

### **“Political structure evolution of Thailand and its impacts to the nation”**

In Thailand, the political system is a constitutional monarchy. This democratic system helps the country to decentralize power throughout the nation. It gives the power to the citizen of the nation to elect the representative to manage the country. Before the current political system, Thailand used an absolute monarchy system (Somburanayasittiratch) to govern people in the country. The absolute monarchy system (Somburanayasittiratch) gives absolute power to the monarchy to decide and manage for their citizen. In the past, there was Sakdina system. It is a social hierarchy. The rank represented the amount of land that a person holds. People that earn higher rank will get more privilege than others. There will be more people that respect the one who achieved this social status. The system has shown us an inequality issue from the root of the political system and the culture in Thailand. With the absolute monarchy system (Somburanayasittiratch), people do not have their right to vote, decide, and manage for the best of their nation. The absolute monarchy system has a common idea with the Marxist analogy.

According to the Marxist, Karl Marx believed that the capitalism system would create a further social class gap in society. The rich class will be richer, while the poor class will be poorer. People will self-concern on their benefits. Thus, the system creates a highly competitive environment for the economy. He instead offered another analogy. Karl Marx supported the idea of socialism and communism as he supported his argument that the system would eradicate the social class gap issue. In my opinion, the Marxist analogy would create an inefficiency to the economy. Since the system redistributed the wealth from rich to poor, there is less incentive for the rich to invest their money. People will be less productive as they think that they will get supported by the government.

Until the year 1926, Khana Ratsadon (the first political party in Thailand) has changed the system. The party was led by Pridi Banomyong and Plaek Phibunsongkhram. The aim was to decentralize the power throughout the nation. After the switch from the absolute monarchy system (Somburanayasittiratch) to constitutional monarchy, there is more participation of people in the country on politics. It creates more competition in the market. The power has decentralized. Moreover, as there is more economic freedom and political freedom. It creates more trades with other nations. From David Ricardo's theory of competitive advantage, he proved that free trade would generate a positive impact to the traded nations. As the exporter produce on their specialized product, the country does not

have to focus on producing the goods that they do not good at producing it. The country can import the goods from other nation that can produce it at a lower cost. Therefore, it creates more efficiency to the economy.

Although, the new system has improved things in many ways, there are also problems on the new system. According to the book *The Way Thais lead* (2016) by Larry S. Persons, it has addressed the problems and reasons behind the politics. Thai people/politicians hold a prioritization on Thai face: honor, fame, dignity, reputation, and prestige. The system gives the privilege to the one that holds these five things. Thai politicians have been fighting to hold the Thai face. For instance, in every past elections of Thailand, it can be seen as usual that there are a lot of politician that tried to offer the policy that incentivize people to vote for them the most as these politicians want to acquire the privilege from being the politician. In reality, these offered policies might not be able to implement or would generate a negative impact to the economy. In our society, people were still being dishonor as the system cannot detect, it leaves their actions keep on existing. Thus, corruptions and bribes can be seen so often in Thailand. For instance, in Thailand, we have a patronage system issue. This was not just in the political system. The system existed in schools as well. As the seats in the good top schools in Thailand are limited, many parents want their kids to study in the top school. Sometimes, the seats are exclusively for the rich and famous family to study or even relatives of the school workers. This makes many smart kids lost their opportunity to study in the top schools of the country. The patronage system should not exist in our society as it creates problems and inequality issue. From this case, it has shown the facts of the Thai political culture and inequality issue in our society.

Even though, the system has changed, there are still a lot of government intervention in the country. Many major industries are exclusively for the state to invest as to control the key economic factors of the country. For instance, the PTT group, a petrochemical company is a state-owned enterprise. This allows the government to set the oil price. According to John Maynard Keynes's argument, he opposed to the 'free market' and believed that the government intervention is important. The government intervention is needed in recessions/crises to create jobs and decrease an unemployment rate. Thus, by controlling the oil price, it would help to decelerate and accelerate the economy. If there is no government intervention on the recession, the impact will be heavily affected to the whole economy. With mass unemployment, there will be not enough demand to drive the economy back on. In my opinion, it is reasonable for the government to intervene for some specific purpose. There is a

lot of unreasonable government intervention as well. Many of them were corrupted by the politicians and businessmen. For instance, in the past decades, duty-free shops in the airports in Thailand were solely operated by the King Power International Group without bidding for the contract. The duty-free contract was the order of the government. This benefits the King Power group a lot. The company has gained a lot of revenues from the operation over the years. The government losses a high transaction/opportunity cost. If the government has offered a bidding contract to the public, it would generate a high income for the government. This is an example of inefficient action by the government due to government intervention. State interference will result in distorted price signals. People will not believe in the stability of the government. The tools that the government and the central bank have, will be less effective to control the price signal. In my opinion, government involvement is not a tool for everything. The tools help in some circumstances. It should be used to fix just on specific issues.

In 2020, there was a protest against Prayut Chan-O-Cha, the Prime Minister of Thailand. The protest triggered on the distrust of the election in 2019, the economic impact of COVID-19 pandemic, dissolution of the Future Forward party, political corruption, inequality, and royal prerogative. With the past event of Thai coup d'état, people disbelieved in the government because the representative did not come from an election. There was not enough transparency for the citizen to believe in the new election after the Thai coup d'état event. Over the years of Prayut Chan-O-Cha ministration during the Thai coup d'état, he used the article 44 to make an absolute power on many things. Some of the orders led to corruption. The system benefits leaders and their companions in the country a lot. Article 44 limited political freedom, economic freedom, and social freedom. It allows the government/leader to rapidly adjust, change, and take an action, because it does not need any authority from any other parties to make confirmation before making an order. But, it creates conflicts between the government and the public perception of the decisions made.

From these circumstances in Thailand, it creates an inequality issue. Even though there is a declining trend of poverty, an inequality issue remains pronounced. For instance, there is a shortage of qualified doctors and nurses, particularly in rural areas. Furthermore, there is no additional support in terms of transport options and non-medical costs is provided for those living far from healthcare facilities. This makes it even more unfair for those who lived in rural areas as they are already poorer, they even have to pay the additional cost. According to an OECD report, Thailand is weak at redistributing income. From Adam Smith's argument,

he believed that it would create more competitiveness to the market as the system is capitalism. It would be more efficient. In my opinion, the government should provide them an education and necessary needs. On education, by educating the poor, it will improve the workers' skills. These groups of people will get better jobs and earn a higher income. People in the country will be more productive. There will be more people that have excess money to buy more goods and services. Thus, it will drive an aggregate demand of the nation in long-run. This leads to greater economic growth and makes the country to be more efficient. The technology will be faster developed. From these actions, it could help the country to develop in sustainable manners.

It is complex to define the quality of living of people in the country. It should not determine by only the monetary term. There are many things for the government to concern. Therefore, the government is really important as they have the power to fix and point out the issue. The issued policies by the government can greatly impact the livings. According to Libertarianism, libertarians oppose against the government regulation. They strongly believed that the government should not intervene human freedom. The economic efficiency was not the aim of these libertarians. But, from the perspective of Friedrich Hayek, he stated that the redistribution of income is an unacceptable intrusion upon individual freedom because it intervenes individual freedom. By taxing a lot on the rich class, it decreases an incentive for the wealthy group to invest more, which surely will slow down the economy. The unemployment rate will increase due to the downturn economy. In the end, it will negatively be affected on poor groups as well. From what I have mentioned, there is a conflict between each school of thought. It is complex to determine the right decision that the government should make. There is always a trade-off and transaction cost on implementing policy.

In conclusion, institutions and policies are important to society. Although, it is hard to change because there is a transaction/opportunity cost on changing the system. With the culture that we have, it makes people rely on the existed system. People do not trust in the certainty of the new system because it would affect the institution, organization, and policies. Moreover, the power of the top officers/leaders will be undercut. It makes things even harder to be better as the power still stood with these top officers and leaders. The political system in Thailand should be developed as it is a root of the development in the country. Our political system should be more transparent and accountable. Moreover, the government needs to give freedom to its people. It would create more efficiency for the government to manage. People will believe in the government and the Central Bank. Therefore, the Central Bank can better

control and forecast the price signal. Price stability can lead to sustainable development. But, price stability and economic growth are not the only factors consistent with the quality of living. The freedom is consistent with their quality of living as well. It is important to provide social freedom, political freedom, and economic freedom to their citizen. By providing more freedom, humans can be more productive at their maximum capacity. The government should not set too many regulations on their citizen that would reduce the freedom to trade and to live as it will reduce their efficiency in producing new goods and services for society. But, it is the government's work to protect and reduce the social and economic issues in the country.