

The TDRI 1993 Year-End Conference

"Who Gets What and How?: Challenges for the Future"

Over the past two decades, rapid industrialization has transformed the organization of Thai society and the way in which it allocates and uses resources. New groups have now emerged to compete for access to scarce resources. As the income gap between the urban and rural sectors widens, governance becomes more complex, and solutions to inequity problems more urgent.

To address these problems, the Chai Pattana Foundation and TDRI selected the theme "Who Gets What and How?: Challenges for the Future" for the 1993 Year-End Conference. Part of the research was from TDRI's long-term study on "Thailand in the Year 2010," which began in 1991.

The 1993 Year-End Conference was different from previous Year-End Conferences: for the first time, TDRI brought together research institutes throughout the country to collaborate in this major, country-wide study. Specialists from Chulalongkorn University's Social Research Institute, Chiang Mai University's Social Research Institute, and Khon Kaen University's Research and Development Institute assisted in data collection and policy analysis of past and current economic trends in their respective regions.

Papers presented at the Conference included "Urban Life and Urban People in Transition," "Democracy Without Equity?: The Institutions and Political Consequences of Bangkok-based Development," "Social Inequality: A Source of Conflict in the Future?" "Beyond Patronage: Tasks for the Thai State," "Community Integration into Regional Industrial Development: A Case Study of Klong Ban Pho, Chachoengsao," "The Making of Modern Bangkok: State, Market and People in the Shaping of the Thai Metropolis," and "Socio-Cultural Change and Political Development in Central Thailand, 1950-1990."

Held from December 10-11, 1993 at the Ambassador City Jomtien, Chon Buri, the Conference was attended by 400 participants from government and non-governmental organizations, the private sector, academia, international organizations and the media. Participants were indeed gratified and honored by the presence of Her Royal Highness Princess Maha Chakri Sirindhorn, who graciously presided over the Opening and Closing Ceremonies.

In her opening address, Her Royal Highness said:

"The analysis of what we have lost in achieving economic and industrial progress is indeed an admirable exercise. In the midst of our newly-acquired prosperity and rapid social change, we have neglected to account for the things we have had to give up, especially some aspects of our precious cultural tradition and other desirable aspects of Thai society.

But this is not to give the illusion that everything related to the past is desirable, and that we should swim against the current to bring it back. Instead, what we should attempt to achieve at this Conference is to seek ways to minimize the costs of progress and to create a more balanced, equitable and peaceful society in the future."

Summary of the Synthesis of Research Findings*

"Who Gets What and How?: Challenges for the Future"

Thailand's transformation from an agrarian to an industrial and services-based economy has helped to generate great changes in the political system, in social institutions, and in cultural values. As the institutions of agrarian society break down or become outdated, the means for assigning rights to the use of resources, for providing public goods, and for allocating resources are transformed as well.

The Conference focused on two consequences of these changes. The first is that industrialization may have undesirable, even pernicious, effects on the social and cultural fabric of society through such consequences as the breakdown of the family, the lack of security for laborers and urban migrants and, more broadly, the lack of an equitable distribution of national wealth and income (Table 1). Several of the papers presented at the Conference documented these consequences through a combination of quantitative and qualitative data and case studies.

Second, a market-oriented, increasingly urban and industrial society requires institutions and forms of governance that often differ vastly from those of the older, agrarian social order. Industrialization is a process that requires delicate institution-building throughout the public and private sectors to address many of the negative consequences cited in the papers, to correct market failures, and to provide necessary public goods. The state becomes an important player in development: it must assume new functions to not only promote industrialization, but also to sustain it and help ensure that its fruits are distributed equitably. At the same time, new occupational groups and interest associations compete for influence over government policy, putting often contradictory pressures on the machinery of government.

Both of these consequences are well apparent with regard to the political, social, and cultural aspects of Thailand's rapid economic development. Session I addressed these consequences and suggested what future trends loom ahead, given continued industrialization amidst a declining natural resource base and increasing competition with other industrializing countries. Session II then addressed the implications of Session I for economic and social policies. Session III followed with a critical discussion of the legal and institutional tasks which should be undertaken to make the political system more capable of promoting sustainable industrialization, with improved equity and sectoral balance.

Session I: WHO GETS WHAT AND HOW?

Synthesis Report Volume I, entitled "On the Road to the Future," focuses primarily on the consequences of industrialization for farm labor and income distribution in the agricultural sector. With the depletion of natural resources, a shift from labor-intensive agriculture to capital-intensive farming is sure to accelerate. Although large-scale farming and agribusiness provide new employment opportunities in the countryside, without secure land titles and effective public agricultural services, small farmers could fall behind. Equity imbalances between large-scale farmers and small, less productive farmers would result.

So long as the industrial and services sectors can absorb the surplus labor from the countryside, then there are options for the rural poor. But should urban wages be held down in the face of trade competition, there is potential for the development of rural "slums" with increasingly discontent, underemployed, and impoverished farm workers.

The second Synthesis Report, on changes in Bangkok, focuses on the rise and consequences of a new individualism in Thai urban society. The role of family and religious institutions in Bangkok have undergone great change, and no longer act as the fundamental bonds linking people and communities together. As Bangkok becomes an ever huger megopolis, the traditional communal and familial methods of addressing problems such as poverty and ageing have declined, but it is hardly clear whether the "new individualism" of the urban Thai can provide any equivalent buffer.

Synthesis Paper III, entitled "Democracy without Equity," analyzes the political consequences of "Bangkok-based development," suggesting that parliamentary institutions in Thailand are often unable to address structural and equity imbalances between the urban and rural sectors.

In the paper, it is argued that there is very little correlation between the existence of electoral democracy

and the improvement of equity in the economy. While democracy has created more channels for the participation of voters and interest groups in national policy making, the parliamentary system in Thailand has not proved successful at yielding policies which could address the collective needs of the society and, in particular, the collective interests of the rural majority.

Instead, parliamentary democracy in Thailand constitutes a "distributive game" in which elected politicians use public policy to allocate benefits to the financiers and voters who support their particular political machines. The policies of elected governments thus tend to be inconsistent and ad hoc, as the politicians attempt to please the two primary groups which sweep them to power—the business elites of Bangkok, and the rural voting majority. Members of these two groups desire vastly different kinds of outputs from elected governments.

The final Synthesis Paper addresses the breakdown of community institutions in the countryside and the social consequences of increasing inequities in the Thai economy. Over the past century, the expansion of the central state administration in the provinces, and increasing industrialization, have diminished the roles of village leaders and extended families in providing welfare, security, and mechanisms of local governance at the village level.

While this in itself is not inherently an undesirable outcome, the trend begs the question of what institutions have arisen in their place to perform certain welfare and conflict management functions, as the natural resource base declines amid increasing population growth. Without the development of effective institutions and forms of governance to address inequity problems, social conflicts could increase in the future should the older institutional fabric of Thai society be totally dismantled.

This question is important not only to the countryside, but to new occupational groups, such as urban labor, as well. Currently there are few legal or political mechanisms for addressing the emerging problems for laborers, for example, their welfare, health care, and safety on the job. Thailand is in dire need of institutions and laws to address these emergent problems.

Session II: IMPLICATIONS FOR SOCIAL AND ECONOMIC POLICIES

In the paper on the implications of the research findings for social policy, it is argued that the key to devising a successful and equitable set of social policies in the future will lie in the state reducing its power and authority. All countries that have succeeded in addressing social issues have seen their governments provide a measure of autonomy for communities and professionals to define social policy priorities and set social policy standards.

Yet, at the same time, the state must play a role. For the Thai state to play a constructive role, however, it will need to undertake some serious reforms. It must not seek power only, but must be able to intelligently define social policy priorities and then see these priorities through to the promulgation of effective laws and measures.

The paper on economic policy and public finance focuses on the implications of the increasing globalization of the Thai economy for future economic conditions and policies. In the paper, the author suggests that the Thai economy is a bit too open to the world economy. Because Thailand lacks an effective state, which can identify policy priorities in sectoral policy areas, and, because of liberalization measures leading to more open financial transactions, Thailand could witness "footloose" investment which could work to the disadvantage of the poor and weaker sectors in the economy.

Globalization could lead to a high degree of vulnerability and Thailand could become unduly open to the consequences of economic developments in the rich, industrialized countries. Moreover, the command of technology by the rich countries, and the possibility of increasing protectionism, could have undesirable effects on the Thai economy. As an alternative, the paper suggests a policy of environmentally-friendly "sustainable" development, combined with social welfare provision and some curbs on the freedom of capital to flow in and out of the country. This would constitute a "middle" path between the extremes of

unqualified liberalism and the self-sufficiency approach often touted by non-governmental organizations.

Some of the points of the development strategy of the future emphasized in this paper were:

- provide welfare support for the rural and urban poor, the elderly, and the mentally handicapped
- provide "adjustment assistance" for sectors with bleak futures, such as rice and tapioca
- abolish Board of Investment promotional privileges, crop price interventions and support schemes in the present form, and export "packing credits," so that government finance could be freed up for improving the welfare of the poor and disadvantaged
- return ownership over local resources to communities
- alter the economic policy-making institutions so that they are more transparent and amenable to public participation (through means such as public hearings and the provision of more open public information)
- decentralize many government functions now monopolized by the central administration

Session III: TOWARD GOOD GOVERNMENT

The first paper, on law and the judicial process, identifies inequities in the policy-making process which are rooted in the system of administrative law in Thailand. In the paper, the author argues that the law often favors the manufacturing sector over the agricultural, by allowing for such measures as the taxation of agricultural exports and high tariffs on industrial imports. The law also often favors particular interest groups over the public at large because it is very vulnerable to being "captured" by those with power and connections to officialdom. Pressures associated with globalization increasingly clash with these interest groups, as illustrated by recent conflicts over intellectual property protection and demands by the industrialized countries for freer trade.

In the future there will be an increasing need for legal reform. Currently, the law is used to promote the interests of either the state or of powerful interest groups. Vast discretion is given to public officials by the system of subordinate legislations at officials' disposal. What is needed, however, is a form of law that balances the interests of the public at large against national interests more generally. The law should not only be an instrument for policymakers to utilize at will, but it should function as a mechanism to limit the discretion of policymakers. The law should also be used to promote the number and scope of formal interest groups (such as trade associations) to include associations formed by farmers, the poor, and non-governmental organizations.

Procedures and an institutional framework for public hearings should be developed, whereby all concerned parties are able to present their views before any legislation or executive regulations are passed or amended. Such requirements would reduce the uneven influence exerted by powerful interest groups and cartels over certain policy issues. This role for law should be developed so that Thai society would progress with a proper balance between interest groups and less privileged citizens.

In the final paper, on the role of the Thai state in the coming decades, the authors argue that the political system will continue its shift away from the "administrative-centered government" of the past to an increasingly interest-group centered government. Several problems of governance have arisen during this transition, however, which are likely to become more pronounced in the future. The problems center on the fundamental shortcoming that the state has been failing to provide the goods and services that are necessary for managing the increasing complexities of an urban, industrialized society.

Many of the services the state will increasingly need to provide are heavily knowledge-intensive and require great administrative and technological agility. However, the old practices associated with administrative-centered government, whereby officials implement policies and allocate patronage in a top-down fashion, are unsuitable for governing a complex economy. The older, top-down approach can be seen in official policies ranging from agricultural extension to irrigation management, and from public safety to public infrastructure projects. Many of the problems and deficiencies with public policy in these areas arise because the state is often unable to conduct information management in an intelligent fashion or perform

monitoring and feedback effectively.

The difficulties the state faces in meeting the tasks of a complex economy are compounded by the fact that urban and rural voters demand qualitatively different kinds of outputs from government. While urban dwellers-primarily business elites and the middle classes-want a government that can perform these knowledge-intensive tasks well, the average rural voters are more satisfied with the kinds of policies and resource distributions associated with the patronage practices of top-down government.

In the future, permutations of five key variables will determine how effectively the state is able to govern:

- the international economic environment (whether it is strong and open to trade, or whether growth weakens and trade contracts)
- the political roles of the urban middle classes
- the political roles of urban labor
- the unity and political roles of the military
- the extent of civil service reform/restructuring

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