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The Evolution of Villager Organizations for Development

—The Experience of Si Phon Thong Village—

In the previous chapters we saw that resource endowment, market conditions, rural development policies, and the existence of a “community” are the factors determining the formation of villager organizations for economic development in the Thai village. But even with these factors prepared and in place, villager organizations will not automatically start functioning. People come to recognize the benefits of organizing after they have seen the results of their own management and use of resources over a length of time, and until this comes about, the ability of the villagers in supporting and maintaining the organization becomes an important matter. However, at the start of their organizing the villagers possess none of this ability, and the formation of their organization comes about only gradually through a process of repeated trial and error in organizational management and maintenance. Using the example of Si Phon Thong Village, this chapter will describe how villager organizing in the Thai village has progressed in parallel with the development of the villagers’ organizational ability.

Organizations for the Cooperative Use of Private Resources

Si Phon Thong Village, which was created in 1980 when the administrative village of Phon Thong (which also was an indigenous village) was demarcated into two separate administrative villages, is located in an area known as Thung Kula Ronhai, one of Thailand’s poorest locals. Soil fertility is low, and

floods and droughts are a common occurrence making the productivity of the paddies low. According to the villagers, in 1980 they were able to harvest only 100 kilograms of paddy per rai (or 625 kilograms per hectare). The availability of new land that could be open for new cultivation had already disappeared in the 1950s, and the plots of farmland that could be purchased had also decreased in size. As a result of these changed circumstances and the custom of dividing land for inheritance, the area of farmland per household decreased rapidly, and it gradually became more difficult for poor families in the village to secure enough rice to eat. As a result, some of these families had to borrow land and paddy from upper class villagers. The land rent was usually a half of the harvest. When borrowing paddy, the borrower was expected to return the borrowed amount plus another 50 per cent of that amount added on as interest at the next harvest. Further increasing the difficulties of the poor farmers was the penetration of the monetary economy into agricultural production and the villagers' daily lives. Households who found themselves with insufficient cash had to borrow money from neighboring wealthy families at the high interest of 5 per cent per month. Households who could not get enough income from their own farming had to send members to work in Bangkok to earn extra income.

The formation of villager organizations for economic development began after the creation of Si Phon Thong Village as an administrative village in 1980. The first such project was the establishment of a rice bank in 1982. The village headman, S, started up the organization after seeing a successful example in a nearby village. Participants in the Si Phon Thong Rice Bank started by providing fifty kilograms of paddy per member to the organization which was cooperatively held. Members who were in need of rice could borrow from the rice bank and return the amount with an additional 20 per cent in interest after the next harvest. Most of the participants in the rice bank were economically middle grade households in the village. Households with stable rice supplies showed no interest in the project while the poorest households in the village were unable to participate because they could not provide the initial fifty kilograms of paddy (Table 6-1). Management of the lending and recycling of paddy was under the control of group leaders. The storage facilities for keeping the paddy were initially private buildings rented from villagers until 1983 when the rice bank received a grant from the government to build a paddy storehouse. However there was no suitable community-owned land in the village for building the storehouse, so the village headman built up a fund using money refunded from local taxes and contributed by villagers to purchase some privately owned land in the village on which to build the storehouse. Thus the rice bank's storehouse and the site on which it stands are presently village owned property.

TABLE 6-1
CLASS DISTRIBUTION OF HOUSEHOLDS PARTICIPATING IN THE SI PHON THONG RICE BANK
AND SAVINGS GROUP (1983)

Size of Paddy Field Owned (Rai)	Rice Bank		Savings Group		No. of Households in 1983 (Estimate) (c)
	No. of Households (a)	(a)/(c) (%)	No. of Households (b)	(b)/(c) (%)	
Less than 10	3	30.0	3	30.0	10
10-19.9	12	92.3	9	69.2	13
20-29.9	10	90.9	8	72.7	11
30-39.9	6	100.0	4	66.7	6
40-49.9	4	100.0	3	75.0	4
More than 50	2	40.0	3	60.0	5
Unknown	1	—	—	—	—
Total	38	77.6	30	61.2	49

Source: Author's survey (September 1993).

In 1983, at the suggestion of the government, village headman S set up a savings group. Thirty households became members of the savings group, and S himself began going around to the members' homes every month collecting ten baht from each household. The headman continued to make his rounds, but gradually he found it more difficult to collect deposits as villagers were not always at home and a growing number became increasingly reluctant to deposit money. Eventually the situation deteriorated to the point where the headman was virtually forcing the members to deposit money. Finally after about two years the savings group ceased collecting money.

In 1984 a group of villagers set up a village cooperative shop. By selling stock at fifty baht per share to people in the village who then became group members, they built up capital to fund the shop, and the members (shareholders) took turns tending the shop for a day. The profits from the shop were distributed to the members based on the value of their shareholdings and how much they patronized the shop. Forty-nine people became members of the shop indicating that most of the households in the village at that time were members. As shown in Table 6-2, profits were large in the first two years, but performance deteriorated thereafter, and by the fourth year dividends had fallen to zero. A major reason for this was that members became tired of tending the shop and grew less concerned about the way they worked. It was not unusual for them to charge the wrong prices, and shoplifting became rife. At this point the village leaders stepped in and summoned before a village committee those people who had caused trouble for the shop and prevailed upon them to mend their ways. Among the people who were called to the

TABLE 6-2
SI PHON THONG VILLAGE COOPERATIVE SHOP CHANGES IN PROFITABILITY

(Unit: baht)

Year No.	Accounting Year	Profits	Dividends	Shopkeeper's Remuneration	Sales	Purchases of Merchandise	End of Term Inventories
1	1984/85	12,000	12,000	—	n.a.	n.a.	n.a.
2	1985/86	25,000	25,000	—	n.a.	n.a.	n.a.
3	1986/87	7,000	7,000	—	n.a.	n.a.	n.a.
4	1987/88	0	0	—	n.a.	n.a.	n.a.
5	1988/89	9,000	9,000	—	n.a.	n.a.	n.a.
6	1989/90	10,000	n.a.	n.a.	n.a.	n.a.	n.a.
7	1990/91	8,559	4,280	4,279	144,900	125,308	17,259
8	1991/92	10,440	5,220	5,220	132,190	113,527	18,941
9	1992/93	12,844	6,422	6,422	126,400	109,818	21,014

Source: Author's calculations from the account books of the Si Phon Thong village cooperative shop.

meeting were respected members from the major kinship groups in the village. They formed a kind of informal village leadership, and the social authority of these informal leaders was mobilized to help improve the norms of the villagers for organized activities.¹ This had its effects as the village cooperative shop began to make a profit again. But depending only on such norms to maintain an organization has its limits, and afterwards a surreptitious theft was discovered showing the limits to which all of the members of the cooperative shop could be brought up to the desired norms. To cope with the problem one of the villagers was given the job of tending the shop full-time, and the profits were split half and half between the shareholders and the full-time attendant. This would give the attendant an economic incentive to improve the operation of the shop. At the same time the other group members did not have to tend the shop, and there was no longer any need for improving the work norms of all the members of the group.

However, this did not mean that there was no longer any need whatsoever for improving the organizational norms of the villagers. There were other problems that arose, and it was again necessary to prevail upon the villagers using the authority of the informal leaders. One such case happened in 1991 when villager X made a public display of criticizing accountant Y, who worked for the cooperative shop, over a misunderstanding about the method of paying for purchases. The village headman (by this time S had been succeeded by K) called together a village committee and explained to villager X that the way he was insisting on paying for his purchases violated the shop's regula-

tions. After listening to the headman and the committee, villager X agreed to sign his name on the following statement.

I, the Headman K of Si Phon Thong Village, along with village executives and some twenty other village members, have mediated the case between accuser X and accused Y who exchanged harsh words regarding the matter of not being able to purchase goods at the cooperative shop on installment payments and who argued over many other matters. This situation arose because it seems that X did not know about the regulations agreed upon among the village residents concerning installment payments, and he therefore misunderstood the manager of the shop [Y]. The village committee members and the headman explained the shop's regulations to X, which gave him a deeper understanding [of these]. Thereupon X apologized saying that his harsh words [against Y] had not been his true feelings. Both parties are in agreement on the above statements, and their signatures are proof of this fact.

This case shows clearly that making people acknowledge their violation of the rules in front of the other villagers and making them promise to obey the rules hereafter can be one way of taking social sanctions for maintaining social discipline.

Reform of Village Self-government

In order to manage village organizations that have been set up for the cooperative use of private resources, the self-governing functions of the village have to be improved. This is because the formation of the organizations themselves and their operation are carried out as undertakings of the village even where the participation of the villagers in the organizations is at their own discretion. Also there are a variety of problems that frequently arise in the running of a newly formed organization, and these have to be dealt with at the level of the village. One of the reforms of Si Phon Thong Village's self-governing institutions was having the village informal leaders get actively involved in solving problems that arose in the running of newly formed organizations. With their social influence, it has long been the custom for the informal leaders to mediate in disputes between villagers, and this function was mobilized for organizational activities in the administrative village as a locality group. Especially when setting up a new organization for promoting economic development, there can frequently be problems and conflicts of opinion over the running of the organization, and this makes the influence of the informal leaders and their ability to mediate disputes all the more necessary. When a proposal is going to be presented which is likely to cause confrontation among the villagers over the running of an organization, the village ex-

ecutives get together with the informal leaders beforehand and come to a consensual agreement. Then through their explanation of the situation at the village meeting, the informal leaders seek to overcome any conflict and get a consensual agreement from the villagers.

At the same time, the village leaders have changed the way of managing the village meetings. Before the formation of villager organizations for economic development, the village meeting had been the central gathering for transmitting information and instructions from the district office. However, with the problems that arose in the running of villager organizations, the village leaders now seek to get the villagers to participate sufficiently in the discussions and arguments that take place at the village meetings. In other words, instead of just informing the villagers of the measures decided by the village committee, the leaders sought to present the common problems directly to the villagers, and persuaded them to come up with proposals for solving the problems. Such use of the village meeting have made discussions at the meetings far more vexing and complicated. Having meetings several times a month have become frequent and argument over the issues sometimes lasts deep into the night. Finding solutions and working out agreements at the village meetings is an inefficient, time consuming process. It also brings out into the open the conflict of opinions between villagers which can damage the good relationships between people. However this is an indispensable part of the process in developing among the villagers a consciousness for participating in organizational activities. The two reforms in village self-government discussed above can be explained as strategies to raise the consciousness of the villagers as participants in the problem-solving process through the village meeting, on the one hand, and at the same time to guide the argument of villagers toward consensual agreement by bringing in the social influence of informal leaders.

Utilization of Local Communal Resources

From 1986 Si Phon Thong Village undertook a number of projects in cooperation with an NGO. These were communal undertakings that included digging drainage ditches beside the roads, planting hedges around the houses, digging shallow wells, and making water storage jars. The NGO only provided some of the materials and the cost for meals; the rest of the materials and labor were provided by the villagers. These projects were simple collective undertakings that were easy to carry out and which produced readily visible results. Thus they became an opportunity for the villagers to recognize the benefits that came from communal activities.

Following the simple collective projects, the NGO began a project in 1987 for the collective marketing of paddy. Using money borrowed from the NGO, the village executives bought up paddy from the villagers right after harvest time when the price was low. Then they waited for the price to rise as the post-harvest season lengthened with the intention of selling it to rice merchants at a higher price. However, in the third year of the project, Si Phon Thong Village's profits were used to make up for losses incurred by other villages under the NGO's project. Si Phon Thong Village then withdrew from the project, and the village itself took up the task of negotiating with the rice merchants. This meant in effect that the village executives would become the sole collectors of the villagers' paddy and would be the ones who negotiated prices with the rice merchants. For the merchants this arrangement would reduce their costs in time and trouble that came with having to negotiate with the individual villagers. Instead they would pay a fixed premium added to the price, and part of this premium would go to the village executives as a fee. However, the village failed to reach an agreement over prices with the merchants using this arrangement, and it placed too heavy a burden on the village executives as the middlemen. After one year the effort was terminated.

Despite the failure of the paddy marketing project, the communal undertakings begun with the cooperation of the NGO for the most part showed good results. Encouraged by these successes, Si Phon Thong Village decided in 1987 to make the paddy kept in the rice bank a communally owned resource belonging to the village. As seen earlier, the paddy in the rice bank belonged to the members who had initially contributed a stock of paddy, and the benefits from the bank's activities were distributed only to the members. This meant that the poorest families in the village continued to find themselves unable to borrow rice at low interest rates. In an effort to assist these families, headman S proposed that members of the rice bank donate their paddy to the village. This proposal was accepted, one reason being that the amount of the paddy stock had been increasing, and the needs of the members had largely been satisfied. A second reason was that the paddy storehouse and the land it stood on had been acquired using the resources of the entire village. Yet a third reason was the sense of communal unity that came with living in the same village and which elicited a response when there was a call to help one's neighbors. With the rice coming under the ownership of the village, all of the families in the village came to have equal opportunity to borrow rice at low interest. In 1991 the village found itself with a surplus of paddy, and the interest for borrowing rice was lowered by half to 10 per cent.

Following the reform of the rice bank, the next project the village undertook was a communal fish breeding project (already discussed in Chapter 4)

set up in Phon Thong Swamp. The profits earned from fish breeding were used to start the village's common fund. In 1989 the money from the savings group which had been deposited in the bank was combined with money from this common fund, and the money was used to set up a collective purchasing fund which the villagers could use for purchasing rice husks. Villagers could borrow money from this fund when they bought rice husks from the rice mills. The husks were needed for making compost that was used to improve the fertility of the soil. Before starting to cultivate their paddies, farm families had to purchase rice husks. If they did not have enough money for this purchase, the village could help defray the cost with this fund. Then following the harvest the amount borrowed could be collected from the family with a small amount of interest added on. As noted above, the funds from the savings group were combined into the collective purchasing fund. In return for adding this money to the fund, the savings group members were to get priority in borrowing at those times when a large number of families were seeking to borrow money from the collective purchasing fund. However, a limit was put on the amount that could be borrowed by a family belonging to the savings group, so that at times of high demand there would still be funds available for the benefit of other families. This arrangement must have been made taking account of the fact that the collective purchasing fund also drew funds from the village's common fund.

New Organizational Efforts and Inter-Village Organizing

The various organizational activities discussed above did a great deal to improve the economic conditions of the residents of Si Phon Thong Village. The rice bank and its reform completely did away with the need for households to pay high interest rates and borrow money from neighbors to get rice. The greater use of compost made possible by the rice husk purchasing fund increased rice production, and in 1992 the harvest had risen to 326 kilograms per rai (three times greater than in the past). The village cooperative shop still continues to supply the villagers with low-priced daily necessities and return its annual profits back to the people. On the matter of borrowing money, the first savings group that was set up had ended in failure, but in 1988, as discussed in Chapter 2, another such group was organized primarily by the village women, and this new group has been successful.

But along with the above successes, Si Phon Thong Village has also had its organizational failures. One such example was the above-mentioned project for the communal sale of paddy. Another project that was less than successful was a hog raising venture started in 1991 with funds supplied by the govern-

ment. In this project the government lent villagers money to purchase piglets and feed, and the expectation was that they would repay this money from the earnings received from the sale of the fattened pigs. However, around the time the pigs had been fattened, the price of pork plummeted; the families involved in the project fell into the red, and as a result were unable to meet their repayment obligations. These two examples show that when a project faces the severe competition and great uncertainty of the market, the problems can be difficult to overcome, and the continued existence of an organization cannot be assured simply through improving the norms of the organization's members.

All of the organizations discussed above, whether successful or not, were set up and operated in the administrative village of Si Phon Thong itself. But there are some problems facing village residents that cannot be solved on the basis of one village alone. This led Si Phon Thong Village leaders and those of neighboring villages to begin efforts at inter-village organizing which they undertook with the assistance of the NGO (a second NGO also participated in the project).

One of these efforts was the formation of a community forest extending over a number of administrative villages. In compliance with the opinion of the NGO, eight neighboring villages agreed in 1991 to make an area along a bend in the Mun River, which flowed nearby, into a community forest reserve. In the agreement the leaders of each village took on the responsibility to see that the residents in their respective villages did not violate the regulations of the reserve. The leaders also agreed to prevail upon the villagers who were growing rice on their own accord within the newly designated forest reserve to move out of the area.

Another inter-village effort was the building of a rice mill by farmers' groups (*klum kasetrakon*) in the villages neighboring Si Phon Thong Village. As touched upon in Chapter 5, farmers' groups were farmer organizations that the government had set up at the subdistrict (*tambon*) level. Such an organization had been set up in the subdistrict that Si Phon Thong Village belonged to, but it had fallen into desuetude during the 1970s. With all of the organizational activity that grew up in many of the villages in the subdistrict during the 1980s, the new leaders in the villages undertook around 1984 to reestablish farmers' groups on their own initiative. In the midst of the then prevailing low rice prices, the leaders of the new village farmers' groups decided to set up a rice mill to increase the farmers' share of profits even if only a little. The aim of the leaders was to build a mill that would not only handle rice milling, but one of large enough scale to undertake the sale of milled white rice as well. A mill of such size required a sizeable initial capital investment. Three

of the village farmers' groups contributed funds they had accumulated; financing was also received from the two NGOs, and eventually it became possible to build the mill. However, although the mill got built, it did not have the money to buy up the farmers' paddy. So it was agreed that initially the farmers would accept deferred payments for the paddy they sold to the mill, and on this basis the rice milling operation got started in June 1993. As can be seen, the villagers in each of the villages lent a fair amount of support to these inter-village level organizations, and they did so because of their experience with village-level organizing and because of the trust in the actions of the village leaders that had developed among the villagers. However, in its purchasing of paddy and the selling of milled white rice, this rice mill has to compete on the market. Its continued operation will henceforth depend on the efficiency of its management and marketing know-how.

The Development Stages and Determinants of Organizations

As seen from the above discussion, starting from the 1980s a variety of organizations were formed in Si Phon Thong Village for promoting economic development. This last section will look at the process that made this possible. The change in villager organizations in this village moved from dyadic cooperation toward being group-based cooperation like in many other villages in Thailand. As discussed in Chapter 2, new organizations require new systems of management and the know-how and norms to handle these, but at the start, Si Phon Thong Village, like other such villages, did not possess these factors. Thus villager organizing at the initial stage showed the following characteristics.

The first was that each of the organizations was formed in an area where competition from market transactions was not so severe. In other words, the early stage organizations were such things as paddy and money financing (concerned with the financing market) and the village cooperative shop (concerned with the market for selling daily goods) where the number of suppliers was small and in areas where there was little competition. Therefore the leaders of these organizations did not require a high level of ability or know-how in dealing with the market economy. On the other hand, organizational activity like the collective marketing of paddy which faced severe competition was not successful. In Thailand there are numerous middlemen and brokers from outside the village who come in to buy up paddy, even in the remote parts of the country, and the market for agricultural products that the farmers face is quite competitive.² For this reason collective marketing organizations are rarely found in Thai villages.

A second characteristic is that most of the successful early organizations avoided transacting resources on the market outside of the organization, and sought to gain profits just through the exchange of resources among the members of the organization. This is known as a "pool-distribution type organization."³ For example, the Si Phon Thong Village Rice Bank in its early stage collected paddy from its members and only lent it out to members; it was never exchanged on the outside market. Thus what became important for the organization was that the members used the resources in accordance with the organization's rules and repaid what they had borrowed. This meant that regulating the behavior of the members became a central concern for managing the organization. In effect, the organizational norms of the people became important for the success of the organization. In contrast to this, in the project for the collective marketing of paddy, the organization itself attempted to make its profits through the transaction of its resource on the market which definitely required know-how in dealing with the market, and where it was difficult to succeed.⁴ With the establishment of the rice mill in 1993, the villagers tried their hand at an organization for exchanging resources on the outside market, but this was after they had accumulated about a decade of experience in organizational managing through the operation of pool-distribution type organizations.

A third characteristic of the early organizations was that they were set up only in areas which were concerned with the village household's procurement of its own resources. How these procured resources were used in production activity was left up to the decision making of each individual household. The method of production, the kind of product produced, and the management of each household was not determined in any organizational way. The organizing of production directly affects the economies of each household, and for this organizing to come about, there needs to be strong mutual trust among the households and considerable confidence that the organizing will bring successful results in the future.

A fourth characteristic is that organizations at their start were made up of interested people who mobilized their own private resources. The resources accumulated within the organization were supplied by the individual participants who were the owners of the resources. Therefore the beneficiaries of the organization's activities were likewise limited to those people who had provided the resources. In this form of organization, if a participant takes benefits from the organization without paying the cost, it means that other participants lose a part of their private resources provided to the organization. To prevent this from happening, participants watched over and tried to control each others actions. In other words, the personal benefits that were the

incentive for people to organize were also the incentive for mutually trying to make each other obey the organization's rules. This also functioned as a check on the actions of the organization's leaders. At the stage when the people's sense of the norms was still insufficiently developed, this sort of mutual watching and controlling was necessary for the continuation of the organization.

This is different from organizations which make use of local communal resources. Here an action by a participant against the rules of the organization will not infringe directly on the private resources of another participant. For this reason it is frequently difficult to control actions contrary to the rules, and if there is no high sense of collective norms, the organizing of communal resources will not be successful. In Si Phon Thong Village it finally became possible to form such communal organizations in the latter half of the 1980s.

As seen above, the formation of organizations for development in Si Phon Thong Village during the early stage started with simple forms of organizing. And when setting up organizations, the village's preexisting institutions were effectively mobilized. This meant that the consent of the villagers was obtained through the institutions of the village as an administrative village upon which the mobilization of the residents was possible, and these institutions were used to form and operate new organizations. At the same time, the sense of unity among the residents that arose from being an indigenous village was used to foster a sense of mutual trust among the organizations' participants. In other words, this collective unity and the institutions for mutual consent that went beyond dyadic relationships only existed within the entity of Si Phon Thong Village itself.

But having preexisting institutions was insufficient in itself to assure the successful operation of these new villager organizations. A number of reforms were also carried out concerning Si Phon Thong Village's institutions as a self-governing community, and these brought about a certain degree of positive results in the villagers' organizational activities. From the latter half of the 1980s, for example, the management of the village cooperative shop was improved, and the savings group organized by the village women's group at the end of the 1980s has continued to be a success. Organizing begun at the same time in the use of local communal resources was also largely successful. Thus by bringing the village as a whole into the forming and operating of each organization, experience in solving organizational problems also became experience in village management which could be linked back to improving organizational ability and know-how. Having accumulated this organizational experience and know-how at the village level, it then became possible to form new organizations at the inter-village level. However, with organizations like the rice mill which are exposed to the severe competition of

doing business on the market, know-how which the villagers do not yet have (i.e., the ability to manage a private enterprise) will become vital. This opens a new stage of organizing among the villagers and confronts them with a new and more severe challenge.

Notes

- 1 Most of the households in Si Phon Thong Village belong to one of two kin groups, and the structure of the membership for both of these groups is clearly set out. For details see Shigetomi (1994).
- 2 Although the data is somewhat dated, a survey carried out in central Thailand by Uthit Naksawat showed that only about 3 per cent of the price of paddy delivered to the front of the mill went to the rice broker; the farmers' share was 85 per cent (Uthit 1958).
- 3 Quoted from Saburō Yasuda who used "pool-distribution type" to classify this sort of social exchange (Yasuda 1981).
- 4 The village cooperative shop carries on transactions with the outside market, so it is not purely a "pool-distribution type" organization. But a high degree of business ability is not required for the amount of stock it buys up, and the customers it sells to are largely members. Also there are few other shops in the village, so the ability to compete on the market is not very important.