The Development of Capitalism in Thailand

TU101 BE

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Group Presentation: 1 Sept 2017

- In a group of 7. Choose 1 ASEAN Country (1 group per 1 country).
- Make yourself the representatives of that country
- Give 7 minutes presentation trying to convince international investors to come and invest. Highlight a crucial aspect and the potential of the country's economy!

  - Submit the print out of your presentation. Your presentation will be evaluated by your friends vote + lecturer.

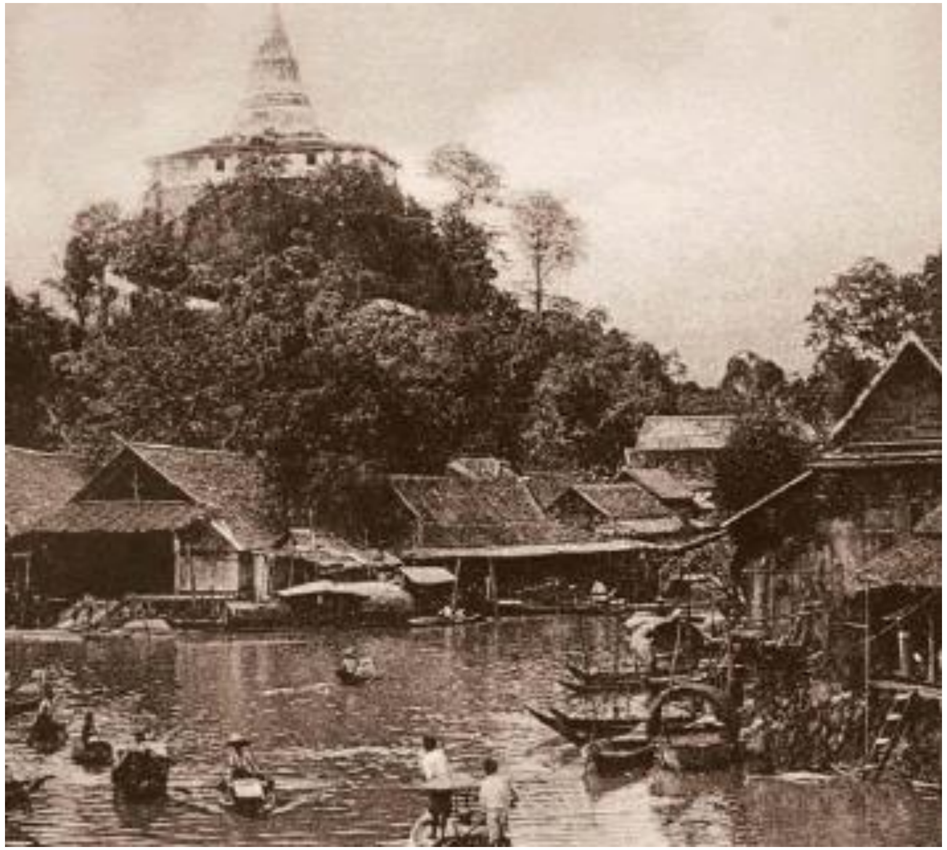
Individual Essay (Due Oct 9)

- Choose from the following questions to write 800 words essay
  - What was the most crucial turning point in World’s capitalism?
  - What best explain the present nature of Thai capitalism?
  - What is the most crucial challenge face by Thai economy at the present?
  - How much should the minimum wage be?
  - How much welfare should migrant receive?
  - What should be beyond the limit of free-speech?

- Be precise. Strictly no plagiarism. Cite the sources of information youu use.
- Similarity in content leads to the simultaneous downgrade of marks.
- Submit at the BE Office on Oct 9.

Thai Economy: Then and Now

- Early Rattanakosin



- 2017

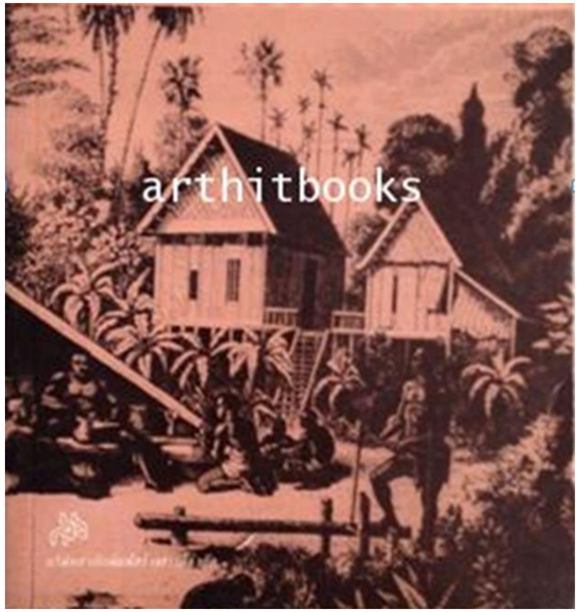
How did we get here?

Early Rattanakosin (1782-1850)

- Two types of areas facilitated the Kingdom’s two crucial forms of production.
  - Rice production
  - Collection of forest products

Early Rattanakosin (1782-1850)

- Duality of Trade and Subsistence Economy
    - Nobles and King actively pursued trade
    - Under the Sakdina system, Phrai (peasants) and slave were extracted of labour.
    - Other than providing labour, Phrai lived in subsistence.



Chinese in Early Rattanakosin

Catalyst of Change

- Inflow of Chinese led to
  - New types and techniques of agricultural production
  - Expansion of domestic market

Protector of Sakdina

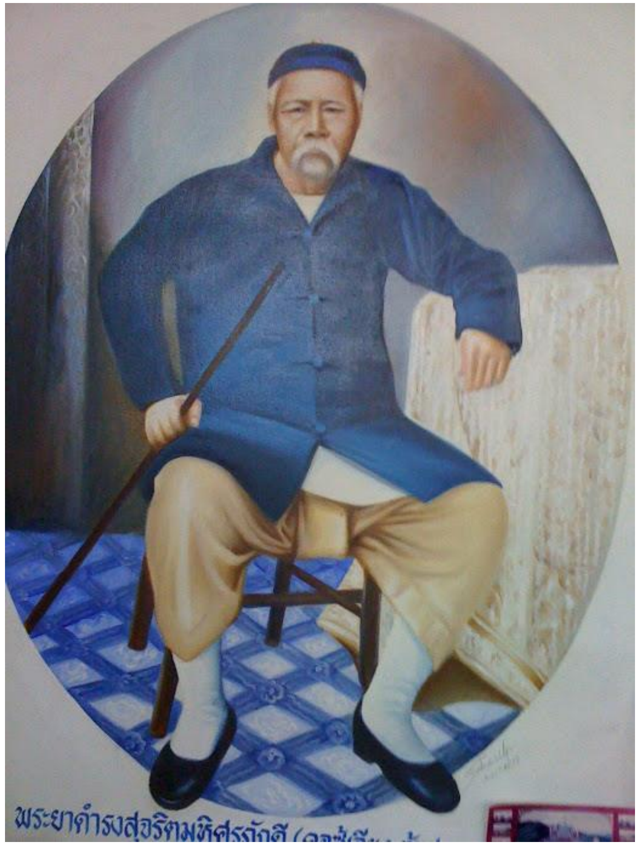
- But the Chinese also
  - Cooperated with Sakdina by becoming their “tax-collectors”
  - Helped sustain Sakdina while limited their own capital accumulation.

Parasitic Capitalism

Chinese in Early Rattanakosin

Catalyst of Change

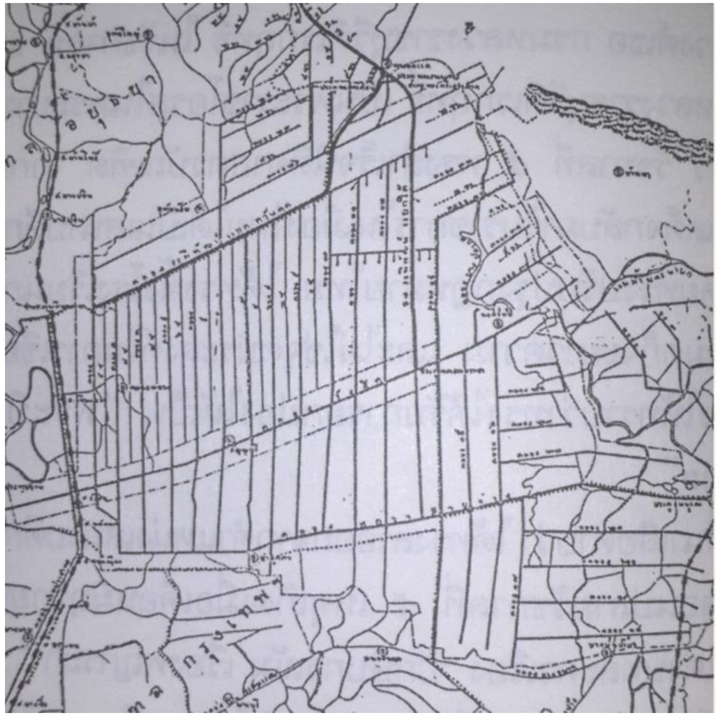
Protector of Sakdina



Bowring Treaty (1855)

- Granting the ability to trade freely
- Extra-territorial rights
- 3 percent tariff

- Impact
  - Integration of Siam into World Economy under imperialism
  - Rapid expansion of rice production



Rise and Fall of Absolutism (1850-1932)

- Rama V Reform: the Rise of Absolutism and Siam Nation State

- Defining the borders
- Building forces
- Constructing ideologies
- Building bureaucracy

Rise and Fall of Absolutism (1850-1932)

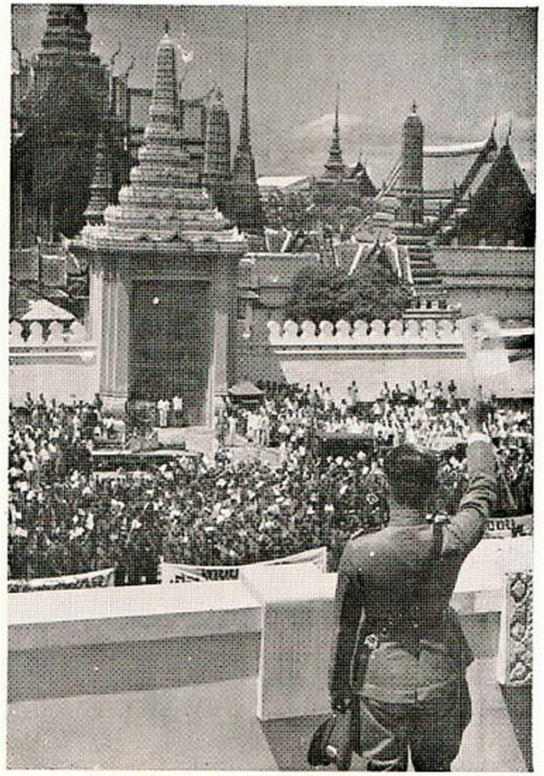
- Capitalism under Rama V: Three Capitalists and a Transformed Peasants
  - 3 groups of capitalists competing
    - Chinese controlling rice trade
    - Westerners accessing service and serving urban consumers
    - The Crown and nobles holding lands
  - Big changes to the peasant
    - Small farmers cultivating new land or renting
    - Shifting between serving market and subsistence

1932 Revolution

- The great depression caused the export price for rice to drop 50%
  - Chain of consequences: lost in farmers income, gov't revenue, cuts in budget
  - Whose responsibility?

Post 1932 to WWII

- The Rise of Military Nationalism under Phibul

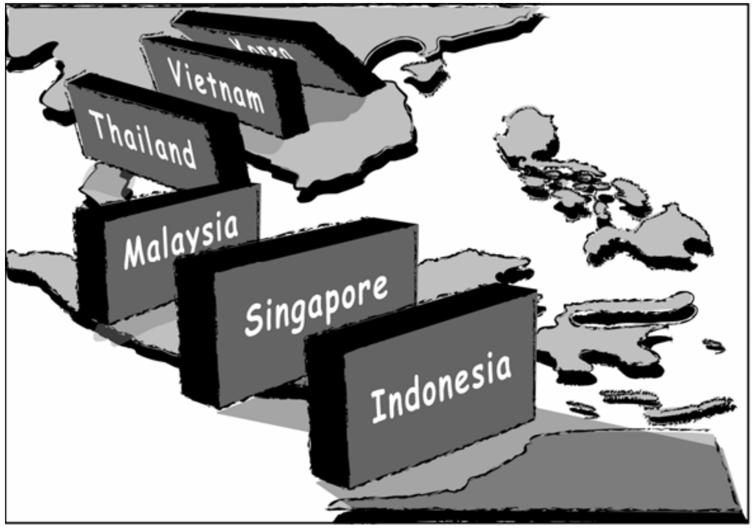


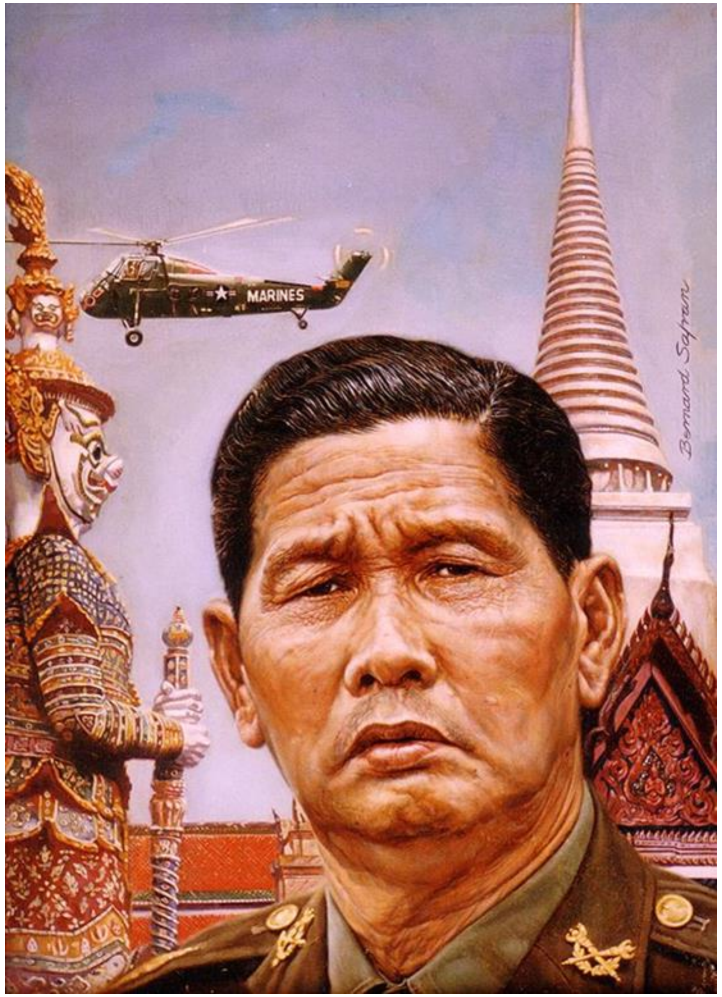
ท่านนายกรัฐมนตรีโบกธงรับบรรดานิสสิตและนักเรียนเตรียมอุดมแห่ง
จุฬาลงกรณมหาวิทยาลัย ซึ่งเดินขะบวนแห่เรียกร้องดินแดนคืน
๘ ตุลาคม ๒๔๘๓ ที่หน้ากระทรวงกลาโหม

Post 1932 to WWII

- Economic Nationalism
  - Nationalism led to the view that peasants hardship rooted in exploitation by foreigners
  - Continuing with the trend from Absolutism, Chinese were identified as the foreigners who caused problem.
  - “We now dominate the Chinese, who have to do whatever we want them to"
- Bureaucratic Capitalists
  - “A Thai economy for the Thai people” promoted state enterprises to replace the Chinese.
  - Bureaucrats became a new group of capitalist via control of state enterprises and forming alliance with private sector.

America and The Rise of Sarit Thanarat



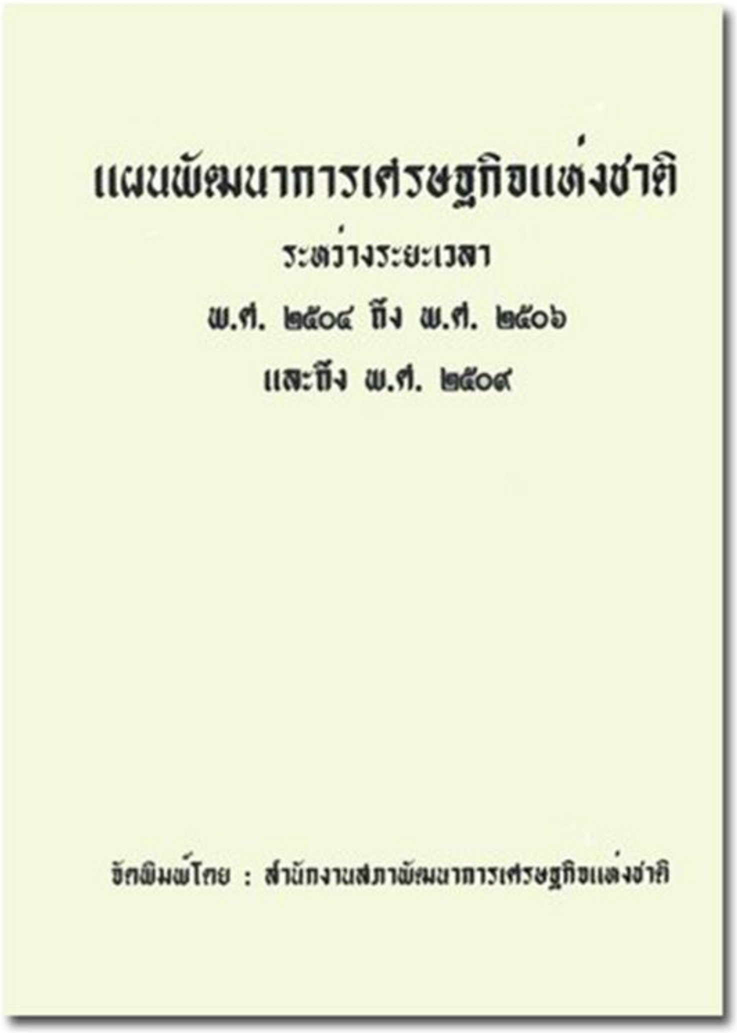


U-Tapao Royal Thai Naval Air BAse (RTNAB) with Buddha Mountain in the background, a Thai Marine watches a B-52D land as a KC-135 takes off

Development Era (1950-1980)

- Under US advises, Sarit proclaimed a new economic strategy “development era”
  - Growth led by private sector
  - Extensive infrastructure investment
  - Import-substitution

- Bankers capitalism
  - Chinese bankers performed a crucial task of allocating funds
  - Like other emerging capitals in this period, relied on “reciprocal relations” with the military



Sarit’s “Imbalanced Development”

- Private capitals
  - Tariff protection
  - Joint investment from foreigners
  - Licensing regime

SAHAPAT

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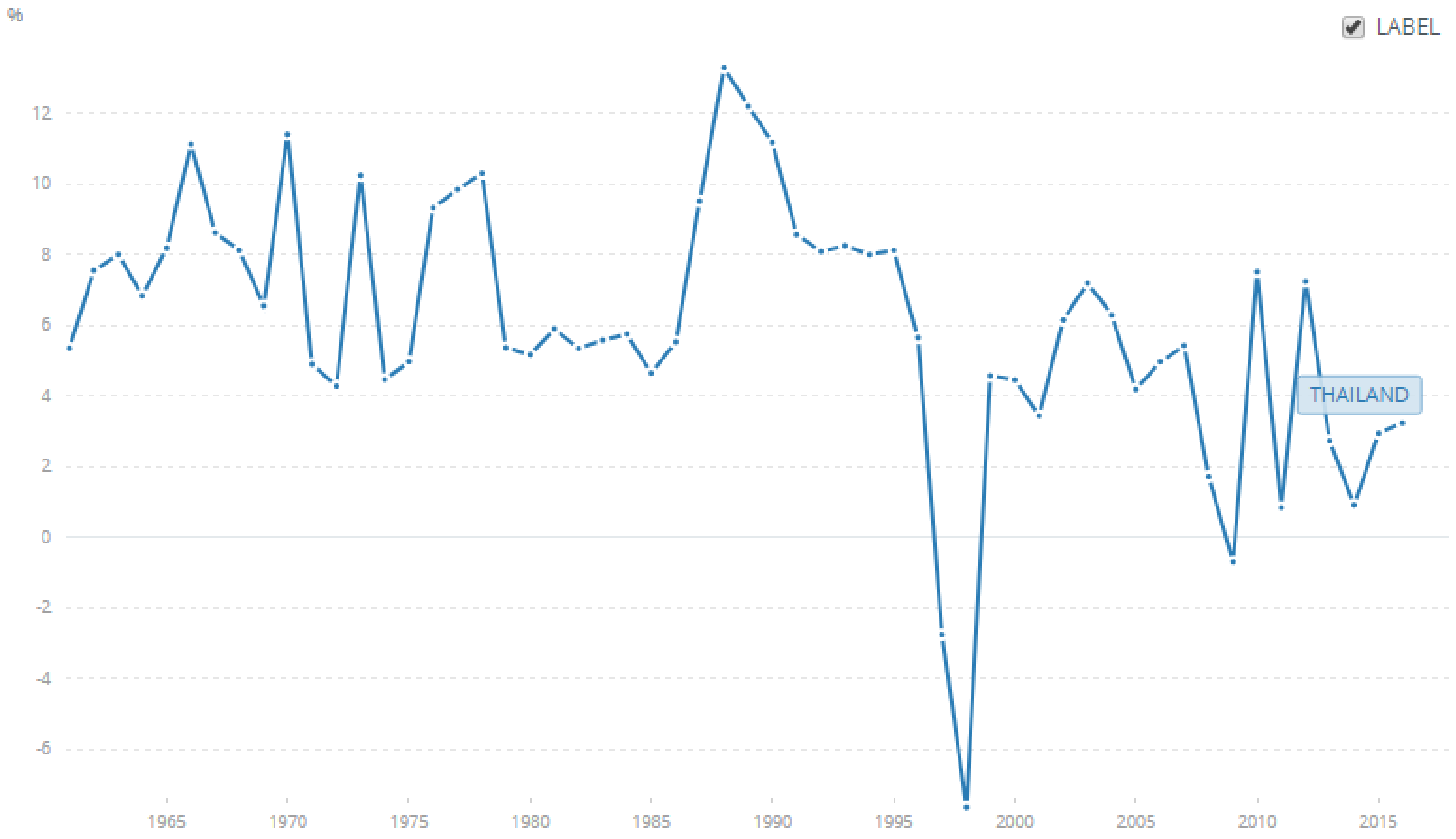
- Farmers & workers
  - Exploited by tariff
  - Low wages, suppression of unions
  - Limited land entitlements

1980-Present

- The import-substitution strategy reached limits in late 1970s
- Oil shocks and the devaluation of Baht in early 1980s.



1980-Present

- The growth strategy was shifted to “export-oriented” in mid 1980s. Thailand converged to **full-scale capitalism.**
  - Removal of tariff-protection
  - Foreign direction investment. Integration in East-Asia chain of production
  - Financial liberalization

1980-Present

- 1997 Financial Crisis and the IMF Structural (Neo-liberal) Reform

Phases of Capitalism in Thailand VS World

Thailand

- Early Rattanakosin (1782-1850): Parasitic Capitalists
- Rise and Fall of Absolutism (1850-1932): Three Capitalists
- Military Nationalism (1932-1950): Bureaucratic Capitalists
- Development Era (1950-1980): Bankers Capitalism
- 1980-Now: Full-Scale Capitalism to Neo-liberalism

World Captialism

- Dawn of capitalism (1500-1820)
- Industrial Revolution (1820-1870)
- High noon (1870-1913)
- Turmoil (1914-1945)
- Golden Age (1945-1973)
- Discontinuity (1973-1979)
- Rise and Fall of Neo-liberalism (1980-Today)