



# Good Governance : Only the First Step for Thailand

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The author reminds us that the current debate on globalization and its contribution to good governance can never be clearly resolved. The link between globalization and good governance cannot be defined any more than can the relationship between industrialization and democracy.

The author also notes that it is a mistake to speak of Thai society as monolithic. He maintains that the Thai population is bifurcated into a private-corporate sector and an agricultural sector, and globalization is the agent of good governance only for the former. Globalization weakens authoritarian states and harmonizes the world's legal system. He concludes that social leaders do not need "good governance" but a "good political strategy" if they seek to expand political participation, and to ally the rich and the poor, the urbanized and the rural, the modernized and the traditional. In other words, good governance is good management, but democracy requires a more "people-centered" approach. For democracy, the key is localization, not globalization.

**Key words :** good governance, Thailand

Twenty years ago we were concerned with a number of questions that are still relevant for our discussion today. At that time, "Industrialization and Democracy" was the central theme of many seminars and conferences, and industrialization was seen as a driving force for democratization. Then, we were puzzled as to why the new amalgam of social and

political forces had not been able to consolidate and reshape the character of the state.

This question led to others. Are capitalism and democracy related? Is democracy the only alternative political framework to support and promote capitalism? In other words, does capitalism and its basic trait – industrialization – need democracy in order to

sustain itself and expand? The most relevant question is whether economic and political inequalities caused by rapid economic development are temporary and self-correcting.

Now we have shifted our concern to "Globalization and Good Governance" instead of "Industrialization and Democracy." We are asking a new set of questions while the old ones remain unanswered. However, it is now evident that in many countries such as Thailand, the gap between the rich and the poor has widened despite the increase in per capita income.

We assume that "change" (especially of an economic or technological nature) is automatically transformative and that its effects are totalistic. Our view of "society" is also totalistic, which in reality it is not. There is not one but there are many levels of society. While the flow of capital, technology and information across borders continues to accelerate, the effects on society have been uneven, creating new opportunities and gains, but



also conflicts and losses.

This is nothing new. What is important is to rethink our concept of change in order to be more people-centered, and less institutional or process-centered. It is also important to look comprehensively at the relationship between Globalization and Good Governance in its key aspects: political, economic, cultural, and international. As explained below, we will then see that Globalization-driven Good Governance is relevant only to *part* of society: the private corporate sector. The people’s agricultural sector, on the other hand, is increasingly marginalized. Market forces are not sufficient to form an alliance between these two parts of Thailand’s bifurcated society.

**The Private Corporate Sector**

In the 1980s, the developmental role of state bureaucrats (or technocrats) was more pronounced than now, especially in the highly productive so-called “key industries” as well as in planning, budgeting, and fiscal and monetary policy-making. As put forth by Robert Wade’s governed market theory, the state had an active role in directing capitalist market forces. In the 1990s, however, the governed market theory ceased to apply. The Asian financial crisis forced the Republic of Korea (the champion of the governed market theory) to fuel growth through foreign direct investment (FDI) and mergers and acquisitions (M&A). Meanwhile,

public-sector reform and an urgent need for capital led to large-scale privatization – another spur to foreign investment<sup>1</sup>.

Authoritarian states, which had good records on industrial development, were forced to democratize politically and to adopt Good Governance standards administratively. Without the economic crisis, there would have been no need for authoritarian regimes in Asia to relinquish power. Thus, the financial crisis has weakened Asian political regimes, although they are still nation-states with full sovereignty – as pointed out by George Soros, they wield legal powers that no individual or corporation can possess<sup>2</sup>.

While globalization has undermined authoritarian governments, it has empowered international regimes such as the World Trade Organization and the International Monetary Fund. The Asian crisis enabled these organizations to lay down conditions and guidelines for economic recovery. They have recommended mainly public-sector reform (which involves privatization of state enterprises), liberalization of trade and services, and legal reform in line with international standards and practices.

Politically and economically, the globalization process has standardized criteria for governance and management. Indeed, the cornerstones of global networks are liberalization, privatization and harmonization of laws and poli-

cies. Consequently, this process tends to iron out cultural diversity and unify what was a multiplicity of interests. In Europe there has been an attempt to counter-balance globalization’s integrating effects by evoking the Principle of Subsidiarity (which calls for resolving any matter at the lowest possible level of organization). Asia has seen the rise of Asian civil society, which actually should be termed “societies” rather than a universal, aggregate “society”, in the form of oppositional social movements with diverse values.

As transnational operations replace the state in controlling and directing economic activities at all levels, elites – political, military and technocratic – lose their most fundamental power over the private sector, namely their regulative authority. Thus, the process of Globalization is inseparable from Good Governance: both exert pressure on the state. (By contrast, democratization involves the expansion of political participation, which involves *all* sectors of society.) On the macroeconomic level, the weakening of the state makes possible growth that follows trade “flares” instead of adhering to artificial state boundaries. On the microeconomic level, people are freed to follow jobs or cultural ties, and to build connections with people in other states.

These movements are both “above” and “under” the state. Multinational corporations are moving above, bypassing the state



and eroding its sovereignty. The M&A boom is one example. Meanwhile, poor and jobless people are moving “under” the state as illegal migrants and small-scale traders. Drug warlords, the mafia and black marketeers have increased their control of local politics and in many areas have become “representatives” of the people.

Consumerism, too, has expanded beyond national boundaries. Consumerism and transnational corporatism are the two main characteristics of what is called “internationalism.” Small nation-states have to face the double jeopardy of becoming more dependent and at the same time struggling to compete in the global economy.

### **The Agricultural Sector**

Thai society is bifurcated into the private-corporate sector (both domestic and international) and the people’s agricultural sector (composed mainly of small-scale farmers). Good Governance, as encouraged by Globalization, is largely irrelevant to the most pressing concerns of the latter, which, even during the rapid economic growth of the 1980s, was unabSORbed to any significant extent by industrialization. While the state has adjusted its strategic alliance with the private-corporate sector by co-opting it into the highest level of decision-making, the state has been reluctant similarly to include the rural agricultural sector, and has been less responsive to its

demand for participation beyond electoral channels. Not only powerless small farmers but also organized agricultural interest groups have suffered from the drive toward industrialization and international competitiveness.

These marginalized farmers are victims of development. They have neither economic assets nor economic rights, although they are citizens with voting and other fundamental rights guaranteed by the new constitution. Political reform has opened up new channels for participation, but this participation mainly takes the form of grievance expression rather than interest aggregation.

Although Globalization is neutral and is driven by rapid change in technology and communications, Good Governance is not neutral. The term is value laden and refers to that which is necessary for an efficient market-driven economy. Good Governance is a basic requirement for a more open and transparent public-private sector relationship. But, as noted above, Thailand is a bifurcated society. The Thai government, in its attempt to promote Good Governance during the past three years, passed a number of laws (such as the Business Competition Act of 1999 and the Accounting Act of 2000) favoring multinational corporations. These laws are to ensure that domestic and foreign investment does not result in anti-competitive behavior. However, draft legislation on community

rights, natural resources and environmental management suffered from delays and setbacks.

The shift from an input-based economy toward a more knowledge-based economy will be extremely unstable and requires a good political strategy rather than Good Governance. Conventionally, such a shift is said to require modernization of institutions, incentives for competition, good corporate management, gradual privatization, targeted research and development, upgrading of skills, and support for small- and medium-sized enterprises. These technical measures are necessary for competitiveness, and enhance the corporate sector’s efficiency. However, they must be accompanied by a strategy capable of forging a grand alliance between the large, rural, input-based, traditional part of society with the small, urban, knowledge-based, modernized and globalized part of society. Good Governance is not the answer to this problem.

### **Toward a New Consciousness**

As a bifurcated society, Thailand has to cope with globalization at both ends, for it cannot rely upon market forces alone. The state has to create an optimal relationship between democracy, the market, and sustainable development. Globalization is inherently market “drive”; Good Governance is management-oriented, but democracy is people-centered and requires both free and fair treat-



ment of individuals.

Democratization in my view is closely linked with the empowerment of individuals, decentralization and participation. Hence it is closer to localization than to globalization. Will market-driven change automatically promote democracy, as well as transparency and Good Governance? There are conflicting views and experiences from Asia, Africa and Latin America.

As observed by Deepak Nayar, “marketization and globalization in the developing world, so far, have provided the enthusiasm and the opportunities to the privileged few who are rich but not to the vast majority who are poor.”<sup>3</sup> Amartya Sen, while recognizing certain limitations of the market mechanism, firmly believes in its ability to create wealth unrivalled by any other known system. According to Sen, we have to supplement this mechanism, not replace it, to redress the ills of market-driven growth.

Sen notes that “the successes of the market economy are not achieved single-handedly by the market alone. There is a crucial need for supplementation from other institutions.” Other institutions include the government, the legislature, the judiciary, the political parties, and the media. He then proposes a “new strategy,” which requires understanding how institutions complement one another, and a broad vision that encompasses protective security,

participatory politics and transparent accountability.

While I agree fully with Sen that “growth with equity” has not in fact meaningfully trickled down to the poor, we have to ask *why* economic growth driven by the market is inherently inequitable. The cause may lie in treating the market as the core, and other institutions – cultural, social and political – as merely supplementary parts. Everywhere in the world, the problems of the market economy cannot be addressed by further institutional supplementation, but by a *rearrangement* of complementary institutions and their relationships to one another. Such a rearrangement requires repositioning the “People’s Sector” vis-à-vis the market, so that human security, participatory politics and transparent accountability would have (at least) equal weight. I think Sen’s vision is still very conventional and, if followed by developing countries, will jeopardize their nascent political democracies. Even in mature democracies, it will promote inequality rather than growth with equity. As Jacques Attali rightly points out, the market economy and democracy – the twin pillars of Western civilization – are more likely to undermine than to support one another. The market economy is more dynamic than democracy. If there are no countervailing forces, market mechanisms and corruption will eventually replace democracy, leading to a “market dic-

tatorship.” This new kind of dictatorship is not political but economic in nature.

I think Sen too easily takes the market for granted and is too optimistic about its positive contribution to humankind. Attali is more pessimistic. Attali warns that, in the absence of strong, countervailing democratic institutions, “political outcomes will be bought and sold, and the market will rule every element of public life from police protection, justice, education, and health to the very air we breathe, paving the way for the final victory of ‘corporate’ economic rights over individual human rights. Under such circumstances, Western civilization itself is bound to collapse.”<sup>4</sup>

In Thailand, the market economy is already undermining democracy largely because the “political market” is not a free market in terms of entry and competition. The 1997 constitution has many entry barriers for small and medium-sized parties, preventing their competing with major political parties and with vested interest groups strongly backed by capital.

Fifty years ago, David Easton defined politics as “the authoritative allocation of values in society.”<sup>5</sup> Now we are witnessing the decline of non-economic values in many Western societies. Industrial and post-industrial societies have been too preoccupied with what I call “value-addification,” at the expense of preserving cultural and family values. The market eco-



onomy can add economic value, but sustaining non-economic value is beyond its capability. We therefore have to redefine politics, especially in the globalized multi-dimensional world where economic values may be universally accepted but non-economic values are so diverse and culture-bound.

If we regard the market as central to humankind's development and democracy as only supplementary, we cannot meet such challenges to capitalism as the persistence of poverty, deprivation, unemployment, insecurity, and environmental depletion. In fact, to meet these challenges we need even more than democracy. We need the "philosophy of enoughness," compassion, and a balanced, middle-path approach to development, which require not a new strategy so much as a new consciousness and ethic. Beyond

national competitiveness is the spirit of cooperation, the enlightening recognition that enough is more important than more, and profit maximization and competition cannot be the only goals of development.

I do not want to replace the market mechanism, but I think we need to reposition it and use it to supplement core values such as human security, participation and freedom. If development is to be considered an expansion of freedom – if they are one and the same – then there is an urgent need to rethink the appropriate relationships between the market, democracy and development. Globalization involves change that penetrates deeply, that opens up an individual's horizons, aspirations and expectations. Such change also creates anxiety, fear and frustration. It is neutral – with both

positive and negative effects. To trust implicitly in Good Governance is to downplay its negative effects on the weakest part of society.

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#### บทคัดย่อ

ธรรมาภิบาล: ก้าวแรกสำหรับการพัฒนาสังคมไทย  
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ผู้เขียนเห็นว่าวาทะเกี่ยวกับผลกระทบของโลกาภิวัตน์ที่มีต่อธรรมาภิบาลจะไม่มีทางหาข้อสรุปที่ชัดเจนได้. ความเชื่อมโยงระหว่างโลกาภิวัตน์กับธรรมาภิบาลนั้นหาคำอธิบายได้ยากยิ่ง พอ ๆ กับการแสดงความสัมพันธ์ระหว่างการพัฒนาอุตสาหกรรมกับประชาธิปไตย.

ผู้เขียนเชื่อว่าสังคมไทยนั้นมิใช่สังคมที่มีเอกภาพ หากมี ๒ ส่วน คือ ภาคธุรกิจเอกชน กับ ภาคเกษตร, และโลกาภิวัตน์เป็นตัวแทนของธรรมาภิบาลเฉพาะแต่กับภาคธุรกิจเอกชนเท่านั้น. โลกาภิวัตน์จึงทำให้รัฐอำนาจนิยมอ่อนแอลง และทำให้ระบบกฎหมายในโลกมีความกลมกลืนเป็นมาตรฐานเดียวกัน. โดยสรุปแล้ว ผู้นำสังคมควรอาศัยยุทธศาสตร์ทางการเมืองที่ดี มากกว่าธรรมาภิบาล (หรือการปกครองที่ดี) หากต้องการขยายการมีส่วนร่วมทางการเมือง และสร้างพันธมิตรระหว่างคนรวยกับคนจน, ชาวเมืองกับชนบท, คนที่ทันสมัยกับผู้ที่ยังยึดติดอยู่กับประเพณีดั้งเดิม. ธรรมาภิบาลจึงได้แก่การจัดการที่ดี แต่ประชาธิปไตยจำเป็นต้องมีแนวทางที่ให้ความสำคัญแก่ประชาชนมากเป็นพิเศษ. สำหรับการปกครองระบอบประชาธิปไตยแล้ว กุญแจดอกสำคัญมิใช่โลกาภิวัตน์ หากเป็นการเห็นคุณค่าและความสำคัญของชุมชน.

คำสำคัญ : ธรรมาภิบาล, การพัฒนาสังคมไทย