



CHAPTER II

LITERATURE REVIEW

2.1 Understanding Development in Thai Economy

Thailand started to realize economic growth with the development (*Patana in Thai*) policy under the typical development oriented dictatorial regime headed by the military in the 1970s. The income distribution of this economic growth has been imbalanced between the centre regions or urban areas, and other periphery regions/provinces or rural areas. Thai per capita national income was on average US\$ 2,000 in 2001, although Bangkok was over the US\$ 5000 level, while the income level of many other local areas ranged between US\$ 300 and US\$ 700 level (Nishikawa 2004, pp 93-94). The imbalance in income generation has also caused various social gaps and environmental deterioration. Since the Thai-Karen and hill tribe people are living in the rural mountainous regions in the northern Thailand they were among those who have been deprived from the *Patana* development

The Thai economy had experienced a relative and stable growth in late 1980s and early 1990s, before it was hit by Asian financial crisis in 1997. The key factors were based on the policy-making regime and its specific political economy. Some elements of Thai economic development were a plentiful supply of cheap labor, high rates of savings, large foreign direct investment of Japan, and a growth-oriented allocation of credit. From 1959 to 1996, annual Gross Domestic Product (GDP) of Thailand increased with an average of 7.8 percent and never fell below 4 percent (Phongpaichit & Baker 2000 p 17).

The economic development schemes such as structural adjustment programs (SAP) of International Monetary Fund (IMF) and World Bank (WB), free trade agreements (FTA), privatization and market economics have been introduced for Thailand economic development over the last two decades. The Trans-national corporations (TNCs) and other international financial institutions (IFIs) have played a vital role for Thailand economic development. One of the causes of 1997 financial crisis in Thailand was the financial speculation of the international financial

institutions (IFIs). The causes of Thai economic crisis and devaluation of the Thai Baht in July 1997 were the structural problems which undermined export competitiveness, supply constraints and high costs, financial liberalization and deregulation of market economics, the fall of export and its competitiveness, and finally the failure of policymakers to control these forces (Phongapaichit & Baker 2000 pp 14-15).

The development projects such as dams for electricity, natural resources extraction and cash crop production have affected the livelihoods of local communities. They have resulted in relocation of villagers from the project sites and vicinities, social dilemma's, environmental destruction, ecological changes and the deterioration of indigenous knowledge, culture and social formation, etc. During the 1980s the World Bank (WB) and the International Monetary Fund (IMF) strengthened their economic influence over the developing country by means of the Structural Adjustment Programs (SAPs), which were intended to help developing countries respond to external shocks and to transform the Third World economies from dependent debtors into efficient and competitive producers for international markets (Kanstrup-Jensen 2004, p 7). Although there are few positive results there is no doubt that the adjustment programs have caused tremendous human suffering and widespread environmental destruction while emptying debtor countries of their resources (Escobar, 1995; pp 176-177).

A number of development projects such as the education promotion program, technology advancement program and infrastructure expansion program have been implemented. Schools and health centers were built to provide the communities education and medical cares. Tele-communication and technological infrastructures have been built to give easy access to information and knowledge enhancement. Communication infrastructures such as roads to the remote areas have been extended to improve transportation for trade and commercial activities. A number of national and international non-governmental organizations and community based organizations have also implemented projects on social welfare and economic development. Following the Cabinet resolution of 7 February 1989 on hill tribes and narcotic crops, the First Master Plan (1992-1996) was formulated and as a follow up

the Second Master Plan (1997-2001) was drawn up to solve problems in highland areas.

Under the Master Plan on community development, environment and narcotic crop control in highland areas, the following main aspects of assistance to hill tribes are stipulated: (Fujioka 2002, p 7)

1. For political and administrative affairs, census survey and registration of hill tribes as Thai citizens, promotion of permanent settlement, preparation of tribal communities to merge into the current administrative system, law enforcement in tribal areas and prevention of in-country and border area migration;
2. For social economic development, income generation through employment creation, improvement of the quality of life through the provision of basic infrastructure, particularly in health and education, and control of narcotic crop cultivation by reducing areas and output quantity; and
3. For natural resource and environmental conservation, development of conservation-based land use systems and plan.

2.2 Principle of Development

The interpretation of UNDP - United Nations Development Program - can be articulated that, the ultimate purpose of development is to expand the capabilities of people, to increase their ability to lead long and healthy lives, to enable them to cultivate their talents and interests, and to give them opportunities to live with dignity, self-respect and the respect of others. It is necessary to provide the people with primary health care and a means to obtain adequate nutrition for their physical needs and development. They should be given education and training, in order to acquire skills and knowledge for their intellectual maturity and mental strength or willpower. Employment opportunities should be created for them so that they will get employed and be capable of enlarging their choices for living. Therefore in principle all human beings have equal opportunities and choices to live and work without any discrimination, regardless of being poor or rich, majority or minority, or at local or

national settings (Human Development Report, 2005; *HDR - What is HD - Glossary*, United Nations Development Program. Viewed 21 August, 2005, <<http://hrd.undp.org/hd/glossary.cfm>>

People shall be free to realize and practice their rights which are also fundamental human rights. They shall be given support to increase their capabilities so that they will be capable of pursuing their choices and participating in the developmental process that affects their lives. The object of development is to create an enabling environment for people to enjoy long, healthy and creative lives; (quote of Mahbub ul Haq). In the enabling environment people can seek economic growth, develop their full potential and lead productive lives that they value, in accord with their needs and interests. Unless the enabling environment is created people's choices may not be available and opportunities in their lives will remain inaccessible (Human Development Report, 2005; *HDR - What is HD*, United Nations Development Program. Viewed 21 August, 2005, <<http://hrd.undp.org/hd/>>

Kanstrup-Jensen (2004) has also stated that,

“National capacity building strategies rely on human beings as capital. The acquisition of education and skills are ‘indirect’ values that are essential for functioning and inclusion in economic and political life. The ‘direct’ values acquired through education should make people able to lead the lives they have reason to value, and to enable them to choose. Capability formation among indigenous communities is therefore among other things a question of whether education should reproduce the dominant culture or enrich and cultivate human potential. The dilemma can be epitomized in the question of how a meaningful education for the indigenous people to take part in a modernizing process can be created while preserving fundamental elements of their cultural heritage.”
(Kanstrup-Jensen 2004 p 2)

Development has being emphasized by different economists and political leaders as it is crucial to the wellbeing of the people. It is a stage where people are well-off and live a successful life with peace and prosperity. Economic growth is

concerned with accumulating commodities and financial wealth, such as national incomes and an increase of GDP (Gross Domestic Product). It is measured by material assets and financial wealth, whereas human development is not only judged by material and financial wellbeing, but also under a broader understanding of what it means to be human. According to the Human Development Report (HRD) of the United Nations Development Program (UNDP), the basic purpose of human development (HD) is to enlarge people's choices. In principle, people's choices can be infinite and can change over time. People often value not only increases in income, but also greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and sense of participation in community activities (Human Development Report, 2005; *HDR - What is HD*, United Nations Development Program. Viewed 21 August, 2005, <<http://hrd.undp.org/hd/>>).

2.3 Thailand Development Disparity

The fact that inequality in and amongst societies, unjust economic distributions, and an imbalance in opportunities for economic wellbeing, social welfare, cultural enrichment and political participation are emerging in this time of Globalization, the so called democratic practices can be questionable for the third world developing countries. Under the name of globalization, trade liberalization and deregulation of national economic policies and privatization of public common goods and national natural resources- which are intended for economic development - have brought unfavorable consequences to the general population while benefiting and serving the interests of technocrats and members of economic elite groups, rather than sound and sustainable development in Thailand (Office of the National Economic and Social Development Board & UN Country team in Thailand, 2004).

The Office of the National Economic and Social Development Board and United Nations country team in Thailand acknowledged in its report of Thailand Millennium Development Goals Report 2004 (MDG) that Thailand has achieved near-universal coverage in several areas, including primary education, basic health care, measles vaccination, maternal care, access to drinking water and sanitation.

However there are discernable patterns of inequality in other areas. Such inequality is particularly noted among specific geographic areas or population groups. Distance and geography place remote and mountainous areas in the northern Thailand in a disadvantaged position. Infant and maternal mortality is higher in these areas than in other parts of the country. The situation is worst among highland people, most of whom are also members of ethnic minorities (Office of the National Economic and Social Development Board & UN Country team in Thailand, 2004 p 57).

Among people who have less opportunity and access to benefits from national social and economic development in Thailand, the Thai-Karen people fall under this category as they live in remote and mountainous areas in north and northwestern Thailand. The intention of producing further and further material wealth has widened the gaps of many societal aspects, such as fundamental social, cultural and political rights between the privileged and the underprivileged, at every level of society. Maniratanavongisri (2004) pointed out that Thai-Karen people, who live traditionally and exclusively in rural areas and their livelihoods are based on subsistence agriculture, are one of nine official ethnic groups, comprising hill tribes and highlander population in Thailand. They are a disadvantaged group in Thai society for whom the average annual income is less than one-third of the national average and only thirty percent have some form of formal education.

2.4 Two types of Economy (Capitalism & Endogenous Development)

Generally there are three uneven development gaps in today's world system and they are gaps between the North-South, the South-South and the Urban-Rural milieus. The North-South gaps have largely inherited the historical stratification of the centre that is the North and the periphery being the South. The South-South gaps are seen as large income and other economic and social gaps among developing countries and also the rich capital cities and the deprived rural areas within countries. Thailand is experiencing this situation where Bangkok metropolis is being developed to become the hub of the region, while remote rural areas and provinces lack infrastructure, proper education and health care systems. The Urban-Rural gaps are created by industrialization and urbanization of development process, in which rural

areas have turned into the periphery. These uneven development gaps have created the rich and the poor between countries, regions and societies, as well as the uneven distribution of power, resources and the fruits of economic growth among them (Nishikawa 2004).

Development in our contemporary world is directly or indirectly imposed by the western capitalist idea which is based on economic growth; in other words development is justified by money-oriented advancement. There are social and cultural aspects of society, which embrace precious values of humanity, and cannot be measured by materialism. Under the materialistic approach to economic development they all have to be sacrificed for material wealth. The participation of people is being neglected and they are not included in the process of decision making of the government for developmental policies and projects.

Here the development projects include mega projects of international cooperation, dams and parks construction projects, and natural resources extraction projects. The local social fabric of society is torn apart as they have been displaced from their native land and relocated to new places where they have to face unfamiliarity, difficulties and hardships for their livelihoods and survivals. A number of development projects of Thailand, such as Pak Mon Dam which was carried out with international cooperation, have been controversial amongst government agencies, NGOs and academic groups, for their consequences on the environment, natural resources and livelihoods of the people living in the project areas. Bechstedt and Legsomboon (2004) also concluded that the struggles over natural resources amongst different groups have led to an increased expropriation of natural resources through state agencies and private owners, and at the same time to a process of social and economic marginalization of the majority of ethnic minorities in northern Thailand.

In recent years after its environment and forests were degraded by logging and forest-related production, Thailand has initiated policies aiming at natural conservation and establishment of protected forests and wildlife sanctuary areas. This has conflicted with the ethnic minorities in northern Thailand, as most of them reside

in the forest areas and practice traditional modes of agricultural production such as shifting cultivation for their livelihoods. The areas have also been under the influence of a global economy, causing competition over scarce resources through various social groups, with some holding most of the power over resources and majority of the people in the areas particularly the ethnic minorities have to face a process of increased divisions and increased marginalization (Laungaramsri 1999).

The distinctions between imposed development and endogenous development are the main useful characteristics to differentiate the development inequalities. The development projects, which are required or imposed by the central government, private economic institutions, or International Financial Institutions, with the top down authority to the people, will not bring real sustainable development. Rather it will create burdens to the economic improvement of the poor population. Without the engagement of the receiving communities, even the positive intention of economic growth for them will turn into turmoil, as the people are being neglected in the process of decision making for the development projects. If the top-down type of development has generated unequal development and regional gaps in the modern world system, then the authentic development should be to reestablish the notion of development from within, meaning the local/community development, based on local initiative and local resources, with participation of inhabitants (Nishikawa 2004, p 88).

2.5 Developments for Ethnic Hill Tribes (The periphery)

The ethnic hill tribes have inhabited in the mountainous regions of north and west of Thailand and rotational farming is the main activity of their livelihoods. The government has introduced new agricultural systems and cash crops substitution production in order to alter the traditional ways of their farming activities, and control and manage the natural resources. Under the Community and Environment Development Drug Control Highland Master Plan the policies such as national security in border areas, the prevention of deforestation and the control of narcotics have been implemented.

2.5.1 Highland Development Schemes

The ethnic minorities in northern Thailand, also known as highland communities¹ of northern Thailand, have faced serious pressure from the development policies of the government, which have modified their ways of livings and their livelihoods. The planning process of policy development for highland community decision makings remains highly centralized, and little or no emphasis is placed on the participation of target population. Although the government has vowed to focus on people's participation, freedom, the protection of basic rights and decentralized decision-making, highland ethnic communities remain facing poverty under poorly planned development initiatives, and are subject to strict conditions and rules associated with these programs, such as a lack of land title and knowledge in managing funding of the villagers (International Work Group for Indigenous Affairs (IWGIA) 2001, p 375).

The concepts and policies of highland development have been implemented under the banner of national security, drug plantation eradication and poverty alleviation of hill tribes. Although those development approaches were used, whether the static approach focusing on social welfare and poverty relief, or the dynamic development approach emphasizing resolution of the drug problem and national security, by concentrating primarily on natural resource management and improved agricultural technology, considerable change has been forced on highland communities along with the restrictions imposed through the protection of watershed areas and the creation of national parks (International Work Group for Indigenous Affairs (IWGIA), 2001, p 375).

¹ Highland communities are used to refer to hill tribes, indigenous people, or *Chao Khao* (called by Thai), who are living in the mountainous regions of northern and northwest of Thailand. (Namely Karen, Hmong, Lisu, Lahu, Akha, Lua, Tai Yai, Lua, etc...)

2.5.2 Government's Development Projects

Under the present government, a number of policies and programs that are aimed mostly at rural areas have been introduced since 2001. These programs have made various contributions towards the alleviation of poverty. They include: the Farmers Debt Moratorium program, which granted three-year debt suspension to farmers who borrowed from the Government Agricultural Bank; the Village Fund program, which allocated one million baht to each village, money managed by a local committee for use as a credit facility by members of the village; the People's Bank program, which offers micro-finance to vendors personal service providers and other micro-businesses that generally lack access to formal credit facility through the Government savings bank; One Tambon - One Product program, which is a Government-community partnership that promotes, improves and markets the Tambon (sub-district) community's most promising product with the aim of expanding production through development of small and medium sized enterprises; and Asset Capitalization Program, which renders legally secure land a valuable asset that enables and empowers the poor to use it as collateral for loans and other commercial transactions. The Thai government aims to issue land title documents, covering 30.7 million raised over the 2003-2005 period (Office of the National Economic and Social Development Board (NESDB) & United Nations Country Team in Thailand (UNCT) 2004, p 13).

Although these policies and programs have been introduced to hill tribes and Thai-Karen people in the rural areas of northwestern Thailand along with poor populations of Thai society, there has not been a significant reduction in poverty in these areas. The funds have not been appropriately managed for use as income generation activities, and there remains a need for management skills among many of the villagers. The Office of the National Economic and Social Development Board and the United Nations Country Team in Thailand (2004) concluded in its Millennium Development Goals Report (MDGs) that understanding the situations of the poor and targeting them appropriately will be essential to furthering poverty alleviation (Office of the National Economic and Social Development Board (NESDB) & United Nations Country Team in Thailand (UNCT) 2004).



The War on Poverty Policy program has had some positive impacts on the livelihoods of some of ethnic hill tribes. They have inhabited forest areas where forests are classified under certain categories of forest and the poor forest dwellers are granted temporary cultivation rights. However, some who are inhabited in some lands classified as National Parks or environmentally sensitive conservative areas are facing relocation, and the potential benefits of this program will not reach the poor hill tribes communities; the key identified target group (International Work Group for Indigenous Affairs (IWGIA) 2005, p 335)