

AN ECONOMIC SURVEY OF THAILAND



* KOICHI YOSHIHARA



It is more than 8 months since Mr.Chawalit who had the sweeping support from the northeastern people, was installed as the prime minister after Mr.Banharn got out of power because of his government had many scandals. The last leader of Mr.Chawalit's cabinet whcih was organized to reconstruct

economy, were Mr.Amunuay (Deputy Prime Minister & Minister of Finance) and Mr.Naronchai (Minister of Commerce) who mere called "DREAM TEAM" as an economic specialist group.

They resigned in June, and now I should think that the view of Thai economy would be more confusing than

**Lecturer in Faculty of Humanities Dhurakitpundit University : B.L. Komazawa University of Tokyo, Japan*

before.

THE CAUSES OF THE THAI ECONOMIC SLOWDOWN

We can point out the causes for the Thai economy to be in a depression for these years, as follows :

1. BAD DEBENTURE OF THE REAL-ESTATE

In Thailand, they fell into oversupply in the field of real-estate such as office buildings, hotels, apartment houses, shopping centers, and golf links since the beginning of the 90's because of their radical exploitation. Especially since the end of last year, a lot of real-estate agents have suffered financial losses and many banking facilities have bad debts worth more than 800 billion Bath now.

In Japan, they have as 30 times large economic scale as Thailand. After the "Bubble Economy" collapsed, many banking facilities which held huge bad debentures concerning the real-estate, had been compelled to bankruptcy.

Comparing Thailand with Japan in economic scale, the amount of the

bad debentures of Thailand should be estimated as being at a serious level.

The bad debentures among many kinds of the banking facilities in Thailand make their money circulation in arrears, and disturb the reconstruction of the Thai economy.

2. STRUCTURAL DEFECTS

The main reason that enabled the high-level growth of the Thai economy was the amazing increase of export industries. Particularly in two decades, 1971 to 1980, and 1986 to 1995, the amount of exports increased 20% every year. But since last March, it began to decrease and there marked a 0.2 % decrease in comparison to the previous year.

Some textile companies which exported declined and sharply, had to dismiss large number of their employees or to close.

It's not only in Thailand but a world-wide economic phenomenon that the export industries declined. But for Thailand, the structural factors of the domestic economy have made the

situation worse.

- The wage standard was raised by the high-growth of the economy, and it caused the international competitiveness of the Thai labor intensive industries to go down.

- Most enterprisers neglected to invest in modern equipment and to train their employees during the period of prosperity.

- The government attached too much importance to consolidate for infrastructure only, and also neglected to improve and promote the laborer's quality that is indispensable to raise their industries level.

FUTURE SCENARIO

It's a natural phenomenon that the wage and production costs have risen because of economic development, and it's an indispensable process in a capitalistic economic society. Moreover, especially in Asia, where they have many low-wage laborers in China, Vietnam, Indonesia and so on, you can't compete with these countries in the intensive labor industries. It is necessary

to convert to intensive technology industries like the advanced nations and NIES. (= Newly Industrializing Economies = i. e. South Korea, Taiwan, Hong Kong, Singapore, Argentina, Mexico, Brazil and so on...)

Besides, it is also necessary to bring up the local enterprises, and gain the removal and absorption of foreign capital & technology in order to improve economic structure and convert industries. And so, the Thai government should take the responsibility upon the quickly consolidation of investment environments so foreign enterprisers could extend their business.

DUTY OF THE GOVERNMENT

The investment environment in Thailand, though it's much better than neighboring countries, still is not enough. The government ought to improve the investment environments as a top priority, includings :

- INFRASTRUCTURAL CONSOLIDATION

there is a need to complete the mass - transportation system in Bangkok,

where it is called "The worst traffic jam city in the world". And also, is needed the anti - flood system in the rainy season.

- SYSTEMIC CONSOLIDATION

In Thailand, there are many rules and regulation in economic activities for foreigners or foreign companies, instead of a few rules for local people, and these interfere with the economic and financial activities of the foreign capital. For example, they often change the system or period to issue the VISA or WORK PERMIT depending on the alternation of the political power. They should make such Procedures areduces more simple & speedy so as to promote foreign capital

- PROMOTION OF HUMAN RESOURCES

It's necessary to raise the laborer's quality in order to escape from mono-labor industries, and convert to advanced industries. At first, the Government must take compulsory education thoroughly. Now in many provinces especially in the Northeast,

young people can study at lower grade of the elementary school only, and they come to Bangkok to work as laborers. They have been forced to work from their childhood because of their poverty. They get low-income jobs because they are un-educated, and so they have to stay in poverty for ever.

NIES in Asia such as South Korea, Taiwan, Hong Kong and Singapore (as it were "Four Dragons") could achieve economic growth radically because their government had promoted their education well. Also in Thailand, the government should make the nation's educational level up, and they should enforce 9-year compulsory education on the people.

- PROMOTION OF SOCIETY SYSTEM

In japen, most people belong to the middle class families and there are a few rich people. There is very little difference in wealth life style.

We can distinguish the people into 3 categories, such as the few rich, few middle and large poor class in

Thailand. The rich people's purchasing power is exceedingly big, but when the national average is included, with the middle and poor, Thailand ranks No.6 in Asia after Singapore, Hong, Taiwan, South Korea and Malaysia.

In a society that has huge wealthy differences like this, we can't expect to spread the domestic demand accompanied with their economic growth. The rich, very small part of this

country, has bought and consumed the most parts of the consumer market such as the houses, cars and electric goods until now, but it has a limit.

They have to magnify the middle class and reduce the poor in order to the domestic market and make spread it suitable for 60 million population. And for this purpose, I hope to change the social system so as to distribute the wealth more evenly.

	Population (1,000)	GNP (1million \$)	GNP/Popu (\$)	Purchasing Power(\$)	Remark ..
U.S.A.	258,063	6,387,686	24,750	24,750	
CANADA	27,815	574,884	20,670	20,410	
U.K.	58,040	1,042,700	17,970	17,750	
SWITZERLAND	6,977	254,066	36,410	23,620	
GERMANY	80,769	1,902,995	23,560	20,980	
FRANCE	57,650	1,289,235	22,360	19,440	
RUSSIA	148,537	348,413	2,350	5,240	
BRAZIL	156,406	471,978	3,020	5,470	NIES
ARGENTINA	33,483	244,013	7,290	9,130	NIES
MEXICO	86,710	324,951	3,750	7,100	NIES
INDIA	900,000	262,810	290	1,250	
INDONESIA	187,151	136,991	730	3,140	
SINGAPORE	2,867	55,372	19,310	20,470	NIES
THAILAND	58,824	120,235	2,040	6,390	
SOUTH KOREA	44,056	338,062	7,670	9,810	NIES
CHINA	1,175,359	581,109	490	2,120	
JAPAN	124,845	3,956,668	31,450	21,090	
PHILLIPPINE	65,775	54,609	830	2,660	
VIETNAM	70,881	11,997	170	1,040	
MALAYSIA	19,032	60,061	3,160	8,630	

data : record in 1993

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