

THE EXPANSION OF THE MANUFACTURING SECTOR:

AN ECONOMIC NEW DEAL AND A SOCIAL REVOLUTION

Budhan, P. 1993. *Journal of Thai Studies*, 26, 1-2, 1-17.

Jean-Christophe SIMON

The pattern of development of a sector of modern manufacturing enterprises has changed dramatically over the past decades in Thailand. From a relatively narrow base, the manufacturing sector has evolved to the present structure that is both larger and much diversified in terms of activities and sectors, and its actors have grown in number, acquiring new social attitudes and mastering new economic and social strategies.

Just one decade ago many were discussing the weaknesses of industrial development (Tambunlertchai, 1983) and by the end of the 80s others could easily assume that this industrialization process was systematically leading to "dependent development" i.e. in favor of transnational capital, footloose industries, parasitic local elites (Bell, 1989). But we would like to suggest that these ideas be revisited - to take into account current socio-economic transformations and make a critical assessment of benefits derived from industrial development, particularly at three planes: actors, sectors, and position in the world-economy. We consider indeed that the benefits of industrialization are not to be judged or measured only in terms of national or per capita wealth, or in terms of global income distribution (which would lead to endless debates about statistics, their distortions, their relevance and coverage to describe equity in development). We will refer to elements that can have relevance to several fields of Social Sciences, and focus the presentation on aspects that illustrate the far-reaching and numerous effects of industrial development on Thailand, its people, its economic activities.

While attempting to bridge the gap between the macro, or global level, and analysis at micro or actors level we would like to show that rapid industrialization has brought new economic dynamism's (development of industrial enterprise, generation of new manufacturing activities, new modes of production...), new social opportunities (training and careers patterns, wage based permanent employment...) and at the same time both economic challenges (maintaining international competitiveness, maturation of industries...) and social issues (new norms for basic needs, urban wage level, rural housing income...). Therefore the purpose of this paper will be twofold:

Asia. Carbonat. N. 1993. *Journal of Development Studies*. The International National University, 267 p.

1 - This is an edited version of the paper presented at the 5th International Conference of Thai Studies, London 1993.

1/ It will present some constructive aspects of industrialization - at national and actors' levels, both in terms of sectoral economic transformation and social change.

2/ It will comment on the industrial development pattern in relation to regional as well as "World Economy" integration - discussing the idea of dependency and the international standing of the country.

The paper will draw examples from sectoral studies focusing on manufacturing activities in Thailand. Our data are derived from surveys and interviews collected over the past 6 years with entrepreneurs/factory managers, in most of the sector constituting the industrial mix of the country - ranging from textile/garments to metal products, jewellery, food processing and chemicals...

The Process of Industrialization: a Late and Quick Newly Industrialized Country?

Taking a Global View at the Industrialization Process of Thailand

We certainly realize the depth and magnitude of change that have taken place over the past two decades. We will start here with a comment on two points: first present a few elements about the time frame of the current process of industrialization, then characterize the pattern of development, labeled "late industrialization" (Amsden, 1989).

A Steady Process of Industrial Development

In Thailand the process of industrial development took a long time to gain impetus: it would then be wrong to speak of a quick industrial miracle. Firstly, the base of industry, although weak, was already established in the early 70's. At that time manufacturing sector contribution to overall growth of the Gross Domestic Product was already double the contribution of the agricultural sector (the latter could account for a 16% contribution to growth over the years 1971-75 and the former 31.8% - interestingly manufacturing contributes for 31% on the period 1986-90 and agriculture only 5.6%).

It must be recalled that the expansion of the manufacturing sector was sustained over more than three decades: it took place in a context of global regular quantitative growth of the domestic product, a middle path of growth, whereby the rate of GDP growth was never inferior to 4% p.a. since 1965 which is certainly remarkable compared to the average for developing countries (around 2% for 20 countries of the same category). Thailand never experienced negative growth like other Asian NICs such as Korea in 1980 or Singapore in 1985, and only recently suffered from the "double digit growth fever" that used to be the characteristic of some East Asian economies.

The impressive growth rates of manufacturing value added in the early seventies (average 8.0 % per annum for 1971-75) is comparable to the beginning of the present decade (7.4 % p.a. in 1990-92. Taking into account the double digit growth period in 1986-90, the rates reveal that it took about two decades to strengthen capital accumulation and achieve a substantial level of manufacturing activities: during the late seventies and early eighties, agricultural and manufacturing activities had a similar weight in the gross domestic product (around 20%), and finally the latter asserted its first place in 1979. The manufacturing sector's share is now about 29% of GDP (1992) which is in fact more than enough to justify the "NIC label" fashion in the economic press.

Table 1. Manufacturing Growth in the Gross Domestic Product

NESDB Data %	1971-75	1976-80	1981-85	1986-90	1990-92
Mean Share of GDP					
Agriculture	25.4	22.2	20	16.8	13.2
Manufacture	18.9	21.6	21.4	23.3	28.7
Trade	16.8	16.8	16.5	17.2	17.2
Average Growth p.a.					
Agriculture	2.9	2.8	3.8	2.9	3
Manufacture	8	6.7	3.4	11.6	7.4
Finance	4.7	8	7.1	23	9.6
Largest Share in GDP Growth					
Agriculture	16.6	10.6	17.8	5.6	7.7
Manufacture	31.8	23.8	16.4	30.8	40.6
Trade	19.2	16.9	12	20.5	13.1
Finance	2.7	3.5	4.5	10.2	10.7

Note: all above figures are %, based on value added at constant prices 1972. Last period 1990-92 is based on the new series at constant prices 1988, in order to better reflect new structural changes of the economy.

section 1. gives the relative share of largest sectors in Gross Domestic Product, with average for each period.

section 2. gives the average annual growth for the sectors with highest performance in 1992.

section 3. is a computation of the contribution of each sector to the growth of the GDP for the given period - i.e. the relative share in the increase of the value added.

In this respect it must be realized that industrial development is defined by historical and structural dimensions. On the one hand industrial development has well recognized of establishing and restructuring effects - as shown through past and recent experiences in Europe. There is never such thing as a balanced and harmonious development process through the windfall of industrial progress. Industries in Thailand, as in other developing economies, grow and prosper by drawing on local or imported resource; they can destroy small networks of artisans, or impose transformation of agricultural structures, they could also collapse and leave regions and their populations on wrecks. Admittedly the reshaping of economic and social structures is embodied in the current development process, as P. Warr (1993) puts it: "there are two structural

employment from agriculture to non-agriculture will occur, and the second is where the expanding non-agricultural economic activities will be located. Until now, Thailand has managed reasonably well the transition from a slow-growing agricultural exporter to a rapidly growing industrializing NIC. Social tensions have resulted from the rapid changes; however, and these could threaten the sustainability of the growth process." (p76-77).

Industrialization is neither neutral nor balanced: International relations are characterized by power struggles just as economic and social debates are, at national level, influenced by class and strategic group conflicts. Industries thrive through both protection and cut-throat competition, and are not constituted of abstract, equal economic agents, but put into motion by agents that have "asymmetry" of powers and capacities - which also means they can have non-economic rationales in their behaviors.

On the other hand industries generate a dynamism that is the base of the so-called advanced societies. They establish new patterns of production, they offer opportunities for actors to initiate activities, they contribute to the standing of a country in the world economy.

Late Industrialization in the World Economy

One of the key elements brought forward by A. Amsden (1989) in her study of industrialization in Korea, is that the latecomers among the industrialized nations have benefited from both existing state-of-the-art technologies to expand their manufacturing sector and compete with more advanced nations (e.g. in the automobile industry) and from a holy alliance of business sector and bureaucracy aiming at selecting the appropriate strategies to assert the national position among the economic powers in the World Economy.

In the early eighties there was much talking in Thailand about catching-up or leap-forging, as a strategy for rapid development in the steps of East-Asian Nics. We can now better understand the irrelevance of the "imitation strategy" for Thailand as the country developed along its own path throughout the recent boom since the mid-eighties: neither the multi-sectoral light manufacturing industrial development, nor the regional capital influx, or the role of the service economy can be said to fit the East Asian industrialization pattern.

Additional differences between the new generation of South-East Asian fast industrializing countries (that is excluding Singapore, which is part of the first wave) and their predecessors can be found at three planes: on a span of two decades (about 1965-85) the earlier NIC's have shown quicker growth of GDP per capita, higher gross fixed investment, stronger emphasis on education and human capital, and in addition

have made efforts to acquire strong technological capability (this is particularly true for Korea and Singapore).

The Consequences

The consequences (or could we say the benefits ?) of industrial development seen at inter-national level are threefold:

- a well accepted connection to the world economy (external investment and trade are no longer seen as foreign dimensions and threats to the country);

- the capacity to play a role in the world trade system, and the necessity to contribute to the debate on freer/fairer trade for developing countries.

- a new regional standing.

Thailand, along the other emerging industrializing nations of South-east Asia has joined the earlier NIC's in the list of countries that have a slot in the world trade system: about 1% of world exports, slightly less than Malaysia (1992). Comparatively Korea and Taiwan both have a 2% share of world exports.

This is also reflected in the statistics that describe the opening of the economy: the ratio (exports+imports/GNP) was 30% in 1970, 47% in 1980 and 67% in 1992.

Table 2. Changes in the Structure of Trade for Thailand

Customs Data %	1970	1975	1980	1992
Trade Opening 1.	30	37	47	67
Share of Agro-Food Products.	49	60	47	26
Share of Non Food Manufacturing Products	15	20	32	67

Note: 1. Ratio of Exports plus Imports to Current GNP

This new position in World Economy does also bring new challenges. The stronger integration into the world capitalist system, with its poles of power and inequalities, as described by Braudel (1985) carries opportunities and risks: the economy has to renew its competitiveness (Porter 1990) and the people as economic actors must maintain the capacity to play a full scale role...

In the case of Thailand, we have indeed ample food for thought about industrialization: although we can still discuss a great deal about the reality of the NIC status, we can no longer question the existence of the industrial/manufacturing component of the country. Moreover, the fact that the country regards itself as "dynamic society; open economy" tells a lot about the changing ideology of the State and the new confidence of business strategies.

Diversification of Sectors and Multiplication of Productive Networks; an Economic New Deal?

Sectoral Development

We would like to present here several aspects of sectoral development in the manufacturing activities; What matters is that we have now an industrial fabric that is significantly diversified. We may recall the comments of Chira Charoenloet (1971, p5), who wrote about the early years of development "one of the major obstacles to industrial growth in Thailand is the smallness of the home market. Another factor which limits the growth of industries is the lack of natural resources - fuel and energy, inadequate transportation. An equally serious deterrent to industrial development is the lack of capitalist entrepreneurship. People who have higher incomes and wealth tend to use their resources in relatively unproductive ventures".

Even at the beginning of the 80's, Dr. Somsak Tambunlertchai (1983, p1) could not anticipate the strong acceleration of the industrial sector that took place by the middle of the decade "the shift from domestic sales to exporting is not a smooth process and usually only a few industries in a country can be successfully moved from import substitution to export expansion."; In fact, the transition from the import-substitution phase to a new export oriented drive was well on its way, but the bulk of the industry in Thailand was geared towards the domestic scene. Evidence of this is given in the efforts of the NESDB in the years 1983-85 to promote industrial restructuring of the manufacturing sector and to enable greater exports capability.

At present, the industrial scene shows sectors and companies are maturing; plant of all sizes, locally or foreign owned, in about 15 key industrial sectors, several of which are internationally competitive. Evidence of this can be found in the new export pattern: among the top ten export products we can now find mostly manufactured goods.

In addition to the change in the ranking of the top ten, it is interesting to note that the ten item amounted to 75% of exports in 1970, but they represent only 55% of all export products now - this is an evidence of the much wider spectrum of products that are exported.

We will identify some newly revealed characteristics, and also some little known features about current industrial dynamics in Thailand, through cases drawn from selected manufacturing activities.

Table 3: The Ten Top Exports of Thailand (Percent)

1970	1980	1992
Rice 17	Rice 15	Textile 11
Rubber 5	Tapioca 11	Computer 7
Maize 13	Rubber 9	Jewelry 4
Tin 11	Tin 9	Rice 4
Tapioca 8	Maize 5	Prawns 4
Jute 5	Garments 4	Tapioca 4
Beans 2	Cut stone 2	Rubber 4
Prawns 2	Sugar 2	IC's 3
Tobacco 1	Prawns 1	Footwear 3
Timber 1	Canned fruit 1	Sugar 2

Source: Customs Statistics

The manufacturing enterprises are indeed taking roots in a fertile soil: their number has doubled over the past fifteen years, their activity now range from production of most consumer products, and a growing amount of intermediary and equipment goods. This is not to say that issues such as sectoral weaknesses, institutional bias towards large firms, or limited inter-sectoral linkages and low technological progress are not of topical importance (TDRI 1992). But what should be pointed out is that several issues of the early 80s are no longer limitations for the future expansion of industrial activities, namely the diversification of export markets, the multiplication of small companies, the strengthening of private sector initiative, and even the acceleration of plants construction outside the Bangkok metropolis (e.g. in the engineering, garment, food and jewellery sectors about 80% of all the plants we surveyed in 1990-93 in Khon Kaen, Chiang Mai, Ayuthaya, Chonburi and Chachoengsao provinces, on the basis of registration at Ministry of Industry, were less than five years old).

The persisting rural-urban divide (in fact Bangkok conurbation vs. other regions) is certainly to last until the next century but the past five years have shown that distant provinces can attract manufacturing plants, and that peripheral development will be strengthened by increased relationships with neighboring countries (along the banks of the Mekong, the Malaysian or Cambodian borders). An interesting feature in that context is the persistence of linkages between traditional and modern forms of production through subcontracting: many cases of provincial industries working for larger manufacturing or trading companies have been identified (Surveys show this concerns formal and informal activities for production of garment, stone cutting and handicraft, and it also expands beyond the national borders). We are still certainly far from a Japanese or Taiwanese model of rural industrialization (obviously the social and geographic justification are not present in Thailand) but the recognized fact is that many

rural areas are now encroached upon by industrial plants that contribute to further increase the off-farm income component of rural people (CUSRI 1993; TDRI 1992). There is definitely a New Deal for industries in Thailand.

The Textile and Garment Industry

The textile and garment industry is an obvious case of rapid sectoral development: it is well known that it developed first as an import substitution industry and then increased its export since the mid-70s, when garment exports became larger than other textile categories (such as fabric, yarns). The textile industry was well established by the end of the 70's: it represented 18% of manufacturing value added, equally divided between upstream and downstream activities. The diversification of products and the multiplication of business resulted in a comprehensive industrial structure that was large, nationally controlled and operated in most cases. Garments only emerged as one of the ten major exports products in 1973, a mere 3% in value together with other textile products, in 1984 this group of products reached the 10% mark, and they represent now 18% of exports (1991).

One very remarkable feature is that textile, to thrive as an industry has to walk on both legs and rely on internal and external markets; In Thailand it cannot be said to be typically export-oriented: data computed from NESDB (1984, vol1, p28) showed a global rate of export for the entire textile industry shifting from 10 % in 1975 to about 14% in 1980 (passing through a peak of 18% in 1978). Unfortunately the agglomeration of the various subsectors hides the fact that some like garment are much more export-driven. In our surveys we found that all the garment companies visited in 1990-92 were exporting the bulk of their production - the only exception being a few firms that had acquired licenses to supply the local market with fashionable international brands. Nowadays, as the upstream companies (cotton and artificial fiber spinning) target most of their production to the local weaving mills (25% only of these two categories of product are directly exported), that in turn supply a garment sector that exports officially between 50-65% of its production. These figures quoted by the ministry of industry and manufacturers associations do not take into account though a substantial amount of invisible and border trade exports that is assumed to be in the range of 10% of the volume in the case of garments.

In the case of the down-stream production (material, garment) a significant proportion of companies, both small and large, have based their strategy on this dualism of markets by selling to the local and international buyers. The local market also acts as a screen for invisible exports to neighboring countries, and it present increasing possibilities to sell both higher grade and a fair amount of lower quality products. Thailand is now well connected to foreign markets, either through buying agents from

regional hubs such as Hong-Kong or through the local trading companies that play a key role for the industry. The garment exporting companies have shown remarkable abilities both to expand a new market and to deal with the restrictive import practices (either by perverting the control procedures, or by diverting exports through non-quota markets).

Small and large companies have demonstrated their mastery of two major skills: one is the flexibility to adapt their production to a wider range of customers to conquer new markets (children clothes for Europe, the Middle East and Japan differ widely!), the other is the awareness of potential benefits to be gained from diversification and quality improvements. In that respect the garment sector is an other example of the economic adaptiveness in Thailand; This can be a genuine comparative advantage when competing with rigid oligopolistic industrial structures or slow and non-innovative companies from other countries in the region.

Textile is frequently described as a low investment/footloose and also high turnover/low qualifications of manpower industry; This is certainly true in global terms, but we have identified new behaviour of industrialists that show a maturation of this sector:

Some of the surveyed companies show a concern for stable employee structure in order to guarantee quality of output and therefore adapt their wage and training practices accordingly.

There is a growing tendency to invest in higher technologies (shuttleless looms imports have soared over the past three years, laser controlled cutting equipment sales are brisk too) and pay particular attention to quality control of both inputs and final products. This is a lesson taught by the norms of international markets.

It can by no means be guaranteed that textile production will remain a booming sector in Thailand. The cases of European textile industry decline over the past 40 years remind us of the fierce competition and shifting comparative advantages. But Porter (1990, p.312) interestingly points out why relative industrial decline cannot be equated with collapse "Switzerland has few natural resources...however, centrally located on major European trade routes, Switzerland became a trading, commercial and financial center early on. This advantage, plus the early Swiss position in textile gave it a strong position in trading that has never been lost".

But it should be said that the export orientation of the textile industry has shown both the ability to rapidly mobilize capital and manpower, and to establish an internationally competitive regional position. The current competitive advantage is based on flexible adjustment in production quality and capacity, placing Bangkok as a major

hub of Southeast Asia, and a willingness to extend influence on industrial activities in neighbouring countries.

The Multiplication of Manufacturing Activities.

Beyond the textile industry which takes the first place in terms of output and employment, several other manufacturing activities, such as food processing, agricultural machinery, jewellery/gem cutting and other lesser known activities like artworks foundry, or wooden toy products present similar characteristics in Thailand of skillful mobilisation of resources, improved control of the technology and process, and adaptiveness to shifting market conditions. Let us consider just two examples;

* Local resource and adapted technology;

Many of the agricultural machinery plants - commonly found in many towns of the Central Plain, but also increasingly in major cities of Isan certainly qualify for the sweatshop and even noiseshop label, as they consist of units or assembly lines where pieces of metal are cut, pressed, welded, and also integrated with components such as gearboxes, engines, electrical apparatus, to make equipment ranging from simple carts, tube pumps, to small tractors, or even small combine harvesters for paddy fields.

The entrepreneurs benefitted from the expansion of the market for agricultural implements, together with the changing cultivation techniques. The local paddy combine harvester is a good case of adapted technology meeting the new needs of farmers; the plants, we visited show that mechanical engineering ventures are most frequently based on the personal initiative of an experienced mechanic (some of them came from the transport sector, or even tin dredging activity); The entrepreneur also needs an astute sense of commerce to attract customers, provide reliable maintenance and consider improvements of the machines. This is frequently achieved through "imitative innovation", based on ingenuity, without support from a licence or a larger company, and no formal technical or financial support from a public institution. Family contribution to informal financing support, and for performances of many tasks in the firm -from account supervision to marketing - seems to be no small part for the emerging ventures.

* Local and foreign markets;

The shoe industry has emerged as a major component in the exports, but needless to say with about 120 million feet running around in the country, there is ample need to supply the local market too.

Many shoe factories are geared towards exports, and work under licence from majors international brands (such as Nike, Adidas...) but small enterprises are also finding a niche for sport, plastic shoes. Interestingly they also move closer to their markets upcountry. We discovered such a workshop in Kalasin province, in contact with the Department of Industrial Promotion. Buying inputs from Bangkok-based suppliers, a trader established a small workshop, employing only about 8 people from nearby houses to prepare and assemble shoe-parts. The production requiring very little capital, is being supplied to local shops and wholesale traders. This type of endeavour can be seen as the new emergence of cottage-industry in Thailand -but a type of cottage industry that draws more on industrial type goods and modern trading networks than many of the well-known traditional handicrafts productions.

The Base of the Industrial Manufacturing Dynamics

As mentioned above, a distinctive feature of manufacturing development in Thailand is the rapid multiplication of productions since the mid-eighties. This is a major economic strength that the range of products, and market destinations are so diversified: It can reduce considerably the vulnerability to economic downturns, and it also maximizes the experience gained by both workers and entrepreneurs.

The cases of many of the entrepreneurs we surveyed raise the question to consider whether the small workshops can be seen as the base for larger activities. Many family-based firms may not have the stamina to evolve into larger companies, other will remain like sub-contractors whose future is determined by bigger corporations (in Thailand or overseas). But in any case it is vital that the current multiplication of enterprises keeps its momentum as this is a key to the industrial future of Thailand.

In that respect, there is no straightforward recipe to success, or typical "Asian miracle" feature - that is, beyond the key elements of regional prosperity and stability, individual dynamisms, open markets and devoted capitalists. Many entrepreneurs have indeed demonstrated their capacity to combine local and foreign resources, to adapt to shifting world conditions, to comply with set standards, and upgrade their technology.

These elements are the base of the industrial manufacturing dynamics of Thailand which presents an interesting combination of flexibility and diversity, both inward-looking and export-oriented, local and foreign entrepreneurs intervention, large mix of products, diversity of industries and skills. The obvious benefit is to rank the country among those that constitute the world networks of manufacturing production, and to establish Thailand as one of the emerging industrial powers of Southeast Asia. In the present context of instability, economic uncertainty and fierce competition the position

in a prosperous zone, the ability to generate business on a regional basis, and to adapt to versatile, complex and even unfair world markets are certainly key assets to be derived by any country from its industrial experience.

Industry and Economic Actors: an Emerging Social Revolution?

A Wider Range of Economic Actors

From what we have presented above it appears clearly that a large variety of economic actors are being integrated in a complex matrix and indeed actively participating in the industrialization process as producers. From farmers supplying fresh produce to food industries, to self employed subcontractors and (mostly female) laborers of the garment producing sector, to newly employed blue collars in the light engineering, auto-parts or tyre factories. We could also mention a new generation of entrepreneurs that have started a business in the boom period and that are committed to the success of their family-based venture; they contradict the earlier statements in the literature about lack of entrepreneurial abilities among local elites.

There is an obvious question that comes to the mind: do most local actors derive some benefits from industrialisation? Unfortunately data on income distribution do not give very conclusive evidence, or distort the fact the even low incomes have risen over the past decade (Incidentally one of the sessions of the TDRI conference in December 92 was titled " Manufacturing growth: A blessing for all ?").

Considering in retrospect the economic downturn of the mid eighties highlights the present situation; at that time in 1984-85, the labour absorption of the economy was low, the government was forced, under its "adjustment program" to limit the recruitment of civil servants. It was said that most graduates from universities would not find jobs, that brain drain would accelerate, that migrant laborer's exile to the Middle East would be the only outlet for rural "excessive" manpower...

What we can see in retrospect is an economic boom over the past decade that has offered work opportunities to the immense majority of the population (refer to paper by X. Oudin dealing on employment issue); most farmers are still planting and harvesting, others are working part time on construction sites, in urban areas, their daughters and sons in factories (not to mention the infamous hospitality services), or shops and offices most of which did not exist only five years ago. Even fresh universities and college graduates seem to consider they can afford to be choosy about their jobs - incidentally very few still consider now civil service as the most desirable career.

Industrial Employment: Experience and Skill Acquisition

In textiles as in food processing sector the labour intensity and the low qualification admittedly do not offer much scope for qualitative improvement; but this is nothing original in terms of history of industrialization: these basic industries have always been the starting level for mobilization of manpower and integration of workers in the labour force.

The case of workers in gem cutting and jewelry production sector shows both the expansion of a traditional form of crafts, and also the establishment of a new group of highly qualified workers: In some of the modern factories manufacturing jewelry for exports, young people are acquiring skills that are similar to those mastered by fellow craftsmen in Europe - and even, according to a factory director, they are quicker to learn than trainees of a parent company in France. Many of them have not been offered high education, few have technical college training prior to their recruitment, but on-the-job training seem quite a satisfactory solution in the middle term.

There is however in some cases a marked reluctance towards in-house training, admitted by many factory managers of both local and foreign companies, for the reason that job-hopping is too widespread under the current economic boom. Interestingly it is more frequently expressed in the factories of the Bangkok metropolis, for example in the industrial areas of Pathum Thani, Ayuthaya, and in the Eastern Seaboard region whereas in the more distant provinces, industrial employment opportunities being narrower managers can expect more stability (although they occasionally complain about absenteeism related to rural activities and festivities).

It is indeed true that many industries have an obvious footloose character, but it should be emphasized that those which rely on trained, skilled manpower can much less afford to relocate within a short span of time; in that respect activities like production of jewellery or Integrated Circuit and precision electronics are a good asset for Thailand because of the newly acquired skills of the industrial manpower - but not surprisingly - even many segments of garment and fishnet productions require a well trained and dedicated workforce that cannot be mobilized at short notice in most developing countries.

An additional feature about industrial manpower in Thailand is the new aspiration for genuine qualification for both blue collars and white collars. Industrial skills and technologies are something to be learned, experienced and mastered: for many Thais this is indeed a new approach to knowledge as the education system still places a large emphasis on repetitive learning, or diplomas (as an end rather than a pathway to gaining genuine experience), and passive absorption of knowledge. Our interviews with present

managers of foreign companies also showed a contrast with previous observations about instability and lack of flexibility of manpower and analyses of workers attitudes as described by C.Thientai (1988) for example in the case of Japanese companies: attitudes seem to be have changed at the workplace too.

Other evidence of this new attitude towards industrial technology training can be found in the recent burgeoning of private technical education and on-the-job training. Many young people seem to be willing to pay for a higher education as a means to secure better jobs - some private technical evening courses are extremely popular even for employees that have to face an additional heavy burden on their daily schedule. Obviously at the top level of the scale the high-fee high-expectation courses of business administration have also bloomed in public, and newly created private universities.

It was also found that some large factories (in garment as well as computer production) accept short term trainees from vocational schools and technical colleges, therefore contributing to bridge the gap between the world of formal education and the world of industry.

It can be remembered that the combination of skilled and motivated manpower together with local innovative entrepreneurs was the key of industrial development in many European industries - this enabled entire regions to acquire and master particular know-how and techniques to control a particular production niche, but also to diversify and improve their activities throughout the product cycles.

Local Entrepreneurial Abilities

In this context the role of entrepreneurs has proven to be crucial : they are behind the expansion and diversification of all kind of activities. Nowadays, entrepreneurs, as both initiators and managers of new manufacturing activities are the backbone of the economic transformation.

Local entrepreneurial abilities have been widely discussed in the past years (Prasatsert, 1985; Mc Vey, 1992). We will just mention here several aspects that show a recent transformation in the entrepreneurs' behaviour, a change that could be related to the specificity of enterprise generation in the manufacturing sector.

- Local entrepreneurs, as industrial capitalists have obviously to limit their short term speculative ambitions; returns in manufacturing activities cannot match those drawn from land speculation. This may be the root of a new professionalism of factory owners that started their business under favorable conditions in the 80s. The new sino-thai generation seems able to put the same dedication and energy in industry as their fathers or grandfathers put in trade a few decade ago.

Alliances with foreign entrepreneurs or international companies cover a wide spectrum: they range from the very large joint-ventures of the Eastern Seaboard industrial estates, to the grassroots companies of garment and food processing. Not only do they mobilize very large official or informal (e.g from Hong-Kong or Taiwan) financial capital, but they contribute to considerable technology acquisition. They all benefited from the economic boom which can explain the low rate of failures and the willingness to pool resources although legal protections are quite limited.

We can also notice that anxieties about private (and foreign) control on the economy are a feature of the past, and that joint ventures and all money making enterprises have become fashionable for private sectors and the government's eye too. This is a byproduct of the new acceptability of business, and materialism or monetarisation - that was epitomised by the Chatichai government era, but currently seems to impregnate all walks of life and all components of society in Thailand.

This is in line with Mc Vey's observations (1992, p.21, 24) that " nowadays, requirements for capital, political connections, and broad international operations make for an opening-out in terms of finance, business organisation and social style. Family firms have become family controlled corporations and these in turn have increasingly included outsiders in their direction... a prominent illustration of the change of this new acceptability of entrepreneurship has brought is a willingness to give up the sacred cow of nationalism ... for the sake of arrangements more favorable to business interests."

Naturally many issues remain to be investigated: How to weigh the relative influence on entrepreneur's strategies of world markets and financial analyses vis à vis imitation strategies and network cooperation within peer group? Can speculative business lead to innovative strategies? Are the links of subcontracting based on purely economic rationale or do social structures of Thai society determine specific forms of industrial organisation?

A striking feature derived from the interviews with industrialist is the diversity of strategies, the various attitudes, which lead to inconclusive thinking about the recent expansion of enterprises. In that respect, we share Mc Vey's conclusion (1989, p31) about the "materialization of South-Est Asian entrepreneur" as she puts it "in the end; as with most human undertakings, it may come down to something of a spirit: a feeling, part inspiration, part contagion, that great things may be gained and that the moment must be seized".

The new generation seems to have a different attitude towards business. They are more open to international trade and investment. They are more willing to take risks and to invest in new technologies. They are more aware of the global market and the need for innovation. They are more confident and more optimistic about the future of Thailand. They are more active and more engaged in their work. They are more socially responsible and more concerned about the environment. They are more open-minded and more tolerant of different cultures and religions. They are more curious and more inquisitive. They are more confident and more optimistic about the future of Thailand. They are more active and more engaged in their work. They are more socially responsible and more concerned about the environment. They are more open-minded and more tolerant of different cultures and religions. They are more curious and more inquisitive.

Conclusion

We will make conclusive remarks about two aspects of industrialization in Thailand:

The Age of Industries as a Social Challenge

Within the course of industrialization social positions and connections are being restructured such as those between government-business, traditional-new economic elites, white collar employees-family managers. This will inevitably call for redistribution of power.

Many people in Thailand have benefited from economic growth, and have easily adapted to new opportunities and challenges related to industrialization. When one investigates the actors situation in the factories, one comes out with a picture that may have far reaching consequences for the future; About two millions people are acquiring wage earners habits, consumption patterns, new skills, but also new social roles and expectations through their work in industry. It is dubious that many of them would trade their job for agricultural work or self-employment. Modernization of values and material growth have created high expectations from a large majority of the population: in that respect there is a growing social challenge as people feel they have a right to prosperity, which would, during economic downturn time, be converted into a higher demand for equity.

There can hardly be equity in modern societies without modern institutions and social regulations: its seems obvious that in Thailand material progress has outpaced institutional improvements. If the Economic New Deal has brought substantial benefits to a majority of the population, genuine development requires more safety and institutions that guarantee that economic actors retain some satisfactory social status even under unfavorable circumstances, and that social conflicts find outlets and do not end in antagonistic stalemate. The recent economic boom has not produced a well regulated NIC overnight - if there is actually an economic New Deal for peoples of Thailand, there is still a new social transformation to be achieved within the next decade.

Industrialization and International Relations in the Regional Economy

Thailand has rediscovered its neighbors as economic partners after a long period of isolationism. This is a by-product of the economic transformation and the rapid industrialization: the country has asserted its position in the region, thanks to its newly found prosperity leading to political and diplomatic self-confidence; we should not

underestimates the implications of the new trend well embodied in the famous expression "from zone of war to zone of peace". Thailand is acting as regional advisor for development, giving expertise on investment promotion and industrial estate establishment, and funding technical cooperation programs in Viet Nam, Laos, Burma, not to mention Cambodia. This is a remarkable change compared to just one decade ago.

But the zone of peace could lead to a zone of haggling. Taking into account strong national identities, perception of national interest and potential conflicts (e.g. on natural resources) new regional competitions and tensions may well emerge. Economic actors are quick to jump over borders with goods and funds, but governments are slow to design the framework that will guarantee long-standing economic openness and cooperation.

...the course of industrialization...
...the zone of peace...
...national identities...
...perception of national interest...
...potential conflicts...
...economic actors...
...governments are slow to...
...design the framework...
...guarantee long-standing...
...economic openness and...
...cooperation.

...the course of industrialization...
...the zone of peace...
...national identities...
...perception of national interest...
...potential conflicts...
...economic actors...
...governments are slow to...
...design the framework...
...guarantee long-standing...
...economic openness and...
...cooperation.

...the course of industrialization...
...the zone of peace...
...national identities...
...perception of national interest...
...potential conflicts...
...economic actors...
...governments are slow to...
...design the framework...
...guarantee long-standing...
...economic openness and...
...cooperation.

REFERENCES

- Akrasanee, Narongchai. 1980. "Comparative Advantage of Textile and Cement Industries in Thailand." Bangkok: Industrial Finance Corporation of Thailand.
- Amsden, Alice H. 1989. "Asia's Next Giant: South Korea and Late Industrialization." Oxford University Press.
- Bell, Peter F. 1989. "Essays on the Political Economy of Thailand." A Critical Assessment of Export Oriented Growth. Bangkok: Faculty of Economics, Chulalongkorn University.
- Braudel, F. 1985. "La Dynamique du Capitalisme." Arthaud.
- Charoenloet, Chira. 1971. "The Evolution of Thailand's Economy." Bangkok: Thai Watana Panich.
- Charoenlert, Voravidh. 1990. "Thailand in the Process of Becoming a NIC. Myth or Reality?" Working Paper, Faculty of Economics, Chulalongkorn University. Bangkok.
- Chiasakul, Samart et al. 1989. "Thailand's Economic Development in the 1980's." Tokyo: Institute of Developing Economies.
- Chulalongkorn University Social Research Institute. 1993. CUSRI-ORSTOM Seminar on Entrepreneurship and Socio-Economic Transformation in Thailand and South-East Asia. 2-4 February 1993. Bangkok. Proceedings to be Published.
- Hewison, Kevin. 1988. Industry Prior to Industrialisation. The case of Thailand. Journal of Contemporary Asia. Vol 18 no 4. p389.
- _____. 1989. "Power and Politics in Thailand: Essays in Political Economy." Manila: Journal of Contemporary Asia Publ.
- _____. 1989. "Bankers and Bureaucrats." New Haven, Conn. USA: Yale University Southeast Asia Monographs. no 34.
- Lall, Sanjaya. 1990. "Building Industrial Competitiveness in Developing Countries." Paris: OECD.
- Mac Vey, R., ed. 1992. "Southeast Asian Capitalists." Cornell, USA: SEAP.
- Mahon, James E. January 1992. "Was Latin America Too Rich to Prosper?" Journal of Development Studies.
- National Economic and Social Development Board. Various Years. National Income of Thailand (Tables of GDP/GNP at Constant Prices).
- National Economic and Social Development Board. 1984. Restructuring of Thai Industries.
- Oman, Charles. 1989. "New Forms of Investment in Developing Countries." Paris: OECD.
- Porter, Michael E. 1990. "The Competitive Advantage of Nations." London: Mc Millan.
- Supachalasai, Suphat. 1990. "Export Growth of Thai Clothing and Textile." The World Economy. vol. 13 no.1.

- Simon Jean-Christophe. 1993. "Entrepreneurship, Markets and Industrializing Effects, the Case of Textile Industry." Cusri-Orstom Seminar. 2-4 February 1993. Bangkok: Chulalongkorn University.
- Simon Jean-Christophe and J-R Chaponniere. 1989. "Les Difficultés de la Thaïlande pour Devenir un Nouveau Pays Industriel." *Revue Tiers-Monde*. vol. 19. Paris.
- Tambunlertchai, Somsak. 1983. "Manufactured Exports Promotion; the Case of Thailand." Tokyo: Institute for Developing Economies.
- Thailand Development Research Institute. 1992. "Thailand's Economic Structure: towards Balanced Development." Papers Presented at the Year-End Conference. Bangkok.
- Thailand Development Research Institute, Mingsarn Santikarnkaosaard. 1992. "Manufacturing Growth: a Blessing for All?" Synthesis Report. 1:2-1/2-63. Papers Presented at the Year-End Conference. Bangkok.
- Thailand Development Research Institute, Robin Boadway et al. 1992. "Required Returns on Investment by Small and Large Firms in Thailand." Papers Presented at the Year-End Conference. Bangkok.
- Thailand Development Research Institute, William E. Brummit et al. 1992. "Exports, Structural Change and Thailand's Rapid Growth" Papers Presented at the Year-End Conference. Bangkok.
- Thienthai, Chutta. 1987. "Japanese Management Methods in Thailand" Bangkok: JICA.
- Wade, Robert. 1990. "Governing the Market, Economic Theory and the Role of Government in East Asian Industrialisation." Princeton University Press.
- Warr, P., ed. 1993. "The Thai Economy in Transition." Hong-Kong: Oxford University Press.
- Yeats, Alexander J. 1989. "Developing Countries' Exports of Manufactures." *Tokyo: The Developing Economies*. 27-2:109-145.
- Yeats, Alexander J. 1990. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 13 no. 1.
- Yeats, Alexander J. 1991. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 14 no. 1.
- Yeats, Alexander J. 1992. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 15 no. 1.
- Yeats, Alexander J. 1993. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 16 no. 1.
- Yeats, Alexander J. 1994. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 17 no. 1.
- Yeats, Alexander J. 1995. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 18 no. 1.
- Yeats, Alexander J. 1996. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 19 no. 1.
- Yeats, Alexander J. 1997. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 20 no. 1.
- Yeats, Alexander J. 1998. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 21 no. 1.
- Yeats, Alexander J. 1999. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 22 no. 1.
- Yeats, Alexander J. 2000. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 23 no. 1.
- Yeats, Alexander J. 2001. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 24 no. 1.
- Yeats, Alexander J. 2002. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 25 no. 1.
- Yeats, Alexander J. 2003. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 26 no. 1.
- Yeats, Alexander J. 2004. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 27 no. 1.
- Yeats, Alexander J. 2005. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 28 no. 1.
- Yeats, Alexander J. 2006. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 29 no. 1.
- Yeats, Alexander J. 2007. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 30 no. 1.
- Yeats, Alexander J. 2008. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 31 no. 1.
- Yeats, Alexander J. 2009. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 32 no. 1.
- Yeats, Alexander J. 2010. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 33 no. 1.
- Yeats, Alexander J. 2011. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 34 no. 1.
- Yeats, Alexander J. 2012. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 35 no. 1.
- Yeats, Alexander J. 2013. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 36 no. 1.
- Yeats, Alexander J. 2014. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 37 no. 1.
- Yeats, Alexander J. 2015. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 38 no. 1.
- Yeats, Alexander J. 2016. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 39 no. 1.
- Yeats, Alexander J. 2017. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 40 no. 1.
- Yeats, Alexander J. 2018. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 41 no. 1.
- Yeats, Alexander J. 2019. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 42 no. 1.
- Yeats, Alexander J. 2020. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 43 no. 1.
- Yeats, Alexander J. 2021. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 44 no. 1.
- Yeats, Alexander J. 2022. "Export Growth of Thai Clothing and Textile." *The World Economy*. vol. 45 no. 1.

F-1

วารสารวิจัยสังคม

Journal of Social Research

Volume 17

No. 3 1994

สารบัญ

Contents

Journal of Social Research		28
Thailand		
Rapid Industrialization and Socio-Economic Transformation in Thailand		61
of Micro-Enterprises	Isabelle Vagneron	81
and its Growth		
Introducing		
in the Market	Yves Guillin	91
Encroachment and Environmental Movement in Thailand	Jean-Yves Weigel	107
Medicines: a "Village" from the Thai Urban Health System	Isabelle Favre	123



ORSTOM Fonds Documentaire

N° : 42788 ex 1

Cote : B

ISSN 0857-9180

06 NOV 1995