

## SUMMARY

# MUNICIPAL FINANCIAL PROBLEMS

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In the interests of democratic education, the Government of Thailand, realizing that one way to foster democracy is by accepting local responsibility for governmental decisions, instituted a system of municipal administration in B.E. 2476. However, this hope has not materialized to date. On the contrary, local self-government is, at present, largely a meaningless term. One of the principal reasons for the failure of democratically oriented local government to develop has been the failure to provide local sources of tax support for local units. This article deals, therefore, with the financial barriers to local self-government.

Municipalities in Thailand face a similar problem—a shortage of adequate, locally-raised and locally controlled funds to finance programs. They are forced, thus, to depend upon central grants-in-aid to maintain an adequate level of services. Municipalities possess some taxing powers, but the rates are low and tax assessment and collection are inefficient. Some attempts have been made to correct the latter defects. But municipal income, in general, is not yet nearly adequate to meet local needs.

It is fair to state that most municipal financial personnel lack financial and accounting knowledge. They thus overlook fiscal deficiencies, are overly concerned with red-tape, and are unable to weed out corruption in local financial affairs. Municipalities endeavor to solve these problems by asking the central government to train municipal finance officers and through a system of strict central control over the local finance. Central control over the municipal finance and property administration, thus, tends to be highly restrictive, thereby depriving local units of freedom of action and flexibility in its operations. This, of course, makes it virtually impossible to foster local democratic decision-making. The original intent to foster local responsibility for local needs has thus been negated by the inability of local units to efficiently administer their affairs.

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