies but also on private donations, especially from party leaders and interested conglomerates (International IDEA 2014; Ufen 2008; Waitoolkiat and Chambers 2015; Chambers and Croissant 2010; Sirivunnaboon 2018). With no cap on financial contributions, parties were allowed to receive endless donations. Figure 2 indicates the combination of state subsidies and private donations to the two largest parties. The TRT earned more than the DP every year after 2000. In 2000, the TRT (12.58 million dollars) received roughly twice as much official revenue

as the DP did (6.63 million dollars) while in 2004, the former (6.58 million dollars) received two and a half times as much revenue as the latter did (2.15 million dollars).

Unsurprisingly, Thaksin himself gave a personal interview that “in the case of Thai Rak Thai’s donations, most of it comes from my own pocket. I consider it the surplus of life, it won’t trouble my family. We started with our own money, not owing a favor to anyone” (Sawasdee 2006, 94). Relying on the ECT reports between 1998 and 2005, the biggest donor was Thaksin’s wife, Pojaman Shinawatra, who donated over thirteen times for 12.69 million dollars. Other significant contributors included national conglomerates which many of them held ministerships (*Isranews* 2013; McCargo and Pathmanand 2005, 246). To a lesser extent, the DP’s main donations came from various regional business groups and the regular deduction from the salaries of the party’s MPs and party leaders (Sirivunnaboon 2018, 11). One may argue that using a loophole of no legal cap on donations was a common practice for pre-reform military-backed parties. However, the TRT’s case was different on account of having good strategies and financial machine as value-added.

Even at the outset, the TRT was an already large party with over 110 electable candidates recruited from the incumbent MPs from pre-reform parties, i.e., Palang Dharma, New Aspiration, Chart Pattana, Thai Nation, Social Action, and Democrat parties (Chantornvong 2002, 215).³ Between 2001 and 2004, Seridhem, New Aspiration, Chart Pattana, and Social Action parties were merged into the TRT, making it an absolute majority in the parliament (over 300 MPs) before the 2005 election. Consequently, the mass defection reduced the number of electoral and parliamentary parties (Nelson 2008, 17). The key mechanisms employed to absorb smaller parties and manage intra-party factions were the leader-dominated and top-down corporatist management styles (Chambers and Croissant 2010,

³ However, Thaksin himself admitted that the ratio of new to old politicians in his TRT was 75:25. Most of new-faced candidates had a ready-made local support base (McCargo and Pathmanand 2005, 80-81).

25). These enabled Thaksin to monopolize the system of reward and punishment for his party MPs.

Considering financial incentives, while the DP's MPs had to devote part of their salaries to the party, the TRT paid additional 6,450 dollars salaries to each of its MPs (McCargo and Pathmanand 2005, 84). It is almost impossible for DP and other parties to compete against Thaksin's TRT, which could pay 142 million dollars in total during six years in power or roughly 2 million dollars per month. This amount, which was off-the-book, was dramatically greater than that reported to the ETC. Apart from positive incentives, the TRT's MPs had also been prevented from switching to other parties or forming new parties due to the requirement that a candidate must affiliate with a certain party at least 90 days before the election (Section 107.4 of the 1997 constitution). It was an undue risk for them to defect from the TRT and then to be ineligible if the Prime Minister called for a new election. Consequently, the centralization of financial resources and executive power increased the ability of Thaksin and his TRT to dominate electoral and parliamentary politics.

3.3 Conclusion

Most empirical observations are congruent with the party finance model. Instead of increasing transparency and leveling the playing field, the party finance reform had negative effects on the party system and failed to measure up to the expectations of the reform. The introduction of the public funding requirement further strengthened larger parties while smaller parties could not compete against larger parties due to the insufficient funding. Obviously, the reform also failed to institutionalize party organizations and the party system. Even the largest party, the TRT, had only ten branches in 2006, which was incomparable to its 12 million members. Of all the parties, the DP, founded in 1946, seemed to be the most-institutionalized party (Ufen 2008, 338); however, the number of its members and branches increased slightly

over six years of becoming the parliamentary opposition. Therefore, it was far from a mass-based party model.

The absence of restriction on maximum donations was the biggest failure of the party finance reform. It allowed the wealthiest tycoon to capture the state by dominating the party and translating financial advantages into parliamentary seats. Furthermore, the ECT also failed to eliminate off-the-book money that came in the forms of TRT's innovative monthly allowances to its MPs and other aspects of money politics which were beyond this thesis (e.g., prevalence of electoral frauds and the abuse of state resources) (ANFREL 2005; International IDEA 2014, 88). Under these circumstances, the TRT made use of its comparative advantages to merge smaller parties and managed to win two consecutive elections, thereby reducing the number of electoral and parliamentary parties considerably. In other words, party finance model sheds light on the rise and consolidation of one-party dominance in Thailand.

CONCLUSION

One of contemporary debates on the dominant-party system in emerging democracies centers around the best-fit theoretical discourse in explaining one-party dominance. Conventionally, literature on this subject has tended to focus on one (set) of explanation(s) deduced from electoral model. As part of the resource and clientelism approach, party finance model suffers from a subordinate status. Through the analysis of the Thai case, however, the findings reveal that electoral model is necessary but not sufficient, and that the party finance model is underscored, in explaining the rise and persistent dominance of the dominant party. Even empirical observations do not contradict to electoral model, they extend beyond expectations deduced from the model. It is evident that the electoral system has a reductive effect on the number of parties, but it falls short of account for why a certain party is overwhelmingly advantageous over the others at the very beginning of democratization. Expectedly, such observations are in line with party finance model's propositions. The party finance model fills the gap, providing the understanding of how those with the largest bankroll dominate electoral politics.

As illustrated in the Thai case, the TRT would not reach the dominant position and transform fragmented multi-party system into dominant party systems by relying solely on a particular electoral system. Without state subsidies emphasizing greatly on electoral performance, the TRT would not enjoy benefit from the perverse effects that opposition and small parties could only access the minority of public funds (Norris and Van Es 2016, 13). Research findings underline the suggestion that the less equalizing party finance regime it is, the more likely it is to generate an uneven financial playing field that disfavors new entry and small parties (Rashkova and Su 2020). This claim is crucial for understanding the way the party finance regime reinforces and facilitates a dominant party by undermining the potential of

opposition and small parties in electoral politics. Furthermore, major parties are forced to seek alternative fundraising from private donations when the distribution of state subsidies is not sufficient in covering their total expense. With financial superiority, the TRT could create a positive incentive to absorb small parties and their MPs and, in effect, successfully manage various intra-party factions. This evidence also bolsters the argument that party finance regulations may negatively impact electoral politics, fostering politicians to rely on black money. Consequently, those who are capable of working well with off-the-book money dominate politics (Gowda and Sridharan 2012). Under these circumstances, the largest-bankrolled party employs its financial superiority to dominate an electoral arena systematically.

To study a dominant party and dominant-party system in emerging democracies, it is necessary to combine at least two approaches to understand the phenomenon under investigation. However, literature on TRT's dominant party at the time focused only on two competing approaches: the electoral system and Thaksin's personal assets. It was not until the post-2006 coup that literature on party finance regime has been developed, but it still confines itself to studying party finance regime per se (Waitookiat and Chambers 2015; Sirivunnabood 2018). Relatively little effort has been paid to connect the party finance regime to the party system. It is unsurprising that the understanding of Thaksin's corruptive behavior led the post-coup reformers to draft the new party finance regulation with anti-Thaksin sentiment rather than helping all parties to be institutionalized and new parties to enter politics. The 2007 Political Party Act introduced a cap on private donations, state subsidy based hugely on electoral performance (80 percent), and a cap on allocating state subsidy (no more than half of the total annual funding). After trial and error, the current Political Party Act (2017) was designed, basing on the extreme anti-Thaksin's party sentiment, to generate a more competitive party system. Above all, distribution of the state subsidies emphasizes considerably less on

electoral performance. It needs time to prove whether this more equitable party finance regime institutionalizes the Thai party system in the long run.

The existence of party finance regime not only positively affects the democratic process, but, as in the Thai case, it also provides unexpected consequences deviating from the well intentions of reformers. Party finance reform promoters such as International IDEA are exclusively concerned about the issues. To mitigate wealthy interests and the uneven electoral competition, public funds must come along with limits on donations and/or expenditures (International IDEA 2014, 22). Moreover, the threshold of support should be applied to avoid the risk of waste of public resources arising from faked parties that were formed only for receiving state subsidies without real intention to compete in the election (International IDEA 2014, 23). Despite explicit awareness of these issues, the dynamics of party finance reform reinforcing one-party dominance has been slightly underlined. It is reasonable to argue that there is no one size fits all political finance regulation because the requirement of each country depends on its political goal and specific context challenging the reform (International IDEA 2014, 16). However, in new democracies, the likelihood of only one party continued dominating electoral politics without alternation is greater than in established democracies. It is, thus, better to emphasize that those new democracies are at risk of facing the dangers of party finance reinforcing one-party dominance. Ultimately, reform-minded persons should primarily consider a certain set of party finance regulations over the others to encourage the transformation into a more competitive party system.

Generally, the first lesson to be taken from this thesis is that the goals and provisions of electoral engineering and party finance regime need to be consistent. If a competitive party system is desirable, it is inevitable to enlarge party system size whether by increasing proportionality of electoral system or fund parity. The evidence suggests that failing to do so may result in the emergence of a dominant-party system. Second, the reformers need to

consider that party finance regime per se is not sufficient to facilitate a competitive party system. As Rashkova and Su (2020) emphasize, only in new democracies, “it is an equalizing party finance regime in a less-equal political and financial environment that is important” to enlarge party system size (46). In this respect, the best scenario is to equalize party finance regime with the hope of leveling financial playing field at the starting point. At least, this will lessen the disadvantages of new entry and small parties until they are institutionalized. Lastly, black money or unaccounted fund is hard to be overseen and eliminated mainly because politicians often adapt their corruptive behaviors according to the changing rules. To curb political money, independent supervisory bodies need to enforce regulations effectively. In so doing, some countries may spend effort for decades to transform the dominant-party system into a more competitive system as the ongoing process of democratization.

Nothing challenges the thesis other than the fact that the research goal is not to evaluate which theory is dominant over the other. In other words, it seeks a complementary theory (party finance) that can bolster a dominant theory (electoral model) to explain a crucial phenomenon (one-party dominance). The second limitation is that the research findings cannot specify which cause primarily affects a dominant party. Keep these in mind, the thesis confines itself to drawing inference from (non-) congruence of empirical observations and concrete expectations deduced from core elements of electoral models and party finance model to the relevance of these theories for understanding the rise of one-party dominance in emerging democracies. Lastly, despite black money and the abuse of state resources matter, they are beyond the scope of this research to take them into account. The COVID-19 pandemic makes it challenging to conduct fieldwork and in-depth interviews, which is necessary for researchers to dip into the field. Fortunately, existing primary and secondary sources are available to recollect the data. As mentioned in the introduction, the sources are triangulated and validated to reduce source coverage and potential bias.

This thesis so far couples a particular electoral system with a party finance regime to explain the dominant-party system in a single-country study. Future research that focuses on comparative case studies may adopt these pairing models as its strategy. Apart from investigating the relationship between the pair from the supply side, scholars may conduct fieldwork and in-depth interviews with the demand side, assuming that one of the essential parts is voters who decide which party and candidates will succeed in elections. Scholars may reveal the role of political money in the social and cultural dimensions that give meaning to the political action of voters to understand how they perceive the role of black money. Doing this may provide a foundation for understanding the micro-level of party finance and party campaign strategy. Furthermore, the cross-country study of the correlation between party finance regime and party system has concentrated in European countries. It is worthy for prospective research to extend its spatial dimension to other regions and sub-regions—such as Sub-Saharan Africa, Central Asia, and Southeast Asia—where new democracies have struggled with clientelism and/or extra-constitutional politics. The findings may further confirm the negative assumption of this thesis that the less equalizing party finance regime provides uneven electoral competition. By and large, it seems almost impossible to expect the democratic process to function smoothly without awareness of, and attempt to lessen, the risks arising from the persistent domination of financial and political resources by a single party.

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