

Individual essay : Political economy of development

It is believed that the factors of politics and economics are related in every country, where the politics are able to affect economics both negatively and positively in a country, which could lead to affecting the social structure of the country as well. Nevertheless, the social structure could also have an impact on the economic growth. In many countries such as the United States, North Korea and Thailand, has a leader of the country where this could refer to the government, the king or the prime minister, and have a way of dealing with certain issues differently, which these leaders are known for representing the developments of their country - the country shall grow in economical factor and social structure that benefits the lives of citizen. However, many leaders have failed to do so according to certain problems which will be stated further in the passage, such as how the political decisions have caused a great destruction to a country's society and growth, and the reasons behind the leader's actions.

According to the Marxism theory by Karl Marx, it have proven that many countries still believe in the concept that people decisions and orders shall be made due to their roles in the society - for instance, in Thailand the monarchy system has been used since the nineteenth century, therefore the king is the decision maker, followed by the prime minister or the government, leaving other roles of people no choice and freedom in making decisions. To illustrate the Marxism in Thai economy in the nineteenth century, the king was the one who solved the problem facing all sectors, but it had been claimed that the Thai's economy had already been in crisis before the 1932 revolution due to the king's political weakness and the moment of the great depression, then continually resulted as a social structure issue as well. In the year 1930 the king tried to deal with the melted down economy by cutting the budget in many ways, for example decreasing the military budget and the civil service payrolls which disgruntled military officers and elite people, and forced into the stage of transformation. The decision-making for all sectors of society are taken into account by the king who owns the highest authority, even the judgement above the politics. Until the democratic revolutions in 1932, it had transformed Thailand into a constitutional monarchy with a prime minister as a leader, whereas it had created political instability since it was introduced by the coup of military officers.

The theory proves and conceptualizes that citizens are being controlled and constructed by what the country's leader decides, the more money a person owns the more power they have among the groups of people, except for when it comes to the election where they have the freedom to choose the most appropriate and suitable leader for themselves and the country.

However, the democratic political system is not always effective and does not always serve the efficient outcome for the citizens since there are many ways in which the parties use to gain voters and does not form a good public policy

eventually. For example, in Thailand the government will boost the economy by regulating an attractive policy a few months before the election begins, then will slow down to the usual level again after the votes have been conceived, where this dynamic is known as the 'calendar effect' which certain situations have been scheduled by the politicians that cause impacts on the social structure within the country.

Apart from the calendar effect being used, many countries such as Thailand itself uses the 'bureaucracy system' which refers to public activities, projects and services being controlled by the government. These sponsorships have not only gained voice for the governments but also improve their image to certain groups of people. For example, the system of 30-baht hospitality fee that the government provides for the Thais have increased votes from those in the lower class that are in need. However, the people in the middle and upper class who are not capable of the sponsors have less population compared to the lower class people, resulting in the government winning the election. In the unpunctual economic growth stimulation, the private sector slows down the investment rate for the obvious policy, or the currency fluctuation. Thai government should focus more on trends associated with social and economic growth to raise the ability of urbanization, suburban development, industrial expansion, and increasing growth in many sectors. Therefore, the 'free market' theory has been introduced in order to reach equilibrium for the economic world with the most efficient outcome.

What is 'Free Market'? The term free market qualifies for an economic system that is made for the economic world to be viewed as equilibrium without the help and support from the government, in other words, markets that are left alone. It is seen as the most efficient system that serves the best outcome for citizens where people and firms had the potential to maximize their freedom, therefore many countries have used this policy to develop their economy with four type of free market all together - ;1) privatization ;2) deregulation ;3) liberalization and ;4) reduction, where these markets have been divided and categorized according to different types, for example the state-owned firms are privatization where these firms are known as controlled by the government, and international trade firms are called liberalization. According to the system, it supports the focus of categorizing goods and services rather than the wealth and roles of people, which happens in the system of capitalism.

Capitalism, on the other hand, is more of the division of labour, where wealth has played an important role in the political economy. As mentioned above the lower labour are being pressed by the capitalists since the country sees it as capitalists are the ones paying high amounts of taxes and tariffs therefore these groups of people are highly supportive in the economic growth of the country. Nevertheless, those who are employed workers are the group working for capitalists, gaining them all these monetaries and keeping them wealthy, such as in Thailand agriculture workers

(eg. farmers, fishermen) produces raw food and material for exporters, who are seen as capitalists, and are also the group that have received full credits in developing the country's economy.

The system of capitalism dividing labours has resulted in many negative effects towards the country, for instance increasing the competitive rate among the workers in each group. Making the wealthiest in control equals to making people want to be as wealthy as they could get, in order to have more power than others, leading to people having the thought of competing with each other especially people in the same group where jobs, roles and class are the same or similar. In addition, since capitalism makes people believe the capitalists are the highest group or people with full contollation of the country, the upper class people are left with nothing but to become capitalists - government, prime minister, for instance - in order to gain their power and succeed in competing with others.

However, according to people, they are categorized in groups by their classes as well - including lower class, middle class, upper class, elite, capitalists. People in the middle and upper class seem to be most efficient to the market and economy since they produce mass production for the country, for exporting and generating income, as well as purchasing a high amount of goods which the taxes return to the country, handling the country more money.

In order to support the theory and concept stated above, an economist, William D. Nordhaus, has claimed in his article of 'Political Business Cycle' that the relationship between economic growth and political cycle in a country is impacted by the government's behavior, therefore when the government fails it is described that the government is a failure and creates a great disparity downward in the hierarchy tier. In most countries the people believe there is no good government and that the political is the reason for the poor economic outcome, which summarizes that the government has failed in many marketing systems such as public good, inequality, monopoly, merit good, factor immobility, agriculture, cyclical instability, externalities, demerit good (PIMM FACED) - where these are all the types of market failure. For example, in terms of agriculture, fluctuation in prices and weather in producing crops and externalities are unstable, resulting in the economy failing when the government is incontrol of the downsides.

The image of government failure is unsolved since according to the government and politicians, the system of democracy comes before the economy. They believe that democracy will create justice within the country where it will eventually improve the social structure, therefore many countries use the technique of voting in elections making the citizens choose who they want to be in control. However, in the election the government is picked by the number of votes rather than the economic efficiency. For example, a party that is most suitable to the country's economy loses to the one with the higher number of votes, where this is

because the government wants to support the citizens' choice that they allow them to choose. Nevertheless, according to the government, they use systems that gain their votes such as the calendar effect and sponsorship mentioned above. Government knows that using the voting system gains democracy that citizens think they receive, and knows that people will vote since it is their only choice for them to have a voice and freedom in making decisions within the country. Moreover, there are also citizens who are active in political issues and want to participate in the activity nevertheless. According to Thailand, the Thai system was still defined as "semi-democracy" because it did not suit the standard of the western democracies that we applied for due to the patron-client relationship. This clientelism created government failures which terribly shaped the government's behavior and created a great disparity downward the hierarchy tier. The Thai society, public administration also applied the bureaucracy system in which any public activities and projects are sponsored by the government.

According to the government, they have developed economic within the country by providing public services for the people, which these are divided into four categories ;1) private goods ;2) collective goods ;3) common goods and ;4) public goods - where the government and community controls everything since they are the ones provided all these goods and services, while private can only control private goods, public goods and collective goods. In the governance of public service, it has been divided into three parts including market, state and community where different parts share different benefits. For instance, the markets benefit from private information while the state is able to control and enforce rules, community, on the other hand collect private information as well as being able to enhance what the government and the market fails to do.

In the economic modernization, many countries have been focusing on inventing systems that will improve and develop their economic growth, which the United States in the 90s has seems to be one country that has succeeded according to the government provision and spending. The government firstly focused on developing the country as a whole, providing all sorts of goods and services that make benefits to the people, such as building schools, constructing highways, and supporting military spending as the war between the United States and Korea became booming during those years. The economy has resulted in a growth of 250%, from 200 billion dollars to 500 billion dollars, and decreasing of the unemployment in the country. This shows that infrastructure and country development of social structure plays an impact on the economy as well. When people live in a better society and atmosphere, they will most likely to have better education which turns out to more people being able to generate income to the country such as people now have jobs that pay taxes, along with these people having the money to buy goods such as cars and houses, giving the country more money and bettering people's lives. The people in the lower classes develop to

become middle class, and the same goes to the middle classes where they have developed and expanded their lifestyles.

Returning to the economic world, the base goal is to reach the equilibrium where the supply and demand meets, meaning people want and need must equal to what they provide. Therefore, in the early years the country has been focusing on only producing a certain amount that people need in order to not be leftover with higher supply than demand, but as the country develops and people have better ways of living and income, the market can be switched to producing supply then focus on reaching the demand. In other words, cars and other goods and services can now be produced ahead and the demand of people's needs will follow.

To summarize, a country's sustainability is to develop an economy which will enhance the social structure to a better level, however, in order to do so the government and politics plays an important role. The politics impacts the economy where if the government results in a failure of controlling the money income of a country then the economy would face a downfall, which affects the people and citizens. As mentioned, the countries that have developed economically and financially wise, are the countries that have been improved by the government in certain ways. However, in many countries the government is not doing their job well and still is seen as a failure since there are many systems involved, such as the calendar effect and marxism theory, that eventually resulted in a negative outcome in the social aspect which hits the economy as well.