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Generals in defense of allocation: Coups and military budgets in Thailand

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ABSTRACT

This paper investigates the effects of military coups d'état on government defense expenditure in Thailand using data from 1948 to 2015. The Thai military staged nine successful coups during this period, which allows an empirical inquiry in a single-country framework. Regression analyses of the defense budget reveal that successful coups result in large defense budget changes in the two years that follow. Among the three branches of the Thai armed forces, the army has gained the most in terms of budget allocations after coups relative to the navy and air force. This finding is consistent with the observation that the army has been the dominant force in the history of the military in the country. These results imply that coup leaders have made use of acquired executive power to direct more resources to their organizations.

1. Introduction

A coup d'état is an anomaly in a democracy. Coup plotters resort to violence to seize control of a government from the sitting administration. Such a transgression is, however, not necessarily a rare event. Powell and Clayton (2011) report that the world saw 457 coup attempts between 1950 and 2010; almost one-half of them (227) were successful. These coups mainly took place in developing nations, with more than two-thirds taking place in Africa (169, 37.0 percent) and Latin America (145, 31.7 percent). The remainder, in terms of geographical breakdown, comprised 72 coups in the Middle East (15.8 percent), 59 in Asia (12.9 percent), and 12 in Europe (2.6 percent).

Although a coup is a political phenomenon, i.e., a forced transfer of political power, it inevitably affects a broad range of economic variables. The allocation of government budgets is one of them, and recognition of this spillover effect motivates a body of empirical literature that investigates a coup's implications on military budgets. The pioneering work of Zuk and Thompson (1982) examined the 1967–1976 military spending patterns of 66 developing countries and found little evidence that military coups accelerate the growth of military budgets. More recent inquiry, however, has tended to draw opposite conclusions. Leon (2014) investigated the same issue, using data from 153 countries over the 1963–1999 period and taking into account the problem of reverse causality between coups and military spending. Leon concludes that successful coups increase military spending more than failed attempts, and that the military stages coups to increase its funding. Bove and Nisticò (2014a) analyzed 135 countries in the 1984–2009 period and found that a higher degree of military involvement in policy-making, to which coups are a contributing factor, increases the probability that the military will obtain a larger budget allocation. While these studies use panel data to derive the effects of coups on military spending, Bove and Nisticò (2014b) conducted country-specific case studies to estimate the impacts of coups within the framework of counterfactual analysis; they also found that successful coups generally lead to an increase in military expenditure.

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Table 1
Coup attempts in Thailand, 1948–2015.

[1940s]	October 1, 1948 (failed)
	February 26, 1949 (failed)
[1950s]	June 29, 1951 (failed)
	November 29, 1951
	September 17, 1957
	October 20, 1958
[1970s]	November 17, 1971
	October 6, 1976
	March 26, 1977 (failed)
	October 20, 1977
[1980s]	April 1, 1981 (failed)
	September 9, 1985 (failed)
[1990s]	February 23, 1991
[2000s]	September 19, 2006
[2010s]	May 22, 2014

This study joins these efforts to explore the effect of coups on defense budgets. The present analysis focuses on a single developing country, Thailand. This focus differentiates the current study from the literature, which tends to use data from multiple states.[1] Thailand provides an interesting ground for this quantitative inquiry, as the country has experienced repeated episodes of military coups.[2] Since 1948, Thailand has experienced 15 coup attempts.[3] There were three failed plots (i.e., in 1948, 1949, and 1951) before another attempt succeeded in 1951. At that point, the 1949 Constitution was abolished and the 1932 Constitution was brought back, with the latter granting more political power to generals in the Cabinet and the National Assembly. The military staged two more coups in the 1950s (in 1957 and 1958), and both were led by the same army general.[4] After a hiatus in the 1960s, the 1970s witnessed four more coup episodes. The 1971 coup was a self-coup by the prime minister, who had been a former army officer. Two successful coups, in 1976 and 1977, separated by one failed attempt, installed successive army generals to the prime minister's position. After two failed attempts in the 1980s, the country did not have a successful coup until 1991. The civil conflict that followed was finally resolved in 1992 by an intervention by Thailand's King (Baker & Phongpaichit, 2005, pp. 243–246). A new, highly democratic constitution was adopted in 1997; in less than a decade, however, it was abolished by a coup in 2006.[5] The military intervened in 2014 with yet another coup to oust the elected government. Table 1 provides a list of these successful and failed coups in Thailand.

Some studies argue that Thai military leaders have benefited from coups in that country. For example, Pathmanand (2008) writes that the 2006 coup "has already brought about numerous political and economic payoffs for coup leaders and coup supporters" (p. 136) and lists armed forces personnel that were appointed to the board of state enterprises after the coup (p. 137). Regarding defense budget allocations, Nidhiprabha (2015) argues that the budget share of defense spending increases after a coup and decreases following the restoration of democracy, in what he calls a "military business cycle" (p. 120). Nidhiprabha offers as anecdotal evidence the Thai government's proposal following the 2014 coup to purchase submarines. The following section introduces the results of empirical analyses of budget data to investigate the existence of a solid statistical basis that substantiates these statements.

2. Effects of coups on defense budgets

This study primarily focuses on whether successful coups ensure benefits to the military in terms of higher budget allocations; to that end, this section investigates the effects of coups on Thailand defense budgets between 1948 and 2015. The consequences of coups are identified in the analysis of determinants of the amount of the government budget allocated to the armed forces (Exp-Def). In the regression, dummy variables for the four fiscal years following a successful coup, Coup_Tth-Year (T = 0–3), which take a value of 1 for corresponding years, and 0 otherwise, capture the

[1] The 1991 coup in Thailand is among the case studies of Bove and Nisticò (2014b), and the results of this paper complement their findings.

[2] Farrelly (2013) attributes these frequent military interventions in politics to the country's "elite coup culture," which seems to be partially linked to the symbiosis between palace and military interests.

[3] Information on the historical coup accounts discussed in this section, including relevant numbers, is drawn from Farrelly (2011), Baker and Phongpaichit (2005), and Girling (1981). The year 1948 is selected as the initial point of inquiry, in order to avoid the fiscally unstable period immediately following World War II. On a nominal basis, the total budget in 1946 was larger than that in 1945 by more than 80 percent. An even more significant gap is observed between 1947 and 1948. The total allocation in 1948 was more than 2.9 times that of 1947. Since then, budget changes over the previous year became smaller, remaining within the range of a 37.9 percent increase (1952) and a 16.8 percent decrease (1961).

[4] For coups in the 1950s, see Baker and Phongpaichit (2005), pp. 143–148 and Girling (1981), pp. 111–113.

[5] The coups in 1991 and 2006 have been extensively analyzed in the contemporary literature. Pathmanand (2008) argues that these coups were of a different nature: while the former was the result of friction between factions in the military personnel, the plotters of the latter claimed to have acted to preserve the institution of the monarchy.