Thailand's Party Financing Regulation: A U-Turn to Patronage System

Punchada Sirivunnabood, Ph.D[1]

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Abstract—Money is important for the development of political parties. To support the development of parties along with preventing overt corporate influence over them, the Thai state allocates subsidies from the Political Party Development Fund (PPDF) to eligible party organizations. Beyond the limited PPDF budget, political parties are also allowed to seek their own revenues from other sources such as merchandise sales, fundraisers, and private donations, with the maximum of 10 million baht per donor. Based on qualitative analysis, a series of six focus groups were conducted with party branch members, party MPs, candidates, party staff and ECT officers in the following provinces: Bangkok, Trang, Phuket, Udon-thani, Khon Kaen and Nan. Interviews were conducted with multiple politicians, electoral candidates, party staff, scholars, and ECT officers regarding their views on the pros and cons of current regulations on party finance and PPDF. The result show that many restrictions in party law regulations create an environment where parties often turn to business conglomerates and private donors that can then influence party organizations, which runs counter to the original intent of the 2017 law, designed to prevent parties from becoming subject to patronage. In addition, party reliance on private contributions may lead to compliance mistakes, resulting in punishments such as party dissolution, as seen in the case of the disbanding of the Future Forward Party in 2020.

Keywords: party finance, political parties, Thai politics, Election Commission, elections

1 Punchada Sirivunnabood is a professor in the faculty of social sciences and humanities at Mahidol University. Her expertise focuses on political parties, elections, Thai politics and Southeast Asia politics. Email: punchada.sir@mahidol.edu.

Introduction

To prevent corruption and curb the prevalence of patronage relations between political parties and business conglomerates, Thailand, for the first time, introduced state subsidies to political parties in 1997, calling the new program the Political Party Development Fund (PPDF) (Sirivunnabood, 2019, 2023, 2024; Waitoolkiat and Chambers, 2015; and see also Garcia Vinuela and Gonzalez De Aguilar, 2011). Lawmakers hoped that state subsidies would replace private sponsors as the main mechanism for political finance (see also Nassmacher, 1993: 234; Fisher and Eisenstadt, 2004: 621; and Van Biezen, 2004). Since its adoption, the PPDF law has been revised seven times (Sirivunnabood, 2023). PPDF funds, however, are not adequate for parties' spending needs, particularly during the election campaigns. Thus, the recent party law implemented in 2017 does allow political parties to generate their own income from other sources such as selling party products, organizing fundraising events, and accepting private donations. These funding opportunities, though, allow business conglomerates or private donors to continue influencing political parties.

To understand how Thai parties manage and secure their financing, this paper will explore the role of private sources of funding for political parties. It will examine whether or not legal private funding routes are sufficient for parties' campaign spending and organizational development. Do current regulations in the 2017 law facilitate party income or do they hinder party capacity to garner revenue? More importantly, do these financial regulations support the development of party organizations in the long term? This paper addresses these questions in the light of regulations outlined in the 2017 Constitution. It also outlines the ways in which obstacles arise from the regulations, and it discusses the 2020 dissolution of the Future Forward Party over a loan it received from its party leader. Finally, this paper will conclude by recommending possible legal amendments necessary to support political parties, allowing them to survive after elections.

State Subvention and the Cartel Party Model

Money is an important element in politics. Historically, political parties in developed democracies primarily depended upon private

donations or membership fees to support their political activities (Van Biezen, 2004: 701-702). Katz and Mair (1995) describe the evolution of political parties from the mid-19 century to the present day into four different types based on the relationship between the civil society and the state, which includes a discussion of how the funding to support political parties impacts parties. Katz and Mair (1995) first examine the cadre party model is formed by a group of people who share similar public interests or private interests. They constitute a cluster of local elites wielding authority over resource distribution and have power to place their members in the government. The people who play a political role in civil society and the people who occupy political positions in government are frequently connected by family ties. When these two groups are linked, their relationships are profoundly interconnected. The funding required for elections thus comes from local level either from wealthy individuals or donations from business conglomerates.

As the countries became more industrialized and more people met the universal suffrage requirements, working-class organizations became a crucial component of liberal democracy. Preventing the working class from participating in the political arena became untenable, paving the way to the evolution of the classic mass-based party. These branch-based organizations replaced the caucus-based organizations of the cadre or elite-based party in many European states (Mair 1997: 35). The mass party model was organized on mass membership, formal structure, and incomes from fees paid by their members or donations from affiliated trade unions (Van Biezen 2004, Alexander, 1989 and Hopkin 2004). This structure divides the relationship between the mass-based party from a group of people who govern the state. Instead, this type of party forms a tightly knit connection with civil society, making the mass-based party serve as an intermediary between civil society and the state. Thus, while the cadre party relied on the wealthiness of supporters for their organization management and election, the mass-based party relied on a large number of members and membership fees from social classes for party management and survival (see also Duverger, 1967). In addition, the mass party based on societal segments and branches is a more modern or superior form of organization compared to loosely organized cadre parties, based on caucuses of locally prominent individuals (Koole 1994 and Katz and Mair 1995).

The cadre and mass-based parties were challenged by the evolution of society, including the expansion of voting rights from thousands to millions, the inability of informal party networks to link parties to voters, and the development of mass media (Katz and Mair 1995: 11). Thus, both types of parties, cadre and mass-based parties, were forced to adapt to these new changes to survive. Otto Kirchheimer (1966) described the emergence of the catch-all party, or Volkspartei, as an ideal type for political parties in the 1960s, which would later become one of the most well-known and widely debated concepts in political science. Katz and Mair (1995) examine the emergence of the catch-all party model as a new type of political party that emerged as cadre and mass-based parties struggled to adapt their internal structure to mobilize political support across social strata.

Cadre party leaders could not accept the idea that political parties should represent specific segments of society such as farmers, labor and industrialists. Such influence of social groups would potentially reduce cadre party influence in politics. As such, they preferred to establish parties to be more independent from those social classes. In addition, as mass-based parties would represent interests of social classes, they could potentially garner their own financial support from party members. In contrast, leaders of the cadre party model did not need to rely on material resources from those social groups in order to mobilize electoral support. Once they joined the government coalition, cadre party leaders could also seek resources of the state for their own advantages. As a result, the cadre party tended to access resources through other non-partisan channels, instead of sourcing support and resources from large societal groupings.

In the case of the mass-based model, parties declined due to decreasing membership numbers. More importantly, the growth of mass media allowed political parties to directly link to the people (Katz and Mair 1995: 12). Parties no longer served as intermediate between people and the state. The mass-based party structure became weaker when the party leaders won the election and gained power on their own. Those leaders of the original mass parties wanted to maintain their victory. They become more interested in expanding their electoral appeal across social strata to ensure electoral success (Katz and Mair 1995: 13). Thus,

they were attracted to the model of the catch-all party.

To survive in politics, these two types of party model, elite- based and mass-based parties, adapted themselves to catch-all parties to broaden their appeal across social classes. They recruited their members based on policy agenda instead of social identity. They delivered their political information and agenda directly to their electoral supporters via mass communication, particularly television, rather than local branches or core supporters. They gained funding from individual supporters in general or business donors, instead of a particular social class, or trade unions. The existence of a catch-all model also changed the relationship between parties and the states in which "parties are more like a broker between civil society and the state" (Katz and Mair 1995: 13), delivering demands from civil society to the government.

Katz and Mair (1992) and Mair (1994) argued that during the 1970s, there was a decline in the level of political participation and involvement in political activities among citizens in many democracies. This resulted in a decreasing number of fee-paying members of political parties, which forced parties to seek other sources of funding. Some parties turned to seek financial resources from the state. When in power, those parties drafted regulations to allocate state funds to their party organizations. Such state subvention regulations for political parties varied from country to country, but they became a major resource for parties to draw on as they conducted electoral campaigns, managed internal operations, and accessed media for both elections and the organizing of political activities. This relationship between political parties and the state led to the emergence of a new type of political party, which was called the cartel party. These parties collude with one another to ensure state support for party activities continues, whether they lose an election. Other types of parties may lose their financial support if they cannot win parliamentary seats. The cartel party model, however, enjoys financial security by cooperating with other parties to ensure state resources flow to their party organization.

The existence of cartel parties, however, does not replace other party models. The elite party, mass-based party and catch-all parties continue to co-exist along with the cartel parties. Each model of party often endures in the situation that has facilitated their survival, including

the pattern of electoral competition, the character of party membership and the relations between the party members and the party leadership, the resource distribution, and the goal of politics (Katz and Mair 1995: 19-20). Parties have thus adapted themselves and formed their structure around those components. In the case of the cartel model, the emergence of state subvention to political parties was an essential element to influence a party adaptation. Parties began to campaign on a similar policy platform and politics was recognized as a full-time career. Thus, politicians view their opponents as "fellow professionals who are driven by the same desire for job security…" (Katz and Mair 1995: 23), rather than their competitors. They view state subvention as their source of income that can support their campaigns and political survival. Relying on state subvention, parties did not need to compete with each other to favor specific social classes or a group of voters for their financial resources. This pattern of relationships allows for cooperation regardless of which coalition holds office. None of the major parties will be excluded from the funding system. Stability in their political career became more important than winning an election. This, however, would weaken the degree of competition among parties and their politicians in politics.

The party typologies described earlier have relevance to Thailand's political party system. The Thai state provides subsidies to all eligible political parties. The state funds, or PPDF, were distributed to parties in the hope of providing sufficient funding for parties to curb the traditional patron-client structure of party financing and diminish the influence of business conglomerates over parties (McCargo 1997 and Ockey 2020). In practice, however, those subsidies allocated to political parties were not adequate to cover parties' expenses, including expenditure for their administration, political activities, and electoral campaigns, which led parties to continue relying on private contributions. Although the 2017 law on political parties includes many sections to control private funding flowing into parties, these regulations do not eliminate the influence of private donors or business conglomerates over party organizations. Thus, parties are trapped in the same political circle as before. In addition, the rules to curb the influence of the business sector over political parties also become obstacles for parties as they seek legal income.

Methodology

This study was conducted based on a series of six focus groups that were conducted with party branch members, party MPs, candidates, party staff and Election Commission of Thailand (ECT) officers in the following provinces: Bangkok, Trang, Phuket, Udon-Thani, Khon Kaen and Nan. Thirty interviews were conducted with multiple politicians, electoral candidates, party staff, scholars, and ECT officers, regarding their views on the pros and cons of current regulations on party finance and PPDF. I also carried out non-participatory observation by shadowing the political activities of parties in specific provinces, as well as ECT events related to party finance. This approach allowed me to gain insights into how political parties utilized funds from the PPDF for their activities and how effectively the ECT provided education on party finance regulations and management.

The Evolution of State Subsidies: A 26-Year Retrospective (1997-2023)

After the political reform in 1997, Thailand, for the first time, introduced a Political Party Development Fund (PPDF) in 1998 under the Organic Law on Political Parties. Political Parties that meet the requirements according to this Law would receive subsidies from the Election Commission of Thailand (ECT) (Waitoolkiat and Chambers, 2015 and Sirivunnabood, 2023). State subsidies were also provided as financial assistance for small and new parties without parliamentary seats to establish and strengthen their organization so that they can survive successive election cycles (Sirivunnabood 2018). The PPDF was allocated to eligible political parties based on four criteria: the number of parliamentary seats obtained through the constituency system, the number of votes obtained in the party-list system, the number of local branches, and the number of party members. During the early period of adoption, the PPDF allocation formula weighed each of the four eligible categories at 25 percent. The percentage for PPDF distribution and its calculation method, however, were revised multiple times to limit the allocation of funds to inactive parties, particularly those small and new parties without parliamentary representation.

In 2017, the law on state subsidies to political parties was revised again by the constitutional drafters appointed by the military government. The lawmakers amended the calculation formula, utilizing three primary criteria: the total amount of annual membership fees (with 40 percent weighting in the determination of subsidies from the PPDF), the number of votes won in elections (40 percent weighting) and the number of party branches (20 percent weighting). In addition, parties receive financial support based on the third measure only during election years. During the interval period of election, the ECT allocates subsidies based on the donations that parties receive each year, rather than on the basis of votes received, along with the number of party branches and the total membership fees paid (Sirivunnabood, 2023 and 2024). Table 1 shows the revisions in PPDF allocation formula from 1999- 2017.

Table 1 shows the revisions in PPDF allocation formula from 1999- present

Measure	**Weight assigned to measure**			**2017-Present**	
	1999	**2000-2006**	**2007-2014**		
number of party list votes won	25%	30%	40%	Number of votes or annual donations*	40%
number of district seats won	25%	35%	40%		
number of party members	25%	20%	10%	Membership fee	40%

number of local branches	25%	15%	10%	Local branches	20%
Total	**100%**	**100%**	**100%**		**100%**

Note: * During the interval period of elections, the Election Commission of Thailand would allocate subsidies to political parties on the basis of the donations that parties receive each year, rather than on the basis of votes gained in the general election, along with the number of local branches and membership fees paid. Source: Data adapted by the author from the Election Commission of Thailand's Announcements on the Political Party Development Fund, 1998, 1999, 2000, 2011 and 2018 and the 2017 Political Party Act.

By implementing this formula introduced in 2017, political parties received funding from the PPDF in 2023 as shown in Table 2. Move Forward Party received the largest subsidy. Other major political parties, including Phuea Thai, Democrat and Phalang Pracharat were also allocated PPDF subsidies during the election year. Prior to the 2017 Constitution, many political parties received a large number of subsidies based on the number of their local branches (Sirivunnabood, 2013). In 2017, however, parties received more subsidies based on their tax-refund donations from taxpayers. Taxpayers may choose to donate up to 500 baht (approximately USD 14) from their annual tax return form to a political party of their choice from the list of all parties eligible to receive donations. The Revenue Department then compiles the list of parties selected by taxpayers and the donations received by each political party and transfers the total donations from tax-share to the ECT. The ECT later allocates these donations alongside funds from the PPDF to political parties (Sirivunnabood, 2023). This method does not only allow political parties to gain more funding from voters and the ECT but also encourages people to be affiliated with political parties and participate in politics more.

Table 2: PPDF Subsidies Allocated to Major Political Parties in Million Baht in 2023

Political Parties	Branches	Allocation for branches* (20%)	Membership fee	Allocation for membership fee (40%)	Tax-refund donation	Allocation for tax-refund donation (40%)	Total
Democrat	21	0.69	15.7	3.7	3.4	2.4	10.2
Move Forward	8	0.26	2.9	0.68	27.5	19	47.4
Phuea Thai	4	0.13	4.6	1.08	2.9	2.01	6.1
Phalang Pracharat	5	0.16	4.4	1.05	1.2	0.893	3.4
Seri Ruam Thai	4	0.13	2.9	0.70	0.97	0.66	2.4
United Thai Nation	5	0.16	0.08	0.18	0.08	0.06	0.49
Thai Sang Thai	6	0.19	3.7	0.89	0.19	0.13	1.4
Bhumjai Thai	4	0.13	14.06	3.3	0.20	0,14	3.8
Chart Thai Pattana	4	0.13	1.9	0.47	0.10	0.06	0.77

Note: USD1 = 37 Thai Baht as of July 2024 and Data in this Table are based on the electoral results in 2023 general election. Parties received this budget in January 2023. Source: Developed by the author from data of the office of the Election Commission of Thailand

According to the 2017 Constitution, political parties and candidates were limited on campaign spending based on ECT determinations prior to each election. In the 2019 general election, the ECT announced that candidates could spend THB 1.5 million (USD 45,000) and political parties could spend THB 35 million (USD 1 million) (iLaw, 2019) for their electoral campaigns. In the 2023 election, however, these amounts were changed. The ECT announced that candidates could spend THB

1.9 million (USD 54,000) and parties could spend THB 44 million (USD 1.3 million) for their electoral campaign (*ThaiPBS*, 2023a). The total amount may be varied in each election, depending upon the level of economic development and financial situation of Thailand during the election year.

Although major political parties received funding from PPDF, those subsidies were not adequate for party needs, particularly during the 2023 electoral campaigns (ThaiPBS, 2023b). According to the ECT report on party spending, the United Thai Nation Party spent 40.6 million baht on their campaigns, Phuea Thai Party used THB 40.2 million, the Democrat Party spent THB 34 million, and Phalang Pracharat Party spent THB 24 million (ThaiPBS, 2023c). These campaign expenditures exceeded the PPDF subsidies that the parties had received. These major parties regularly report their campaign spending to the ECT, and it is apparent that parties spend more money in electoral campaigns than the subsidies they receive from the PPDF. In the 2023 election, parties reported spending around 10,000 million baht for both physical and online campaigning (MGR Online, 2023). Analysts further estimate that more than THB 120,000 million was spent during the election campaign (ThaiPBS, 2023b). According to the author's interviews with party officers from major political parties, one of those officers from major parties pointed out that

It is difficult for parties to spend money in electoral campaigns less than the amount required by law. Imagine, if we have to organize rally events in major provinces, it costs a lot. Also, for the party candidates, it is difficult for them to spend on their campaign less than THB 1.9 million (USD 54,000). Everything is so expensive during election time, including producing a candidate's banner, hiring vans to promote candidates, hiring campaign assistants, or organizing rallies. They are all costly. (an author's interview with an officer from a major political party, Bangkok, 26 June 2023).

To illustrate this argument, Table 3 shows the comparison subsidies parties received in the year of the election to parties' spending on electoral campaigns reporting to the ECT.

Table 3: Parties' spending for electoral campaigns in the May 2023 Election

Political Parties	Subsidies from PPDF (in million Thai Baht)	Spending on electoral campaigns (in million Thai Baht)
Democrat	10.2	34.4
Move Forward	47.4	40.9
Phuea Thai	6.1	40.2
Phalang Pracharat	3.4	24.2
Seri Ruam Thai	2.4	26.6
United Thai Nation	0.49	40.6
Thai Sang Thai	1.4	20.9
Chart Thai Pattana	0.77	29.6
Bhumjai Thai	3.8	38

Source: Election Commission of Thailand 2023.

From Table 3, the budget parties received from the PPDF was not sufficient to cover their political activities and campaign spending. After the year of the general election, political parties have continued to receive subsidies from the PPDF for their administration, political education, and political activities in January 2024. Move Forward Party (MFP) received the largest amount of subsidies from PPDF, totaling 52 million baht as shown in Table 4. Its subsidies are primarily from the number of votes the party won in the election. Due to the election year, the ECT did not subsidize more funding to the parties along with their tax-refund donation. This year, Phuea Thai Party received 16 million and the Democrat Party, the oldest political party in Thai politics, received 6.7 million.

Table 4: PPDF Allocation to Parties in January 2024

Political Parties	Allocation for branches (20%)	Allocation for membership fee (40%)	Allocation for Number of votes(40%)	Tax-refund donation	Total
Democrat	777,476	2 million	3 million	4.2 million	6.7 million
Move Forward	194,000	2 million	13 million	37 million	52.5 million
Pheu Thai	194,000	1.2 million	10 million	4.6 million	16 million
Phalang Pracharat	155,000	1 million	491,000	353,000	2 million
Seri Ruam Thai	155,000	759,000	321,000	1.3 million	2.6 million
New Democratic	544,000	1.3 million	250,000	3,900	2 million
Bhumjaithai Party	155,000	878,000	1 million	344,000	2.4 million
United Thai Nation	816,000	1.3 million	4.3 million	4.1 million	11 million
Prachachart	233,000	1.8 million	550,000	129,000	2.7 million

Note: USD 1= 37 Thai Baht as of July 2024 and Data in this Table are based on the electoral results in 2023 general election. Parties received this budget in January 2024. Source: Developed by the author from data of the office of the Election Commission of Thailand, 2024.

These subsidies may not be sufficient for parties' expenditures. Thus, the 2017 Law on Political Parties allows political parties to seek incomes from other sources beyond state funding or PPDF so that they can manage their organizations and survive elections. This new regulation, though, introduced numerous provisions aimed at restricting and regulating political parties' freedom in generating income, leading to the persistent pursuit of loopholes by political parties to increase their

revenues. Although new regulations allow parties to generate more income, these practices allow private actors or business conglomerates to influence political parties. This is contrary to the original purpose of state subvention, which aims to curb the role of the private sector in influencing party affairs. In addition, imposing austere regulations on party incomes from private sources may also limit the parties' ability to acquire adequate funds for their political endeavors. Breaching these income-related laws may lead to the dissolution of political parties as seen in the case of the dissolution of Future Forward Party, a popular progressive party famous for pushing various major reforms in the country. The following section will examine regulations on political party income from private sources and the effect of those limitations on party development.

Sources of Party Revenues under the 2017 Constitution

The 2017 Organic Law on Political Parties enumerated other sources of party revenues, including membership fees, seed capital from co-founders, donations from individuals and corporations, the sale of goods and services at the party official shops, fundraising events, and interest and income from party assets and investments (Section 5 in the Kingdom of Thailand 2017 Organic Law on Political Parties). Political parties could use these incomes for their electoral campaigns and political activities (Sirivunnabood, 2023). The Law, however, also imposes multiple strict regulations on how parties could gain money from those activities and how to report those revenues to the ECT. These regulations are a double-edged sword. They allow parties to accumulate resources necessary for operation, but they also control party activities. Violating these regulations may result in party dissolution.

Donations for Parties' Activities

According to the 2017 Organic Law on Political Parties, parties can source funds from private donations both from individuals and corporations. In Thailand, individuals or entities can donate up to THB 10 million (USD 300,000) per year to political parties. This amount can be

given to a single party or distributed among multiple parties. According to the author's interviews with the ECT officers, Thai conglomerates often contribute to multiple parties to maintain balanced relationships with all the major political entities (Sirivunnabood, 2023). In addition, Thai law prohibits political parties and candidates from accepting donations from foreign nationals, foreign corporations, or companies with over 90% foreign ownership. Additionally, entities receiving financial support from sources outside Thailand are also ineligible to contribute. State agencies or agencies in which the state holds a majority stake and religious organizations are banned from donating to political parties too (Sirivunnabood, 2023). Violating these regulations may result in party dissolution (See Article 74(1) in the Kingdom of Thailand 2017 Organic Law on Political Parties).

Parties are also required to submit their donation reports to the ECT. For any donation above THB 1,000 (USD 29), political parties must report the name of the donor to the ECT. Parties must also publicize donor information for any donation of over THB 5,000 (USD 143) received every month on the ECT's website (the Kingdom of Thailand 2017 Organic Law on Political Parties: section 87). Table 5 shows the total amount of donations political parties received in the year of the general election in 2023.

Table 5 Donations to Political Parties in 2022 and 2023

Political Parties	**2022**	**2023***
Democrat	63 million	2 million
Move Forward	45 million	59 million
Phuea Thai	61 million	37 million
Phalang Pracharat	50 million	7.5 million
Seri Ruam Thai	4 million	42 million
United Thai Nation	7 million	96 million
Thai Sang Thai	60 million	57 million
Chart Thai Pattana	39 million	27 million
Bhumjai Thai	125 million	11 million

Note: *Data is available until October 2023. Source: Author's compilation from ECT reports access on 23 January, 2023 available at: https://www.ect.go.th/ect_th/th/db_119_ect_th_download_22

By allowing business conglomerates and private sectors to donate, political parties could be influenced by business conglomerates or wealthy families. As seen from the ECT's donation reports, during the year of the 2023 election, many companies donated to major political parties such as Phalang Pracharat, Phuea Thai and United Thai Nation from January to April 2023 (Election Commission of Thailand, 2023 and see also Thansetthakit, 2019). Family members of Chart Thai Pattana's party leader also donated 16 million in December 2022 and January 2023 (Election Commission of Thailand, 2022 and 2023). Their large donations may have allowed those donors, for instance, to be listed in the top number in the party's party list or to influence parties' policy and cabinet appointments after the party was elected.

Earning Money

While some countries permit political parties to generate revenue through commercial ventures, 41% of countries worldwide, such as Brazil, Poland, Jordan, and South Africa, have laws prohibiting such activities (Sirivunnabood, 2023 and International IDEA, 2024). Within Southeast Asia, only Indonesia and Timor-Leste have explicitly prohibited

political parties from engaging in commercial activities.

In Thailand, in Article 62 in the 2017 organic law on political parties, political parties are permitted to sell goods and souvenirs, but only at designated locations such as their official party offices or at the sites of their political events. Political parties are prohibited from selling their merchandise and souvenirs on any online platform. Although, the law on political parties permits political parties to raise funds through the sale of goods, there is a restriction that each item cannot exceed THB 3,000 (approximately USD 90) in price.

In accordance with Articles 62 and 64 of the 2017 Organic Law on Political Parties, parties may conduct fundraising activities. These events must be transparent, with clearly stated objectives. All income generated from fundraisers must be reported to the Election Commission of Thailand (ECT) within one month of the event and publicly disclosed. In 2019 major parties such as the Democrat Party and the pro-military Phalang Pracharath Party organized a dinner reception to raise funds for elections. During the Phalang Pracharath's fundraising event in 2019, 200 tables, each seating 10 attendees, were set up at a banquet hall (Isra News 2018 and Posttoday, 2019). Invited guests paid at least THB 300,000 (USD 9,000) each to attend the event, with some guests making an additional donation. The banquet enabled the party to exceed its fundraising goal of THB 600 million (USD 17.5 million) by nearly 10% (Kotani, 2018 and ThaiPBS, 2018).

During the period of the 2023 general election, all major parties also organized fundraising events to prepare for the election. Move Forward Party organized an event called "Be the Change" to raise funds in October, 2022. Phalang Pracharat organized an event in January, 2023, which raised THB 510 million (USD14 million) (Thansettakij, 2023). For the Democrat party, THB 200 million (USD 5.5 million) was raised by organizing the "Go Together Go Future" dinner talk event in March 2019 (Thaipost, 2023). These fundraising events allowed parties to attract donations from the private sector or individual supporters (Prachachart, 2022). These donations from the fundraising events are more than subsidies parties received from the PPDF, and parties rely on these funds during the election. Most fund-raising events are held in the lead-up to the general election. One unfortunate side-effect

of accepting these donations is that parties are often believed to rely on business conglomerates and individual donors from rich families, which limits their ability to be seen as independent (Waitoolkiat and Chamber, 2015).

Tax share donations: Supports from Voters to a Party

The 2017 organic law on political parties, in addition to private donations, established a new mechanism for party funding. Taxpayers are now permitted to allocate up to THB 500 (USD 14) of their annual tax refund to a political party of their choosing from the list of eligible recipients. Voters can specify a donation amount of up to 500 THB in their tax return rather than merely checking a box, as was the case in the past. Voters who are entitled to receive a tax refund valued at less than 500 THB are allowed to donate only the maximum value equal to their tax refund (Sirivunnabood, 2023). The Revenue Department subsequently transfers the donations received by each political party to the ECT. The ECT incorporates the amount of party donations derived from income tax refunds into the overall calculation of party donations. This total donation amount then determines the level of subsidies distributed to each party during non-election years. Table 6 shows the amount major parties received from tax share donations and extra subsidies as indicated in Article 83 (3) in the 2017 organic law on political parties. In 2024, however, parties did not receive subsidies from this item. The ECT calculated subsidies allocation based on the number of votes parties won.

Table 6 Donations from tax-share to political parties in 2022 and 2023 (in million baht)

Political Parties	2022		2023	
	Tax Share	Subsidies from the PPDF	Tax Share	Subsidies from the PPDF
Democrat	3.2	4.2	3.7	2.3
Move Forward	12	16	27	19

Political Parties	2022		2023	
	Tax Share	Subsidies from the PPDF	Tax Share	Subsidies from the PPDF
Phuea Thai	1.4	1.8	2.9	2
Phalang Pracharat	2.03	2.6	1.3	0.9
Seri Ruam Thai	0.5	0.6	0.9	0.7
United Thai Nation*	n/a	n/a	0.08	0.06
Thai Sang Thai*	n/a	n/a	0.19	0.13
Chart Thai Pattana	0.06	0.07	0.1	0.07
Bhumjai Thai	0.18	0.25	0.2	0.14

Note: *The United Thai Nation and Thai Sang Thai Parties were established in late 2022. Thus, the name of these parties was not included in the list for donations in the tax return form in 2022.Source: Author' s compilation from the Election Commission financial reports in 2022 and 2023.

Allowing voters to donate to political parties through their tax filings could be an effective strategy to enhance party affiliation among voters. Major parties received significant amounts from tax-share donations; for instance, Move Forward Party received 28 million baht in 2022 and in 2023 the party received 46 million baht. The Democrat Party used to receive the largest amount from tax-share donations before the 2014 military coup (MGRonline 2012); but in 2022, the party received 5 million and in 2023, they received almost 6 million baht, respectively. Unfortunately, political parties are subject to a strict one-year spending deadline for these donations. Savings for future use are prohibited, as are any attempts to generate additional income through investments. Any unspent funds at the end of the year must be returned to the ECT. Additionally, the Revenue Department transfers the donations from income-tax refunds to the ECT rather than directly to political parties. Thus, parties have little discretionary access to direct donations from voters. Rules governing these expenditures prevent parties from raising their own savings that would benefit their members and promote their organizational development.

Membership Fees and Party Finance Laws

Under the 2017 Organic Law on Political Parties, parties can collect membership fees, with the minimum annual membership fee as required by law set at THB 100 (USD 3). Members can also apply for lifetime party membership for a minimum fee of THB 2,000 (USD 60). However, the membership fee regulation was revised in 2023 to THB 20 for annual membership fee and THB 100 for lifetime party membership respectively. According to the author's interviews with party branch members in Phisanulok and Kamphangphet provinces in March 2023, for many Thais in rural areas, THB 100 is relatively high to pay for a party membership fee. Although the membership fee was reduced to THB 20, many voters still preferred not to become party members. As of July 2024, Move Forward Party has the largest number of party members with 98,181 members. Other major political parties have smaller numbers of members such as Phuea Thai Party with 37,735 members, Bhumjai Thai Party with 61,948 members and the Democrat Party with 75,784 members, respectively. These membership numbers are lower than major party membership numbers before the 2014 military coup (Sirivunnabood, 2012). To encourage membership growth, the ECT has established regulations that allocate subsidies based on the amount of membership fees a party generates within a year. This provision is designed to ensure that members are willing to support their party financially and enhance the sense of party ownership among members. In practice, however, the subsidies parties received from this category is quite low. As seen from Table 4, the Democrat and Move Forward Parties received THB 2 million in 2024. Other major political parties received less than THB 2 million. This evidence shows that a small number of voters prefer to become a party member, despite the reduction in membership fees. This also resulted in an inadequate amount of subsidies along with membership fees that parties had on-hand for their organization management, political activities, and electoral campaigns.

While the Thai state provides subsidies to political parties, the funds are insufficient for parties to operate their internal organization and conduct political activities as well as electoral campaigns. This financial shortage encourages political parties to seek additional income

streams, allowing business conglomerates and rich families to influence party organizations. Ironically, while the ECT motivates political parties to find other sources of income, as an interview with one of the ECT officers states that "PPDF financing should not be a major source of income for political parties; instead, they should be able to raise their own funds to support their organization and manage political activities rather than relying on state subsidies" (Author's interview, Bangkok, 18 September 2022), there are regulations to strictly control political parties on their financial engagement. Pursuing their own funds parties may unintentionally fall foul of the law and face severe penalties, as seen in the case of the dissolution of Future Forward Party in 2020 and other small parties such as the People Debt Release Party or Phak Khon Khao Prod Ne (ThaiPBS, 2020). Allowing parties to earn their own revenue, however, is a double-edged sword.

Future Forward Party, Party Finance and Dissolution

In 2019, Thailand held its first election in eight years, a period that included five years of military government. Many new political parties were founded such as Phalang Pracharat, a party supported by the military regime, comprised of many former members of parliament (MPs) who had been members of other political parties in the past (Sirivunnabood, 2019 and Ockey, 2020), Seri Ruam Thai Party (Thai Liberal Party) led by Pol. Gen. Sereepisuth Temeeyaves, a former Commissioner of the Royal Thai Police, and Future Forward Party founded by Thanathorn Juangroongruangkit, the billionaire scion of the Thailand's largest auto parts manufacturers. To establish a new type of political party, Thanathorn, in collaboration with an anti-junta professor from Thammasat University, Piyabutr Saengkanokkul, sought to avoid the traditional politics of patronage and factional politics in Thailand by refusing to recruit former MPs or prominent politicians into the party. Rather, the party directly targeted recruiting younger Thais to join the party. Thanathorn was convinced that former politicians were too entrenched in the patronage system. To prevent them from entering politics he sought new faces for this party. As he said, "We cannot rely on the existing politicians. You need a new force that is outside of this circle" (Kendall, 2019). Thus, the party consisted of members from different backgrounds such as farmers, a textile union

leader, human rights activists, and members of minority groups like the LGBTQ community (McCargo and Chattharakul, 2020 and Ockey 2020). The party adopted a policy platform that included promises new to Thai politics, such as policies on military reform, promoting a welfare state, and abolishing monopoly capital. In the 2019 election, Future Forward surprisingly won third place in parliament, after Phuea Thai and Phalang Pracharat Parties, with 80 seats despite only a year in existence and a few months of electoral campaigning.

As a new political party, Thanathorn and Future Forward's party leaders hoped to fund the party from small member donations rather than pursue large donations from party leaders or business conglomerates. This practice aimed to prevent business influences over the political party. Aside from member donations, the party also tried to find new sources of income, such as from membership fees, merchandising sales, and organizing fundraising events (McCargo and Chattharakul 2020; Ockey 2020). Revenue from these sources, though, was insufficient. With the 2017 law capping individual donations to parties at 10 million, Thanathorn together with his wife had already donated 10 million and 7.2 million to the party in 2018, respectively. In order to access funding, Thanathon loaned another 191 million baht to the party in preparation for the upcoming electoral campaign (MGR online, 2019). However, following the 2019 election, the constitutional court ruled in 2020 that the loan of 191-million-baht (approximately 6 million USD) Thanathorn made to the party, violated election laws. The courts decided that Thanathorn's loan was an attempt to circumvent Article 66 of the 2017 party law that limits a person's financial contribution, or "other benefits" extended to a political party at 10 million baht a year. The court thus saw Thanathorn's loan to the party as a donation that allowed him to influence the party. Therefore, it was ruled illegal, and the party was later disbanded over this loan case.

This is one clear example of the challenge Thai parties face. While the Thai state has attempted to curb the business influence over political parties, it does not provide a sufficient budget for the survival and development of political parties. Parties could not rely on state funding as seen in the case of the cartel type of political parties in western democracies. Rather, to compete in elections and to survive

politics, parties have continued to depend upon contributions from private sectors or rich families. Despite an awareness that subsidies are insufficient, the state imposes very strict regulations to control parties as they pursue additional resources. Violating these regulations can result in severe consequences, such as party dissolution. This practice of state intervention in political parties does not only constrain the survival of party organizations, but it also curbs the development of democratic politics in the long term.

Conclusion: Challenges to the Party Finance and Party Development in Thailand

Applying the cartel party model, wherein the state provides subsidies to political parties, fails to suppress the patronage system between political parties and business conglomerates in Thai politics. This is partly due to an inadequate PPDF budget allocated to parties. The shortage of funds, particularly during election years, encourages political parties inevitably to rely on private contributions. Ironically, while the state allows parties to seek other sources of income, party finance regulations on private funding include rules that are obstacles for party management and development. In some cases, these regulations can become political tools to disband political parties.

In democratic states, political parties should not be dissolved for relatively minor mistakes such as violating laws on party finance. The laws should focus on penalizing specific politicians or individuals who break the rules, rather than disbanding entire organizations. Party institutionalization is a long process. Disbanding parties affects democratic stability and weakens the entire party system. Thus, political parties should not be dissolved or made extinct based on court rulings over minor faults; parties that die should do so because of a lack of popular support.

In addition, while the law on private funding allows political parties to seek their own revenues from other private sources, the ECT limits parties' spending during the electoral campaigns. These practices, however, work in opposition to each other. During elections, political parties spend much of their budget for campaigns, which, in many districts, exceeds the 44-million-baht cap set by the ECT. According

to media interviews with party candidates, spending in some districts can exceed more than 1,000 million baht to ensure electoral victory (the Momentum, 2023). In cases where ECT limits are considered inadequate, both parties and candidates seek to hide their real expenses from oversight.

While the ECT allows parties to seek their own revenues from other sources, it should also allow parties and candidates flexibility in their campaign budgets to respond to the political environment. The ECT, therefore, should consider other factors to determine the amount parties should spend during campaigning, based on the economic and political environment. Such an amendment to electoral law would reduce illegal practices of parties and candidates that may result in party dissolution.

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