

EVOLUTION OF RURAL DEVELOPMENT STRATEGIES AND POLICIES LESSONS FROM THAILAND

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Document de travail ART-Dev 2016-4

October 2016

EE460: Thai Economy

Semester 1/2019

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1. Support to production to facilitate industrialisation (1957–1975)

- Since the 1960s and even before, and until the mid-1970s, the **agricultural sector** played **a central role** in **fuelling industrialisation**.
- The State encouraged the development of agriculture through:
 - (i) support for **farm settlement** and the development of deforestation in pioneer fronts, **transforming forest areas into agricultural land**, and consuming environmental capital; and
 - (ii) the **modernisation** and **diversification** of agriculture.
- In 1966, the **Bank for Agriculture and Agricultural Cooperatives (BAAC)** was established with the mission to provide credit to farm households through a **“group-guarantee” system** (Poapongsakorn, 2009).
- This policy was quite a success, **since 90 % of households were able to access credit** (Goss et al., 2001). The availability of rural finance in Thailand is a key component of Thailand’s success.

1. Support to production to facilitate industrialisation (1957–1975) (cont'd)

- Diversification efforts from rice **were limited to small developments** in **maize**, **cassava** and **sugarcane** production.
- **Rice** remained the **first choice** of production, although its **importance relatively decreased**.
- **High production** and **low prices** facilitated **access** to food for **city dwellers** and **workers**.
- Nevertheless, this first movement towards diversification initiated a **first expansion** of **agricultural commodities** for the development of **agro-industries** (animal feed, sugarcane and food packaging) which were fully part of the industrialisation strategy (Goss et al., 2001).

1. Support to production to facilitate industrialisation (1957–1975) (cont'd)

- In order to support this dynamic, the State provided adequate **infrastructure**, and protection for small industries through **price guarantee mechanisms**, as well as **incentives for industrial development** outside of Bangkok (extension of the Investment Promotion Act to the agribusiness sector in 1972 and 1977).
- The expansion of the agricultural sector was also influenced by the progressive development of **contract farming** which boosted **technology transfer** (especially in the **poultry sector**).
- This has been facilitated by the **emergence of conglomerates**, first dedicated to **food production**, and then diversified into a large range of activities in industry or services.

1. Support to production to facilitate industrialisation (1957–1975) (cont'd)

- In the 1970s, Thailand began to **export high-value products** (chicken, canned tuna, frozen shrimp, and vegetables).
- However, from the mid-seventies, this agricultural development model started to show its limits: **land concentration had increased**, with **48 % of landlords owning only 16 % of the cultivated land**.
- Even if progressive **labour migration flows to the cities** (mainly Bangkok) partly reduced tensions in rural areas, **spatial inequalities** and **the rural–urban divide increased**.

2. Vertical integration, export strategy, and early signs of interest in rural development (1976–1988)

- In the eighties, the **export-oriented industrialisation** resulted in massive **rural–urban migrations**.
- The rural workforce working in agriculture around Bangkok became scarce.
- Simultaneously, the agricultural development model was challenged by the **limits of deforestation** and the **fall in agricultural commodity prices** (in 1979–1980 and in 1986) which **impacted on profitability** (Kermel-Torres et al., 2000; Poapongsakorn, 2009).
- In reaction, the government **supported agricultural intensification** and continued with **incentives for agroindustries** (numerous projects were financed during the 5th development plan).

2. Vertical integration, export strategy, and early signs of interest in rural development (1976–1988) (cont'd)

- **Diversification and intensification** of agricultural production differed from one region to another as a result of their differing intrinsic characteristics (with a higher intensification in the central region due to easy irrigation) and also of the **influence of agro-industrial firms**.
- They contributed to the emergence of **vertically integrated agri-food production** (especially for **poultry**) which directly influenced production patterns: **crop choices, technical systems**, etc.

2. Vertical integration, export strategy, and early signs of interest in rural development (1976–1988) (cont'd)

- In parallel, the government first initiated programs to **support rural diversification** as a way to **mitigate the impact of intensification and concentration** in agriculture, and to foster the development in lagging regions.
- One of the major policy instruments was the promotion and the development of **Community Based Enterprises (CBE)**, in charge of providing support to **new activities** and **facilitating improvement** of the existing ones.
- Teerakul (2012) explains that although the **contribution** of income from the CBE **to total household income** is **small**, the CBE also plays an **important role in community development** because it contributes **opportunities for social capital development**, social participation, capacity building and, potentially, gender empowerment.

3. Neglect of agriculture and rural issues, increasing inequalities and rural poverty (1989-1998)

- In the early 1990s, **agricultural prices fell again**, which resulted in **increasing migrations to cities** where **labour demand** for **manufacturing was high**.
- This trend led to growing **labour scarcity**, which translated into **increasing agricultural labour costs** in some rural areas and justified the development of **new labour-intensive techniques**.
- In parallel, following agricultural prices decreases, an important amount of **capital resources** was **drawn away from agriculture**, while trade integration and increasing competition impacted on the **regional distribution of production**.
- It resulted in increased land pressure in the major agricultural hot spots of the country.

3. Neglect of agriculture and rural issues, increasing inequalities and rural poverty (1989-1998) (cont'd)

- In that context, the reaction of agro-businesses was to develop further contract farming, which had initially been promoted by the State.
- The “relation between farmers and agribusinesses without state intervention became predominant” (Goss et al., 2001), with contracts being a way for agro-industries to secure access to production and capture agricultural labour.
- **Contracts** were more widely **applied for export production** items (such as **swine, shrimp, cashew, asparagus, tomato, eucalyptus, baby corn, bamboo shoots, pineapple and mushrooms**), but also contributed to a continued economic transformation of agriculture.

3. Neglect of agriculture and rural issues, increasing inequalities and rural poverty (1989-1998) (cont'd)

- The **1997 crisis** had a **major impact**: adjustment measures intensified state withdrawal from the sector and the privatisation of the remaining state enterprises; the **budget of the Ministries of Agriculture and of Cooperatives** was **reduced by 25 %**.
- This led anew to a **strong orientation of production towards exports**.
- The farmers' economic situation continued to worsen, with **decreasing product prices** and **increasing input prices** being attributable to the **depreciation of the baht**.
- **Farmers' debt multiplied** significantly and this became a major problem, while agricultural intensification techniques **increased environmental degradation**.

4. Social policies, rural development and renewed rice support (1999–2014)

- Thaksin's access to power marked a return of state intervention in the agricultural sector.
- The government responded to **farmers' liquidity and debt problems** with a **three-year debt deferment program** and the **provision of cheap credit**.
- Moreover, through the pledging program, it reinstated a **costly price support system for rice**.
- It encouraged exports with **deepening regional integration** and **low tariffs**.
- A **rice export strategy was initiated** together with other major rice exporting countries, together with a food safety strategy in order to address problems with chicken and shrimp exports.
- The level of **farming contracts** was **nearly halved**, and the government allowed the employment of foreign workers to reduce the relative labour scarcity.

4. Social policies, rural development and renewed rice support (1999–2014) (cont'd)

- In parallel, the government promoted the development of local communities and the diversification of activities in rural areas through the **One Tambon One Product program (OTOP)**, the implementation of **village funds**, and the **One District One Scholarship** program.
- This approach was **amplified with** the **adoption** of the ideology of the **Sufficiency economy**, promoted by a new government after Thaksin was overthrown.
- Several billion baht were committed in the 10th National Economic and Social Development Plan to promote the **development of activities in rural areas** through support for local dynamics and improvement of social capital.

4. Social policies, rural development and renewed rice support (1999–2014) (cont'd)

- The projects aimed to (i) build knowledge and occupational skills, (ii) create market opportunities for community products and reduce household expenditures, (iii) rehabilitate natural resources, (iv) give assistance to vulnerable people, and (v) provide basics services (health, education, etc.).
- The **rural non-farm economy** provides around **half of all rural jobs**.
- Many of these are linked to prospering agriculture: agro-processing, both upstream and downstream of farms, construction operations, metal workshops, and agricultural equipment manufacturers, as well as livestock feed and village retail shops.
- In the less agriculturally prosperous areas, different non-farm activities emerged, **centred around labour-intensive export activities**, such as gemstone cutting, silk weaving, and the production of artificial flowers, all for export (Poapongsakorn 1994; Haggblade et al., 2007)

5. A few reminders about the agricultural sector

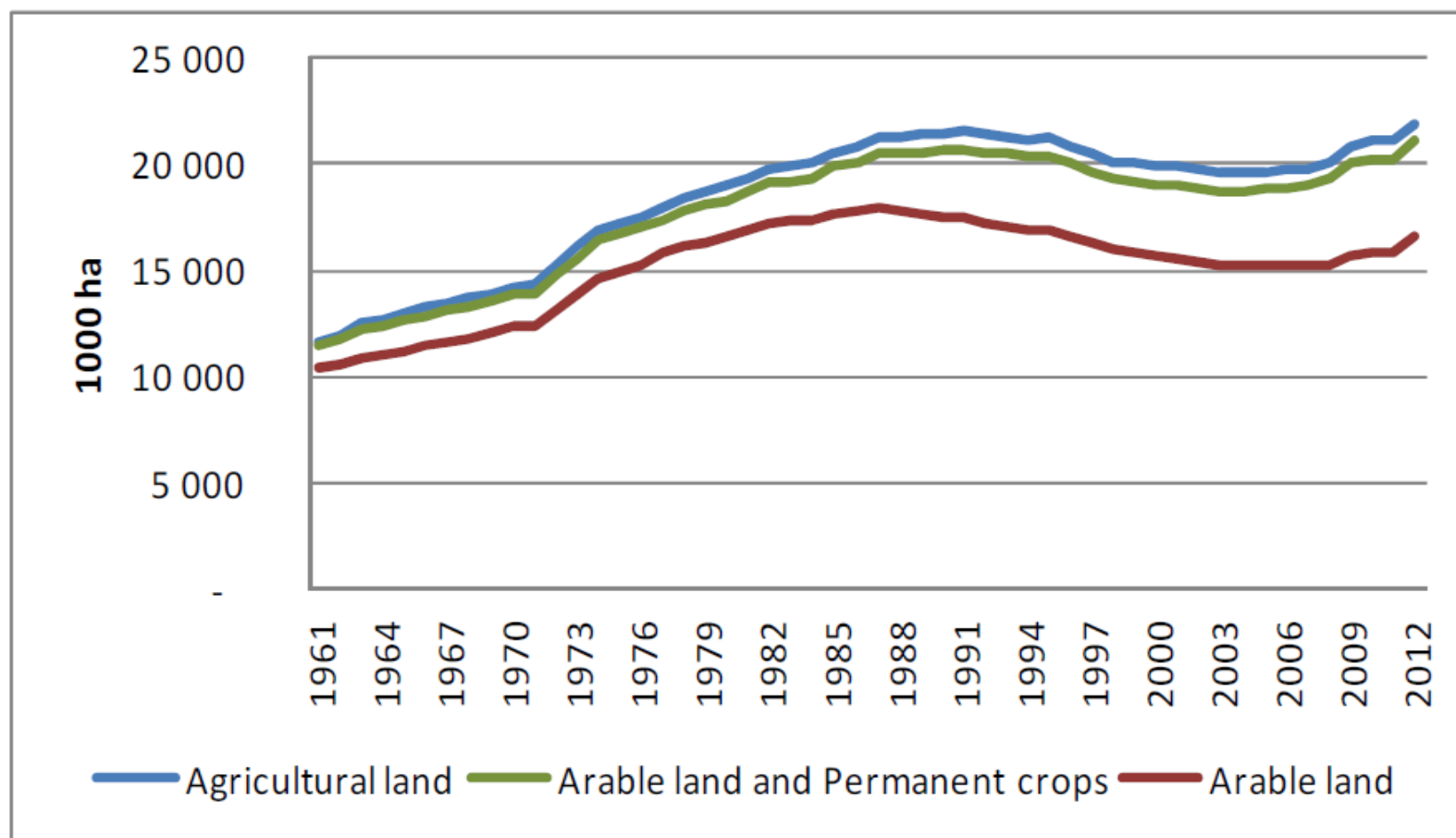
- In Thailand, the level of diversification of activities in rural areas is higher than in other similar Asian countries (Thapa et al., 2010).
- However, agriculture's importance **remains critical** in the **Northeast** and the **South**, the former **suffering from very low productivity**.
- **Areas of arable land** and **agricultural land** began to **increase significantly** in the early 1970s. Between 1970 and 1990, they respectively grew by **42 % and 50 %** (Figure 13).
- After a recession in the early 2000s following the economic adjustment measures, they progressively **reacquired their acreage** as a result of strong policy signals (Poapongsakorn et al., 2006).

5. A few reminders about the agricultural sector (cont'd)

- In spite of a growing labour force, **agricultural and arable land** per agricultural worker only **slightly decreased** due to **urbanisation and rural diversification**.
- Land allocation in the pioneer frontier to **small-scale farmers** served as **guarantee for the credit system**.
- The average acreage stands at around **1 ha per worker**.
- This is **quite high when compared with other Asian countries** (Thapa et al., 2010).
- The average farm holding is **3.65 ha**, as against **0.57 ha in Vietnam** (Figure 14).

5. A few reminders about the agricultural sector (cont'd)

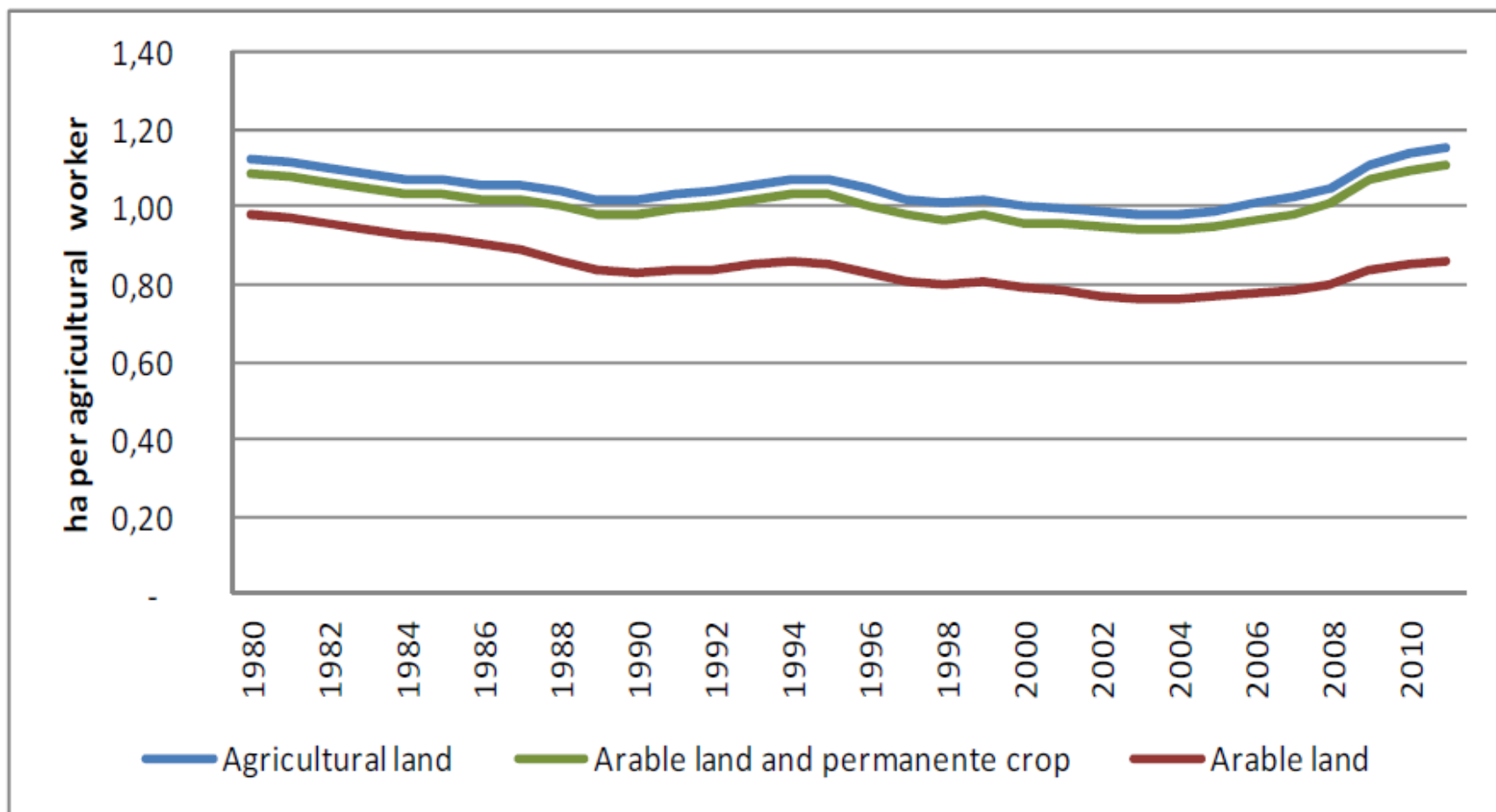
Figure 13 - Evolution of agricultural and arable areas (1961-2012)



Source: FAO stat

5. A few reminders about the agricultural sector (cont'd)

Figure 14 - Evolution of land available per agricultural worker (1980-2011)



Source: FAO stat and UNCTAD

5. A few reminders about the agricultural sector (cont'd)

- **Irrigation** has **gradually increased** since the early 1970s and today reaches around 40 % of the arable land (Table 1).
- **Farming systems** and **rice cultivation** models are relatively **mechanised**, compared with others Asian countries: the number of tractors grew very rapidly after the beginning of the 1990s and reached 1 tractor for 4 workers in 2002 (Table 2).
- This is a direct consequence of **increasing and relatively high labour cost** (Bruneau, 2008; Thapa et al., 2010).
Poapongsakorn (2006) estimated that, from 1980 to 2005, almost all the contribution to **agricultural growth** has come from **capital (60 %)** and from **technical progress (43.5%)**.

5. A few reminders about the agricultural sector (cont'd)

Table 1 - Irrigation development (1961-2012)

	1961	1966	1971	1976	1981	1986	1991	1996	2001	2006	2011	2012
Total irrigated land (1 000 ha)	1 621	1 768	2 106	2 448	3 171	3 912	4 349	5 120	5 710	6 305	6 415	6 415
Total irrigated land (% of arable land)	16	16	17	16	19	22	25	31	37	41	41	39

Table 2 - Agricultural machinery

	1963	1968	1973	1978	1983	1988	1993	1998	2002
Tractors (units)	5 000	5 000	7 000	7 000	20 824	34 823	65 010	183 704	439 139
Tractors per 100 sq. km of arable land	5	4	6	5	12	20	37	111	281

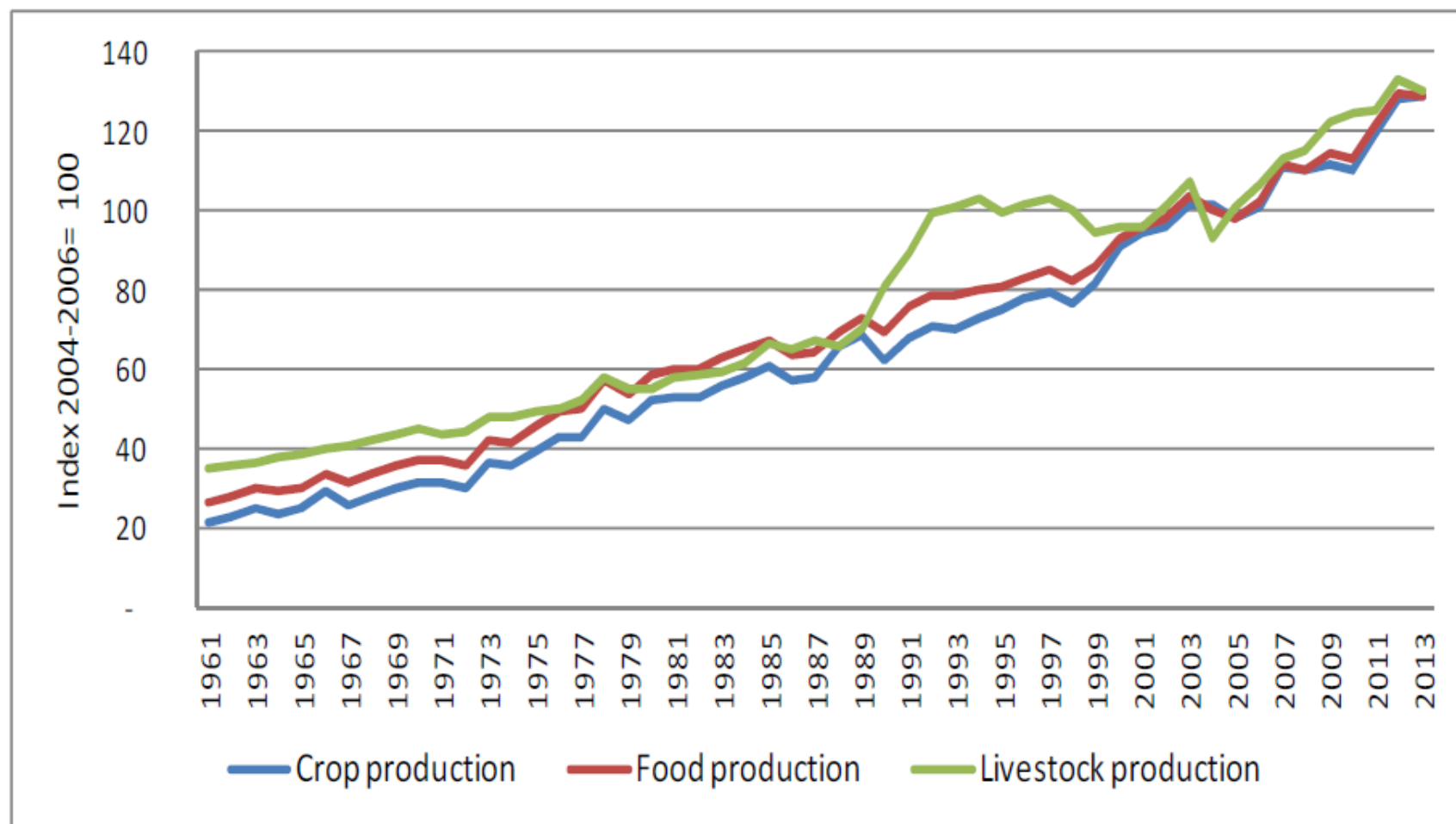
Source: WDI

5. A few reminders about the agricultural sector (cont'd)

- **Livestock and crop production increased steadily** after the early 1960s.
- Gross production value multiplied more than **fivefold** owing to huge productivity gains, which mainly occurred after 1980.
- As a result, **labour productivity doubled**: from 560 to 1,166 US\$ per agricultural worker (constant 2005) between 1980 and 2012, particularly after 2000 as a consequence of improving mechanisation (Figure 15).

5. A few reminders about the agricultural sector (cont'd)

Figure 15 - Evolution of the production index (1961-2012)



5. A few reminders about the agricultural sector (cont'd)

- Since the **early 1960s**, cereal production **has exceeded** the **domestic demand** and a **large part is exported**.
- Meat production followed the same path, but at a much lower pace: **meat exports** only started in the 1990s and were mainly driven by **poultry** (Table 3).
- The average **food supply per capita** and per day **progressively improved**, with a significant increase being experienced since the early 1990s.
- With 2,782 kcal per capita/day in 2013, it prevents undernourishment (Figure 16).
- Around **7 % of the population**, or about 5 million people, remain **undernourished** (Figure 17).

5. A few reminders about the agricultural sector (cont'd)

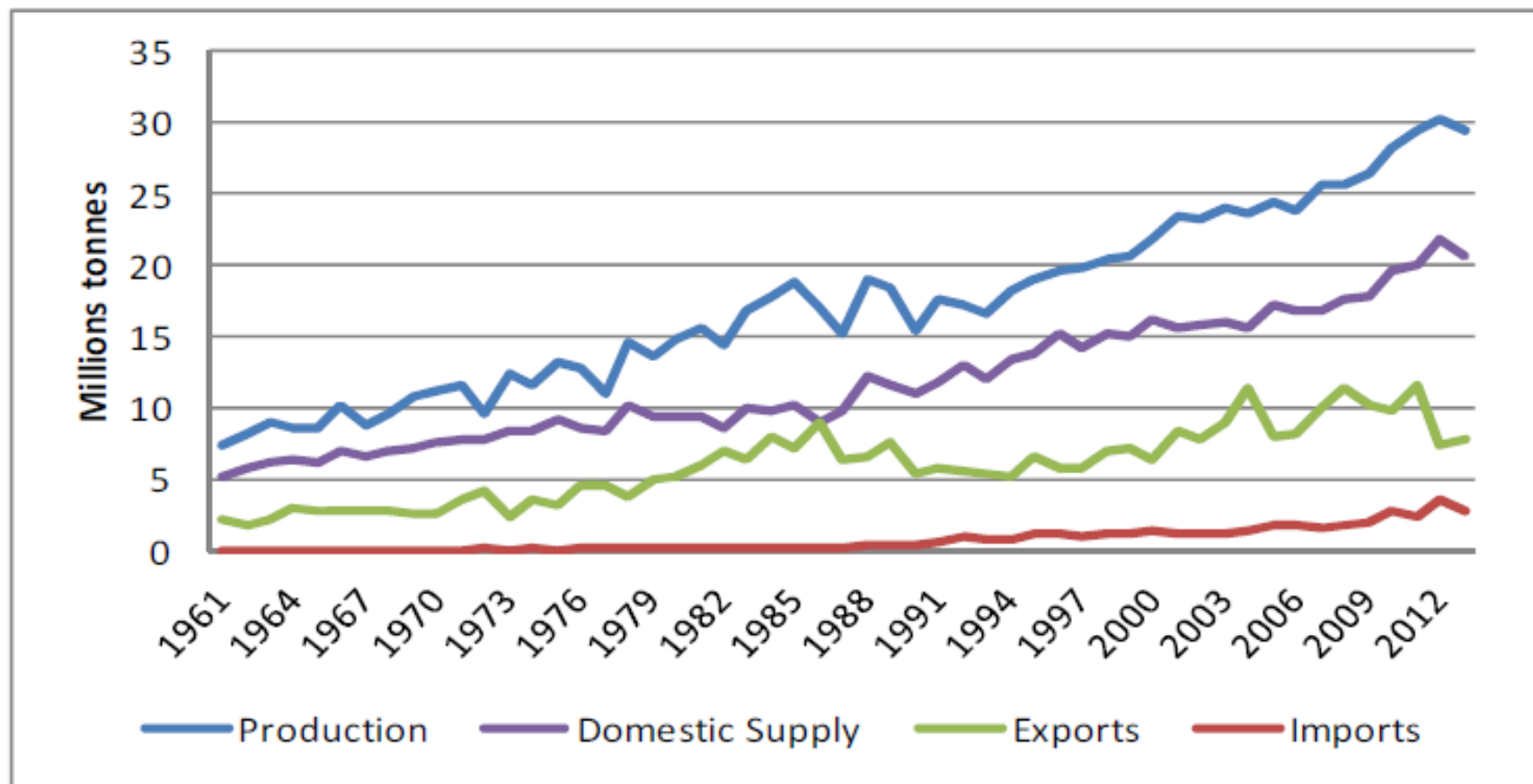
Table 3 - Food supply (kcal/capita/day)

	1961	1966	1971	1976	1981	1986	1991	1996	2001	2006	2011	2013
Grand Total	1 942	2 280	2 194	2 220	2 198	2 096	2 260	2 558	2 578	2 796	2 760	2 784
Vegetal Products	1 775	2 093	2 007	2 040	1 995	1 890	1 978	2 241	2 284	2 460	2 415	2 433
Animal Products	166	187	188	181	203	205	282	317	294	336	345	351

Source: FAO Stat data

5. A few reminders about the agricultural sector (cont'd)

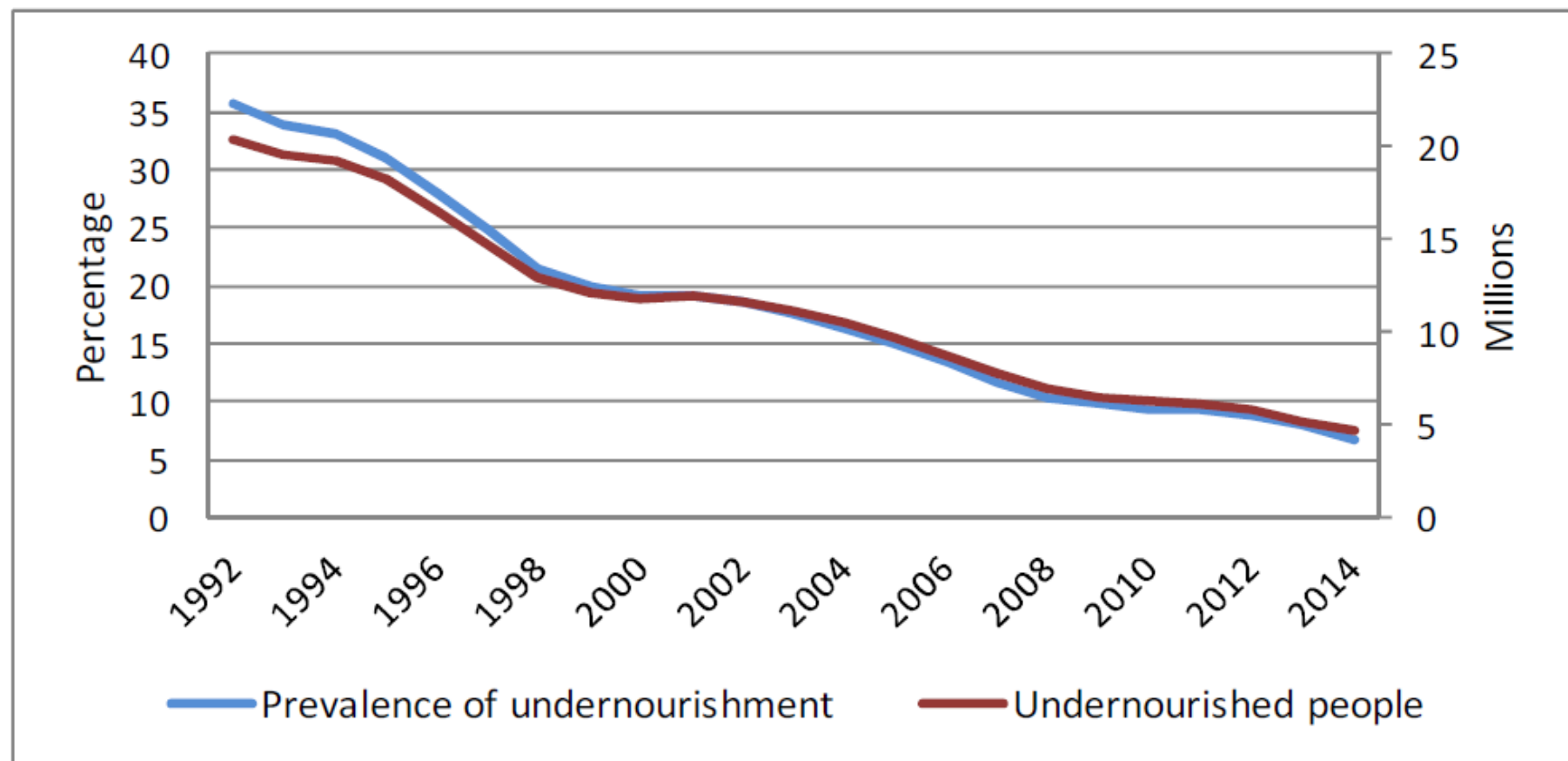
Figure 16 - Evolution of the cereal balance



Source: FAO stat

5. A few reminders about the agricultural sector (cont'd)

Figure 17 - Evolution of undernourishment (1992-2014)



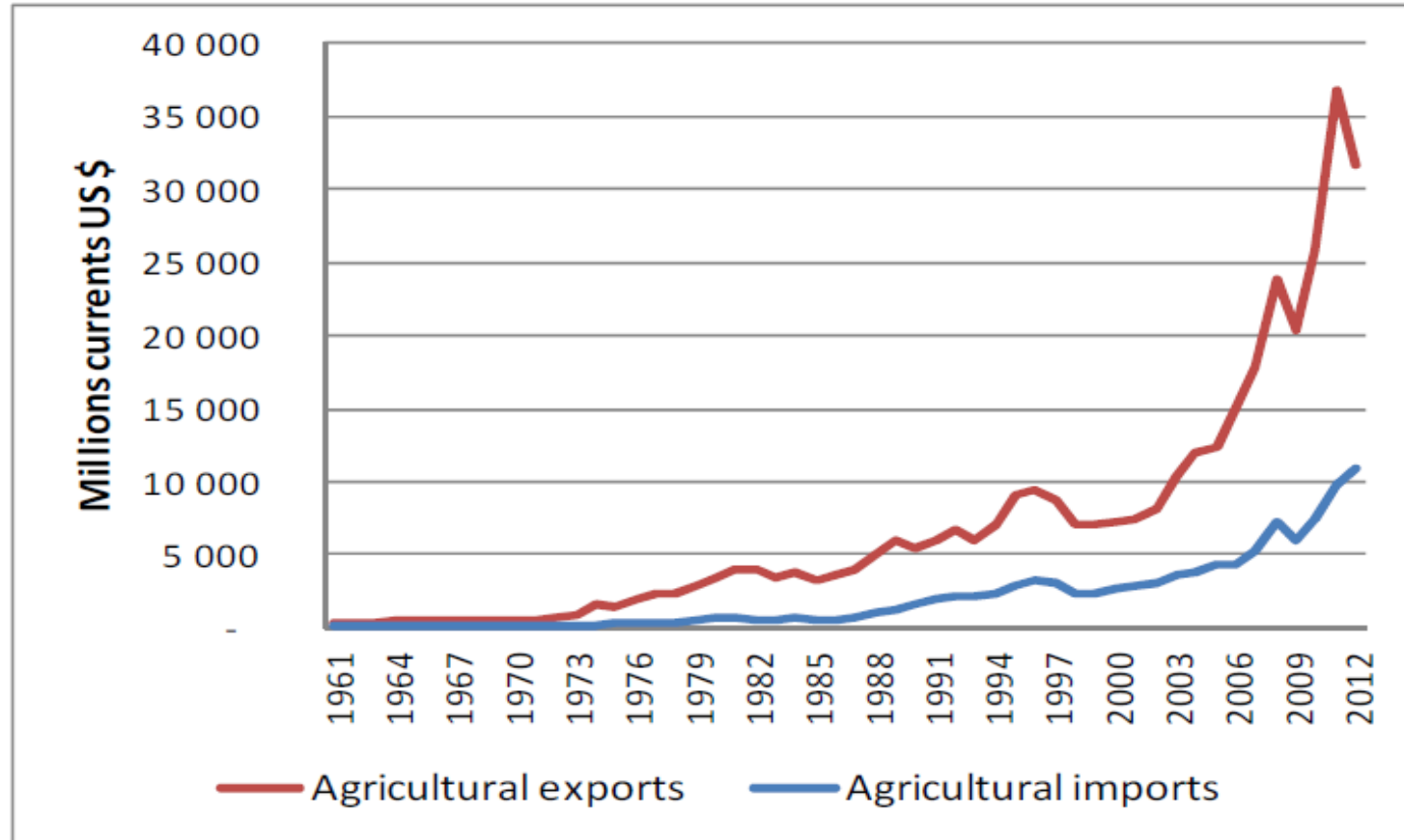
Source: FAO Stat

5. A few reminders about the agricultural sector (cont'd)

- Public support for agriculture has had **a positive impact** on the agricultural trade balance.
- Since the **early 2000s**, the value of **agricultural exports** has increased by **seventeen times** (in current US\$).
- However, the weight of agricultural products in the **global trade** balance **sharply decreased**: from **52% to 13%** of the merchandises exports between 1962 and 2013.
- The main decrease occurred in the 1980s and 1990s, when **the economy diversified strongly** as a result of the **export-oriented strategy** (Figure 18).

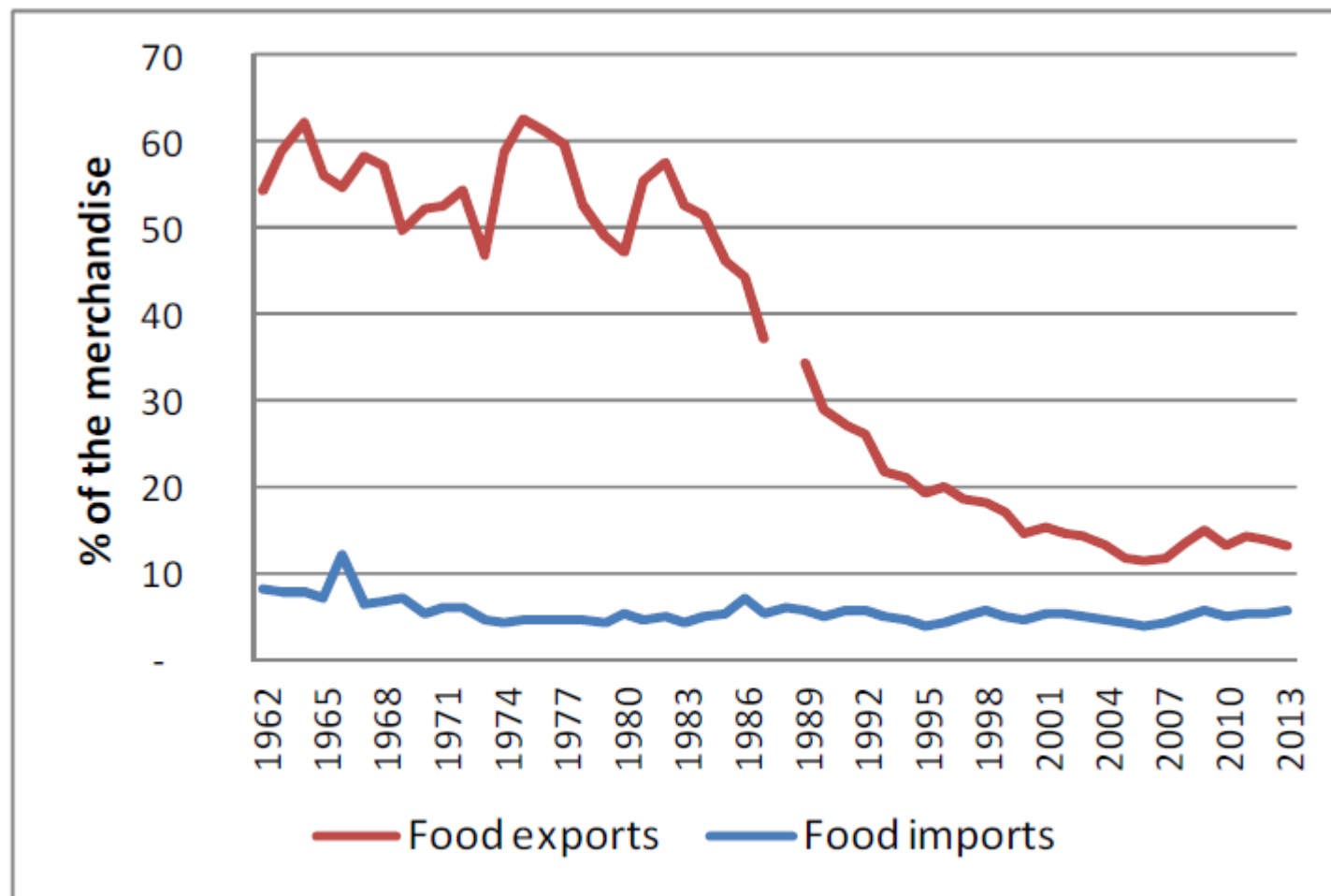
5. A few reminders about the agricultural sector (cont'd)

Figure 18 - Evolution and importance of agricultural trade



5. A few reminders about the agricultural sector (cont'd)

Figure 18 – Evolution and importance of agricultural trade (cont'd)



Source: FAO and WDI

6. Poverty reduction policies

- Although the Asian crisis placed a temporary break in the downward trend, **poverty reduction in Thailand has been dramatic**: in **1988 around 40%** of the population was living below the 2 US\$ (PPP) poverty line, while the ratio was **less than 4 % in 2010**.
- The **1.25 US\$ (PPP) poverty rate** followed the same trend: it dropped from **17% in 1988** to less than **1% in 2010** (Figure 19).
- National ratios are less spectacular: in 2011, 13 % of the population was still living under the national poverty line and poverty is more a rural problem (17% rural poor vs 9% urban).
- However, since 2000, the **gap between rural and urban poverty has narrowed** (Figure No 20).
- Poverty is mainly **concentrated** in the **North East** and **North** regions where **agriculture remains the major** and often **unique activity** (Poapongsakorn, 2006).

6. Poverty reduction policies (cont'd)

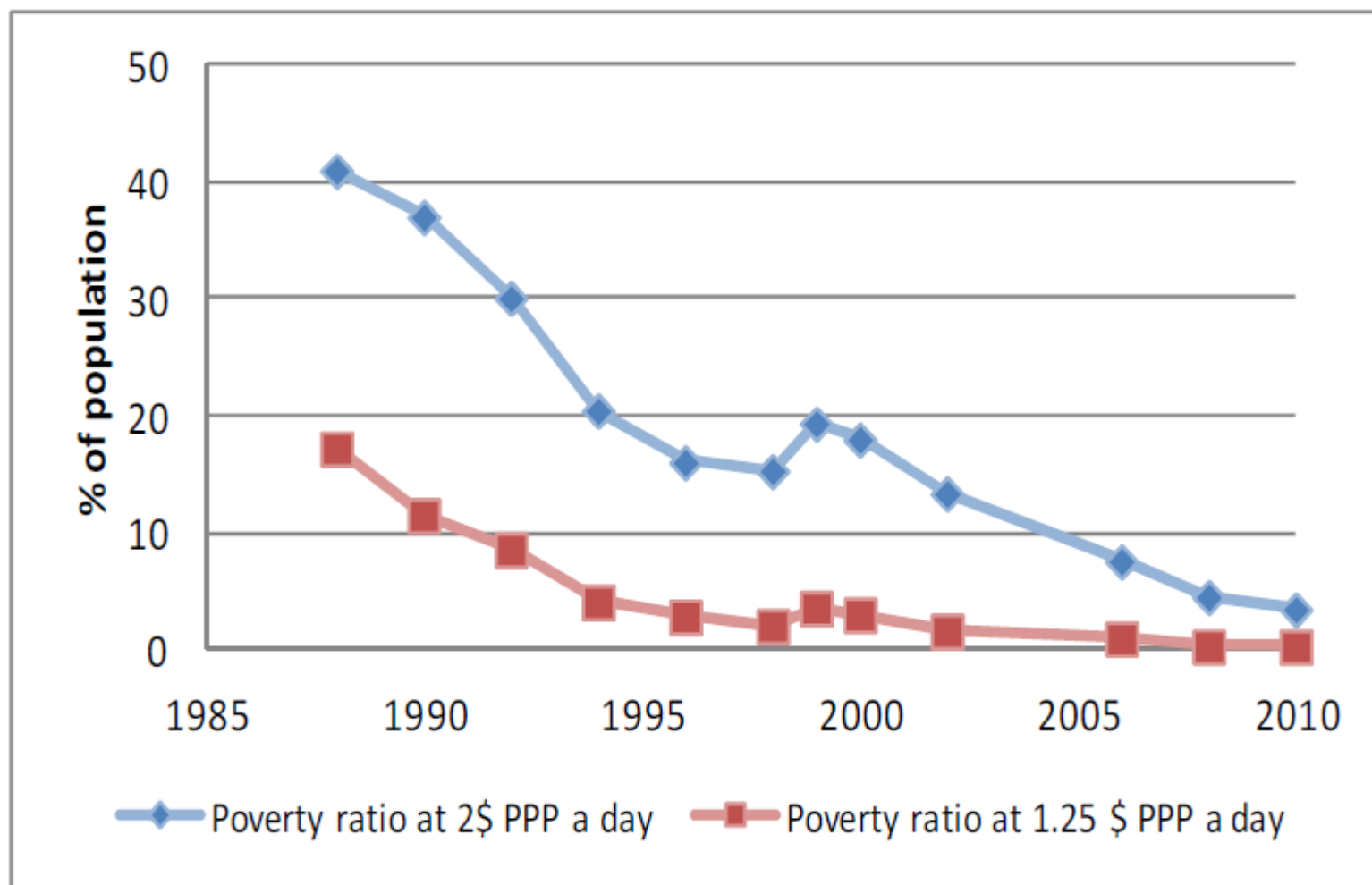
- Until the Asian crisis, **economic growth** and **industrialisation** and **rural-urban migration** had been the **most powerful drivers** of **poverty reduction** (Deolalikar, 2002).
- Through **tax on agricultural exports** (rice in the central region, rubber in the South, and cassava in the North), **export agriculture** has provided resources to **support growth**; it has **supplied cheap food** to the **urban worker**; it has offered the basis for a dynamic and **labour-intensive agroprocessing industry**; and it has fuelled the development of the **rural non-food economy** (Watanabe, 2009).

6. Poverty reduction policies (cont'd)

- Fan (2004) established that **agricultural labour productivity growth**, growth in **non-farm employment**, and changes in **agricultural prices** were the **three** most **important factors** in rural poverty reduction in Thailand.
- For every **1% growth** in **agricultural production**, **rural poverty is reduced by 0.4%**; in Thailand, **most farmers are net food sellers**, so **higher food prices** tend to **reduce rural poverty**.
- Similarly, **1% of non-farm employment growth reduces poverty by 1%**.
- This positive evolution **results from specific targeted policies**, but above all from the **progressive shift of the active population to cities** (either permanently, or during low farm activity periods), where an effective **economic diversification towards more productive activities** has occurred.
- After the Asian crisis, **social policies** have **substituted growth for poverty reduction**.

6. Poverty reduction policies (cont'd)

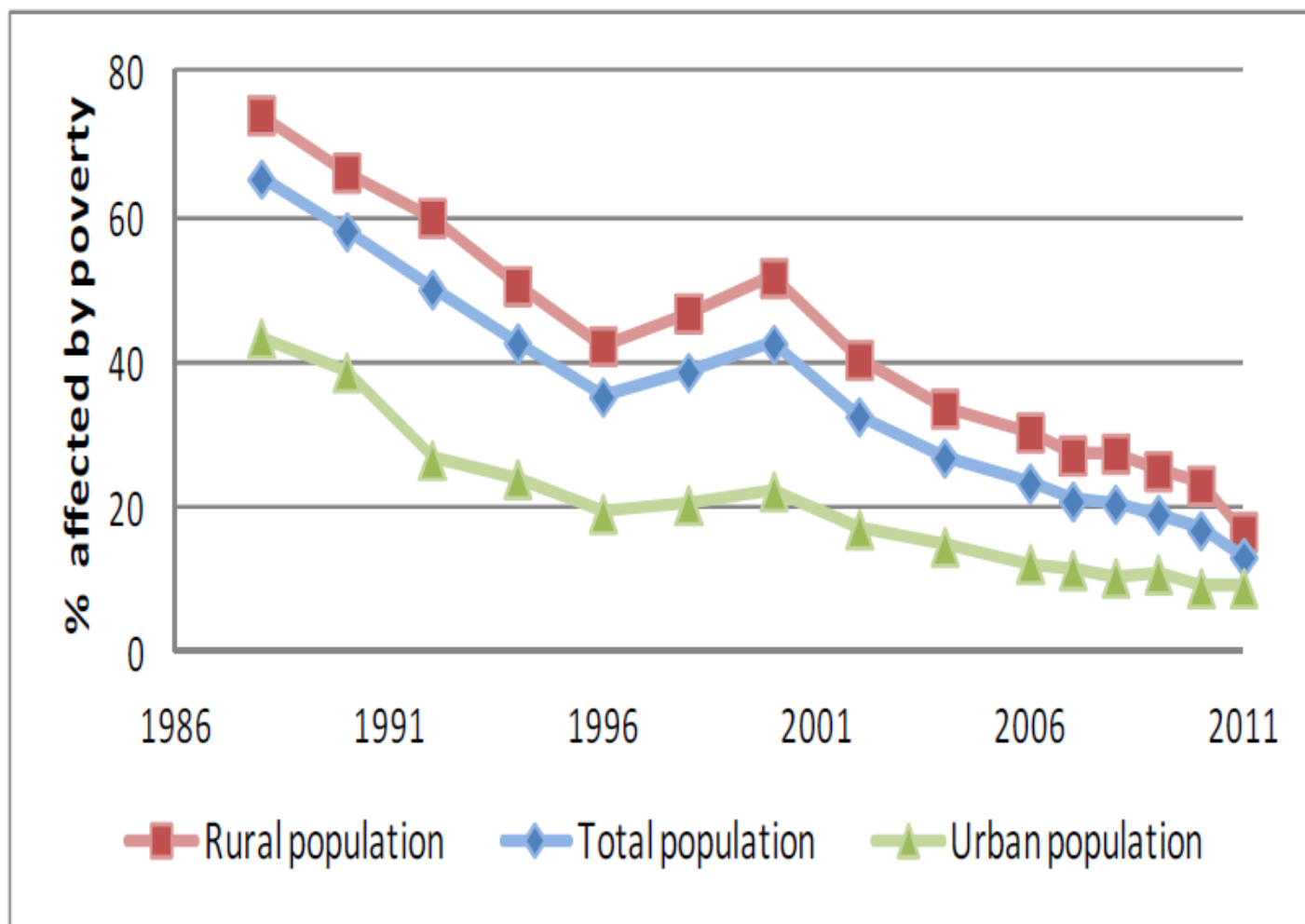
Figure 19 - Evolution of poverty (1985-2010)



Source: WDI

6. Poverty reduction policies (cont'd)

Figure 20 - Rural – urban distribution of poverty (national poverty line -1985-2011)



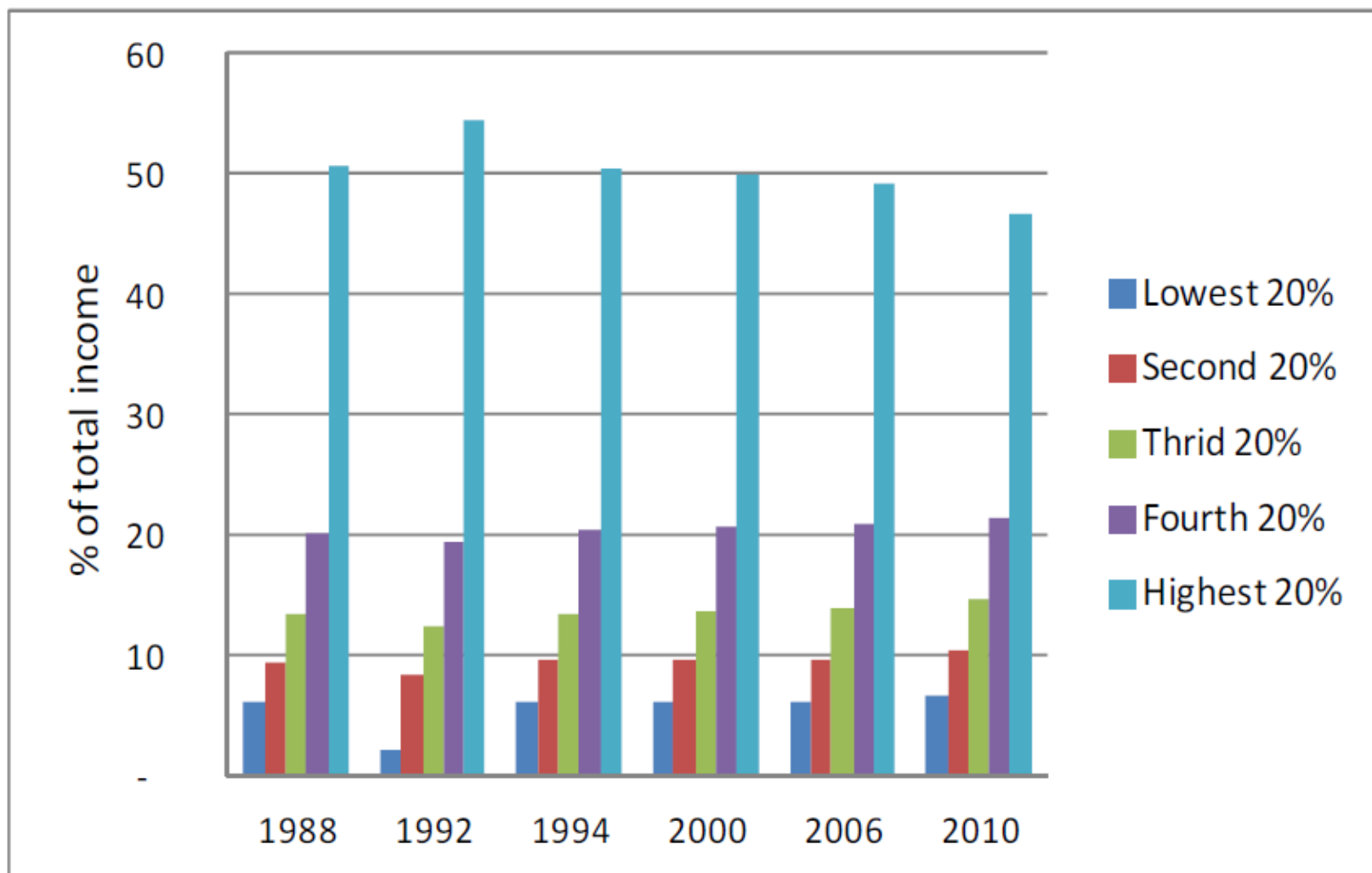
Source: WDI

6. Poverty reduction policies (cont'd)

- The GINI index **slightly decreased** from **0.44 in 1988** to **0.39 in 2010**, but **inequalities remain high**: despite improvement in the distribution, the **richest 20 %** still earn more than **47% of the total income**, whereas the **poorest 20% only received 7%** (Figure 21).

6. Poverty reduction policies (cont'd)

Figure 21 - Evolution of income distribution (1988-2010)



7. Social policies and human development

- During the 1960s, **priorities** were given to **infrastructure improvement** and **investment in human capital** through the establishment of **compulsory education** supported by the Colombo plan.
- Indeed, the **first three national plans** implemented by the National Economic and Social Development Board of Thailand (NESDB) focused on **roads, dams, electricity generation, water supply and primary education**.

7. Social policies and human development (cont'd)

- The main targets of education policies were the expansion of **primary schooling in rural areas** and the **promotion of tertiary education**, with the creation of the **first two universities**.
- However, despite these plans, the Thai development model faced a critical **shortage of educated workers** in the early 1990s, which prompted the government to **promote secondary education** by expanding education programs and **converting primary schools into secondary schools** in order to train more teachers.

7. Social policies and human development (cont'd)

- After the 2000s and with the **renewed interest in a welfare state**, the number of programs dedicated to **health and education** increased: a first universal health insurance was established through the **“30 baht for all”** health program; the **“one district, one scholarship”** was developed in rural areas; and **more universities were created** (through the **conversion and grouping of thousands of technical colleges**).
- In 2008, the **Democrat government** increased the duration of education with the establishment of the **“twelve year free education”**, which significantly **increased access to secondary and higher schools**.

7. Social policies and human development (cont'd)

- As a consequence of these long-standing investments and of the 1990s push, **the level of infrastructure is particularly high.**
- About **88 % of the roads were already paved** in 1988, and the road density has been multiplied by **more than threefold since 1990.**
- Social infrastructure reached high standards in the 1980s and today, **96%** of the Thai population has access to an improved **water source**, **93%** to **sanitation facilities**, and **100%** has access to **electricity.**
- Differences between rural and urban areas are inconsequential (Table 4).

7. Social policies and human development (cont'd)

- Education has also **improved drastically**.
- The **school enrolment rate** in primary school has been high since the sixties and the rate of enrolment in secondary and tertiary education took off after the early 1990s: respectively, **95%, 91% and 51%** in 2013 (Figure 22).
- This performance is confirmed by a **high literacy rate** (**96% in 2010**, against already **88% in 1980**).

7. Social policies and human development (cont'd)

- As a consequence of targeted programs, particularly in the mid-2000s and since 2011, **health expenditures increased more than twofold between 1995 and 2013**, growing from **238 US\$ to 653 US\$ per capita** (PPP constant 2005) (Figure 23).
- This rate is particularly high according to international standards and expresses the performance of public policies.
- **Maternal mortality**, as well as **infant mortality**, has **sharply decreased** over the past 50 years and the improvement in living conditions is reflected in **life expectancy** that increased from **55 to 74 years between 1960 and 2012**.

7. Social policies and human development (cont'd)

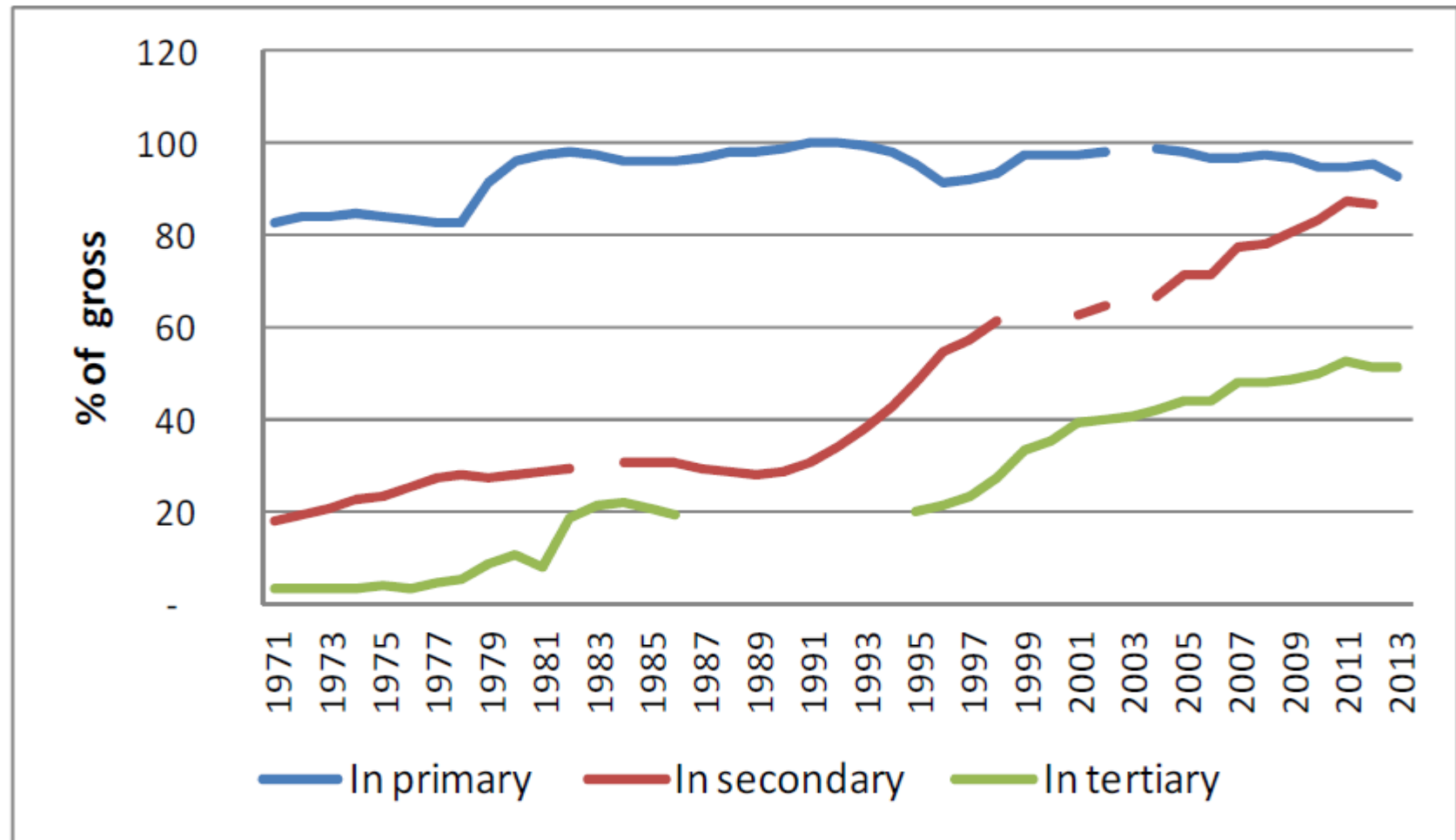
Table 4 - Evolution of welfare indicators

		1990	1995	2000	2005	2010	2012
Improved water source (% of population with access)		86	89	92	94	96	96
	% of rural population with access	82	86	90	93	95	95
	% of urban population with access	96	96	97	97	97	97
Improved sanitation facilities (% of population with access)		82	87	91	94	94	93
	% of rural population with access	80	86	93	96	96	96
	% of urban population with access	87	88	88	89	89	89
Access to electricity (% of population)		93		96		100	
	% of rural population	80		87		97	
	% of urban population	100		100		100	

Source: WDI

7. Social policies and human development (cont'd)

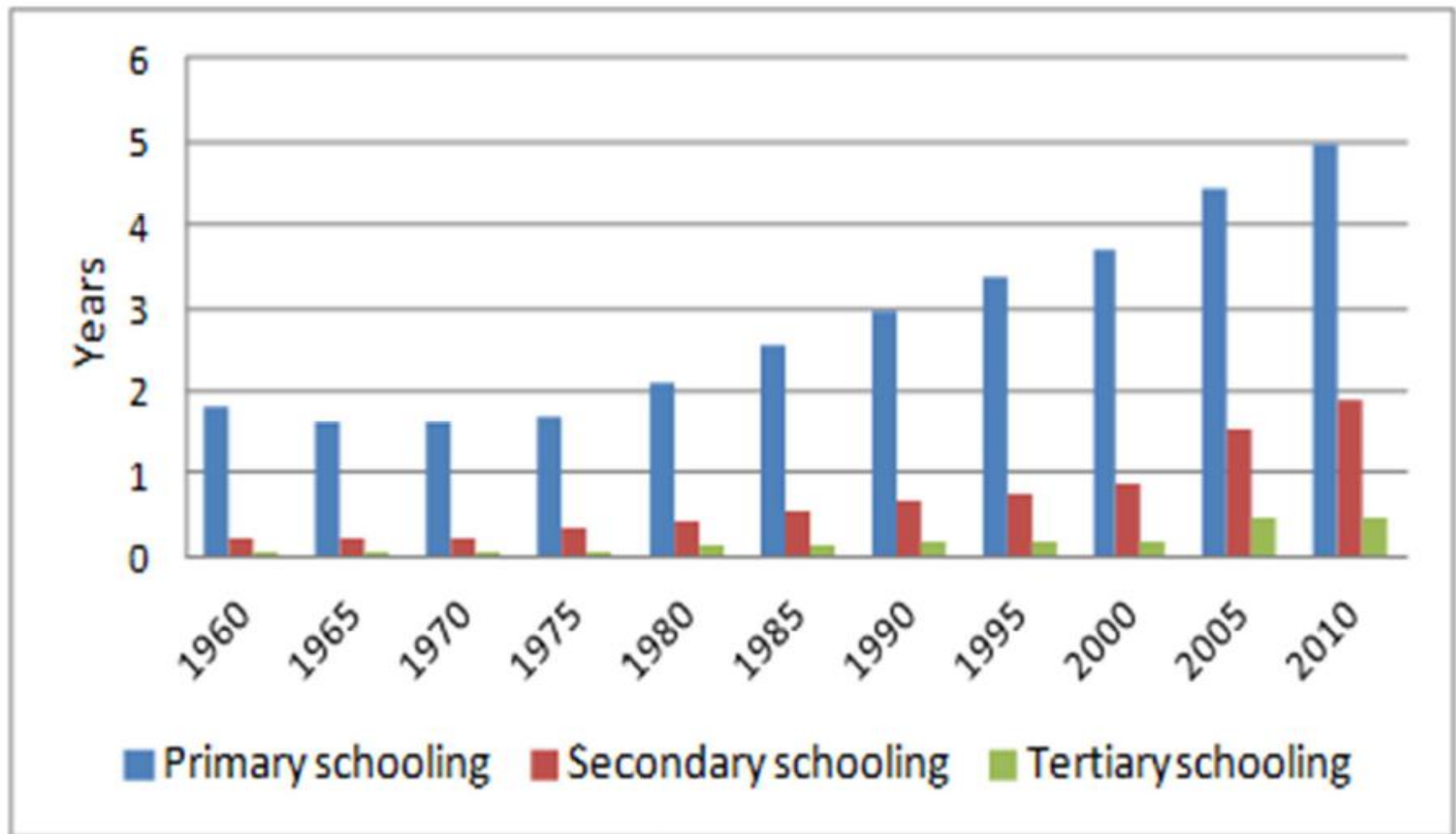
Figure 22 - Evolution of school enrolment (1971-2013)



Source: WDI

7. Social policies and human development (cont'd)

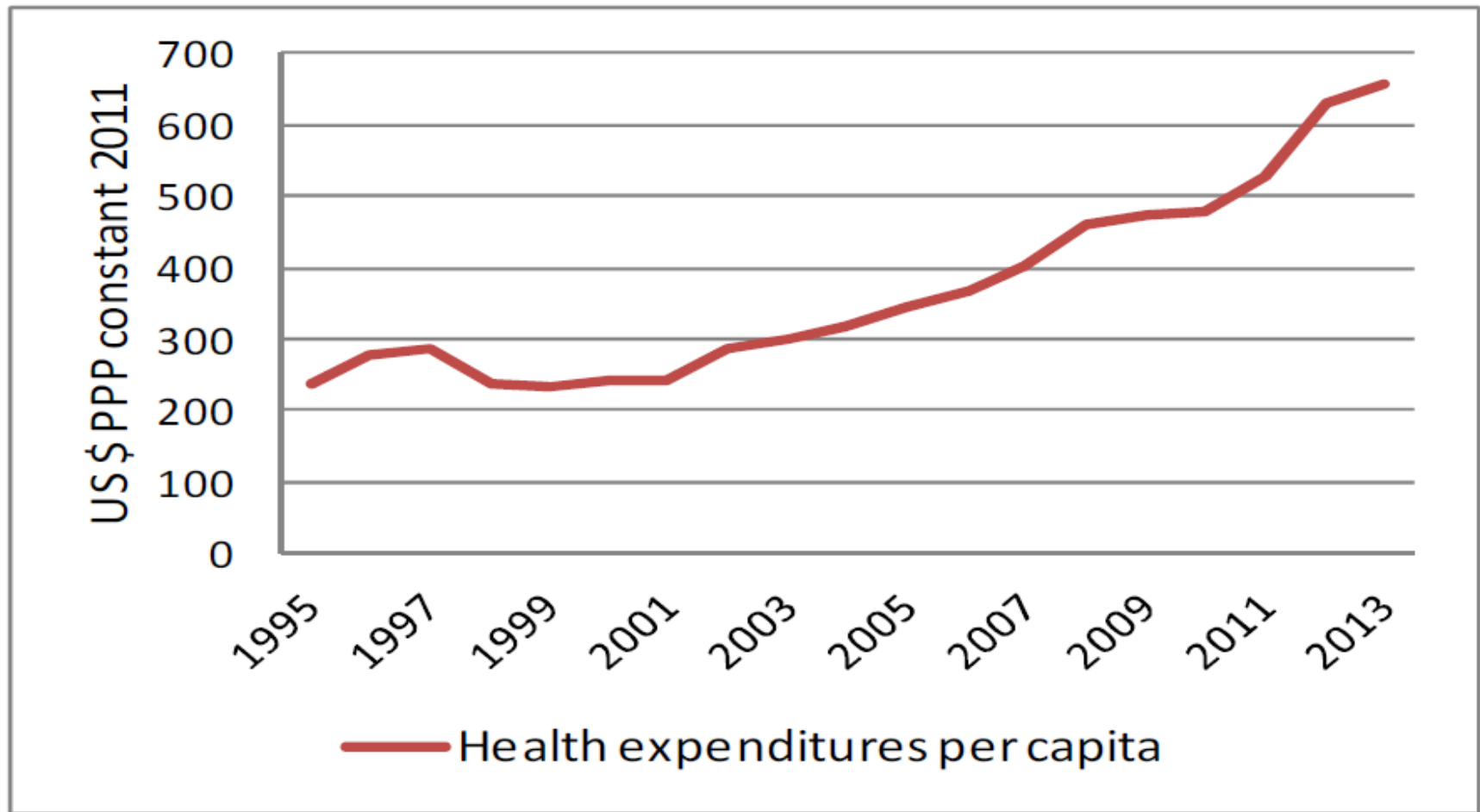
Figure 23 - Evolution of schooling duration



Source: WDI

7. Social policies and human development (cont'd)

Figure 24 - Evolution of health expenditures (1995-2013)



Source: WDI

8. About development policies

- Thailand's development trajectory **over the last 50 years** has been **complex**, with **shifting public policies** in a context of political instability, which, however did not prevent structural change.
- It was marked by **external drivers**: the Cold War, the rise of Asian powers in the world economy, trade liberalisation, financial instability, and volatility of capital flows at the global level.
- Internally, several issues shaped its development path: an accelerated **demographic transition** (the demographic issues are now those of an ageing country), a strong economic transition with **rapid diversification** and a declining weight of agriculture and, finally, a difficult political landscape experiencing recurring efforts to gain stability.

8. About development policies (cont'd)

- At the confluence of these different dynamics, **four periods** were identified with different development paradigms, economic comparative advantages, and levels of expectations from the Thai population.
- In the **first period until 1975**, characterised by the **Cold War**, the development paradigm was that of **state interventionism**.
- Thailand **benefited from the geopolitical rent** from the **“containment” of communism**, which resulted in strong investments in **irrigation** and **transport infrastructure**, and **basic education**.
- Agriculture's role was to **supply food markets** and **growing cities**, as well as the **workforce for the industrial sector** which was oriented towards **import substitution**.

8. About development policies (cont'd)

- **Between 1976 and 1988**, Thailand experienced a geopolitical swing with the **end of the Vietnam War** and the new opportunities related to **booming East Asian economies (Japan and then Korea)**.
- The **import-substitution** strategy was replaced by an **export-oriented strategy**.
- Agriculture started to experience changes with the development of **contract farming** and the emergence of **large private groups**.
- Final food products began to take over from raw materials in exports.
- In parallel, Government initiated **support for rural diversification**.

8. About development policies (cont'd)

- **Between 1989 and 2001**, successive governments benefited from **capital inflows and gas revenues**, which contributed to the emergence of a financial bubble.
- **Agriculture was neglected**, and **support programs** for **farmers** were **eliminated or reduced**.
- However, the **Asian crisis deeply weakened Thailand's economy** and placed inequality and poverty at the heart of the political debate.

8. About development policies (cont'd)

- As a reaction, the recent period has been characterised by a tentative reorientation of the development trajectory.
- The concept of “**sufficiency economy**” was intended to give more weight to internal dynamics.
- Community support was promoted and **agriculture won back attention**.
- **Spatial imbalances** between **Bangkok and rural regions** were discussed, which led to **targeted social policies**.
- However, the extraversion of the Thai economy, as well as **the difficulties of decentralisation**, hampered the process.

8. About development policies (cont'd)

- The political ability and financial capacity of the Thai state to manage the existing economic, social and regional tensions appear today as a major challenge, which translates in **recurring political instability**, a **divided country and successive coups decentralisation** remains a key issue in the political game.
- **Local governments** face **limited human** and **financial capacity**, which complicates the definition and the implementation of public policies.
- Weak governmental coordination is an additional difficulty and hampers the adoption of multisectorial and territorial approaches.

9. About rural development

- **Agriculture has played a critical role** in Thai development trajectory and was for long a focus of government's efforts.
- It has supported industrial development through **transfers of labour and capital**, and with a downstream strategy promoting the transformation of products.
- It resulted in the emergence of **national champions with large agro-businesses**.
- The sector was also part of the **political game**, with price supports being a way to gain **political backing from the countryside**.

9. About rural development (cont'd)

- Since agricultural growth was, and remains, a major driver of change in rural areas, **rural development policies** started to emerge at the **end of the seventies**.
- They had **two major objectives**: initiate a process of rural diversification as an answer to the consequences of agricultural modernisation (notably **farm differentiation**, related to **market integration and land concentration**); and provide support to lagging regions.

9. About rural development (cont'd)

- Government's action initially relied on **community-based approaches**, but it **became progressively** more sophisticated with **targeted programs** focusing on the development of local resources, and with a broader **strategy embedded in the national development plan** and addressing **multi-sectoral issues** (education, natural resources management, and targeted assistance to vulnerable people).

9. About rural development (cont'd)

- This progressive integration of overall rural development objectives into the policy agenda occurred in parallel with an effective and continuous effort towards the improvement of living conditions in rural areas and human development.
- Thailand has a **good record** in terms of **access to basic services** due to a **continuous investment in rural infrastructure** (roads, water and electricity) and **progress in education and health has been massive**.

10. Main cross-cutting themes

- In spite of its political instability, which sometimes impacted on policy orientations (as exemplified by the agricultural price policy), Thailand was **able to design and implement development strategies** and to deal with their **progressive adaptation**.
- This ability for embrace change helped the country to take advantage of an **evolving international environment** and to deal with the successive challenges of its structural transformation.

10. Main cross-cutting themes

- This relative flexibility results from the existing Thai **technostructure**, the performance of which relies on a long-standing tradition of self-government, rooted in the longevity of the Thai state (with an old reigning dynasty and the non-existence of formal colonisation), a class of high-skilled professionals trained in high standard universities, and a fluidity between research, universities and high-level civil service.
- This specific pattern explains the **autonomy of Thai development policies**.

10. Main cross-cutting themes (cont'd)

- This adaptation capacity has resulted in successive strategies for **agricultural modernisation** and **import-substitution industrialisation, export-oriented development**, and a tentative, more endogenous and self-reliant approach.
- At every stage, the **state has played a significant role** and provided the **necessary infrastructure**, together **incentives and support**, which have helped farmers, as well as facilitating the **emergence of agro-businesses**, which were able to somewhat **take over from the state** through the development of **contract farming**.
- Accumulation in agriculture was key and helped to diversify and progressively switch towards higher productivity sectors.

10. Main cross-cutting themes (cont'd)

- The state invested in agriculture modernisation through key outlays in **infrastructure** (roads, irrigation, electrification and telecommunications) and providing adequate **support with credit, vocational education** and **extension services** that facilitated the use of inputs and mechanisation, which resulted in significant productivity increase.
- The process was facilitated by exits of workers from agriculture, which was made possible by **existing labour opportunities in other sectors**, as well as by a long-lasting effort in education.
- Thailand was able to adapt and to reap the benefits of its **geographical location** and **skilled workforce**.

10. Main cross-cutting themes (cont'd)

- The international environment of the country facilitated the process of change through the **long-lasting support received from the West** during the **Cold War**, which assisted **investment in infrastructure** and **education**, and also because of the vicinity of high-growing East Asian countries which gave access to opportunities for **diversification** and **participation in the global value chains**.
- Although progress in rural welfare is highly significant, **rural–urban disparities**, as well as lagging regions, remain **a critical issue for the government**.

10. Main cross-cutting themes (cont'd)

- More has to be done than providing compensatory measures, and new, integrated and place-based strategies need to be designed in order to address the **existing challenges** related to **mega-urbanisation** (the congestion of Bangkok metropolitan area), **food safety** issues and new consumers' requirements, **climate change**, and the **degradation of the natural environment** (impacts of fertilisers, deforestation, and salinisation of coastal deltas).
- The necessary policy shift raises the question of **effective decentralisation** and the need to strengthen local governments in order to benefit from bottom-up contributions to local and national development issues.