

AGRICULTURE STILL IMPORTANT IN THAI ECONOMY

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During the early post revolution period, the Soviet Union's efforts to industrialise the country were successful but at cost of the neglect of agriculture. The result of this policy was so devastating that food became almost a scarce commodity. In later years, the Authority had to revise its priorities and agriculture was made to play its due role in the national economy.

In recent years, the Thai economy has been apparently doing well but policy makers seem to have made similar mistakes as the Soviet Union made minimising the importance of agriculture. In Thailand, fast paced growth in the industrial and manufacturing sectors have brought economic prosperity to a certain section of people but only at the cost of shrinkage of the agricultural sector. The Country's economy, for example, has grown at a rapid 10-11 percent in recent years, but the benefits of this growth are being enjoyed only

by the urban people who own and /or manage manufacturing industries. A survey by the Thailand Development Research Institute reveals that the incomes in the agricultural sector have fallen far below those in the non-agricultural sector. A growth rate (17.0 percent in 1989) of the manufacturing industry, has also far outstripped that (4.1 percent in 1989) of the agricultural sector. It seems that foreign investment which propelled the economic boom only blessed the export-fuelled manufacturing industries.

But this trend is unlikely to continue forever; in fact, the period of economic boom is already over. The G.N.P is falling now.

This means that agriculture, which has been the back bone of the Thai economy, is to remain as the back bone for many years to come. Even though its growth rate is low,

agricultural products account for 30 percent of the country's exports and the share of agriculture in the Gross National Product (GNP) is only 16 percent and agriculture is in-efficient and less productive. But the fact remains that the farm sector provides a livelihood to 70 percent of the population¹. Non-agricultural sectors have not yet been so developed as to absorb all surplus hands from the agricultural sector. It is, therefore, a question of life and death, not so much a question of profit and loss, in deciding whether or not to support agriculture. Dr. Ammar Siamwalla, the President of the Thailand Development Research Institute pledged the government to consider protecting agriculture as a "safety net", in that context².

Thailand's industrial sector is just being developed and in many ways the country is not ready for full - scale industrialization as it lacks experienced qualified personnel, raw materials, technology and know-how. If the country is to become a NIC, it therefore makes sense to base on agriculture, to start with. And also if the cases of Korea and Taiwan, the countries which are the first success cases in Asia for export-led industrialization, are taken as the examples of success in the post World War II Asia, it can be seen that they first elevated productivity of the agricultural sector and then aimed at export-oriented industrialisation.

The interim government of Anand Panyarachun seems to have recognised the importance of agriculture in the Thai economy. The Minister of Agriculture, Anat Abhabhhirama, pledged to strengthen the agricultural sector and make it a core of the country's economic development. In his first policy statement after joining the caretaker government, Anat said promotion of the

slowly declining farm sector is his top priority. In order to do so the Ministry of Agriculture proposes to adopt a three-step packages. "First, the decision making power will be decentralised enabling community leaders to participate in the process. Until now, the ministry is the most crucial body determining production, marketing and policy planning. The ministry will step back to take an advisory and supportive role instead. Under this arrangement, the authority will continue to provide technical and managerial back-up to farmers. Secondly, the ministry will carefully outline the use of natural resources, particularly forest, fisheries, water and soil which are depleting fast. A negotiation will be made with Burma and Vietnam regarding securing fresh marine lives for local processing and canning industry. Thirdly, the ministry will mobilize support from private companies to start advanced agriculture and livestock farms. It will continue to render assistance to poor farmers, but in areas where the private sector can play a more active role, the ministry will certainly support it. The government will continue supporting prices of farm produce at a time of price slump to strengthen the bargaining power of farmers."³

So far so good. It is yet to be seen how far these packages are implemented although The Minister of Agriculture, Anat Abhabhhirama, hopes to achieve the objectives within the term of the provisional government.

During the period of the previous government, Dr. Narongchai Akrasanee, the Vice President of the T.D.R.I. warned : "the agricultural sector, which has been the backbone of the Thai economy is likely to diminish in importance in the near future if the government hesitates to take decisive action to restore its strength."⁴ Like him, other econo-

mists gave similar warnings, which were never heeded; the government was then too preoccupied with industrial and other sectors at the expense of agriculture, resulting in widening the income gap between the agricultural sector and non-agricultural sector.

The Seventh National Plan drawn up during the previous administration however, envisaged a higher growth rate for agriculture and an intention to improve income distribution. Among the objectives were increasing productivity and yield, encouraging farmers to switch from low income traditional varieties to high income varieties, diversifying away from products with better prospects, increasing the value of agricultural produce by local processing and other means, increasing off farm income in rural areas through vocational training, suitable technology transfer, and of course land reforms.

The plan sounds good even though a bit vague. How far the present interim government and the future elected government will carry them forward and implement them are to be seen.

The next government needs to realise and recognise the importance of agriculture in the Thai economy. While the export-oriented manufacturing and business sectors should continue to grow, the growth cannot be sustained unless the agricultural sector is also encouraged to grow, hand-in-hand. Thailand's geography is suited to agriculture. Thai people and businesses are knowledgeable and skilled, whether they are planting or exporting. If the policy is clear and truly supportive, Thai agriculture can surely rank high.

End Notes

1. Thailand Mid year 1990.
2. Ammar sparks farm protection debate; The Nation, February 12, 1991.
3. Anat pledges central role for agriculture; The Nation, Bangkok, March 9, 1991.
4. Farming still backbone of Thai economy; The Nation, Bangkok, October 3, 1989.