

PROBLEMS OF FISCAL MANAGEMENT IN A DEVELOPING ECONOMY

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This paper is empirical, not theoretical. It does not attempt to generalize about how finances (in the broadest possible sense) should be managed in every developing economy. It does examine some of the problems that have been encountered in the area of fiscal management in one particular developing economy, Thailand.

Fiscal management in the broad sense comprises:

1. Monetary management
 - a. Regulation of money supply
(currency and credit)
 - b. Promotion of internal and external
stability of the value of money
 2. Management of public debt
 - a. Internal
 - b. External
 3. Budget management
 - a. Expenditure management
 - b. Revenue management
 4. The mechanics of fiscal management
 - a. Accounting
 - b. Auditing
 - c. Treasury management
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It would be impossible, within the space available, to cover all issues that have arisen or that still require policy decision or administrative improvement in this whole broad territory. To narrow the field of inquiry to manageable proportions, the segment of monetary management will be ignored. There have been no serious problems in this segment in Thailand anyway, at least in the past five years. There are periodic lamentations from the press and from the mercantile community about "money tightness"; but these jeremiads are essentially meaningless; they are related not to the situation as a whole but to the particular circumstances of particular firms or individuals; and they are self-serving.

Also, for the sake of brevity, the problems involved in the improvement of the mechanics of fiscal management will be discussed only cursorily.

Thus the main burden of this paper will be concerned with problems in the areas of budgetary management and debt management—plus some observations on related financial institutions, including the commercial banking system.

Even in the simplest economy, debt management and budget management are interrelated in a number of complex ways. If budgets are prepared on a gross basis, re-financing of internal debt must be incorporated into the aggregate of the budget, appearing as both receipts and expenditures. If the budget is in deficit, the final net deficit (after non-inflationary borrowing, etc.) represents an addition to public internal debt. Provision for service of external debt must be included in the budget, initially as a local currency item. Often the objects for which external debt is incurred (e.g., imported equipment for public projects) require a matching appropriation over one or more budget years (e.g., for local construction costs attendant upon the installation of the imported equipment). In some cases, some budgetary revenues are derived from the gross or net incomes from public projects which still require budgetary appropriation for service of external debt—so that a single project contributes to swell both receipts and outlays; and so on.

MANAGEMENT OF PUBLIC DEBT

As indicated in the outline at the outset, the problems of management of the internal public debt are rather different from those of management of the external debt.

In this context, internal debt is viewed solely as net new borrowing from the Central Bank by the Government to cover an otherwise uncovered budget deficit. It does *not* include borrowing by the Government from the general public (which is neutral so far as its inflationary consequences go) nor borrowing by the Government from the Savings Bank (which is an intermediary between the general public and the Government; its structure and operations will be briefly discussed later in this paper). Hence internal debt arises uniquely out of a failure to make revenue equal actual expenditure or to control expenditure within magnitudes that can be otherwise financed.

In Thailand, after a period of somewhat reckless indulgence in inflationary borrowing from the Central Bank, the internal debt problem was greatly simplified by the signing of an agreement with the World Bank (as an accompaniment to the signing of the large loan contract for the Yanhee multi-purpose dam project) limiting the amount of net new borrowing from the Central Bank to a certain absolute amount per fiscal period. The problem of internal debt management is essentially a problem of governmental self-restraint; the self-restraint entailed in this voluntary agreement was more or less adequate to the purposes. The formula by which the agreed absolute amount was determined may be arguable (the basic rationale is set out in the World Bank Mission Report on Thailand¹); but the result of the application of the formula, however crude, was enough to hold inflationary borrowing within safe limits. Actual internal borrowing of an inflationary character exceeded the agreed ceiling in only one year; and in that year (and the period following) the actual behavior of prices and incomes (so far as it can be ascertained) was such as to warrant a suspicion that the ceiling was set prudently low. In other years, the Government of Thailand has conscientiously tried to keep actual borrowings below the agreed ceiling.

1. A Public Development Program for Thailand, IBRD, Baltimore, The Johns Hopkins University Press, 1959. pp. 242-43.

But the imposition (or acceptance) of an agreed ceiling cannot be regarded as more than a stopgap solution of a persistent problem. Under pressure the negotiated ceiling would cease to have the diplomatic force it now commands. In the end the problem re-emerges as what it was in the beginning, one of governmental self-restraint. Of course, there could conceivably be a deliberate decision to run substantial inflationary risks; but for developing economies, inflation, out of hand, is a perilous thing; and one would expect that most of the time there would be a disposition among all sensible men to bring the other magnitudes into line with each other so that inflationary borrowing would be held within moderate limits. Thus the "**Problem of self-restraint**" is really one of expenditure management and revenue management—about which, more shortly.

Management of external debt poses a somewhat different set of problems. The desideratum is not primarily self-restraint because normally (and at least within limits) the potential creditors will provide the necessary restraint, being loath to extend additional credits to a country that has already over-borrowed. What is needed is proper management, to ensure that the *structure* of the debt (as distinct from its absolute magnitude) is compatible with future ability to service the debt without acute financial and budgetary embarrassment. In the case of Thailand, for example, there can be no contention that the *size* of the debt is objectionable (indeed it is less than half of the quick foreign assets of the Kingdom); but the structure, in recent years, has been unhappy, involving heavy short-and medium-term maturities which have been and are a burden on the budget and which, in less felicitous circumstances, could be a severe burden on the foreign exchange position.

In Thailand, as with internal debt, there has been an external commitment, to the World Bank, to control external debt. Oddly, the control has been on the absolute level rather than on the structure of the debt. It took the form of a commitment not to allow the total level of external debt to go above that obtaining on a selected historical date. The effect was, however, to make new commitments difficult where not impossible, since the margin for new borrowing was limited to the amount by

which old debt had been amortized and temptations to new borrowing seldom would fit within these limits set by historical accident. In point of fact, total debt went down under this control; and the structural pattern changed in a desirable direction, since repayments have been made on the short-term and medium-term obligations (mostly, it should be noted, in the form of supplier's credits) and corresponding new obligations have not been incurred. Hence, although the method was much like using a sledgehammer to swat a mosquito, the end result was to improve the structure of the debt.

Nevertheless the end result was also to hold down, indeed absolutely to reduce, the total level of foreign borrowing at a time when the creditworthiness of the country was considerable and when economic development was stated to be a desired goal. From this point of view the control could not be considered tenable for a long period and it must soon be terminated. When that happens, restraint will be needed to ensure that the structure of the debt does not immediately again become lopsided as the result of an indiscriminate rush to enter into supplier's credit arrangements; and to ensure that the substantial borrowing capacity is utilized on programs and projects which will contribute most desirably to the economic development of the Kingdom rather than frittered away on ill-planned schemes.

The day of the "general purpose" foreign loan seems to be just about over. Almost all international lending now is for specific projects or connected with specific purchase contracts. This has at least two consequences. In the first place, it may impose a lower de facto ceiling on foreign borrowing than the general creditworthiness of the country would suggest. This would happen if the country were technically unable to get projects engineered and put into shape for presentation to the various lending agencies; this seems, to a large extent, to be a primary difficulty in Thailand. In the second place, since equipment (and commonly industrial equipment) purchase contracts are more easily (and more irresponsibly) whipped into shape than are soundly designed development projects, there is danger that a disproportionate amount of public credit will go to support industrial ventures the economic feasibility of which has not been carefully studied. The reason for this is simple. Almost all supplier's credit arrangements in the world today are guaranteed by the buyer's government (whether

or not the buyer be a public agency or entity) and, at the other end, are covered by some sort of governmental export credit arrangement. In consequence, neither the prime buyer nor the prime seller needs to worry very much about the economic viability of the undertaking for which the equipment is being procured; the buyer's government will ultimately be stuck with the debt if the project fails, and there is always the seller's government in the background to insist upon prompt and full payment.

This is not to say that all supplier's credit arrangements are *ipso facto* bad; but they should be scrutinized closely before public credit is committed to them; and any situation that involves a built-in bias towards supplier's credits should be brought under control. I think this is the situation in Thailand. The number (and the dollar value) of situations in which equipment sellers are willing to furnish industrial equipment on credit (provided there is a government guarantee) is substantially greater than the number of general development projects far enough advanced in planning and engineering to be successfully submitted to the general lending agencies. Yet these industrial situations are likely not to be nearly so important for the balanced growth of the economy as the provision of the basic physical public utilities.

EXPENDITURE MANAGEMENT

Expenditure management means budgeting — not just the formulation of the annual state budget but the entire pattern of budget accounting and fiscal reporting.

The problems in this field in Thailand, as they existed a few years ago, have been summarily set out in Chapter VII of the World Bank report² and that summary does not need to be repeated here. Since the report was first drafted, progress has been made in each of the directions indicated, albeit at differential rates of forward movement.

The Budget Office has been substantially enlarged in numbers and professional quality of personnel. It has been given additional status. The Comptroller General's Office has been strengthened. Both organizations have been put under new leadership.

2. Ibid., pp. 198-203.

A Budget Procedures Act has been passed to give a firm legislative base for the modernized budget operation. There has been significant overseas training of finance officers and a veritable bustle of in-service training activity, all of which has perceptibly raised the average quality of finance officials.

This is not to say, however, that problems do not remain. The ones that remain are considerable and two of them merit at least brief discussion.

So far as economic and social development expenditures are concerned, an effort has been made to fit the annual process of budget formulation within the framework of a larger multi-year program; and to this end there have been established a National Economic Development Board and an associated secretariat. A start, at least, has been made; but there is much about the working of this new organizational complex that needs improvement—which it will undoubtedly experience over the next few years.

In the first place, the organization itself is top-heavy, with a very large top Board and with a proliferation of committees at various levels, the terms of reference and the work-programs of these various committees being less than clear.

In the second place, there is a shortage of top-level planning personnel. In point of fact, there is absolutely no single senior person who is, on a full-time basis, devoted to or in charge of economic planning work (the nearest approach to such a person is the Secretary-General of the Secretariat, but even he has wider-ranging administrative responsibilities and other formal and informal duties).

At the other extreme, the working staff of the secretariat is small in numbers to begin with and it divides into two segments—a small group of officers who have had some specialized planning training but who still lack experience—and another group, equally small, who are still too immature and inexperienced even to be considered likely to gain appreciably from such overseas training facilities as would otherwise be available.

In the fourth place, the efficiency of the planning officers is limited by the competence of the planning and development officers in the various ministries and departments. In a few scattered instances, some of these latter have real competence

(owing generally to historical accident); but the average quality of the project submissions forwarded to the secretariat indicates that most of the originating officers have no knowledge of the techniques of project formulation and are innocent of any familiarity with cost-benefit analysis or even precise project costing. This shortcoming, incidentally, limits Thailand's effective access to international and other external sources of loan funds. In the modern world these administrative arts have become of determining importance in the "race of diligence" wherein developing countries seek to maximize their respective shares of the global pool of lendable funds. A systematic program of overseas training, carried out over a period of five or six years, could remedy this deficiency.

In the fifth place, the plan documents that have thus far been produced by the Board are essentially public development programs. They are not founded on any macro-economic analysis of feasible rates of growth and requirements for investment. They essentially ignore the private processes of capital formation and make no assessment of probable developmental expenditure in the private sector.

Finally, unlike the situation in certain other developing countries, the academic and intellectual resources of the country have not yet been mobilized in support of the planning process. A coordinated program of research could do much to remedy this deficiency.

Another problem area that persists involves the "comprehensiveness" of the budget. There are very numerous government organizations, funds, factories and the like, having varying degrees of autonomy. The expenditures of those that are profitable generally do not appear at all in the state budget; of those that are unprofitable (and there are too many such) only the net deficits are likely to appear and there is no detailed budgetary or accounting control over gross expenditures or gross receipts.

The situations of these different organizations are widely different in different cases; and the political power (and the sheer size and influence) of some is much greater than of others. Yet there does not seem to be any orderly way to deal with them except by some general law. The drafting of a law that would be genuinely general

and yet would be realistic enough to take account of the real differences is difficult. Enactment of such a law in the near future does not now appear probable.

It should be noted that the problem of the government organizations is also a problem in revenue management, since not all of the net revenues of certain conspicuous organizations finds its way into the general budget for allocation; and these organizations accordingly have expenditure programs of their own, sometimes going widely beyond the primary scope of the organization.

REVENUE MANAGEMENT

Some of the problems in revenue management in Thailand may be identified as follows:

1. By international comparative standards, Thailand is undertaxed.³ While no completely reliable figure on gross national income is available for 1959, a guess may be made. Total *tax* revenue for that year appears not to have exceeded 9% of national income. Total revenue for that year (including non-tax revenues from public domains, state enterprises, etc.) was about 12% of national income. Yet, despite the drafting of a national economic development plan which postulates significant incremental expenditures from year to year, there seems to be no political disposition to increase tax rates or to introduce new tax sources. Indeed, the reductions that seem to be in prospect can only be offset by increased collection and improved administration. Hence the incremental expenditures are left to be financed by the normal annual growth in revenue from existing sources at existing rates. That growth seems to have average about 4% per year in recent years, or in absolute terms about 240 million baht. That amount is, in the early years of the national plan-period, insufficient absolutely to cover
 3. If this were an absolute value judgment, it could of course be verified only by a demonstration that larger funds could be spent by the public sector with greater marginal social utility than if the incremental funds were left to be spent by the private sector. In Thailand, in the existing state of knowledge, a scientific demonstration to this effect is not presently practicable.
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the postulated incremental expenditures—even if it be euphorically assumed that “normal expenditures” would not show a tendency to increase also at a rate somewhere close to 4%.

2. The tax system, viewed as a whole, is highly indirect and regressive. Customs receipts alone in 1959 accounted for 46.7% of total tax revenue. If excises and other identifiable commodity taxes are added in, the percentage is probably about 65 — although there is scope for debate among theoreticians about exactly how to classify several strange taxes. The percentage would be even higher if *all* receipts from the state tobacco monopoly were to be included as a form of commodity tax. At present receipts from the Monopoly appear under three different headings, one of them purporting to be the distributable net profits of a state enterprise; but in actuality, under government monopoly sale conditions, even most of the net profit of the Monopoly must be regarded as equivalently a tax on a widely consumed commodity.
3. At the other end of the spectrum, income tax in 1959 accounted for only 8% of total tax receipts. The narrow coverage of the income tax system, moreover, can be more fully appreciated if it is born in mind that about half of the personal income tax receipts represent payments by the government on account of the income tax liabilities of government employees (being therefore a circular transaction) and almost all of the corporate income tax that is paid by a few large foreign companies doing business in Thailand.
4. At the present time only modest changes seem to be in reasonable prospect to make coverage of the income tax more realistic. No upward revisions of rates seem likely; it does not appear probable that any *effective* system will be introduced to increase tax collections on account of professional incomes (the present low level of which is a patent absurdity); and only limited measures are likely to be taken to tax the profits incomes of

unincorporated businesses (the revenue statistics show that the effective collection from this category of income works out to about three-tenths of 1% of gross takings, which suggests an implausibly low ratio of net profit to gross sales.)

5. Taxes other than customs and excises are collected under the provisions of a consolidated Revenue Code which is a very inefficient document for its purpose. It includes many different revisions made at different times; it is badly arranged and in sections incomprehensible; it is subject to interpretation in the light of numerous Royal Decrees and ministerial regulations; and above all, it fails to tell the honest taxpayer (if there be one) exactly what his specific obligations and rights are. This deficiency, however, is in process of being at least partially corrected; the Revenue Code is under revision by a high-level committee and if the final product will not go so far in the way of modernization as I, for one, would like to see, it will in any event be a substantial improvement over the present situation.
 6. An important and almost unique feature of the tax system in Thailand is the importance of rice export premium (which is not treated in the official documents as being a tax but which I have nevertheless included with other taxes for purposes of making the various percentage calculations I have offered). Receipts from this source have in recent years run from 700 million baht upwards, depending on the world rice market and on other factors. In 1959 they were 757 million baht or 16% of total tax receipts. I treat the rice premium as a tax because, while a precise identification of its incidence would be a task too difficult on the basis of available data, there seems to be little doubt that the *net effect* of the premium system is to lower the gross incomes of rice farmers below what they would otherwise have been and below what they are in other rice-producing countries. Thus the premium amounts in actuality to a sort of income tax on an
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adversely selected group of taxpayers, the millions of small rice farmers who are, still, the economic backbone of the country. As such it adds to the already too great regressivity of the tax system as a whole. It also constitutes a rather precarious component in the tax system because the feasibility of this kind of extraction from the rice trade may at some future date be neglected by factors beyond the control of the government of Thailand.

7. One final point in the area of revenue management may be noted. It was mentioned in the section on expenditure management that certain government organizations have expenditure programs of their own financed by net revenues (in excess of normal requirements for depreciation and reserves) which they do not in fact contribute to the general budget. Those same organizations, then, by definition have revenues which are earned for the account of the nation but which are not brought under the control of the nation through its normal budgetary processes. A conspicuous case in point is the State Lottery. This organization contributes to the budget under two different headings; but the aggregate of these two contributions is substantially below the calculable net income of the Lottery. Since in this particular case the requirement for depreciation and reserves must be negligible, the amount of the shortfall must be considerable; and it is a commonly known fact that the Lottery has at its disposal large sums for expenditure on projects of various types, including welfare expenditures. Some, indeed perhaps most, of the expenditures are for purposes worthy enough; the only objection is that they are not brought under the budgetary control process and cannot therefore be evaluated in comparison with other, perhaps worthier, claims for expenditure of public funds. With less certainty it can be guessed that the total contribution of the Tobacco Monopoly may be less than the aggregate of its net profits after provision for depreciation and reserves.

MECHANICS OF FISCAL MANAGEMENT

It was indicated at the outset that this subject divides itself essentially into three component parts, viz., accounting, auditing and treasury management. The problem of treasury management is largely the problem of controlling cash flows. This is a problem of greater importance in developing economies than is generally appreciated; in Thailand, for example, all government salary payments are made in cash. But whether payments be made in cash or by check, a careful system is needed to ensure that disbursements are made only against payment petitions properly drafted and properly pre-audited and that an accurate record is kept of outpayments made against such petitions.

Six years ago, practice in Thailand needed radical reform in all of these respects. Accounting was sloppy, belated and non-mechanized; auditing was superficial; disbursement was casual. Improvement has been realized in all these respects, thanks in considerable measure to the advisory and operational assistance of the Public Administration Service of the United States. This is a non-profit organization which has been engaged under contract to assist the Ministry of Finance of the Government of Thailand, financed by ICA.

Much, nevertheless, remains to be done.

1. There are still many categories of fiscal transactions that have not been brought under the coverage of the "modernized" system of fiscal controls. Notable are the sundry debtor-creditor accounts. In some cases, long-standing accounts have not yet been analyzed and reconciled. In others, the analysis phase has been completed but the requisite political decision to bring the account under fiscal control has not yet been taken.
 2. In some areas, such as post-audit processes, less progress has been made than in others.
 3. Although draft legislation has been prepared on the subject, not much significant progress has been made in bringing the government organizations and enterprises under the general budgetary system.
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4. Personnel deficiencies leave various key areas plagued by poor administration and inadequate performance.
5. There is still need for a sound legal base for uniform treatment of certain areas such as auditing and management of the treasury balances.
6. Before the task of modernization of fiscal management can be considered completed, there will undoubtedly have to be a fundamental reorganization of the top policy-making office of the Ministry of Finance so that the Minister will be assured of the availability of imaginative and forward-looking staff work.

OTHER FISCAL AGENCIES

Very brief mention must be made of certain other institutions that exist in Thailand and affect the problem of fiscal management in one way or another.

1. **The Commercial Banking System:** There are several weaknesses in the commercial banking system. For one thing, there is not an adequate legal base for requiring the commercial banks to measure up to a standard of liquidity and solvency; and for another, there is political control of the domestic banks, particularly through interlocking directorates. A new Commercial Banking Act has been drafted and is likely to be enacted soon (perhaps before this article appears in print); it will go a noticeable way toward remedying these shortcomings. Additionally, the strongest banks—the branches of foreign banks—are generally not at all interested in domestic business, being concerned solely with the financing of international transactions; this leaves the domestic banking business almost altogether in the hands of the Thai banks whose liquidity and solvency ratios, in some instances, leave something to be desired. For this deficiency, there is no direct remedy in sight; but the new Commercial Banking Act, when entered into law, will probably improve the relative position of the Thai Banks by requiring them to maintain higher standards.
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2. **The Industrial Finance Corporation:** This institution was recently established. It goes some distance towards remedying a further deficiency of the commercial banking system, namely, the lack of any source of loan funds for Thai industrial enterprises. It is modestly capitalized and has total immediately lendable funds of not much over the equivalent of \$1 million. This is not, however, a serious problem; if sound loan applications are forthcoming, there is little doubt that the Corporation could raise additional funds, from international sources. For the first several months, however, the problem seemed to be rather a lack of proper projects to finance. At present, it would appear that the Corporation's activity, for a considerable initial period, will be primarily technical assistance—aid to prospective borrowers in the arts of business organization and the preparation of sound loan applications.

3. **The Government Savings Bank:** This institution is a significant source of funds for the state budget and for the investment and working capital requirements of state enterprises; and it has served a useful purpose in promoting small savings and small-denomination investment in what are equivalently government bonds. It has total assets of about a billion and a half baht (equal to about \$75 million). It enjoys a monopoly of the savings deposit business, thereby possibly lessening the usefulness of the commercial banks in the process of capital formation.

Even briefer mention may be made of the Bank for Co-operatives, whose efficiency is limited by the inherent weaknesses of the co-operative movement in Thailand, but which may become an important central pool of agricultural credit when and if those weaknesses are remedied.

It would not be proper to conclude this article without mentioning that the Bank of Thailand (the Central Bank of the Kingdom) and its affiliated Exchange Equalization Fund are extremely well-managed institutions which perform their respective functions efficiently. This has contributed much, despite the problems hereinbefore discussed, toward making Thailand a financially successful country.

ข้อเรื่อง

ปัญหาการคลังในระบบเศรษฐกิจที่กำลังพัฒนา

โดย จอห์น เอ. ลอฟต์ส์

ที่ปรึกษาทางเศรษฐกิจของรัฐบาลไทย

กล่าวโดยทั่วไป การบริหารการคลังมีขอบเขตกว้างขวางมาก ด้าระดำคัญของการบริหารการคลังคือ การจัดการกระแสเงินตรา (Monetary management) การจัดการหนี้รัฐบาล (Public debt management) การจัดการงบประมาณ (Budget management) และการจัดการกลไกทางการคลัง (Mechanics of fiscal management) ในบทเรียบเรียงนี้ได้นำปัญหาบางประการเกี่ยวกับการจัดการหนี้สิน การจัดการงบประมาณ การจัดการบัญชีการคลัง และระบบธนาคารในประเทศไทยมาเสนอไว้โดยสังเขป

ปัญหาเกี่ยวกับการจัดหนี้สินของรัฐบาล หนี้สินของรัฐบาลทุกประเทศนั้นพอจะแบ่งออกได้เป็นสองประเภทคือ หนี้ภายในและหนี้ภายนอกประเทศ หนี้ภายในเป็นเงินซึ่งได้มาจากธนาคารกลางเช่นธนาคารแห่งประเทศไทยและจากประชาชนทั่วไป แต่การยืมจากธนาคารนั้นถ้าหากมากเกินไปเกินสมควรอาจมีส่วนช่วยให้เกิดภาวะเงินเฟ้อได้ เพราะเป็นการทุ่มเงินใหม่เข้าไปในตลาด ส่วนการยืมจากเอกชนไม่มีส่วนช่วยให้เกิดภาวะเงินเฟ้อแต่อย่างใด เพราะเป็นแต่เพียงเปลี่ยนมือผู้ไร้เงินเท่านั้นไม่เป็นการเพิ่มจำนวนเงินหมุนเวียนในตลาด รัฐบาลไทยในยุคที่เดิมนำได้ก็เงินจากธนาคารแห่งประเทศไทยมาใช้จ่ายเป็นจำนวนมากซึ่งมีผลทำให้ค่าครองชีพสูงขึ้น รัฐบาลปัจจุบันได้สังเกตเห็นผลร้ายของการปฏิบัติทำนองนี้ จึงได้พยายามที่จะจำกัดตัวเองจากการยืมเงินจากธนาคารแห่งประเทศไทยให้น้อยลง โดยจะยืมเท่าที่จำเป็นเพื่อส่งเสริมการพัฒนาเศรษฐกิจเท่านั้น นอกจากนี้ยังได้ทำความตกลงไว้กับธนาคารโลกที่จะไม่ยืมเงินจากธนาคารแห่งประเทศไทยเกินกว่าจำนวนที่ตกลงกันได้

จำนวนหนี้ภายนอกของประเทศไทยนั้น อยู่ในภาวะที่ไม่น่าวิตกแต่อย่างใด เพราะปรกติถ้าจำนวนเงินที่รัฐบาลไทยเป็นหนี้ต่างประเทศยังคงต่ำกว่าครึ่งหนึ่งของทรัพย์สินต่างประเทศที่รัฐบาลไทยมีอยู่ แต่สิ่งที่จะทำให้เกิดปัญหาที่ยากก็คือ กำหนดเดเดชำระของหนี้

ต่าง ๆ ที่มีอยู่เกิดขึ้นไป ยากแก่การจัดสรรเงินมาใช้หนี้ได้ทันเวลา อีกประการหนึ่งก็คือการ
 ักเงินขององค์การรัฐบาลต่างๆ โดยกระทรวงการคลังเป็นผู้ค้าประกัน พร้อมด้วยเงินไฮที่จะ
 ต้องซื้อสินค้าจากประเทศที่ให้อภัย การกู้โดยเงินไฮทำนองนี้ กระทรวงการคลังควรพิจารณา
 ด้วยความรอบคอบ เพราะอาจจะก่อให้เกิดความวิตกกังวลไม่รับผิดชอบขององค์การที่กู้ในการ
 จับจ่ายใช้เงินกู้ และนายทุนผู้ขายสินค้าก็ไม่ค้ำประกันถึงว่าเงินกู้ไปนั้นจะเอาไปใช้อย่างไร
 เพราะถ้าหากกิจการล้มเหลวเขาก็เรียกเงินคืนจากกระทรวงการคลังได้ในฐานะผู้ค้าประกัน
 ประเทศไทยทำการกู้ภายใต้เงินไฮทำนองนี้หลายครั้งซึ่งทำให้เกิดปัญหาทางการคลังที่แก้ไข
 ไม่ตกอยู่จนทุกวันนี้

การจัดการงบประมาณ สำคัญที่สุดของการจัดงบประมาณก็คือ การเตรียม และการ
 ควบคุมการใช้จ่ายให้เป็นไปตามงบประมาณ สำหรับประเทศไทยนั้นภายในระยะ 2 ปีที่ผ่านมา
 มาได้มีการปรับปรุงการงบประมาณให้ดีขึ้นหลายประการ ที่สำคัญคือ ให้มีการยกฐานะ
 และขยายงานด้านงบประมาณให้เข้มแข็งขึ้น มีการแก้ไขวิธีการงบประมาณให้ทันสมัย
 คำแนะนำการฝึกอบรมเจ้าหน้าที่ซึ่งเกี่ยวข้องกับงบประมาณเพื่อให้มีความรู้ความเข้าใจใน
 วิธีการงบประมาณแบบใหม่ ตลอดจนการตั้งคณะกรรมการแก้ไขเปลี่ยนแปลงประมวล
 รัษฎากรซึ่งกำลังอยู่ในระหว่างดำเนินการ

ถึงแม้ว่าปัญหาต่าง ๆ ในการจัดงบประมาณของประเทศไทยจะได้รับการแก้ไขไป
 แล้วเป็นอันมาก แต่ยังมีปัญหาที่สำคัญอีกบางประการที่จะต้องหาทางปรับปรุงแก้ไขคือไม่
 มีปัญหาเหล่านี้ได้แก่การปรับปรุงคณะกรรมการพัฒนาการเศรษฐกิจแห่งชาติ ซึ่งปรากฏว่า
 กรรมการมากเกินไปยากแก่การที่จะตกลงอะไรกันได้ในการประชุมปรึกษา แต่เจ้าหน้าที่ผู้
 มีความรู้ความสามารถในการร่างและตรวจสอบโครงการพัฒนาเศรษฐกิจมีน้อยเกินไป เปรียบ
 เหมือนคนหัวโตแต่แขนขาตบ เจ้าหน้าที่ผู้ทำหน้าที่ร่างโครงการพัฒนาของกระทรวงทบวงกรม
 ต่าง ๆ เพื่อเสนอรัฐบาล ยังขาดความรู้ความชำนาญในการร่างโครงการอยู่เป็นอันมาก
 ก็เป็นปัญหาหนึ่งที่ต้องได้รับการแก้ไขได้ บรรดาผู้มีความรู้ในสาขาวิชาการต่าง ๆ ซึ่งเป็น
 ผู้สอนอยู่ตามสถาบันชั้นสูงในประเทศนั้นอาจให้ประโยชน์แก่การพัฒนาเศรษฐกิจและสังคม
 เป็นอันมาก ถ้านำมาใช้ตามความรู้ความสามารถของแต่ละคน เท่าที่เป็นอยู่ขณะนี้ปรากฏว่า
 ยังมีการใช้บุคคลประเภทนี้โดยที่ควรจะเป็น ปัญหาที่สำคัญอีกอย่างหนึ่งก็คือยังมีรายได้

รายจ่ายขององค์การของรัฐหลายแห่งที่อยู่ ไม่ได้รับการพิจารณาในพระราชบัญญัติงบประมาณซึ่งตามหลักทั่วไปแล้ว รายจ่ายรายวันทุกรายการของประเทศจะต้องปรากฏอยู่ในงบประมาณ

ระบบภาษีของประเทศไทยก็ควรได้รับการปรับปรุงอีกตามสมควร เพื่อหาเงินมาใช้ ในการพัฒนาประเทศซึ่งจะต้องใช้เงินเพิ่มขึ้นปีละหลายร้อยล้านบาททุกปีนับแต่ พ.ศ. 2504 เป็นต้นไป รายได้ภาษีอากรยังคงต่ำอยู่มากเมื่อเทียบกับประเทศอื่น ๆ ที่กำลังพัฒนา เช่น ในปี 1959 มีรายได้อยู่ 9 ของรายได้ของชาติ การปรับปรุงการจตุการเก็บภาษีเป็นดังจำเป็น ภาษีส่วนใหญ่เป็นภาษีทางอ้อมซึ่งเป็นภาระหนักแก่คนชนชั้นกลางและคนที่มีรายได้น้อย ส่วน ภาษีทางตรงนั้นเก็บได้น้อยมาก (8% ในปี 1959) ซึ่งตามความจริงแล้วควรจะได้เก็บได้ มากกว่าที่เป็นอยู่ ภาษีที่มั่นคงและประเทษาคอย่างหนึ่งของไทยก็คือค่าธรรมเนียมส่งข้าว ออกนอกประเทศ โดยธรรมชาติของการเก็บแล้วค่าธรรมเนียมดังกล่าวก็ตกแก่เกษตรกรนั่นเอง และชาวนาส่วนใหญ่ซึ่งยากจนเป็นผู้แบกภาระภาษีทางตรงน้อยอย่างหนัก

สถาบันการเงิน มีปัญหาหลายประการเกี่ยวกับธนาคารพาณิชย์ในประเทศไทยที่สำคัญคือ กฎหมายธนาคารฉบับปัจจุบันยังมีช่องโหว่อยู่ในส่วนที่เกี่ยวกับหลักประกันการชำระหนี้ของธนาคาร นอกจากนี้ยังมีกรมการเมืองแทรกแซงอยู่ในวงการบริหารกิจการของธนาคาร กฎหมายธนาคารฉบับที่ กำลังร่างอยู่ คงจะแก้ปัญหานี้ได้พอสมควร ส่วนธนาคารพาณิชย์ของต่างประเทศที่ดำเนินกิจการอยู่ในประเทศไทยนั้น สนใจกับธุรกิจการเงินระหว่างประเทศมากกว่า ธุรกิจการเงินภายในประเทศ

สถาบันทางการเงินที่สำคัญในการพัฒนาเศรษฐกิจคือ บริษัทการคลังซึ่งตั้งขึ้น เมื่อเรวัติ ๓๑ มีทุนเริ่มต้น 20 ล้านบาท ดำเนินการช่วยเหลือให้ยืมแก่ผู้ต้องการทุนเพื่อการริเริ่ม หรือขยายกิจการอุตสาหกรรม ธนาคารออมสินเป็นแหล่งสะสมเงินทุนจากการประหยัดของ ประชาชนที่ใหญ่ที่สุด มีเงินฝากอยู่ประมาณ 1,500 ล้านบาท ซึ่งองค์การของรัฐบาลได้ยืม ไปใช้จ่ายอยู่เสมอ ธนาคารเพื่อการส่งออกและนำเข้าจะกลายเป็นสถาบันเครดิตการเกษตรที่สำคัญ หากได้รับการปรับปรุงให้ดีขึ้น ส่วนธนาคารแห่งประเทศไทยนั้นยอมมีบทบาทอันสำคัญในการพัฒนาการประเทศ และเป็นทนายคนอย่างหนึ่งที่สถาบันแห่งนี้เป็นสถาบันที่จัดการ ทุนประสิทธิภาพสูงแห่งหนึ่งของประเทศไทย.