

## In the hands of transnational capital and free trade

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The lessons learned after the 1997 economic crash recommend that Thailand should protect itself from the hazards of capital flow and international currency fluctuation by imposing strict controls on short-term capital transactions and measures to minimise the unpredictability of international investment capital.

### Aftermath of the 1997 economic and financial crisis

At present Thailand's public debt stands at THB 2.886 trillion (USD 64.9 billion) or 56% of the national GDP. It consists of THB 1.212 trillion (USD 27.3 billion) in government direct loans, THB 920 billion (USD 20.7 billion) in guaranteed and non-guaranteed loans for state enterprises and the THB 754 billion (USD 17 billion) debt incurred by the Financial Institutions Development Fund.<sup>2</sup> This does not include the government's economic stimulus activities or public relief programmes aimed at generating income and employment.

Unemployment is increasing. According to a survey by the national statistics office survey in February 2001, the labour force in the northeastern region—the country's poorest area—consisted of 10,645,761 people, and 917,317 of them—a high 8.6%—were unemployed, compared with only 7.2% in 2000. The national average was 4.8%.<sup>3</sup>

Owing to the economic crisis, the number of Thailand's poor has increased to 16% or 10 million people. (According to the World Bank's classification, a person in Thailand with a monthly salary of less than THB 886 (USD 20) or earning less than THB 33.50 (USD .75) a day is considered poor.) Many of the poor belong to small- or medium-sized farming families whose heads of household are poorly educated and landless. Sixty-six per cent of the poor live in the Northeast region.<sup>4</sup>

The national and global impacts of the 1997 economic crisis are complex; improving the economy will require action on many fronts. Leading economists have proposed changes to the country's macro-economic system.<sup>5</sup> Wiraphong Ramangkul, former deputy prime minister and finance minister, suggests that Thailand protect itself from the hazards of capital flow and international currency fluctuation, which was a major cause of the 1997 economic crash. Rangsan Thanaphornphan of Thammasat University's Faculty of Economics recommends

a reversal of financial liberalisation, the imposition of strict controls on short-term capital transactions and measures to minimise the unpredictability of international investment capital.

### Poor: with no resources, and no voice

Professor Nidhi lawsriwong of the Midnight University (Popular Education Forum) analysed the phenomenon of growing poverty and concluded that its root cause is lack of access to resources needed for daily living. Two factors contribute to this deprivation:<sup>6</sup>

- The government manages the distribution of natural resources, and its main goal is profit, not improved standard of living. The government allows exploitation of natural resources by those who can make handsome profits. Amazingly, they prefer to let land remain idle for speculation rather than plant it with tapioca. From a marketing stance, THB 500 (USD 11.3) in profit from growing tapioca on one rai of land (6.25 rai = 1 hectare) is peanuts compared with the millions of baht to be gained from land speculation on the same piece.
- Deprived of their resources, the poor lose their bargaining power. Thailand's poor do not have adequate access to political decision-making through which to improve their lot. Modern resources such as the media are also comparatively out of their reach. To get the attention of the media, the poor have to be on the verge of violence or lawlessness. Their proposals are of less interest than their demonstrations or suicides.

Getting a public hearing is a political resource that is beyond the access of the poor. They cannot participate in political parties or political campaigns, which would give them some clout. Nevertheless, Nidhi is optimistic that the people's political organisations will fare better when the poor acquire more skills in applying their indigenous culture and relationships to modern political groupings.

1 This article is based on information and data provided by members of the Social Agenda Working Group, Thailand, and written by Rane Hassarungsee of Focus on the Global South (Focus). It was translated by Suntaree Kiatiprajuk of the Thai Development Support Committee (TDSC).

2 Anuj Arbhahhirom, Thailand Trend Project, the 10th Report on "Communications: Attempted Search for Public Media (July-September)", the Thailand Research Fund, 2001.

3 Amara Pongsapich, et al., "A New Paradigm on Social Development", delivered at an annual conference entitled *1997: Thailand's Turning Point*, Political Economy Center, November 2001.

4 *The Matichon Daily*, 20 November 2001.

5 Kasian Techaphira, in "An Economic Salvation Proposal: Readjustment and Review of Globalisation Hegemony", *The Matichon Daily*, 11 November 2000, p. 6.

6 Social Agenda Working Group, Thailand, Midnight University, Assembly of the Poor, and Komol Keemthong Foundation, information file of the first discussion forum on "Poverty Eradication: How to Correct the Structure", held on 27 April 2001 at Thammasat University, Bangkok.

## Structural poverty

Modern day poverty is no longer the problem of individuals, but a disfigurement of the economic, political and social structures. The public is generally made to believe that the only solution to poverty is economic development and the “trickle down” economics—an outdated theory that has been reinforced through the schools, the media and political speeches. As Professor Saneh Chamarik, chairperson of the National Human Rights Commission, has suggested, Thais need to change their focus from dependence on outsiders and markets to the equitable distribution of resources among all sectors of society.

## The people demand protection

Thais have increasingly cried out for protection from the negative effects of globalisation. On 9 November 2001, on the first day of WTO meetings in Qatar, the Alternative Agriculture Network and other groups including a network on AIDS, labour groups and the Northeastern Network of Local Wisdom for Self-Sufficiency organised protest rallies in front of the American embassy. Apparently the US exerted pressure on the WTO to agree to patenting of life forms and drugs. Such manoeuvres will increase the price of drugs because pharmaceutical companies will patent new and essential drugs such as anti-viral cocktails. The agreement would prevent Thailand’s Pharmaceutical Manufacturing Organisation and private pharmaceutical companies from importing raw materials for the production of generic drugs.

Another concern is bio-piracy of the property rights to jasmine rice. The “Stepwise programme for improvement of jasmine rice for the United States”, financially supported by the US Department of Agriculture, obtained the seeds of Khao Dok Mali 105 rice from the International Rice Research Institute (IRRI) and treated it with gamma rays to create a new variety with early maturation and shorter plants. This new rice strain will retain its original softness and fragrance and be able to grow under US climatic conditions. Although the success of the project has not been ascertained, there is concern that the new variety of jasmine rice could have a negative impact on Thailand. Of particular concern are the implications of patenting the new breed or registering it for property rights protection under the Plant Varieties Protection Act.

The Thai people have been forewarned of prospective threats by Professor Chamarik: “At the moment, Thailand as a resource base for Southeast Asia is in the middle of a massive threat that will adversely affect a large number of people. The liberalisation of finance and trade is nothing but the liberalisation of access to our biological diversity. In the economic arena in the next 10 years, electronic computers and automobiles will fade away. Food and medicine will step in as lead actors, not only because they could bring about a monopoly on profit-making, but also because they control the bodies and minds of the world’s population.”

The Northeastern Network of Local Wisdom for Self-Sufficiency stated that, after opening itself up to Western colonialist imperialism disguised as liberal capitalist trade and 40 years of being directed by “National Economic and Social Development Plans”, Thailand is still under the complete control of “transnational capital and free trade”. Chief advocates for such globalisation hegemony are supranational organisations such as the International Monetary Fund (IMF), the World Bank (WB), the World Trade Organisation (WTO) and the Asian Development Bank (ADB).

The G-8 industrialised countries guide these organisations, and their sole objective seems to be to turn all things in the world into commodities that can be freely traded. Achievement of this objective will inflict great damage on local communities:

- The agrarian way of life, culture and locally cherished traditions will be brought to an end.
- The degradation and depletion of natural resources in local communities will continue while conflicts between the government and the private sector on one side and local communities on the other will intensify.

- Direct participation by people in democratic politics will be discouraged.
- Macro- and micro-economic systems that are insensitive to local community practices will emerge.
- Local lifestyles and wisdom will be absorbed by a centralised education system that advocates capitalist goals.
- Westernised “treatment of diseases”, which depends completely on foreign health systems and high technology, will ignore and ruin grassroots health systems and social wisdom.

## Creating alternatives

If fighting to protect one’s rights to self-sufficiency is one side of a coin, creating alternatives to globalisation is the other side. The Alternative Agriculture Network, based in the Northeast, Central, North and South regions has already been successful in acquiring and transferring sustainable farming skills to small-scale farmers. Their proposal for sustainable agriculture has been accepted among grassroots farmers. It was also incorporated into the Eighth National Economic and Social Development Plan (1997-2001) as a major guideline for restructuring agricultural production for small-scale farmers, communities and society. The plan further stipulates that 20% of total farmland, or about 25 million rai (4 million hectares), must be set aside for sustainable agriculture. In these areas, the public is entitled to participate in the development of agricultural systems, conservation and restoration of natural resources.

The Network continues to monitor the government and other agencies and advocates for sustainable agriculture operations. It found that many of the operations were too insubstantial to bring about real changes. Participating in the 99-day demonstration of the Assembly of the Poor from 25 January to 2 May 1997, the Network urged the Chavalit administration to review the activities of the ministry of agriculture and other concerned agencies. It also proposed to government a “Pilot Project for the Development of Small-Scale Farmers’ Sustainable Agriculture”, offering a variety of farming patterns that are suited to different ecological landscapes and communal cultures. The project also provided organisational charts and management by farmers and community organisations so that they could be models for nationwide development of sustainable agriculture.

The Assembly’s demands and pressure resulted in cabinet approval of the Pilot Project on 18 March 1997, opening the door to implementation. The Network then made detailed operational and budget plans for consideration by the government and relevant agencies. But the economic crisis prompted resignation of the Chavalit government on 4 November 1997 and the Pilot Project was sent back to the ministry of agriculture. The new coalition government under Chuan Leekpai was urged time and again by the Network and the Assembly to reconsider the Pilot Project. The Chuan administration finally gave cabinet approval on 30 March 2000, agreeing in principle and approving implementation of the “2001-2003 Pilot Project for the Development of Small-scale Farmers’ Sustainable Agriculture” with a THB 633 million (USD 14.3 million) budget.

The project targets 27,100 rai (4,336 hectares) of farmland and coastal areas along the 116.4-kilometre-long Pattani Bay. Overall, the target areas are situated in 19 ecological landscapes: nine in the Northeast, four each in the North and South, and two in the Central Region. The project’s target groups include 3,670 families living on the plains, plateaus and mountains, and 3,535 fishing households.

The Pilot Project is a result of a long struggle by many organisations. The government should actively support and promote this kind of people’s initiative on a long-term basis towards the goal of sustainable development. ■

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