

Trends in Thai Economy

Chaiyawat Wibulswadi

The paper analyses trends in Thai economy during the last two decades and presents two major findings :

1) Thai economy has entered a new phase of economic performance since 1973. While being able to maintain growth rate at high level, the country has been facing stability problems, in terms of both high inflation rate and continuous balance of payment deficits. Income disparities have not widened but poverty still remains a serious economic problem. These new trends can be attributed to two major constraints, namely the depletion of resources in the agricultural sector and the instability in world economic conditions after the 1973 oil crisis.

2) There has been important structural changes in several key sectors and there are signs that show the emergence of imbalance within these sectors. Among the important sectoral imbalances are the imbalance between agricultural and industrial sectors, between exports and imports, between domestic savings and investment, between demand and supply of labor, and between energy consumption and domestic source of energy.

The paper finally suggests the following guidelines for planning economic development in the future : 1) Economic growth has to be slowed down somewhat in order to relieve pressure on stability 2) Development strategy must aim at pattern and quality of growth rather than simply growth rate. The aforementioned sectoral imbalances must be corrected and 3) Economic management with regards to external linkages must be more flexible in order to cope with instability in world economic conditions.

Instability of Agricultural Commodities

Phiphit Suphaphiphat
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The article attempts to analyze the instability in terms of price, quantity and value for Thailand's three major non-traditional cash crops, namely, maize, tapioca, and kenaf, both, at the export and farm levels. It has been shown that causes of instability at the export level for the three crops under examination are

different. For each crop, instability at the export and farm levels is explained by different factors. The three crops, however, share one thing in common: their instabilities at the farm level are caused by shifts in demand and are of relatively greater magnitude than those at the export level. At both levels, the value instability is due to quantity rather than price instability. The results of the analysis imply that the stability of all agricultural commodities cannot be achieved by using the same policy measure and that emphasis should be on solving the quantity instability.

Distributive Impact of the Increase in Tax and Price of Petroleum Products : Method of Study and Preliminary Results.

Methee Krongkaew

This paper attempts to measure the impact of oil price and tax increases on the distribution of income of Thai households in 1973. First, oil products were divided into two types: that which had direct impact on purchasers, and that which had indirect impact. For the first type, benzine for private passenger car was the prime example of the burden of tax and price of consumption expenditures of users. For the second type, for example diesel fuel for production and transportation, the allocation of burden was done through interindustry relationship using the input-output table, and through the consumption expenditure pattern of consumers of taxed products. The result of the study showed that the overall tax and price structure of petroleum products in Thailand was somewhat regressive, thus income disequalizing. The paper then recommended differential tax and price policies on different petroleum products which had income equalizing effects.

Oil Situation and Policy in Thailand in 1979

Praipol Koomsup

This article describes and analyzes the causes and impacts of Thailand's oil problem in 1979. The problem was in the form of oil shortage and high cost of oil products. There was a severe shortage of fuel oil and high-speed diesel oil in the first half of 1979. The data indicate that the shortage was caused by insufficient imported finished products rather than by a lack of imported crude oil. The main

cause of the oil problem in 1979 stems from the fact that Iran, which was one of the very important oil exporting countries, had drastically reduced its oil production and export throughout the year because of its local political turmoil. The world price of crude oil in 1979 rose by nearly 89%, which is a very high increase rate; and this forced the Thai government to increase both the domestic ex-refinery prices and retail prices by the highest-ever rate.

The impact in the form of balance-of-payments deficit and inflation was very severe in 1979. Thailand had to spend 47% more of its foreign exchange earnings in buying oil from abroad. This increase was caused mainly by the increase in crude oil price, since, the quantity of imported oil rose only slightly. There is evidence that about half of the 1979 inflation rate was brought about by the increase in oil retail prices. The burden of oil tax imposed by the government shows that the oil tax is still regressive, despite the fact that higher tax rates are applied to the oil products which are consumed mainly by high income individuals.

The article explains the policy objectives and policy measures related to oil in Thailand. The policy measures discussed include price measures, taxes, oil stabilization fund, marketing margins, oil conservation measures, oil importation, refinery expansion, oil reserve, and the use of non-oil energy resources. The article raises several policy questions and concludes that there is an urgent need for further study on Thailand's oil policy and problem, particularly in the present period of political and economic uncertainty in the world.

Tight Money : The Past Policies and Further Suggestions

Direk Patamasiriwat

The paper consists of five sections. The first section discusses the meaning and measures of tight money. The second section analyzes the causes of tight money in Thailand which started in late 1978 and still exists at the present time. Inflation, deficit balance of payments, recent rise in the foreign interest rates, and a lack of confidence in the finance companies seem to be the major factors. The third section sums up the monetary and fiscal actions taken by the government. In order to alleviate the problem. The fourth section suggests ways to strengthen the monetary and fiscal policies to be able to cope with a likely increasing uncertainty in the future. The fifth one portrays the author's view toward a quantitative study to measure the degree of tightness and toward a simulation study to forecast the effects of a recent shift in the government interest rates structure, effective since February 15, 1980.

Significant Issues of the Thai Economy: Present and Future

Twatchai Yongkittikul

The article points out that the economic development of Thailand in the past, which was very impressive by most standards, was based mainly on the exploitation of abundant resources. Such pattern of development has enabled Thailand to raise income of the vast majority of people above absolute poverty. As the economy has approached its resource limits, however, this pattern of development cannot be maintained in the future, and the attempt to raise income of those who are still below poverty will become more difficult unless a new direction of development is taken.

Economic Situation of Thailand : A Structural Systems Approach

Thamnoon Soparatana

This paper presents a general analysis of an economic situation of Thailand. A central argument of the paper is that the extent of the impact of economic crisis of the country in 1979 and early 1980. One obvious implication is that the successful attempt by the outgoing Kriangsak Government on national economic policies, i.e., power policy, monetary policy, interest policy and an injection of ten billion baht to the money market. For the case of protection against inflation, this paper points out that the structure of the Thai economy for 1980, basing on the author's research provides the following :

- (1) the Gross Regional Product (GRP) will be growing annually at 9-10% until 1984
- (2) the agricultural sector will be growing annually at 5-6% until 1984 and
- (3) the GDP and GNP will be growing annually at 10% until 1984

The Economic and Financial Crisis in 1979

Rerngchai Marakanon

It may be appropriate to say that some structural changes have emerged gradually since 1976 as evidenced by the changing composition of the commercial banks sources of funds. The bank deposits which represent the major source of funds have declined substantially and the banks have inevitably to borrow from domestic as well as foreign sources, in order to compensate for the shortage of domestic inflow.

The situation became more serious at the beginning of 1979 as can be mentioned: the substantially declining trend in the bank deposit growth rate, an over lending situation involved in the banks operation, an adaptation of the banks portfolios in response to tight money situation by supplementing domestic funds with foreign borrowings, and the balance of payments deficit, were responsible for development of the said situation.

Monetary actions by the U.S. Administration to overcome her capital outflow, including the prime rate raise, has seriously affected the banks foreign borrowings. Monetary actions by the Ministry of Finance and the Bank of Thailand has also been adapted to rectify the monetary situation.

The inadequacy of domestic funds appears to be a fundamental cause of the prevailing tight money situation. This imbalance has been further accompanied by the short-term movements in major foreign money markets, especially the US and Europe. The upward trend of the interest rate in the US and Europe also appeared at the beginning and in the middle of March, 1980.

ความร่วมมือทางการค้า การอุตสาหกรรม และการเงิน ในอาเซียนในทศวรรษหน้า

ทอง ถ้าย

ปัญหาสำคัญประการหนึ่งของประเทศสมาชิกอาเซียนคือ การสร้างกลไกที่เหมาะสมเพื่อการพัฒนาเศรษฐกิจ ถึงแม้ประเทศเหล่านี้จะบรรลุเป้าความเจริญทางเศรษฐกิจได้ก็พอสมควรในระหว่างทศวรรษที่แล้ว แต่โครงสร้างทางเศรษฐกิจยังคงมีให้เปลี่ยนแปลงมากนัก กล่าวคือ การค้าและการอุตสาหกรรมยังมีขอบเขตจำกัด สินค้าส่งออกยังประกอบด้วยสินค้าขั้นปฐมเป็นส่วนใหญ่ บทความนี้พยายามชี้แนะให้เห็นว่าประเทศสมาชิกอาเซียนควรร่วมมือกันมากขึ้น เพื่อพัฒนาการลงทุนในอุตสาหกรรมและขยายตลาดสินค้าระหว่างประเทศสมาชิกด้วยกันเอง เป็นการลดการพึ่งพาประเทศพัฒนาแล้วให้น้อยลง การที่ประเทศสมาชิกอาเซียนไม่สามารถร่วมมือกันทางเศรษฐกิจได้ก็เพื่อนั้น สาเหตุหนึ่งอาจเป็นเพราะขาดองค์การส่งเสริมการร่วมลงทุนทางการเงินที่มีประสิทธิภาพที่จะช่วยจัดสรร โครงการลงทุนขนาดใหญ่ที่เหมาะสมสำหรับแต่ละประเทศ บทความนี้เรียกร้องให้รัฐบาลและผู้ประกอบการเอกชนของประเทศสมาชิกอาเซียนเห็นความจำเป็นที่จะต้องมีการจัดตั้งองค์การดังกล่าวโดยเร็วที่สุด