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**INFLUENTIAL OFFICIAL AND GANGSTER CASE STUDY INFORMAL ECONOMY MOTOBIKE TAXI IN PATTAYA CITY**

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**Abstract**

Motorbike transport is currently one of the main public transportation in many urban areas of the well-known tourist cities in Thailand due to income generation for low income families. However, nowadays there are pyramid scheme issues happening among public motorbike workers in the community of the motorbike transportation businesses. This research was, thus, conducted to understand the ecosystem of the informal economy in motorbike transportation businesses in Pattaya City, Thailand. Our study approach consists of doing research from the published journals and doing face-to-face survey interviews with the local motorbike workers in Pattaya City. The findings indicated that urbanization of the Pattaya City and undeveloped plan for preparing local public transportation from the city transportation department have a significant impact on the community of the informal motorbike transport workers and the local influential people cause the pyramid scheme issues among the informal motorbike workers. Lastly, the pyramid issues will be solved if the department of city transportation legislates a new law to protect the local informal motorbike workers from the local influential people.

*Keyword* : Motorbike taxi, informal economy, economic rent, tribute

**Introduction**

Every country in the world has informal economy depending on more or less. Normally informal economy will show up in the proportion to the GDP of the country. From the research of economists in Europe indicates that the underground economy in developed countries has the smallest proportion of 17% whereas the highest of 35% in the developing countries which are changing from the socialist to capitalist governments for example countries which separated from the Soviet Union in the past. The informal economy can be harmful to the economy due to it could the way to move illegal money either in the way of corruption or money laundering which has value 50 trillion worldwide per year. The large illegally obtained money means that the legally obtained money will lessen the efficiency in the money circulation including the threat of underground businesses i.e. terrorism, human trafficking etc. (Kittisak Phokha, 2017)

In the developed countries the informal economy and other illegal activities are much less compared to those in developing countries which still have limited capability to handle the economy effectively. When the economy of Developing countries are growing, we will see the effect from the government to organize things to be in order (Office of the National Economic and Social Development Council, 2004). In the case of Thailand, the government is trying to uplift the underground economy into the normal economic so that it is easier to control and able to solve the problems causing from the informal economy which spread to all over including Bangkok and Pattaya.

Pattaya is a self-administrating municipality and popular tourist destination in Thailand with average more than 32 million visitors each year (Division of Tourism and Sports Economy, 2019) and generates spending for restaurants, hotels, Tourist attraction and public transportation enormously. However this spending does not always come directly to the economy as some business underground i.e. Minibus (Song Taew), vans, motorbike taxis which can be easily seen in almost every corner both legal and illegal as well as the illegal taxis that under the protections of the local Mafia by giving them kickbacks or facilitation fees in order to run the business smoothly. Government is trying to organize this motorbike taxi problem to get rid off the mafia in the business which we realize the value of the business both motorbike taxis and the influential people by setting a objective.

### **Objective**

Problems in a motorcycle taxi should study from the beginning in order to be aware of the problem causing the researcher to set the objective that to study the occurrence of the informal economy in the case of motorbike taxi in Pattaya.

### **Research Questions**

The research questions for this study are the cause of motorbike taxi occurrence in Pattaya city and the informal economy in motorbike taxi.

### **Theory**

Using 2 theories in describing them 1. Urbanization 2. Economic Rent

Urbanization (Poramet Kunnitichai, 2008) the study relating to Urbanization normally involves the land usage, the growth of the city, business activities within the city. There is some interest in studying and trying to set up the regulations for urbanization. From the study even some theory may not suitable at present, but the concept and structure can be applied to describe urbanization theories as 1). The concentric zone theory: observes and analyses the city's of Chicago Illinois which provided the theory of economic distribution and the use of land within the city 2). The sector theory: the economist who studied rents in the city in USA that the city is divided into sectors, consequently this theory describes the city by using the land as sectors 3). The multiple nuclei theory proposed the idea of using the land as the central and that depending on the size of the city. This theory emphasis the bigger the size the bigger the center. Normally the Central area occur near the residential area for middle and upper class levels.

Economic rent (Phasuk Phongphajit, 2003) economic rent and Corruption often come together. Corruption mean seeking advantage to their own or their group by using position or authority as a tool. The above conducts may seem illegal and legal but against the ethnic or the expectation of the public because the rent is an exceptionally high compensation, therefore creating incentives to build and maintain those rent from bribery coercion to legal political activities such as induction or lobbying. overall, these actions are rent seeking behavior which means actions that seek to create keep or change the rights and institutions that are the basis of each type of rent.

### **How to Research**

This research collects two information parts 1. By collecting data and documents i.e. newspapers, internet news, Land Transport Act, etc. as well as the articles, researches, thesis, etc. 2. By collecting field data by interviewing. The interviews emphasize the group of motorbike taxis and government officers in Pattaya and use the data to analyze both the interviews and observations and theory to come up with these findings.

### Literature Review

Informal economy (Wongpattana Sriprasert, 2015) the government try to uplift the informal economy to be formal which both of them can generate income and wealth for themselves and their families as well as other activities that can accumulate their wealth. The difference between the two economy is the topic of administration of government which is not recorded in the government data or another word these kind of businesses can both be legal and illegal or uncovered by law. These transactions may include the gambler that uses the money to buy houses which is legal or even uses in the prostitution and so on.

Influential (Sangsidh Phiriyarangsana, 2005) people can be divided into two group that those government official both local and federal and local Mafia i.e. Dealer lottery, illegal Casino owners etc. the informal economy and the information officer usually help each other depending on the size of the benefit. Those illegal business and corrupted big project will often involve with the big name influential officers like the dealer lottery or village banking. For informal economy like motorbike taxi will also need influential officers to deal with them too.

Rapeepun Suchit (2002) according to research on “the evolution and expansion patterns in Khet Phasi Charoen in Bangkok”. The study also indicated that expansion patterns were not limited to either side of Phetchakasem road. The factors involving the development were the quantity, density, and rate of increase of population as well as accessibility to the area. It can be concluded that the factors in the expansion are physical, economic and social; population increase; and infrastructure, location and distance from the inner area.

Phasuk Phongpaichit, Sangsidh Phiriyarangsana, and Nuannoi Trirat (2000) according to research on “lottery, prostitute, casino and drag”. From studying a number of important illegal economic activities namely drug trafficking, illegal oil, prostitution services in Thailand Burmese labor service brokerage fees and Thai women trade abroad for sexual services, trade in weapons, war, underground lottery, and football. Pictures of legal economic systems that the research team discovered have shown that most illegal economic processes do not exist independently, but there are related relationships and there are overlapping networks too.

Bank Ngamarunchot (2010) according to research on “Rent seeking and political conflict in Thailand” this results show that both economic and political changes such as economic crisis and the establishment of the new constitution in 1997 had an impact on the transfer of political and economic power. In particular, the changes lead to a transfer of economic rent from the old interest group to the Shinawatra interest group and its network.

Arwut Udomrat (2007) according to research on “The relations between state-capital and the hired motorcycles in Bangkok” the resulting, the relation of production of the illegal motorcycling levies is caused by the process of distribution of the political commodity by the government man. A mean of production is the link for those influences by creating the economic rents.

### Findings

With the increase in demand of public transport sine growth of economy in Thailand, in 1983 especially from the investment in infrastructure in the Eastern seaboard (EEC). The lack of transportation around the cities and villages leads to the alternative transports for commuters i.e. The motorbike taxi which is more convenient and affordable especially during the rush hours, not to mention the heavy traffic jam all over the major cities. (Sangsidh Phiriyarangsana, 2005)

Motorbike taxi grow so quickly including the tourist area like Pattaya with popular beaches among the Thais and Foreigner as well as the business district. The fast growing

economy in the area led to the increase in population and unplanned urban system made the public transportation in Pattaya inefficient (Prisana Pukdeejoho, 2000)

“Pattaya is a major tourist attraction City with more than 1 million population therefore the service Industry especially in transportation is essential i.e. minibus, vans, taxis, motorbike Taxi etc. instead of giving the convenience to the public they rather create problems like unfair charges, inefficient service and disorganized system” said Major General Nutt Intracharoen (MGR Online, 2014)

From the studying we can describe by using 3 theories which are 1. Urbanization 2. Economic Rent 3. Informal Economy

### **Discussion**

From the findings of the study, the results can be discussed as follows. From the study, we know that the economic expansion caused an increase in investment and population, causing the city to expand, which is consistent with Rapeepun Suchit (2002). Influential official and gangster come to raise money from the effects of economic growth from investors or business entrepreneurs including a motorcycle taxi provide assistance in entering into business in the area by exchanging or giving bribes, resulting in the pursuit of economic rent which is consistent with the research of Bank Ngamarunchot (2010) and Arwut Udomrat (2007) when seeking benefits in the motorbike taxi business, causing tribute and becomes an informal economy that is consistent with the research of Phasuk Phongpaichit, Sungsidh Piriyarangsai, and Nuanno Trirat (2000)

### **Limitations**

Thailand with 76 provinces and 2 special administrative regions that are Bangkok and Pattaya. This study will determine only Pattaya due to the special administration as well as being, one of the well know tourist cities in Thailand. Each year there are minimum of 32 million visitors each year. There are many business generating big money to a lot of business for white, grey, or black business. All these business are related to government officers and influential creating the pyramid relationship which have dialect expenses in order to keep business going.

### **Recommendation**

The next study should have more time to study, will understand the problems arising from seeking economic rent in the area including the relationship of all parties involved. To bring additional information to be analyzed to the impact of seeking benefit in the motorbike taxi business. In order to increase efficiency in managing future problems.

### **Conclusion**

From the study and survey area, the conclusion of this study were obtained from the objectives ; To study the occurrence and ecosystem of the informal economy in the case of motorbike taxi in Pattaya that the pattern of the emergence of a motorcycle taxi comes from the EEC investment, causing the city of Pattaya to expand to support economic growth causing the mass transit system not enough to meet the needs of the people, resulting occurrence in motorcycle taxi business that is convenient and quick to use, can be found in Pattaya, along the roads and alleys. It is an economic area in each area of the passenger pick-up point. However, this business can't run smoothly, influential official and gangsters are seeking benefits from businesses using the law of claiming or intimidation to receive benefits in that area. When anyone wants to enter the motorcycle taxi I have to pay for the facilities, so it is easy to apply for a motorbike taxi driver but different from the legal process, there will be a procedure that takes longer. However, the driver will come in the right or wrong

way, still have to pay tribute anyway because it is a practice that has become a tradition for a long time until the informal economy and has tremendous value, resulting in people are trying to find ways to find benefits in the informal economy from a motorcycle business in Pattaya.

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