

## THE ADMINISTRATION OF THE RUBBER PLANTING AID FUND

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Thailand is predominantly an agricultural country where about 85 per cent of the population is still engaged in agricultural and extracting industries. The economy is dependent upon the production and export of four principal products, namely: rice, rubber, teak and tin. These products provide more than half of the national income and not less than 90 per cent of the total export earnings.

One of the principal aims of the Government is to lay a firm foundation for Thailand's future agricultural self-sufficiency at the same time as it encourages industrial growth.

Rubber was introduced as a plantation crop in Thailand about B.E. 2444 (1901) or about 60 years ago. It was planted in the southern and eastern parts of Thailand, as those were the regions where climatic conditions were favorable.

The rubber trees which were first planted were all of a native type which yielded very little sap, or latex. In later years a special type, clone, was introduced, which produces 3 to 5 times more latex than the native type.

A word should be said about the sap producing capacity of rubber trees. They begin to produce sap when they are about seven years old. They produce maximum sap when they are between 15 and 17 years old, and after 25 years of age the sap begins to decline. After 35 to 40 years they usually cease to give sap and ought to be cut down.

At present, the total area devoted to latex production is about 2.5 million rai (2.5 rai=1 acre). Of this, about one million rai are mature rubber trees (between

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7 - 25 years), another million are old trees above 25 years of age giving less sap, and the remaining one-half million rai are immature rubber trees giving no sap at all. The special type of rubber tree, or clone, is planted on only 2 per cent of this area. From this picture it is obvious that Thailand is burdened with the existence of the old rubber trees which produce very little latex.

In the export market rubber is second only to rice, but Thailand has a handicap in the world market because of the low yield of the indigenous trees. This is true for three reasons. First, the cost of latex production from the indigenous trees is greater than from the clone, which yields more sap; consequently profits are reduced. Secondly, Thailand's neighbours, Malaysia and Indonesia, not only have a larger acreage of rubber plantations, but for the most part those plantations grow the clone type. Thirdly, the production of synthetic rubber severely affects the market for natural rubber, both in price and production.

There is only one way to correct the situation; it is necessary to replace the indigenous trees with the more productive type.

It was felt that the Department of Agriculture should initiate such a program of improvement. In fact, this program should have been started a long time ago, but because of budgetary problems and political reason, it was postponed. Recently the Revolutionary Government recognized Thailand's handicap in this area and in 1960 passed a law which established the Office of the Rubber Planting Aid Fund. By law the Office is a Juristic person and an independent organization.

The aim of this project is to collect contributions from rubber exporters at a certain rate and place them in the central fund. Subsidies are then given out of this fund to rubber growers who possess old indigenous rubber trees and are willing to cooperate with the program. The subsidies are used to clear away the old trees and replace them with the clone. By this method rubber growers will be able to reduce the

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cost of production in the future and compete favorably with synthetic rubber producers in the world market.

The Aid Fund Committee is responsible for approving the amount of each subsidy and providing material (all together not exceeding 1,500 baht per rai) for the rubber growers who sign a contract with the organization. Growers must reimburse the fund if they fail to comply with its provisions. Payments are made in six instalments within a period of 5 years after the rubber growers fulfill the provision of the fund step by step.

The allocation of this fund is as follow: 90 per cent for the subsidies, 5 per cent for the cost of administration, and the remaining 5 per cent for the cost of research.

However good the aims of this project, the following problems have been encountered:

1. Problem of subsidy: The funds for this subsidy come originally from the rubber exporters, and the amount of export cannot be ascertained. It depends on the international selling price of rubber which is always fluctuating. The contribution will thus vary according to the fluctuation of the selling price of rubber. If the subsidy appears to be inadequate in lean years there is no hope of any aid from the government budget or other outside sources, and the growers will suffer accordingly. The price of rubber has generally declined which aggravates the situation.

2. Co-ordination of rubber growers: There is no provision forcing the rubber growers to adopt the official technical methods of improving their rubber plantations. The method being used is only a persuasion and not a coercion. It is a recognized fact that people tend to resist change.

3. Rubber tree cutting: The rubber growers are reluctant to cut down their old rubber trees and replace them with trees of a special variety. For, if they do so independently they will have no income therefrom for at least 5-6 years. Most rubber growers have small holdings and would be unable to survive

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during such a long period.

4. Lack of skill and technical knowledge: In general, most rubber growers lack skill and technical know-how. The Department of Agriculture and the Rubber Planting Aid Fund Organization have to work closely together in instituting effective training programs.

The administration of the program, if successful, will yield benefits to the country and its people as follows:

1) The rubber plantations in Thailand will produce a much higher yield of latex. It is hoped that the export income from rubber, which currently runs about 3,000 million bahts per year, will be at least doubled after completion of this project

2) The cost of rubber production will be greatly reduced, thus enabling Thai rubber growers to compete with synthetic rubber producers and growers in other countries.

3) The economic situation of the country will be stabilized, since in emergency, rubber exports can replace rice exports. The export of rice may decline in quantity in the future, as rice produced will be mostly consumed internally by the rapidly growing population.

4) The political situation of the country will be stabilized if the people can enjoy full economic prosperity, especially those in the southern part of Thailand which appears to be facing certain political difficulties. If the people of this region achieve social and economic well being, it is most likely that will remain loyal to the government.

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