Globalization, Governance, Development and Socioeconomic Structure Change in Thailand

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This paper aims to explain the relations among globalization, (global) governance and development, in general, and to analyze their impacts to socioeconomic structure change in Thailand. The paper is divided into 3 parts. Firstly, A Brief Historical Development of Socioeconomic Change in Thailand will delineate important conjunction of socioeconomic evolution in Thailand. Secondly, Globalization, Governance and (Unfair) Development will review the debates in the relations between globalization and governance and their impacts on international development. Thirdly, Globalization and Socioeconomic Impacts on Thailand Development will give a picture of economic globalization's impacts to Thailand in 2 areas that are the development of Thai financial system in the context of 1997 financial crisis, and the development in Thai trade system, with reference to the modern trade case , Tesco's investment in Thailand.

Part I: A Brief Historical Development of Socioeconomic Change in Thailand

In the past, Thailand, which was renamed from *Siam*, was predominantly an agricultural society. Socioeconomic condition of Thailand, related to capitalism, turned to be a primitive capitalism at the beginning of *Rattanakosin* or Bangkok period, when Bangkok was established as a capital city. Nevertheless, the primitive capitalism was gradually developed from the end of *Ayudhaya* period, the time before Bangkok period. Until the reign of King Rama IV, Thai socioeconomic condition was basically under the system of *Sak dhi na*, Thai feudal system, connected with a self-sufficient economy. When Thailand was forced to sign the Bowring Treaty in 1855 by the British Empire, Thailand was directly forced to participate in the world economy which created a huge impact to Thai socio-economy. Even though Thailand had gradually entered into the world economy at the end of *Ayudhaya* period, it was the Bowring Treaty that boosted the change from a mixture of self-sufficient economy and primitive capitalist economy to be a full-fledged primitive capitalism economy. From this treaty, Thailand transformed its agricultural production from consuming domestically to selling abroad and, since then, the process of primitive capital accumulation was encouraged.

Through the short time of absolute monarchy, between King Rama V to King Rama VII, Thailand was modernized to be a modern nation-state under the process of nation-building. Economic condition in that period was the gradual expansion of capitalist system. Political change in 1932 made Thailand to change from an absolute monarchy to a constitutional monarchy. Instead of establishing democratic regime, Thailand was ruled by the system of bureaucratic polity[2], as a form of military authoritarianism.

Economic strategy in that period was an imported-substitution industrialization (ISI), showing that Thailand had started its industrial development. At the same time, there was a full-fledged development of financial sector. Around 1950's modern and private Thai banks, such as Bangkok Bank and Thai Farmer Bank[3] were formed which demonstrated that Thai capitalism had developed beyond primitive capitalism.

When the bureaucratic polity fell down, the system of semi-democracy (the regime of sharing political power between military and others) was established around 1978-1988. A very good example of this semi-democratic regime was the invention of the Joint Public and Private Consultation Committee (JPPCC). Under this committee, the military who dominated the government incorporated peak business associations and labor unions into the committee and used this committee in economic policy processes. This represented corporatism model, an authoritarian corporatism, because the last decision was made by the government controlled by the military. It was very interesting to compare this model to Japan's and South Korea's developmental state model, which was an institutionalized government and an institutionalized business that developed a close institutionalized connection that had the common understanding to develop the economy of the nation[4]. In other words, the developmental state was an Asian variant of capitalism that brought together the financial sector, public policy and large companies in a common nation effort[5].

To me, these two models are similar in many aspects, especially in their procedures. For instance, both models use state bureaucracy as a main driving force to push economic development. However, one must note that 'similarity' is not 'the same'. Schlossstein points out that country in Southeast Asia, including Thailand, have also relied rather more on direct foreign investment than using state policies to empower private and domestic capital[6], but in any cases, Southeast Asian economic development models are closer to the developmental state model than the western economic practice model[7].

In the same period, with economic development throughout 1960's and 1970's, Thailand changed its economic strategy from ISI to export-oriented industrialization (EOI). And with that economic policy, Thailand deeply immersed itself into a global trade and an economic globalization, but essentially in terms of trade, not capital market. Specifically, on one hand, the EOI demonstrated that Thailand gradually transformed itself from an agricultural society into a more advanced industrialized society, and, on the other hand, the Thai economy relied on a global market in trading area. Thailand, at this stage, produced goods not only for domestic consumption, but also for significant international export.

At the end of semi-democracy regime (or around the end of 1980's) throughout 1990's, there was a wave of economic boom and a development of firmed parliamentary politics as well. Therefore, struggling political power in Thailand primarily existed in election and party politics[8]. With a short interruption from the coup by National Peace Keeping Council (NPKC), formed by the military junta following with the Black May 1992 to protest against the attempt of NPKC to pertain its political power, , Thailand moved towards a firmed parliamentary politics of representative democracy. This basically stabilized the economic development, even though from time to time there was a disruption from apolitical uncertainty of both internal and external party politics.

The most important economic aspect, associating to the economic globalization, was the initiation of Bangkok International Banking Facilities (BIBF). This financial policy showed that Thailand was entangled with economic globalization not only in terms of trade, but also in terms of global finance and global capital market. In 1993, government led by Prime Minister Chuan introduced the BIBF, financial liberalization and deregulation, to facilitate inflow and outflow of the capital, and at the same time, to make Thailand a financial center of the region. (The last purpose, however, was absolutely failed.) Due to the shortage of capital flow in the country, Thailand needed to attract foreign funds. In order to facilitate the capital inflow, the capital outflow must be implemented as well.

At that state, Thailand fully participated in the economic globalization by joining not only the global trade through the EOI, but also the global finance through the BIBF. In summary, Thailand could not separate itself from the economic globalization and its impacts.

Part II: Globalization, Governance and (Unfair) Development

One of the biggest debates in the new millennium is whether globalization creates beneficial or adverse impacts to the development. This issue directly leads globalization to link with the questions of equality and justice in global development, especially between the global North and South. Definitely, like a double-edged sword, globalization can provide pros and cons effects to the development. Positive consequences, such as better management system, higher salaries, wider choice of product, research and development (R&D), foreign direct investment (FDI), etc. can foster business and economic process. In contrast, negative results, such as environmental damage, unfair competition for local businesses, labor and child labor exploitation, changes in local social lifestyles/livelihoods, unequal development, inequality, injustice and etc. are also evident.

Held and Kaya portrait two different views of globalization. First, the standard liberal view considers that economic globalization stimulates growth and development around the world. The countries that open to the economic globalization can boost growth and growth raises standards of living. When income levels rise, poverty is reduced and economy begins to prosper. In this context, the poorer countries, which open their markets, can grow faster than the richer ones, so the income gap is narrowed down. From this view, the economic globalization is essential for economic well-being of all. Second, this liberal view contests that instead of giving benefits mentioned above, the economic globalization is actually the sources of inequality and poverty. The economic globalization itself impedes development and exacerbates inequality, and then, makes the poor worse off in many parts of the world.[9]

As mentioned above, the economic globalization seems to be two sides of the same coins. It can create positive and negative development around the world. If the economic globalization produces only positive results, there will be no concern as it is good for all. However, if it raises negative impacts for all or produces positive consequences to richer countries at the expense of poorer countries, the economic globalization needs to be paid attention. In this context, the economic globalization may not bring fair development. Ironically, free trade, which is the main attribute of the economic globalization, may not bring fair trade, or free trade is not a synonym of fair trade.[10] Therefore, free trade may not necessary lead to a fair development too.

Accordingly, it also exhibits that the economic globalization is a game of winners (usually associated with multinational corporations and richer developed states) and losers (usually linked with developing worlds)[11]. If economic globalization is two sides of the same coin, the problem is not the economic globalization itself, but it is the way that we have to handle the economic globalization. That is the focal point. Stiglitz argues a very crucial point here that the objection is not really the globalization, but the way globalization is managed. In too many cases, it has not been managed in the ways of interests to the developing countries, especially to the poor in those countries[12]. For developing countries, accounting for 80 percent of the world's population, globalization presents both unprecedented risks and opportunities. Thus, to make globalization function in the way that enriches the whole world is to make it work for the people in developing countries. This leads us to the question between globalization and global governance.

The influences of the economic globalization today especially in the context of trade and global financial are evident. Actually, global finance is the core of economic globalization. The 1997 East Asian economic, known as *Tom Yum Kung* crisis, and 2008-2009 global financial crisis, known as Hamburger crisis, are very excellent examples of the negative power of the economic globalization.

In an area of global trade, transnational production is so significant. Foreign direct investment reached three times as many countries in 2000 as it did in 1985. There were 60,000 multinational corporations (MNCs), with nearly 820,000 foreign subsidiaries, selling goods and services worth 15.680 trillion US$ across the globe each year. MNCs account for about 25 percent of world production and 70 percent of world trade while their sales are equivalent to almost half of the world GDP[13]. Indeed, in year 2008, only top 500 multinational corporations already gained a revenue around 25 trillion US$[14].

In the area of global finance, a turnover on foreign exchange markets exceeds 1.2 million US$/day, and a billion of dollars of financial assets is daily traded globally[15]. This digital money transaction can be done easily by the help of the information and telecommunication technologies[16]. There is a fully global market on a level of financial markets, which operate on a real-time basis with over a trillion dollars currency exchange transactions a day. The proportion of financial exchanges in relation to trade has grown by a factor of five over the past fifteen years. Disconnected capital – institutionally managed money – has increased by 1,100 percent on a world scale since 1970 in proportion to other forms of capital. Institutional investors vested in the US alone held 11.1 trillion US$ in assets in July 1996. In 1995 US pension funds, mutual funds and endowment held 331 billion US$ in institutional equities[17].

With this picture of the economic globalization, especially in financial globalization, the state has increasingly less and less efficiency and effectiveness in managing transnational economy, which can make an impact on a national economy. We may say that globalization creates a new transnational zone, and transnational issues and problems which with the state and its old form of government have difficulties in handling. In consequence, the state de-legitimizes its governmental power in an economic management. The idea of governance is then represented as an alternative to a non-efficient and a non-effective form of government. If government is connected to the state's formal authority, governance is related to an inter-subjectivity of the stakeholders[18]. Therefore, the original notion of governance, linking to global governance, advocates to the stakeholders' participation in dealing with the consequences of globalization. This is the most important idea that is ignored and substituted by efficiency and effectiveness of dominant global governance.

However, there are different understandings of globalization that generates different standpoints to globalization, and, then, creates different interpretations and understandings of global governance. Due to the globalists' strong belief in the economic globalization, the state's power is weakened and the state is changed from being a decision maker to a decision taker[19]. This is an unavoidable impact of the economic globalization[20]. The globalist, connected to neoliberals, gives prime importance to the role of the market as a governance mode of rule by market rather than a government mode of rule by the state. We can see that the globalist interprets globalization as a merely economic globalization and thinks of global governance as an economic global governance, ruled and run by the market system.

Globalist/neoliberal ideology is severely criticized by George Soros as a market fundamentalism[21] referring to the idea that believes in an individual freedom while exaggerates the merits of market mechanisms. This 'ism' believes that efficient markets assure the best resources allocation and that any of intervention, whether from the state or international institutions, is detrimental. The main problems of market fundamentalism are that the markets are not perfect. They only cater to individual needs; taking care of social needs is beyond their scope. Even as resource allocators, they are less than perfect. Financial markets are inherently unstable. Comparing to Communism, while communism seeks to abolish the market mechanism and to impose collective control over all economic activities, market fundamentalism seeks to abolish a collective decision making, and to impose the supremacy of the market values over all political and social values. He continues that both extreme are wrong. However, the communist ideology has been thoroughly discredited while market fundamentalism becomes so influential that it makes a greater threat than communism[22].

At the gist, this understanding of globalization and governance is criticized as an ideology put about by free-marketeers who wish to dismantle welfare systems and cut back on state expenditures[23]. It is also considered as a new mode of Western imperialism dominated by the world's major capitalist states, and as an ideological construction of neoliberal global project that tries to create a global free market and consolidate Anglo-American capitalism within the world's major economic regions[24]. This neoliberal project is linked to Washington Consensus of deregulation, privatization, structural adjustment program (SAPs), trade and capital market liberalization, and limited government. It is also connected to the coordination between key Western capitals and global institution such as the IMF[25].

We can see the linkages among market fundamentalism, neoliberals, the Washington Consensus, the world major economic power, Western capitals, and global institutions with their global governance mode of rule by market. We can also see their weaknesses as Soros points out above and as the present Hamburger crisis shows. This form of global governance has been firmly established as a dominant mode of global governance and a dominant ideology, which is very influential to a global public policy, and makes impacts to both developed and developing countries.

Indeed, after the East Asian economic crisis in 1997, Higgott makes a very interesting argument that there is an endeavor to replace the Washington Consensus by the post-Washington Consensus. It tries to construct more humanized governance project to replace dehumanized governance of economic technocrats. However, by its root, the post-Washington Consensus is still entangled with its Washington Consensus of mainstream economists because of the strong belief in the market system. Moreover, this mode of governance depoliticizes and dedemocratizes power relations in the global level because neoliberals' governance gives prime importance to technical concern of public management and replaces it with political and ethical questions of equality and poverty reduction. Therefore, if global institutions' governance results in unequal treatment in some states and does not encourage poverty reduction to the weaker members of international society, globalization is seen as justice denial.[26] The questions to globalization and its relation to equality and justice in global development, then, come back again.

To resolve the state's lack of efficiency and effectiveness, caused by globalization and by neoliberals' dominant governance stressing rule by market, can engender 2 negative consequences. First, this governance, increasing efficiency and effectiveness by using the market system, is illegitimated because it lacks an accountability of its impacts on stakeholders. Legitimacy of global governance needs to be assessed from both effectiveness and accountability's viewpoints[27]. Second, neoliberals' governance, instead of increasing efficiency and effectiveness in controlling the global finance, it fosters the juggernaut of global finance. Neoliberals' governance misses their purposes to tame economic globalization, leading to the state's lack of efficiency and effectiveness. In contrast, by promoting market fundamentalists idea, neoliberals reinforce the force of economic globalization to travel by its own without any restriction. This was a cause of

1997 economic crisis in East Asia and in Thailand, which coordinated with a cultural factor. We will focus on this in the next section.

Till this point, we can see that relations between globalization, dominant governance, and development agenda of neoliberals do not lead to equality and justice in international development. The present global governance is really biased to developed countries. Global financial and economic institutions are dominated by rich countries, which impose global public policies that are often detrimental to the interests of poorer countries. Moreover, by the structure of this form of governance, it is undemocratic because the privileged position is on the richer countries and their alliances, or on the global financial and economic institutions. In development, the need for global collective action is particularly important[28]. Development is a process that involves every aspect of society, and engages the efforts of every party including markets, governments, NGOs, cooperatives, not-for-profits institutions[29]. Global collective action will lead to genuine governance, in relation to the concept of the change from government to governance as mentioned above. The issues of globalization and fair global governance are very essential today because, as Heywood argues, we no longer have viable alternatives to market structure and capitalist organizations. Thus, the choice is only between neoliberal globalization and regulated globalization[30].

Part III: Globalization and Socioeconomic Impacts on Thailand Development

In this part we will investigate the socioeconomic impacts of economic globalization on Thailand in two areas: financial and trade development. Let us move to the financial issues in the context of 1997 economic crisis first.

Consequence of the Juggernaut of Global Finance to the Thai Financial System

If we have a look at the recurrence of the global financial crisis, we can see that the most negative result of economic globalization is the uncontrollability of global finance. As Soros explains above, the market is not perfect and financial markets are inherently unstable. There are numerous and anonymous participants in global finance, so given the imperfect understanding of the participants, the outcome is inherently indeterminate. Financial markets seek to discount a future that is contingent on how it is discounted at present[31]. The global finance is so volatile that it acts like a wrecking ball, swinging country by country, knocking over the weakest and transforming the fundamentals. [32].

Stiglitz argues in the same way. There is a very little evidence that the free flow of capital will increase the growth of an economy, and there is a considerable body of evidence that it will promote economic instability[33]. He continues, however, that while the richer countries try to avoid the agenda of agricultural products protection, they encourage the agenda of liberalization of services, especially financial service, that they gain advantages. Therefore, the global agenda is both hypocritical and unfair[34] because it causes economic instability to developing countries. Also, financial liberalization involves capital markets, but capital markets make poor disciplinarians. Capital markets are capricious and often short-sighted, and it is evidenced by the volatility that characterizes capital markets. Moreover, short-term capital is important to short-term money making, not long-term economic growth[35]. That's why we can see that a linkage between globalization and governance related to an unfair global agenda is imposed significantly to the developing countries, and, as a result, causes 1997 economic crisis.

It was evident that the 1997 East Asian economic crisis was one of the greatest impacts of economic globalization and the 2008-2009 financial crisis is another example. Many literatures pointed causes of the 1997 crisis to negative side of cultural factors, such as patron and client relationships, Confucianism and *guanxi*[36] system, producing nepotism, favoritism and crony capitalism. However, they had to accept that economic itself, especially financial globalization played a crucial part in forming the 1997 economic crisis too.

In my argument elsewhere I contend that there are two combined causes of the 1997 Economic Crisis in Thailand; 1) the corrupt business culture and 2) the economic globalization[37]. The development of the firm parliamentary politics after the period of semi-democracy brings about the increasing power of provincial business-politicians, employing money politics through patron and client relationships, to gain political power at the national level. With money politics and its combination to crony capitalism, generated by business-people, or from time to time the conspiracy between business-people at the national level and business-politician, the negative cultural part as a cause of the 1997 Crisis in Thailand is formed. Nevertheless, this is only one of the factors.

Without the initiation of BIBF, the liberalization and deregulation of Thai financial system, mentioned above, the 1997 economic crisis in Thailand would not have happened or would not have happened as severely as it occurred because economic globalization would not have penetrated to Thailand as it already did. From the data around the time of economic crisis, with the speculative attacks between 1996 and early 1997 by international hedged fund, the Bank of Thailand announced the changing from the pegged to floating currency system on 2nd July 1997. Thai baht was immediately dropped from 25/1 US$ to 30/1 US$ and by January 1998, it dropped to 55/1 US$ and sprang back to 45/1 US$ by February[38]. Foreign exchange reserve was declined from 40 Billion US$ in January 1997 to under 30 billion US$ six months later[39]. The investment into the country was stopped and withdrawn. Capital inflows as 7.7 percent of gross domestic product (GDP) in 1996 were turned to be 12.6 percent of capital outflows in 1997[40] and the stock exchange of Thailand (SET) was fallen by 51 percent from its 1993 high.

The speedy inflows and outflows of global finance could be possible because of the BIBF, which liberalized and facilitated the global financial movements in and out of Thailand. This was the wrecking ball that hit hardly to Thailand, so one could see an evidence of the impacts of economic globalization and neoliberals' global governance mode of rule by market on Thailand.

Natenapha Wailerdsak explains the companies in crisis after the economic crisis that when the value of the Thai currency bottomed in January 1998 at about 47 percent of its former value, the weight of these liabilities on the companies' balance sheets had doubled, which meant many of them technically were bankrupt. Their income and cash flow went down dramatically too. Consumers stopped spending and invertors stopped investing. The IMF imposed a severe deflationary package. Over the next year, consumer spending shrank by 20 percent and overall GDP by 11 percent. Companies booked heavy losses and struggled to survive by cutting costs, adding to the downward spiral[41].

In financial sectors, which were directly hit by the crisis, the five largest banks survived, in part through government assistance. In the three that were controlled by dominant families, the families' share was scythed down to below 5 percent, and foreign shareholders acquired major stakes, yet the families retained management control. Four medium-sized banks were sold to foreign owners – two to Singaporean, one to British, and one to Dutch. Five small and medium-sized banks were seized by government. They were closed down and their assets merged with other institutions. The remaining two continued to operate under the control of the Ministry of Finance. Out of ninety-one finance companies operating before the crisis, fifty six were closed down by government order in December 1997. Other lapsed over following months[42].

One can see that economic crisis in Thailand in 1997 was created by private sector, especially in financial sector. When the crisis began, the Thai economy melted down. On the other hand, under that situation, foreign capital could turn Thai economic crisis into their opportunities. If financial liberalization and deregulation was one of the neoliberals' agenda to dominate the global economy, the victim in this financial liberalization and deregulation would be victimized again by neoliberals when the crisis began. The IMF, with its schemes of rescue package and its neoliberals' project of governance, was accused that it opened an opportunity to free marketers to shop at cheaper price in the Thailand Grand Sale. Instead of encouraging Thailand to resurrect its economy meticulously by considering every detail, the IMF seemed to produce one-size-fit-all solution and force Thai Government to sell Thai properties inexpensively to the global investors.

Consequences of the Global Free-Flow Trade to Local Thai businesses: A Tesco-Lotus Case and an Ethic Free-zone in Business

One of the good cases representing the impact of Neo-liberals' economic globalization on Thailand at present is the case of Tesco-Lotus hypermarket. Before we move into the details of this case, let us turn to debate on moral judgment in doing business by referring to George Soros' *Open Society [Reforming Global Capitalism]*. In this book, he argues that his argument hold true *only* for the financial market. He blessed the luck that led him to the financial markets and allowed him to keep his hands clean: money does not smell. Anonymous market participants are largely exempt from moral choices as long as they play by the rules. In this sense, financial makers are not immoral; they are amoral. People buying and selling shares or commodities can affect the fortunes of people in faraway places but the outcomes (for instances, people may lose their livelihood) are not influenced by the decisions of individual market participants; therefore they need not enter into their calculations[43].

This mindset of business world as ethic free-zone may not be happened merely in financial market because businesspeople from other sectors may have similar mindset. It is very similar to sport games that when the rules are set, the players just compete to win over the others. Then, winner takes all and no breathing space for lower competitive capacity. Similar to mean-end rationalization in bureaucracy producing iron cage of bureaucratic rationality dehumanizing human being, mean-end rationalization in the market place also creates market rationality dehumanizing people's sympathy. This may be a crucial reason why neoliberals' economic globalization is severely opposed by antiglobalization movements. The case presented here may demonstrate this situation very well.

In the businesses of modern trades, the transnational corporations/multinational corporations (TNCs/MNCs) seem to rule the world. For instance, Carrefour (France) and Tesco (Britain) were ranked as number one and two, respectively, in the industry of food and drug stores in *Fortune's Global 500*. In year 2007, Carrefour created revenues of 115,585 million US$ and made profits of 3,147 million US$, while Tesco created revenues of 94,703 million US$ and made profits of 4,253 million US$ globally[44]. This economic power can create negative impacts on people's livelihood such as employees losing their former jobs, etc., both in their home countries and others. The big names, such as Wal-Mart, Tesco, Carrefour and Seven Eleven exists almost every corner of the globe. Hence, if neoliberals' economic globalization and governance weakens the state's power in economic management, and, instead, fosters the power of TNCs/MNCs, it is very interesting to study the impacts of economic management under their hands.

In George Monbiot's *Captive State: The Corporate takeover of Britain*, he argues that modern trades[45] make enormous negative impacts on the home ground. He claims that during 1990's the number of specialist shops fell by 22 percent in Britain. The smallest ones were hit hardest: between 1990 and 1996, shops with annual sales of less than 100,000 pound sterling declined by 36 percent. In contrast, between 1986 and 1997, superstore numbers rose from 457 to 1,102. While most towns have suffered substantial losses, the impact has been even greater in the countryside. At the end of 1997 the Rural Development Commission revealed that 42 percent of rural parishes no longer possessed a shop. Between 1992 and 1997 retail food sales in Britain increased by 18.6 billion pound sterling, or 30 percent. However, while small shops lost 8.5 percent of their trade between 1990 and 1996, larger retailers gained 18 percent. These two trends appeared to be linked. From the Government's study on the impact of superstores, food shops in market towns lost between 13 and 50 percent of their trade when a supermarket opened at the edge of the town center or out of town. The result is the closure of some town center food retailers; increase in vacancy levels; and a general decline in the quality of the environment of the center[46].

The National Retail Planning Forum, research organization financed by big chain superstores, analyzes that there is a strong evidence that new out of center superstores have a negative impact on retail employment up to 15 kilometer away. Total employment in food selling within that radius was decreased by 5.2 percent. As retail employment actually increased by 0.1 percent in Great Britain outside the 15 kilometer catchment areas, this decline could only be a result of these new superstores in the above examples. In other words, if the superstores had not opened, employment would have risen. All of the reduction in employment occurring in the catchment areas is attributable to superstores openings. The 93 stores the researchers studied were responsible for the net loss of 25,685 employees: every time a large supermarket opened, in other words, 276 people lost their jobs. In addition, the New Economics Foundation has calculated that every 50,000 pound sterling spent in small local shops creates one job, whereas 250,000 pound sterling needs be spent in superstores for the same result. This can be concluded that the supermarkets' expansion relies not only upon increasing the total volume of trade but also upon seizing trade from the economically less efficient – and socially more efficient – employers in the independent sector[47].

If we shift from Tesco's hometown to Thailand, we will see a similar or even a worse situation because of the Government's lack of efficiency in taming the modern traders. Retail trade in Thailand is a very high stake. The retail sector represented 15 percent of Thailand's GDP[48] and in 2006 it represented 1.4 trillion Thai baht (42 US$ billion)[49] and was estimated that the total retail sales would be around 78 billion US$ in 2008[50]. With this high stake, retail trade has created a clash between traditional and modern trades. The former is the native and local businesses such as small local retailer, wet market and wholesaler while the latter is the TNCs/MNCs under the forms of hypermarket, supermarket, convenience store, cash and carry, category killer and specialty store.

The wave of modern trade in Thailand was originated around 1990's. In 1989, CP group joined the Dutch Makro to form the Makro to sell goods to retailers. However, the big impact to the Thai retail trade system was in 1994 when the Central group established hypermarket under the name of Big C, and the CP group formed the Lotus. When the 1997 Economic crisis began, it was the time of TNCs/MNCs, such as Casino, (French), Carrefour (French) and Tesco (British) to have a crucial role. By 2000, Casino took over 66 percent of Big C and Central also sold its shares of Carrefour to Carrefour, giving Carrefour an absolute control under the nominee structure. At the same time, CP group sold its 92 percent of Lotus to Tesco, so Lotus was renamed as Tesco-Lotus[51]. Hence, one can observe that the first wave of neoliberals' impact, as mentioned above, created negative consequences not only to Thai financiers and bankers, but also to the businesses of retail trades. Also, the impacts continued after the 1997 economic crisis.

From 2000 – 2006, Tesco, Carrefour and Big C expanded their hypermarket outlets from 24, 23 and 11 to 75, 49 and 24 respectively[52]. Over 1998 to 2001, these TNCs/MNCs expanded their branches around Bangkok metropolitan until this market became saturated. Between 2002 and 2005, they opened 63 branches in 41 of Thailand's 76 provinces[53]. The meeting point of neoliberals' economic globalization (through TNCs/MNCs) and Thai local people was then spread out of Bangkok. Indeed, modern trade businesses could significantly make negative impacts in Bangkok, but the lifestyles and livelihood of Bangkok people and its surrounding provinces seem to open for the changes according to globalization. Therefore, the negative impact from modern trade is obscured and different from that in provincial areas.

The modern trades in Thailand represent 5 percent of store numbers, but 45 percent of total retail sales. They have increased their sales levels by an average of 15 percent between 2000 and 2005, to 405 billion baht (US$10 billion). In comparison, this equals to 5.7 billion pound sterling, whereas the United Kingdom (the case mentioned above) retail market is 265 billion pound sterling and has a growth rate of 1.5 percent[54].

All time debates on the pros and cons of the hypermarkets' impact are that they create more efficient business and, then, economic system, and at the ultimate end, consumers will benefit from lower price. In contrast, local retailers and wholesalers will be eliminated from the retailing system, meaning that local livelihoods are put at risk. Monbiot's work mentioned above shows a very good data of how TNCs/MNCs superstores/hypermarkets jeopardize people in its home ground country. In Thailand, we do not have in-depth analysis to show that type of statistical numbers, especially the information of small retail shops and wet markets closure and the unemployment impact.

On the other hand, looking at this modern trade's system, investment and profits can identify something.   At the same time, looking at local people's resistance also means something.

Traditionally, the supply chain of retail business begins with suppliers, selling products to wholesalers, who may sell directly to consumers, but usually sell to small retailers, who then sell to customers. Small retailers basically open their shop-houses/small grocery shops/small ma-and-pa corner shops at their living places and manage it as a household business. At the same time, some retailers having lower capital may rent kiosk in the wet market for selling fresh vegetables, meats and day-to-day consumer goods. The wet market is normally surrounded by shop-houses, but shop-houses also exist everywhere along the commercial roads apart from the market. When the hypermarkets arrive, the players, such as wholesalers and small retailers in the retail business supply chain are cut off because the hypermarkets make a direct channel to sell their goods to consumers.

Hypermarket outlets, with their better modern management and more powerful economic power, can sell varieties of goods and products and at a lower price. Therefore, the more expansion of TNCs/MNCs hypermarkets, the more suffering of small local retailers. Shop-houses and fresh markets are threatened to close down as it already happens in all Bangkok Metropolitan and other provinces.

From the survey and research on the impact of modern trade to small retail shops in Bangkok of the International Retail and Franchise Business R&D Center and Consumer Behavior Research Center, Faculty of Business Administration, Sripatum University, it is found, from 400 samplings of shop-houses opening more than one year, that each type of modern trade creates different impacts. Shop-houses perceive that hypermarkets make the most impact (34 percent), followed by convenience stores (26 percent), and supermarkets (14 percent.) Proportionally, this perception is congruent to PriceWaterhouseCoopers's findings. In 2005, hypermarket and warehouse clubs and convenient stores had a sale share of 22 percent and 11 percent, out of 45 percent of the sale share of modern trades in retail business[55]. Considering only the big three, Tesco-Lotus, Big C and Carrefour had 92.1, 58.0 and 23.1 billion baht turnover respectively and gained the total retail market share of 173 billion baht.[56] In 2004 it was estimated that hypermarket outlets grabbed around 20 percent share of local retail expenditure leading to a heavy lost to local shops[57].

The survey above also found that around 40 percent of shop-houses in Bangkok closed down and these small retailers had to change their job. The same survey also identified that, at the time of survey, consumer purchased goods and products from modern trade and shop-houses at the ratio of 50:50, but it was estimated that within 3-5 years, modern trade's proportion would increase to 80 percent[58]. Some source estimated that the number of small grocery stores had steadily declined by 10-20 percent per year[59]. According to Ministry of Commerce, between 2001 and 2006, 60,529 out of 90,681 (or 60 percent) of juristic person registration of retail and wholesale business were withdrawn[60].

From the above information, it looks like a super highway which is provided for TNCs/MNCs to imperialize economic gains from Thailand, and this is a very clear impact of neoliberals' economic global governance In this context, with its strategy of rapid expansion and its revenue, Tesco-Lotus is the big brother. Then, logically, with its aggressively expansion policy, Tesco-Lotus is a prime target of anti-modern trade movements in Thailand. Anti-modern trade movement, the movement from traditional trades to survive from the onslaught of TNCs/MNCs retail chains, can be categorized into 2 ways: by pressuring the state to revise laws or enact new laws to protect traditional trades, and by directly fighting with the TNCs/MNCs retail chains, especially the hypermarkets, by local people power.

In the first case, when modern trades tried to implement their rapid expansion plan from Bangkok Metropolitan to other provinces, the local resistance was ignited. By this movement nature, its members were also composed of business-people, who could organize and use legal method to fight with the modern trade. They complained and protested to TRT government. The government's decision was to urge the local authority to the strictly enforce the Town Planning Act to control the hypermarket outlets expansion. Nevertheless, TNCs/MNCs retail chains found the loophole in the Building Control Act of 1989. For instance, if the local government refused to process their building permits applications, Tesco-Lotus petitioned the parliamentary ombudsman to investigate these bodies for failing to carry out their duties[61]. Thus, practically, TNCs/MNCs hypermarkets could continue expanding their outlets to provincial areas.

In 2006, when the military coup ousted TRT government and the new interim government was formed, the Confederation of Thais Opposing Foreign Retailers, representative of traditional trade, fiercely protested against the TNCs/MNCs modern trade and made a case to the government. The government initiated two legal plans to enforce Alien Business Law rigorously and to enact a new retail business law.

In the case of the Alien Business law, this law was amended in 1999 and allowed, for the first time, foreign firms to have majority ventures in the retail trade, but under the condition that they had to invest more than 100 million baht. However, another clause of the law disallowed foreign-majority venture from selling agricultural products, food and beverages, so no one had used this channel[62]. Practically, people who can own retail businesses in Thailand more than 49 percent must be Thai if they want to sell products mentioned above.

Although TNCs/MNCs modern trade cannot control the ownership according to the law, they can control the company management. Thai authorities turned a blind on foreign businesses operating in Thailand by pragmatically distinguishing between nominal equity ownership and actual control of companies. The Thai government allowed multinational firms to preserve an aura of Thai ownership over companies they controlled. Via a loophole of complex, multilayered shareholding structures, foreign investors theoretically complied with the law, while in practice controlling their Thai businesses[63].

When the government wanted to touch this issue non-hypocritically, both Thai business-people, especially outside retail business, and multinational firms severely criticized the government. They claimed that this act would destroy the foreign investment in Thailand and harm Thai economy as a whole. This issue has been kept silence until now.

In the case of new retail act legislation, this case represented the pressure by the traditional trade groups to the government to protect domestic retail businesses. The core of this act is to impose expansion limitation to foreign modern trades. This was also initiated by military government who has a nationalist sentiment. Still, the draft of this law has been in debate and not been enacted until now. The criticism to the government is similar to the case of Alien Business Act that this act will be harmful to foreign investment.

In the Second case, traditional trade with its alliances (other local business-people, local leaders, NGOs, local governments and etc,) also directly fought the modern trade invading to their hometown. Many provincial areas that Tesco-Lotus started to build its hypermarket outlets, local people violently protested. Banners like ‘you build, I burn’ and ‘Disaster is coming’ were shown in the demonstration. A very interesting case was in Phrae Province, located in northern part of Thailand. The provincial chamber of commerce organized a coupon scheme under which people buying from any of the participating local shops received coupons that qualified them for discounts and raffle prizes. Local radio stations also help to advertise freely. Around the end of 2005, the number of participating shops rose from 90 (in 2004) to 150. Six million of coupons were issued, and sales revenue grew by 600 million baht. Unlike many other provinces, Tesco-Lotus failed to dominate in Phrae. It gained an estimated 30 share of the market, but the local retailers survived. At least, at the end of 2006, no shop was forced out of the market by the MNCs/TNCs[64]

Conclusion

From the neoliberal impact through 1997 economic crisis to the selected case of the invasion of TNCs/MNCs modern trades, one will see that the logic of market mean-end rationalization replaces non-logical dimension of belief and human feeling, such as kindness and sympathy. Then, the logic of capital accumulation for profits seems to substitute other ways of thinking. This represents neoliberals' project as a dehumanized object of market fundamentalism. Higgott, as mentioned above, is right to point out that even though the Washington Consensus was toned down to post-Washington Consensus after the 1997 economic crisis, the gist of these two regimes has been inherently persisted. In my view, they continuously sustain the instrumental rationality of the market system.

The global business norms, as business is in an ethic free-zone when the rule is set, according to Sorros's claim, seem to leave a very small space for the local people to have a breath. On the contrary, it really opens a very big space for neoliberals and their big alliance, TNCs/MNCs to do trade onslaught to local people. In this stance, it seems to me that neoliberal project denies global justice. Of course, for TNCs/MNCs to pursue successfully, they must have a support from leading local capitalists, which some of them may have a connection to the state. Like an old dependency theory, the local capitalist will act as a comprador to help global capitalist make profit in the home town and the comprador will enjoy sharing a small repayment from TNCs/MNCs. We can see that neoliberal project opens a chance to more powerful people while increases the poverty to the poor as it did in the case of small retailers in Thailand. Moreover, this neoliberal project also opens a chance to global capitalist to make impact to the local socioeconomic directly.

As globalization is a contradictory process, it also creates local reaction to the neoliberals' dehumanized economic globalization itself as shown in the case of the battle between traditional and modern trades. However, the movements by local resistance is not successful easily because the developing countries' governments' perceptions were biased to economic development instead of local people' livelihoods preservation. This seems to be ironic, but the truth nearly everywhere speaks for itself that foreign direct investment is more important than local community and the trade is more important than local livelihood from the point of view of homeland government.

There may be only one hope at the era of the absolute control by neoliberal ideology. This hope is that this culture of greed in the global capitalist system contains the seed of its own destruction. This greed culture seems to be disguised under neoliberal market mechanism, but it immediately turned to be a question to the market mechanism itself, a question that something is wrong. With this question, we should be considerate to turbo capitalism. Whoever will imagine that just a few months after the collapse of Lehman Brothers, the oil price is reduce by more than 50 percent and whoever will think that, before mid-2008 when the hamburger crisis happened, the Anglo-American capitalism would be harmful to itself like it was.

List of Abbreviations and Acronyms

ASEAN	Association of Southeast Asian Nations
BIBF	Bangkok International Banking Facilities
EOI	Export-oriented industrialization
FTA	Free trade area
GDP	Gross domestic product
IMF	International Monetary Fund

ISI	Import-substitution industrialization
TNCs/MNCs	Transnational corporations/multinational corporations

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