

# Book Review

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**National Economic and Social Development Board. 1994. THAILAND 2000: A Guide to Sustainable Growth and Competitiveness. Bangkok: National Economic and Social Development Board. (182 Pages).**

## **1. Book data**

The book titled "THAILAND 2000: A Guide to Sustainable Growth and Competitiveness" was prepared and written by the staff of Thailand's National Economic and Social Development Board (NESDB), led by the previous Secretary-General, Dr. Phisit Pakkasem.

## **2. Type of book.**

It is a book of a kind that was designed for distribution to relevant agencies both within and outside the country. The main purpose of this book is to give information to the public about the trends in Thailand, especially in the coming century.

## **3. The book contents**

The book is divided into three parts following the Introduction, written by Dr. Phisit Pakkasem.

Part 1 reviews the history of development from the 1960s, when Thailand became a major food exporter, followed by industrialization, becoming export-oriented in the 1970s, leading - in spite of economic and political uncertainties - to the boom after 1985, supported by Japanese direct investment. Part 2, after admitting a recession in the early 1990s, takes an optimistic view as to the prospects for renewed growth in this decade. Priority areas for expansion up to the year 2000 are education, infrastructure development, technology and

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income distribution. Part 3 draws attention to the expected shift in industry towards products dependent on high technology and appropriately qualified human resources. A proposed development profile is outlined under the headings: (a) Health development, with stress on preventive medicine; (b) management of natural resources and the environment for sustainability; (c) rural development; (d) development of the Bangkok Metropolis; (e) decentralization of economic activities; and (f) infrastructure. Under infrastructure options for energy generation, transport and communications, regional economic cooperation and public administration are discussed.

*Part one, Coping with Structural Changes and Development Transitions in a Dynamic Economy of Thailand from 1960-1990*

This part discusses two main topics, that is: (1) the first two decades of the 1960s and 1970s, which was a period of growth and diversification; (2) the 1980s, which was a decade of structural adjustment and industrial take-off.

*Part Two, The Challenges of the 1990s and Prospects for Sustainable Growth Towards the Year 2000*

This part also discusses two main topics, that is: (1) the international economic environment and East Asia Pacific prospects in the 1990s; (2) Thailand's development strategies to achieve sustainable growth and competitiveness through the year 2000.

*Part Three, Thailand's Development Profile by the Year 2000*

This part discusses 11 main topics, that is: (1) overall economic profile; (2) human resources and technology development; (3) reshaping the health development programme, that is toward 'health for all'; (4) more efficient management of natural resources and the environment towards the year 2000; (5) the rural development profile towards the year 2000, that is poverty eradication and decentralization of economic activities to the rural areas; (6) the Bangkok Metropolitan Region Spatial Development Pattern for the 21st Century; (7) decentralization and urbanization, that is: (i) development of new economic zones: the Eastern Seaboard, and the Southern Seaboard, (ii) the Northern Twin City Programme, (8) selected key infrastructure development programmes, that is: (i) energy, discussing (a) future fuel options: hydropower, natural gas, imported coal, and nuclear power; (b) future refinery

capacity; (c) the Erawan-Rayong-Bang Pakong Gas Parallel Pipeline Project; (d) the Fuel Pipeline Project; (e) the Imported Coal Thermal Power Plant Project; (ii) transportation and communications, that is: (a) the national motorway development network; (b) the urban expressway system; (c) the mass rapid transit system; (d) telecommunications development; (iii) urban environmental infrastructure, that is: (a) the Bangkok Metropolitan Water Supply System; (b) the Bangkok Sewerage System; (9) the new generation of airtran mega projects for 21st century global business, that is: (a) the second Bangkok international airport; (b) the heavy aircraft maintenance center; (c) the high speed train project; (d) the global transpark; (1) regional economic cooperation, that is: (a) the Indonesia-Malaysia-Thailand Growth Triangle Project (IMT-GT); (b) subregional economic cooperation among Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and the Yunnan Province of the People's Republic of China; (11) reshaping the role of public administration.

#### **4. The main findings of the book**

Thailand 2000 presents the report of a NESDB team assigned to consider developmental issues facing Thailand as the country moves into the 21st century and to propose visionary and yet practical alternative strategies for the future. The report recognizes the objectives of development as creating economic and social wellbeing and environmental quality and of reconciling these objectives with those of continued growth and competitiveness in the global economic scene - in short the achievement of what has come to be understood as "sustainable" growth.

The development of Thailand over the period of the first three decades following the inauguration of the first of the 5-five year National Economic and Social Development Plans in 1960 - a period of dynamic and impressive economic growth and diversification - is first briefly reviewed. During the first two decades of the 1960s and 1970s Thailand was one of the fastest growing developing countries in the world. During the 1960s agricultural growth, in the form of expansion of the cultivated area and diversification, made Thailand the only country in Asia at the time to possess a major food surplus, which in turn provided for the start of industrialization - aiming at first to meet domestic demands, then at import substitution. In the 1970s, production for export became the second most important objective of industry, textiles and garments constituting about half of manufactured exports.

Following increased foreign exchange expenditure on energy and increased inflation resulting from the first oil crisis of 1973, and uncertainties as to Thailand's stability as a location for investment occasioned by political unrest - though this arose, it should be

emphasized, from increased demand for democratic rights - the high growth rate was restored in 1976. Towards the end of the 1970s the ceiling on new land development for cultivation was reached, agriculture intensified and production remained high; but industry grew more rapidly. However industry faced rising costs and increased protectionism abroad; and development had given rise to economic imbalance which could not be sustained into the 1980s, on top of which came the severe effects of the second, 1979, oil crisis.

A successful programme of structural adjustment led from 1986 onwards, to a new phase of economic expansion. Manufacturing, emphasizing a higher technology and promoted in part by Japanese direct investment, became the principal export sector. It was evident however, from bottlenecks in the supply of skilled personnel and of infrastructure, and from speculative pressure driving up land prices, that the resources available were being overstretched, and that Thailand's competitive position was deteriorating.

It is here that the report turns to consideration of the future. Successful industrialization will depend on technological capability, and this on scientific and technological education and training. And, while it must be admitted that, during the first half of the 1990s, the global economic performance has been poor, reasons can be given for expecting better prospects in the second half. The authors then address the question of how Thailand's current economic growth and competitiveness can be sustained. They suggest five areas in which opportunities are open: export expansion within the East Asian region, subregional economic cooperation, expansion and diversification of the Thai industrial base with a shift from labour-intensive to high technology industries and promotion of rural industries, financial liberalization, and the application of appropriate technology to enhance productivity and product quality. Industry must become more capital intensive and more skill intensive. The authors could perhaps have added that to depend on the exploitation of cheap labour is fundamentally immoral, and incompatible with the attainment of that universally reasonable standard of living that must surely be a major objective of development.

The authors proceed to identify four major problem areas to be overcome. Firstly, in the area of human resources, the threatened shortage of qualified personnel requires reshaping and expansion of the educational system. Secondly, virtually all infrastructure is currently inadequate to the demand and must be upgraded, a task which calls for enhanced investment, both private and public. Thirdly, industrial competitiveness must be enhanced by the acquisition and adaptation of available technology. It seems to the reviewer however that, in emphasising the acquisition of foreign technology, the authors may be underestimating Thailand's capability for developing its own technology locally. Fourthly, Thailand's high rate of economic growth has not been evenly distributed - policies for income redistribution

and decentralization must be urgently implemented if this problem is not to become more severe.

The major part of the report reviews options and projections for future economic and social development, if Thailand is to achieve competitive and at the same time more sustainable growth into and beyond the year 2000. Two issues are predominant: human resource development and infrastructure investment.

In the field of human resources, Thailand's past competitive advantage in terms of abundant, low-cost, unskilled labour is no longer sustainable. The successful lowering of the population growth rate is one contributing factor - but, in this, the team might have stressed, Thailand is fortunate. How fortunate cannot be too strongly emphasized, in view of the fact that overpopulation is a direct cause, or aggravating factor, in most of the social and environmental problems facing the world today. Any irresponsible suggestions to reverse this trend are to be most strongly resisted. The problem for Thailand in the immediate future will not be unemployment, but a shortage of highly skilled and educated workforce. In order to meet this need it is necessary, not only to invest in scientific and technological education, but to promote incentives for adult education and on-the-job training.

In the field of health, though much money has been invested, the team doubts whether it has been invested efficiently. It is suggested that more emphasis be given to preventive medicine and basic health service. The goal of health for all by the year 2000 is already coming to look a little overambitious. In any discussion of health problems, the subject of AIDS, on which there has always been more saying than doing, at present looms large. There are now several promising lines of development towards a vaccine. If one of them were only partially effective, the saving in human suffering and costs would be very large, but the long-promised tests have yet to materialize.

The more effective management of national resources and the environment is perhaps the most urgent problem facing Thailand at the present time. The problems are those of excessive and non-sustainable use, and of pollution. Policies are outlined for more efficient management, financial incentives to control pollution, recycling, the sustainable use of renewable resources and the more sparing use of nonrenewable resources.

Poverty eradication, rural development and decentralization of economic activities are discussed next. The rural development policies of the Fifth, Sixth and Seventh National Economic and Social Development Plans are reviewed and the team members seem fairly satisfied with the results achieved. Nonetheless, the gap between the rich and the poor continues to widen; and it is a disturbing fact that even developed countries, that have gone a long way towards achieving equity of income distribution, are now showing signs of

reversing this trend.

The report discusses in some detail the development of the major urban and economic regions of the country: the Bangkok Metropolitan Region, the Eastern and Southern Seaboards, and the Northern Twin City Programme. It is these regions which will play a key role in ensuring Thailand's competitiveness in the global, high technology economy of the 21st century.

Selected key infrastructure development programmes are then discussed, commencing with options for future energy generation. Among these, nuclear power is interesting since, contrary to popular imagination, nuclear waste can be disposed of effectively and a nuclear plant emits less pollution - including radioactive pollution - than does a power station burning fossil fuels. However, a nuclear power plant is expensive. Hydroelectric power should now be considered closed: If a nuclear power plant could admittedly, if badly designed and badly managed, cause an environmental disaster, a major hydroelectric project is an environmental disaster.

It seems strange that the team makes no mention of solar or wind power, nor of methane fermentation of organic waste (biogas). The feasibility of wind power generation in Thailand has already been studied and commented on favourably. These methods appear particularly suitable for smaller scale power generation, for village electrification and small scale manufacturing, thus reducing the demand on the major electricity generation facilities. Biogas generation could be an effective way of dealing with farm and food processing waste, and at the same time produces organic fertilizer. The disposal of waste by burning in a more conventional thermal electricity generation plant has also been shown to be effective.

Thailand's rapid development has created a strain on the transport and telecommunications systems. The planned intercity motorway and urban expressway, and advanced telecommunications services, are already becoming functional.

Plans to deal with the more persistent problem of Bangkok's water supply, and wastewater treatment facilities, will take longer to produce results.

The report returns to Thailand's entry into the global business arena of the 21st century with ambitious plans for Bangkok's second international airport, the first phase of which is expected to be completed by the year 2000, the associated high speed train route from Bangkok to Rayong, the heavy aircraft maintenance centre at U-Thaphao, and - most ambitious of all and farthest from implementation - the Global TransPark project.

The report nears its conclusion with an outline of plans for regional economic cooperation, under the two headings of the Indonesia-Malaysia-Thailand Growth Triangle Development Project, and a project for subregional economic cooperation among Cambodia,

Laos and Myanmar, Thailand, Vietnam and the Yunnan province of China. The projects suggested are in themselves laudable enough: to promote trade and investment, industry, tourism and interregional cooperation for manufacture and export. The team rightly point out Thailand's potential to occupy a leading position, certainly in the financial services sector, in a future of mutual growth and development. However, in the enthusiasm for economic cooperation, the team may have forgotten, or chosen to ignore, the appalling human rights record of several of these neighbouring regions, including ones whose governments enjoy majority support - a situation often mistakenly confused with democracy.

It seems significant that the report concludes with the need to reshape the role of public administration including the creation of a specialized body to monitor the exercise of power and prevent the abuse of power, by state agencies and officials. The team recommends the reengineering of the civil service system to make it simpler, smaller and more qualified. Finally, the roles of the private sector, NGOs and local government need to be enhanced to promote more people participation. On the whole, the report presents a set of viable policies for sustainable development into the 21st century. This review concentrates on points where the reviewer feels the team could have said more. What the report does not address is how one may counter the vested interests that are continually ready to sacrifice sustainable development in favour of short term profits. Again in the reviewer's opinion, these interests will not in the long run prevent Thailand, or the world, from achieving sustainable development - they may make its attainment a longer and more turbulent process.

## **5 Strong and weak points of this book**

### **5.1 Strong points of this book**

1. The book overviews the past development performance of Thailand, for example the structural changes and transitions taking place under the dynamic economic conditions of the period from 1960 to 1990. Such an overview provides a basis from which to consider possible further developments and make projections for the future.

2. It presents some of the necessary data and information to enable readers to consider possible future developments and make projections for themselves.

3. It assembles and presents a prospect for Thailand's future development. In doing so, NESDB enjoys an advantage in that it works in close collaboration with the Cabinet, and is likely to have reliable information on actual government policies earlier than do other organizations. The book can thus be of value not only to the public sector and to academics, but also to private investors and businessmen always eager to know facts, figures and future

prospects ahead of time. An analysis of the information presented in this book can be of some value to their decision making.

### 5.2 Weak points of this book

1. The book is based on secondary data and documentary sources. It is regrettable that the team did not interview persons in key ministerial, administrative and decision making positions, as well as persons knowledgeable in the various developmental topics considered. This might have given much more up-to-date information on present policies and possibilities.

2. The facts and figures of this book are mostly based on documents which NESDB has in its own library or otherwise on hand. It seems likely that a somewhat different and broader picture might have emerged if the team had collected data from a much wider range of government agencies and relevant sources.

3. Any aspect of the developmental profile as outlined in this book could be changed by new government policy. The reader who hopes to use this kind of information for decision making cannot stop here, but must keep constantly up to date with the latest news and sources of information.

## 6. Suggestions and Recommendations

The reader should be aware that this is far from being the only work that presents visions of the future of Thailand. A reader who is looking for accurate data and an overall view of policies and prospects for the future cannot rely on one book alone. It is more instructive to read and compare the views of different authorities. Some current works in this genre on Thailand are:

Hall, D. (1996). *Business Prospects in Thailand*. Singapore: Prentice Hall.

Phongpaichit, P. & Baker, C. (1996). *Thailand's Boom!* Chiang Mai: Silkworm Books.

Campbell, B.O., Mason, A. & Pernia, B.M. (eds.) (1993). *The Economic Impact of Demographic Change in Thailand, 1980 - 2015*. Hawaii: East-West Center

Phongpaichit, P. & Baker, C. (1995). *Thailand: Economy and Politics*. Kuala Lumpur: Oxford University Press

Moreover, in a globalized age, the development of Thailand cannot be considered in isolation from the rest of the world. The reader must be fully aware of facts and figures



and current trends worldwide. Some suggested sources, by well-known authors are:

Czinkota, M.R., Ronkainen, I.A. & Moffett, M.H. (1994). *International Business* (3rd ed.). Orlando, FL: Harcourt Brace.

Rohwer, J. (1995). *Asia Rising: How History's Biggest Middle Class Will Change the World*. Singapore: Butterworth-Heinemann Asia.

Toffler, A. (1990). *Power Shift: Knowledge, Wealth and Violence at the Edge of the 21st Century*. New York: Bantam Books.

Waters, D. (1991). *21st Century Management: Keeping Ahead of the Japanese and Chinese*. Singapore: Prentice Hall.