



PRAKSIS
THE JOURNAL OF ASIAN SOCIAL DEMOCRACY

ISSN: 2815-1046

Volume 3

Issue 1

September 2023

The Limits of Globalization:

Injustice, Inequality and the Progressive Response





PRAKSIS is a semiannual publication of the Network of Social Democracy in Asia (Socdem Asia). It seeks to combine theory and practice by providing cogent analyses to inform the strategy of the progressive movement and help shape the policy direction that should guide the region's governments.

Marlon Cornelio
Network Coordinator

Francis Isaac
Editor-in-Chief

Carlo Angelo Vargas
Communications Officer and Editorial Assistant

Nando Jamolin
Art and Design Assistant

Bea Reyno
Network Secretary

Editorial Board and Steering Committee

Nurima Ribeiro Alkatiri
Marie Chris Cabrerros
Rafaela David
Francis Isaac
Anurag Shanker
Piyabutr Saengkanokkul
Sondang Tampubolon
Teo Nie Ching

Network of Social Democracy in Asia
Unit 3-E, 112 Maginhawa Street, Barangay Teachers' Village East,
Quezon City, Philippines, 1101

Website: www.socdemasia.com Facebook: facebook.com/SocDemAsia
E-mail: secretariat@socdemasia.com

The views expressed in the articles are those of the authors. They do not necessarily represent the official policy or position of Socdem Asia and of its allied parties and movements, unless otherwise stated.

Globalization and Economic Inequality in Thailand

The concept of globalization was introduced to Thai society around three decades ago. During these past three decades, the Thai economy, as well as Thai politics, had gone up and down, like a roller coaster, though the concept of globalization remains well-known and well-recognized in everyday practices. Another fact that remains relatively unchanged is inequality. This article aims to analyze the relationship between globalization and inequality in Thailand during these three decades.

There are four main questions in this article. First, how is globalization viewed in Thailand? How is it seen by various societal groups or sectors? Second, how has globalization impacted on the problem of inequality in Thailand? What are the sectors that have been most severely affected? Third, how has the problem of inequality been addressed by the Thai government? What have been the limitations in their approach? Last, how should progressives and social democrats in Thailand view globalization? What policies or actions should they undertake to address inequality in this country?

Thailand's View of Globalization

As an export-led economy, Thailand has been familiar with the concept of globalization since the second half of the 1980s. Before the economic crisis in 1997, globalization was recognized as the front-headed wind to support the flying geese formation¹ that would propel Thailand to join the ranks of Newly Industrialized Countries (NICs).

After the 1997 crisis, this NICs model was proven to be an unrealistic development model for Thailand. At that time, although questions about globalization, especially in financial aspect, were echoed in Thai society, several free-trade agreements (FTAs)—for example the FTA between Thailand and ASEAN, China, Japan, Australia, New Zealand and so on—were still signed during the 2000s. It shows that the direction towards globalization has never been changed in Thai economic development policy.

¹The flying geese paradigm is a theory in economic development that was first proposed by Japanese scholar Kaname Akamatsu in the 1960s. It argues that developing nations (or flock) achieve development by following the leading nation (or lead goose). Development is, therefore, seen as a singular process characterized by increasing economic and technological growth—*the editor*.



Image: www.apec.org

“Certainly, the move towards globalization is also generating deep societal concerns. Questions regarding the globalization process have normally come from Thai civil society.

Certainly, the move towards globalization is also generating deep societal concerns. Questions regarding the globalization process have normally come from Thai civil society. While on one hand, Thai civil society are very open-minded towards the globalization of civic rights (including the recent emergence of the non-binary marriage movement in Thailand), on another hand, they have also always been skeptical about economic globalization, especially in terms of intellectual property agreements (such as seed or drug patents), and recently, carbon trading and carbon markets. In their view, these mechanisms always act as “an exploitation process” towards the expansion of capitalism in accessing and controlling all assets that can limit the access of the poor.

Recently, during the APEC Summit in Bangkok in November 2022, Thai civil society organizations mobilized in protest against the Thai government's plan to develop carbon credit markets. This carbon market is seen by Thai protestors as “greenwashing” that aims to obfuscate actual corporate responsibility and prevent capitalists from reducing their own Greenhouse gases emissions.

Relationship Between Globalization and Inequality

In Thailand, economic inequality can be seen in various ways. However, the three most prominent ways of viewing economic inequality are: (a) inequality between agricultural and non-agricultural sectors; (b) inequality of opportunities; and (c) inequality of wealth.

Based on economic textbooks, a liberalized global market should: (a) strengthen the advantaged sectors within a given economy (i.e., the agricultural sector in the case of Thailand); and (b) provide broader and better opportunities for all people. This article will analyze what really happened in terms of inequality during the three decades of globalization.

Interestingly, in all FTA negotiations, the Thai agricultural sector, as a major food exporter, has always been viewed as the main beneficiary. However, in reality, the net gain from trade have hardly benefited Thai farmers. In case of longan and other Thai fruits, although Thailand can expand its Chinese export market impressively, market channels and mechanisms can be comprehensively controlled by Chinese traders in Thailand.

At the same time, some import agricultural products, such as vegetables and coconut, have also negatively affected the local farm market, leading to loss of income in the Thai farming sector. The existing FTA protection and relief mechanism of the Thai government does not work properly and effectively in protecting price stability and in opening newer and wider opportunities for Thai farmers.

On the aspect of inequality of opportunities, although it is also hard to mention the clear negative impact of globalization, it is obvious to say that, during the globalization process, the opportunity inequality is still widening. Access to education, the internet, and learning sources continue to increase, both (a) between the urban and the rural families (and schools) and (b) rich and poor families.

During the COVID-19 pandemic and afterwards, the learning loss and the drop-out rate, especially for poor families, has become a larger and deeper problem within the Thai education system. The latest evidence shows that only 38 percent of children from the poorest 20 percent in Thai society can finish secondary school (grade 12), compared to 88 percent of the 20 percent richest group.

Finally, during the last decade, the capital accumulation of the top one percent of rich households has clearly been seen, leading Thailand to become the top nation in wealth inequality, according to Credit Suisse. During the COVID-19 pandemic, the Thai tourism sector, one of the most important economic engines of the country, was negatively affected by the pandemic and lock-down measures, leading to increasing debts and consequently the loss of assets. Thus, there is a clear attempt to adjust existing regulations to promote more foreign investments, especially in the real estate and tourism sectors. However, recently, this attempt has led to severe criticisms towards the existing government, leading to the postponement of regulation readjustment.

Government Responses to Globalization and Inequality

Generally speaking, the Thai government has never deeply analyzed globalization in terms of changing the existing unequal economic and social structures. Normally, the Thai government looks at the globalization process as an opportunity for economic expansion and more integration into the global supply chain. Unfortunately, the unequal distribution of benefits and opportunity from the globalization process is not the main focus of the Thai government.

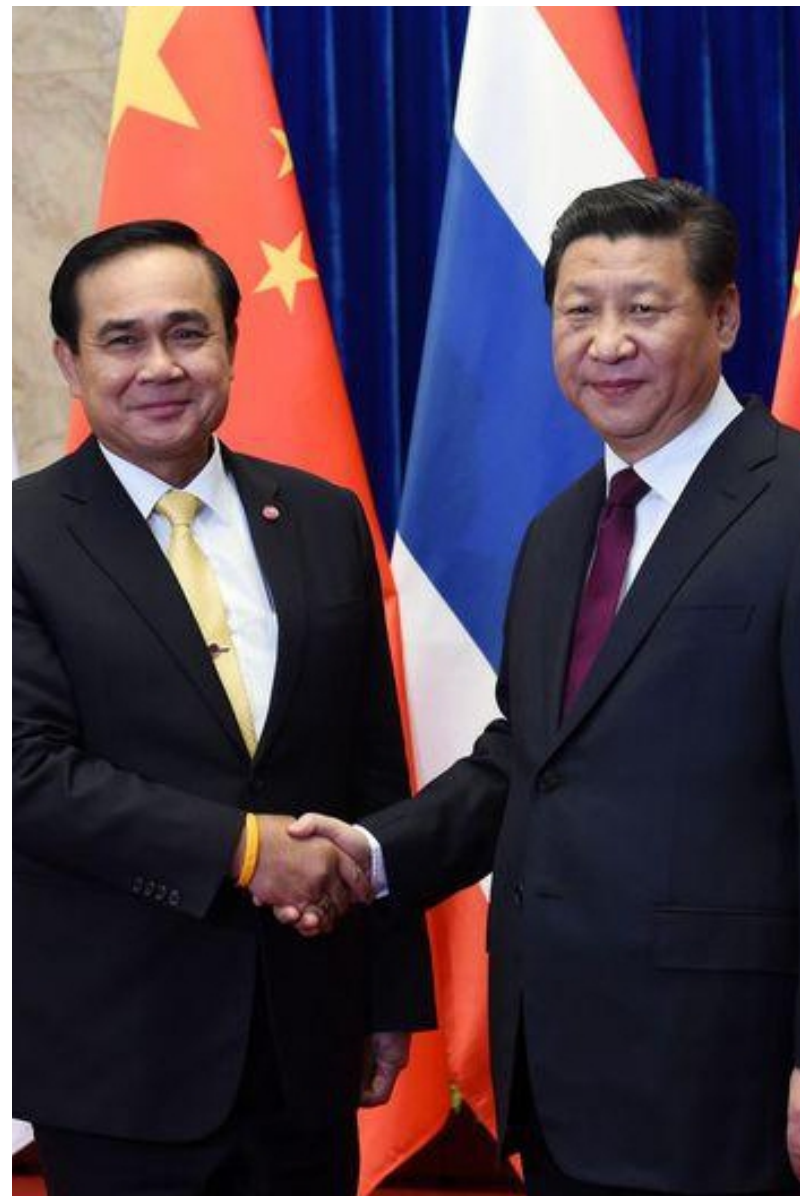


Image: www.reuters.com

“Generally speaking, the Thai government has never deeply analyzed globalization in terms of changing the existing unequal economic and social structures. Normally, the Thai government looks at the globalization process as an opportunity for economic expansion and more integration into the global supply chain.

On the negative side, the Thai government usually cites the need to readjust the Thai economy, including the farming sector, due to the inevitable forces of globalization. However, in practice, these readjustment programs are not easy for those who have limited access to resources, to knowledge, to markets, and, in several cases, even to the internet.

During these past three decades, there have been several government policies that aim to protect Thai farmers from actual (low) market prices by offering higher (government) prices. These policies, by their nature, are quite expensive since they have a high fiscal burden and can reduce trade opportunities. They also have short time periods since they have often been linked to swings in political outcomes. This is why the general economic situations of Thai farmers remain unchanged. Shortly after the end of the COVID-19 farm debt suspension period, the proportion of non-performing loans of the Thai Bank of Agriculture and Agricultural Cooperatives has increased to 12.5 percent.

One of the most controversial topics in Thailand during the last decade, and especially during the COVID-19 pandemic, is the principle of welfare system in the country, between universal welfare system versus targeted welfare system. Although after the pandemic, the universal welfare system has now gained more popular support in Thai society, the Thai government has made it clear that they are firmly committed to the targeted welfare system. However, in practice, the government's welfare card scheme cannot reach half of the 20 percent poorest groups in the country. At the same time, 30 percent of low-

income families with children between 0-6 years old cannot access the government's child allowance (600 THB/month) for low income families.

The Role of Progressives and Social Democrats in Thailand

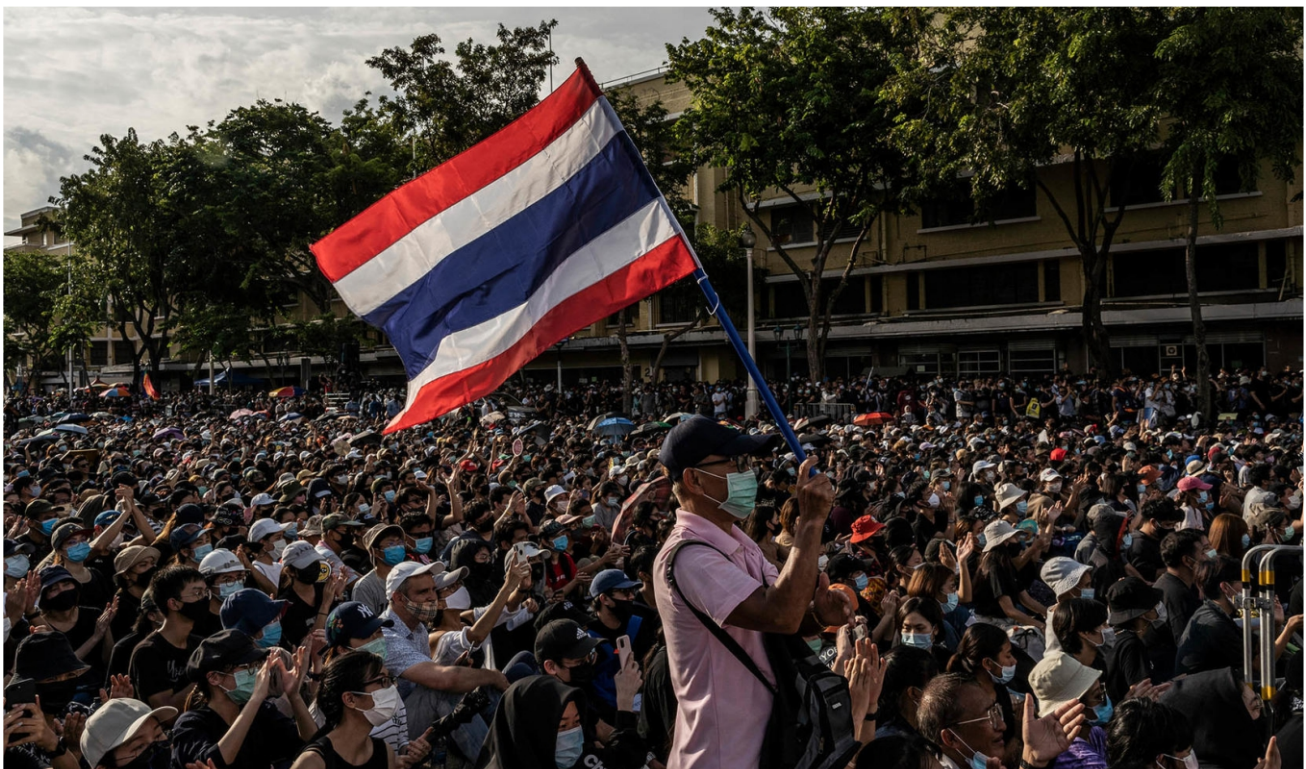
Obviously, the process of globalization is practically unstoppable now. However, a well-prepared, well-protected, and well-equipped people can still effectively participate in a more globalized world. Moreover, the unequal (existing) economic and social structure should not be taken for granted anymore. While economic restructuring in Thailand is essential, the democratic process is also required in order to ensure the meaningful and fair participation of all stakeholders within the country.

Therefore, based on these directions, the role of progressive and social democrats in Thailand should be as follows:

Promote a universal and comprehensive welfare system to protect the people from highly uncertain future scenarios and support the development of their potential in highly competitive markets.

“While economic restructuring in Thailand is essential, the democratic process is also required in order to ensure the meaningful and fair participation of all stakeholders within the country.

Image: www.usip.org



Ensure the basic rights of the Thai people by protecting their livelihoods from various development policies and projects, including the restructuring of power through the decentralization of public decision-making.

Close the gap in education and human development between the rich and the poor and between urban and rural residents in all aspects, in order to allow broad-based economic and social development and, at the same time, empower all Thai people.

Restructure economic resources, including taxes and fiscal policies in favor of pre-distribution (also called pro-poor investment policy), less market concentration, and redistribution (including progressive tax rates).

Protect democracy as a peaceful and creative way of public life (or living together), as a fair and meaningful decision-making process, and as an accountability system for the whole society.

Equalize international diplomacy for people (not only nations) to ensure that all concerns regarding globalization will be heard and addressed of by the international community. ■

References

Center of et al. (2008). *FTA Thailand-China: The Societal Impacts*. Applied Economics Research Center, Kasetsart University.

Sukumnoed, Decharut (2022). *The Present Situation of Children and Youth in Thailand: It May Not Be Finished in Our Generation*. Think Forward Center.

Sukumnoed, Decharut and Warisa Sukumnoed (2021). *The Effects of COVID-19 and the Need for Social Welfare System*. Paper presented in the Second Thailand Anthropology and Sociology Conference. Ubon Ratchthanee.

ILaw (2022). "Thai Civil Society Keep Eyes on the APEC Green Wash and Land Grabbing." ILaw Website.

Kiatnakin Phatra Bank (2022). *50 Years: The Making of the Modern Thai Economy*. Bangkok.

Move Forward Party (2022). *The Progressive Universal Welfare Policy for the Next 2023 Election*. Bangkok.

Image: connect.fes.de



 /SocDemAsia  www.socdemasia.com