

Historical Development of Thailand's Monopolistic Economic Structure from 1826-2006

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Abstract

To thoroughly understand Thailand's chronic problems of collusive business practices and abusive of dominant market powers by monopolies, it is essential to comprehensively examine the historical development of the country's politico-economic environment. If Thailand does not learn from its previous mistakes, existing problems will recur and pose an intractable obstacle to implementing current antimonopoly law, the Trade Competition Act of 1999. This paper explains the unique transformation of Thailand's economic monopolistic structure and related politic hurdles in three distinct stages. The first stage began with the signature of an international trade treaty between Siam and England in 1826 during a period of absolute monarchy. The next stage started with the early democracy prompted by the Siamese Revolution in the 1930s. The final stage involved the adoption of a more capitalistic market structure through the support of the United States in the 1960s, the influx of foreign investment during the 1980s, and an economic boom and bust in the 1990s through present. Finally, the paper suggests recommendation and provides prophylactic solutions to eliminate current problems.

Key Word: Monopolies in Thailand, Thailand's Antimonopoly Law, Thailand Economic Development, Thai Trade Competition Act Of 1999

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Introduction

Thailand has struggled to effectively resolve the chronic problem of collusive business practices and abusive of dominant market powers by monopolies for more than forty years. Since the end of the World War II, Thai government promulgated four main statutes to tackle this long-lasting problem but it could never end the vicious cycle. The first law, the Prevention of Excessive Profit Act-the so-called Anti-Profiteering Act was enacted in 1937 and the second law, the Price control and antimonopoly Act was passed in 1979. However, both acts failed to achieve its purpose due to political corruption and the lack of knowledge and experience of the administrators. Lastly, the government passed the Trade Competition Act in 1999 to bring a new hope to Thai people. Unfortunately, the new Act of 1999, publically referred to as the “Paper Tiger Act,” is widely seen as having no impact on promoting free and fair competition in Thailand. Due to the ineffectiveness of the Act, business operators regularly engage in prohibited actions with no fear of imposition of penalties. Over a hundred complaints are brought to the Trade Competition Commission every year; however, there has only been one case in which the defendant was found guilty. Although there are many intrinsic pitfalls in the Act, merely making amendment or promulgating new laws will never guarantee the successful implementation of the anti-monopoly law. This paper suggests the Thai Parliament to learn the lessons from the past especially country’s politico-economic environment, which greatly involve failure to implement the anti-monopoly law. The paper reveals that monopolies in Thailand have been protected under the cloak of royalist, military junta, high-ranking bureaucrat and powerful politicians. By sharing their profits, monopolies allow to exist in Thailand and enjoy their privilege by charging excessive profits from consumers. The last part of this paper provides suggestions for the Thai government to solve current issue of monopolies.

Objective

The objective of this research is to analysis the problem of implementing Thailand antimonopoly law; currently refer to as the Trade Competition Act of 1999. This research examines the unique transformation of Thailand's economic monopolistic structure and related political hurdles in three distinct stages. This paper also provides suggestions for Thailand to solve chronic problems of monopolies in order to level playing field for all business competitors by the advent of ASEAN Economic Community in 2015.

Methodology

This research concentrates on documentary research particularly in the field of analyzing historical development approach. Many published journals, articles, and books from renowned historian and economic scholars will be discussed and analyzed so as to proper suggestions to solve the recurring issues of monopolistic market structure in Thailand.

Suggestions

In order to prevent recurring problems of improper political influence, business lobbying, and statutory ambiguity, this paper suggests, Thailand must learn lessons from the past and incorporates effective mechanisms from other jurisdictions. As Thailand's economy continues to integrate with the international market, its government must respond to the frequent and cyclical changes of globalization companies with market dominance. This paper suggests three significant steps to solve the chronic problem. First, by the advent of AEC ASEAN Economic Community, Thailand has an obligation to fulfill its commitment to level playing field for all domestic and international business corporations. By doing so, the government is in dire need to set a stage for business communities to learn, discuss, and

argue the strict implementation of the competition law with legal and economic scholars and government officers from the Office of Competition. The Thai government must assure that the Trade Competition Act of 1999 will serve as a yardstick as a rule governing free trade issues. Second, the government must increase a number of experience officers in the Office of Competition and provide sufficient budget. More importantly, this paper suggests the Thai government to separate the Office of Competition, which is under control by the Ministry of Commerce to be independent public organization similar to those in Korea and Japan. The separation of Ministry of Commerce to an independent public organization will certainly insulate the Office of Competition from political intervention and business lobbying. Lastly, the Office of Competition needs to promote the important of the Trade Competition Act of 1999 to Thai citizen as not only gain public support to monitor illegal business practices but also put pressure to corporations that intend to break the competition law.

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