

Compound Depression in Thailand

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This paper identifies the main causes of the economic crisis of Thailand in 1997. The Thai crisis is the result of diffusion of the bubbles due to the financial liberalization and globalization, and it could be considered as a compound depression. This paper refers to the economic movements after the baht devaluation, and examines various policy measures adopted by the government under the supervision of the IMF. In order to prevent a similar economic bust in the future, the need for various alternative policy measures will be proposed.

Key Words : financial crisis, IMF, liquidity crunch

Introduction

The economic boom for nearly a decade after 1987 changed Thailand greatly. Thanks to the extraordinary hyper-growth, its real per capital income amounted to US\$ 2,740 in 1995. In purchasing-power-parity terms, per capita GDP of Thailand in 1995 reached US\$ 7,540, which was almost one third of Japan's. Judging from the macro-economic fundamentals, the Thai economy seemed to be healthy and buoyant up to 1995. In 1996, there was a sign of economic slowdown due to sluggish exports, and in the early 1997, some outside observers felt that it would be difficult to maintain the existing fixed exchange rate system. Few, however, could predict the shift in the exchange rate system and the subsequent disastrous economic meltdown in Thailand.

On 2 July 1997, Thailand had to change its exchange rate system from the dollar-pegged basket system to the managed float system, which meant a *de facto* devaluation of baht. The currency crisis of Thailand in July 1997 had shaken a number of emerging economies in Asia, and, to some extent, the world economy. Asian economic crisis since 1997 had different features compared with the previous recessions after the Second World War. The Thai currency crisis had a contagious effect on a number of Asian countries, many of which were praised for their

superb economic performances as "Asian miracles", just a few years before the crisis. Based on the fundamentals of macro-economic performance in the 1980s and the first half of 1990s, it seemed reasonable for many policy makers and economists to forecast that these countries could maintain high economic growth in the latter half of the 1990s.

The devaluation of the baht and the currency crisis gave rise to the financial and banking crisis. The present Thai crisis had tremendous impacts on various spheres of Thai economic, social, and political systems. It is feared that unless the crisis could be overcome within a few years to come, it would lead to economical and political instability at national, regional, and global level.

Numerous views have already been expressed as to the causes of the crisis and counter policies. It may, however, be still meaningful to examine the causes of the crisis, IMF programs and recovery process, and to suggest policy proposals applicable to national, regional and global levels. Since the prevalent neoclassical economics, which has been dominant in IBRD and IMF, proved to be insufficient for prevention and solution of the crisis, and even problematic in policy formulations, an approach toward the establishment of the new comprehensive political-economics might be necessary. Roughly speaking, the literatures on the Thai economic crisis so far could be

divided into two groups as to the causes of the crisis; one places much emphasis on the financial and trade aspects, while the other on indigenous structural and institutional aspects. We believe that the Thai crisis could be analyzed better by a comprehensive approach, which should take into account various factors.

This paper refers to the crucial period from the the mid-1980s to the third quarter of 1999.

I. Causes of the crisis

Between 1980 and 1990, the The Thai economy recorded average growth rate of 7.6 percent with moderate inflation under a relatively stable foreign exchange rate. Up to around 1990, this rapid growth was accompanied by high investment, high savings and buoyant export with conservative monetary and fiscal policies. Prior to the present crisis, the The Thai economy had experienced recession in the the mid-1970s and in the the mid-1980s. The financial crisis in 1983-1985 was a serious one, involving a substantial devaluation of the baht with the adoption of a managed floating exchange rate system. This means that although the The Thai economy was on the rapid growth path as a trend, it had experienced built-in business cycles since the initiation of modern industrialization in the early 1960s. From the business cycle point of view, the slowdown of the Thai economy since 1996 was a natural sequence in view of the 10 - 12 years of business cycle envisaged in the past.

The apparent cause of the serious crisis since 1997 is, first of all, the exceptionally high rate of economic growth for nearly a decade since 1987. After the economic boom for the period 1976-1978 with almost 10 % average annual GDP growth rate, The Thai economy remained at modest growth of 4.6-5.9% between 1979 and 1986. Due to the huge capital inflow in the form of direct foreign investment and the export spurt, annual the GDP growth rates jumped to 9.5% in 1987, and were a double digit for the three years beginning 1998(13.2% in 1988, 12.2% in 1989, and 11.6% in 1990). Japan with its stronger yen against dollars as a result of the Plaza Accord in 1985, and NIEs countries, shifted their manufacturing bases to Thailand. The inflow of the direct investment in the last three years of the 1980s was greater than the total foreign investment of the previous thirty years. A sudden and huge increase in direct investment accompanied speculation in the real estate and stock market. Construction of modern office buildings and condominiums, development of industrial estates and resorts became buoyant. Not only the Thai businessmen, but also the public and even the

intellectuals tended to be in the mood of euphoria. For the period 1990 - 1995, real GDP growth rate remained high at averagely 8.4 % owing to enormous capital influx and export drive. As the proverb says, "The higher the mountain, the deeper the valley", too rapid economic growth itself is the main cause of the serious crisis. Hyper economic growth or accelerated growth did not allow enough time for the corresponding necessary reforms in the existing economical and social systems. Thus, Thailand's institutional and structural problems remained unsolved. In general, the unpreparedness of economic and social systems for the abrupt financial liberalization and globalization is the basic issue for the Thai economy. In general, most of The Thai government plans and policies in the past had been oriented to accelerate growth rate, rather than to pursue appropriate, stable, and sustainable growth path.

Secondly, as many have pointed out the financial liberalization and financial globalization resulting in huge foreign capital inflows contributed greatly to the boom and bust of The Thai economy. The Thai government had an ambition to transform its economy to a financial and investment center in the Asian region. Reflecting the worldwide trend of financial liberalization both in developed and developing countries in the late 1980s, The Thai government also adopted a number of financial liberalization measures beginning in the early 1990s. Among the various policies oriented for financial deregulation and liberalization, the most important policy was the establishment of the offshore banking system, namely Bangkok International Banking Facilities (BIBF) in 1993. It is important to note that the financial liberalization was not forced one-sidedly by external super economic powers. Rather it was the wish of The Thai government as well as private sectors, even though Thailand's financial system and legal system were not ready for the abrupt financial liberalization. With a fixed exchange rate system, and relatively high interest rates, BIBF out-in lending grew four times from 197 billion baht in 1993 to 808 billion baht in 1996. The Thai government indirectly encouraged the lending competition among BIBFs, by providing full branch bank licenses to these BIBFs that increased their lending activities. The abundant capital inflows brought about the excessive investment in the manufacturing sectors and non-productive sectors; the latter invited so-called "moral hazard". It should be noted that nearly forty to fifty percent of BIBF lending (Out-In) of foreign banks were allotted to the manufacturing sector between 1994 and 1996. (Table 6) While the interest rates in Thailand were attractive for foreign investors, it was very reasonable for the domestic borrowers. Thai foreign debt jumped from US\$ 50 billion in 1993 to

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US\$ 94 billion in 1996. Loans from Japan accounted for more than half of the total debt outstanding, followed by US, Germany, France and United Kingdom. The collapse of the bubble in 1990 in Japan and huge savings in Japan with limited domestic investment opportunities, compelled Japan to divert the massive capital outflow to the emerging Asian economies. Ironically, collapse of the asset bubble in Japan and subsequently its large oversea capital investment gave birth to another economic bust in Asian economies including Thailand. In short, Japan contributed in exporting bubbles to the emerging economies. The ratio of foreign debt to GDP had risen from 34 % in 1990 to 40 % in 1993 and further to 50 % in 1996. The share of the short-term debt rose from 26 % in 1989 to 50 % by end-1995, before slowing down to 42 % in 1996. Over dependence on foreign loans and the high level of short term debt represented vulnerability of the Thai economy from the point of current account sustainability and the risk associated with a sudden reversal of short-term capital.

Prof. Miyazaki published the book entitled "Fukugofukyo" in 1992, in which he stressed that the economic recession in Japan since 1991 was a result of financial globalization and liberalization, and which was quite different in its nature from the previous cyclical recession. He called that new type of recession as "Fukugofukyo", or "combined depression", which means a combination of traditional cyclical depression and collapse of asset bubble. He correctly pointed out that enforcement of the BIS standard would result in liquidity crunch, and thus escape from the recession would be very difficult.

Thailand was accused as the initiator of the Asian contagion. However, if we agree with Miyazaki's view, the Asian financial crises were in a series of similar crises basically caused by the financial liberalization and financial globalization. Thai bubble is the result of the defusion of the bubbles at the global level. In fact, financial crisis occurred in the US in the 1980s in the course of financial liberalization, as illustrated in the S&L collapse. Following the US, the wave of financial liberalization and financial globalization brought about a deep recession in Japan since 1991, and the Mexican crisis in 1994. Since the late 1980s, financial liberalization and globalization became a doctrine or an ideology for influential policy makers and economists. Leading international organizations, including the IMF and a number of influential economists advocated the positive side of the financial liberalization and the financial globalization. Unfortunately, most of them did neither realize nor refer to the negative side of hastened financial liberalization and financial globalization. The benefits and costs of

financial liberalization and financial globalization differ considerably by countries. It is inevitable and desirable that financial liberalization and financial globalization would be realized, if a country's financial and institutional systems were ready for it. Surely, there would be winners and losers in the process of financial liberalization. It seems that at the early stage of financial liberalization, a few countries who succeeded in reforms in financial systems and associated infrastructures with knowledge, information, technology, manpower and capital, could be entitled to be winners, and be benefited greatly from the global financial system. Thus, developing countries might be left in a handicapped situation.

Thirdly, excessive investments in the industrial sectors are another cause of the bust. The Thai government wished to develop heavy industries - steel, cement, petrochemicals, and power, to transform its economic structure to be more comprehensive and more profound. In order to promote these industries, the Board of Investment (BOI) undertook various promotional measures, including tax reduction for equipment investments, revision of import tariff, imposition of value-added tax, and the application of the TISI industrial standard. In 1990s, several Thai conglomerates invested heavily in these industries; for example, Siam Cement Group (SCG), not only increasing its cement capacity and expanding its steel plants, but also engaging in petrochemical business. The Thai Petroleum Industry group (TPI) hastily expanded its activities from petrochemical industries to cement industries, and further to steel industries in a very short period. Reflecting the boom in construction and fabrication industries, which boosted the demand for steel bars and other basic metal products. Siam Steels and Sahaviriya increased their investment in rolling mills. Further more, Sahaviriya, Siam Steel and TPI wanted to build integrated iron and steel plant.

The BOI promotional policies, aggressive investment decisions by Thai conglomerates with less attention to the market demand, resulted in over investment, and they suffered heavy exchange losses by the devaluation and also drop in sales due to the economic slump after the devaluation. In the first half of 1990s, some of the private firms made abnormally ambitious decisions on their investment and capacity expansion. The closed and obscure family type decision making which had been common to Thai-Chinese business firms, close and internal relationships between the conglomerates and banks, and obscure informal ties among conglomerates, politicians, and government through rent-seeking activities, seemed to have contributed to too optimistic and ambitious investment decisions by Thai conglomerates. The Thai economy

has been, to a great extent, governed by several powerful industrial groups or conglomerates. Needless to say, the psychological euphoria among Thai executives due to the economic boom for many years also played an important role. It is apparent that the traditional Thai-style family business has had a positive effect for the rapid industrial development with its dictatorial, closed and quick decision making. Reviewing the Thai firms' decision-making up to the mid-1990s, it is safe to say that corporate governance should be taken up honestly in the private sector, and good governance, which could be acceptable to Thailand, should be pursued in order to enhance transparency and restore Thai credibility.

Fourthly, the persistent current account deficit and its increase since 1994 were the direct cause of the devaluation. The current account deficit, which once declined from 8.5 % of GDP in 1990 to 5.1 % in 1993 owing to rapid growth of export and moderate import growth, increased to 8.1 % of GDP in 1995 due to accelerated import growth of 30.5 % in the same year. In 1996, exports and imports registered minus 0.2 % and 2.3 % growth respectively, and the current account balance to GDP amounted to 8.0%.

During the boom period following 1987, Thailand had increased its dependency on external factors. The ratio of exports to GDP increased from 29 % in 1987 to 42.3 % in 1995, while the ratio of imports to GDP grew from 28.5 % in 1987 to 47.1 % in 1995. Thailand could manage to export at very high growth rates up to 1995. However, export drive policy contained several serious problems. In 1995, the top ten export items, comprising 44 % of total exports, were computer and its parts, garments, clothes, natural rubber, IC products, shoes, plastic products, jewels, shrimps, rice, and canned fish. In spite of the rapid export growth, Thai export structure was still characterized by labor intensive products and resource based products. Labor intensive export products of Thailand faced severe competition with competing developing countries in Asia. Besides, the labor productivity improvement in export industries in Thailand has shown very modest rate of growth for the period 1985 - 1995. It is undeniable that efforts toward labor productivity improvement efforts and manpower development training had been insufficient in the private as well as the public sectors. On the other hand, real wages increased substantially at the same period. Thus, Thailand had been losing its competitive power for its export products compared with other competing developing countries in Asia. Another problem is the increase in the dependency of external markets. The success of export-led economic policies adopted by a number of developing countries in Asia necessitates

ample and generous market for their products, which means that if the economy of the importing countries or the region became sluggish, exporting countries would suffer. It seemed almost impossible for Thailand to maintain such high export growth rate of 13- 24 % during 1990-1995 and through the rest of the 1990s.

Fifth, was the excessive money inflow to real estate and non-productive sectors. Some economists point out the similarity on the causes of the economic depression in both Thailand and Japan in view of the substantial role of the real estate sector. However, it should be remembered that the Thai real estate market was substantially different from that of Japan. While Japan's real estate markets for modern office buildings and condominiums has a considerably long history and could be regarded as a matured market, those of Thailand were quite young with limited stocks for modern office buildings and condominiums up to the middle of the 1980s.

As for the office space in the Bangkok area, office demand showed a substantial annual increase of annual average of 0.1 million áu, for the period 1985 - 91, amounting to 1.45 million áu with 114 office buildings in number. The unprecedented increase in foreign direct investment led to a rapid demand increase in office space, which was met by a rapid increase in office space supply. Around 1990, office supply was almost equivalent to its demand. Following the boom period of 1987 - 90, the expansion of office space surged spurred further in 1990s. The average annual office space increase was enormous; annual increase in office space supply amounting to about 0.8 million áu for the period 1992 - 1996 (Saita, 1996). The office space supply almost tripled for the period 1991 - 95. The vacancy rate for office space in Bangkok increased from 7.6 % to 32 % in 1995, resulting in a decline in rentals during the same period. Although there existed quantitatively excess supply of office space in the first half of 1990s, expansion of office buildings did not reflect the real need of potential customers. It is said that in spite of the abnormally excessive supply in office space, there had been a limited supply of office buildings, which would match the need of users from the location and quality point of view. Lack of experience in the real estate business, too optimistic investment plans without appropriate market researches and availability of affluent capital worked as a stimulus to the supply expansion, and resulted in considerable excess office supply. In addition, restrictive lending policies by the banks towards real estates sector in 1995 worked as a break to calm down the market.

As for apartments and condominiums in Bangkok area, the demand for them increased sharply in the late 1980s. The total number of apartments and

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condominiums amounted to 147 (4,161 units) and 42 (2,339 units) in 1992, in which 71 % of the total apartments and condominiums were concentrated in Sukhumvit area. Total supply of condominiums in Bangkok amounted to 208 (31,630 units) in 1997. Condominium sales reached the peak of 12,700 units in 1994, followed by 4,400 units in 1996 and further by 2,090 units in 1997 (Kishi, 1998). The number of unsold condominium units amounting to 14,000 in July 1997 reduced to 9,000 in December 1997. The condominiums' price and rentals also declined considerably reflecting the excess supply of condominiums. Regarding the land market in Bangkok, its land price was kept at a high level even in 1995. Thus it should be remind that even inside the real estate sector, the market trend of each sub-sector of the real estate was not uniform. It is undeniable that the asset bubble is one of the major causes of the economic bust in Thailand. However, owing to the take-off stage of development in the real estate business, it is also undeniable that some portion of the construction of condominiums and office buildings could match the needs of customers. Due to the serious economic slump, it is not easy to solve the supply-demand gap in the real estates sector in Thailand in a short time. Reasonable and sustainable expansion plan with proper stimulus policies would be necessary for the sound development of the real estates sector.

Sixth, corporate governance and transparency. As many point out that one reason for the Thai crisis lies in the lack of transparency and disclosure in the financial and corporate sectors. In fact, many could not obtain enough information related to economic and financial matters due to various reasons. One clear example is that the public had not been informed by the central bank about the true foreign exchange reserves figures during the period when Thai baht was heavily attacked at the overseas future exchange markets before the currency devaluation. The Bank of Thailand (BOT) used accounting tricks to conceal the true foreign reserve figures and the real damages by the baht attack. Another example is that substantial reliance on informal networks and hidden close relationship existed among financial, business and political sectors, which led to an inadequate checking system for decision making and a loosely structured management system. Unfortunately, this unclarity in decision making was, more or less, common in the case of public tender for many giant projects for telecommunications and infrastructures, such as three million telephone lines. This kind of lack of transparency has been closely related to Thai social tradition. As mentioned above, the informal family business network, and traditional institutional

framework including inadequate legal systems, has definitely played a negative role in enhancing transparency. In the field of financial sector, most of the important decisions making had been made in a very closed system.

Lack of transparency has been closely connected to money politics in Thailand. It is well known that Chatichai government (1988-91) was heavily corrupted. Although the Chuan government (1992-94) had a reputation of clean government, Silpa-archa government followed Chatichai style and Chavalit government also questioned money politics. Since vote buying has been a social tradition in Thailand, the public wanted to have more democratic and clean politics. The instability in Thai politics gave a negative image to the oversea investors. In this regard, passage of the new constitution in September 1997 was an important milestone for the political and social reforms in Thailand, which aimed at participation of the people and a democratic system with accountability and transparency.

Lastly, policy failures and the decline of the technocracy. It is not difficult, at this stage, to make an assessment on Thai monetary and fiscal policies during the boom period and criticize them. The Ministry of Finance and, the Bank of Thailand (BOT), which has been in charge of the monetary policy including exchange-rate policies, could not respond well to the financial developments, especially since 1994. BOT preferred to stick to the fixed exchange rate, probably to avoid internal conflicts. BOT also took in appropriate measures on the Bangkok Bank of Commerce (BBC) affairs and on the policies for ailing finance companies. The decline of technocracy at BOT in Thailand might be common to the Ministry of Finance in Japan. With the intervention of IMF and heavy criticism from the public after the devaluation, reforms in BOT as well as other government agencies would be pursued.

It is important to note that Prof. Suehiro emphasized that the major causes of the present crisis lies not in the policy failures and the economic bubble but rather in the mismatch between the rapidly expanded economy, and the existing institutions and systems, which brought about structural problems. Prof. Suehiro's institutional approach is extremely important in examining policy measures for the economic recovery and for reforming awkward economic and social structures. (Suehiro, 97) In other words, a kind of soft infrastructure should be constructed to meet the rapid change in financial liberalization and globalization.

As we have discussed above, there are many factors, which contributed to the crisis. These factors are characterized by their diversity in nature; domestic, foreign, structural, institutional, short-term and long-

term, etc. It is not easy for Thailand to solve many problems of the crisis by itself, since some factors are determined by external forces. Some factors are also closely related to historically established Thai economic and social system, and Thai culture. It is, therefore, important for policy makers that in formulating policies for recovery, Thai capabilities and its unique economic and social systems should be taking into consideration through a comprehensive approach.

The causes of the Thai crises seem, to a considerable extent, to be common to other Asian countries, which suffered economic crisis. Thus, there exists a possibility to avoid similar economic bust by analyzing the Asian contagion.

II. Currency crisis and policy measures

On 2 July 1997, BOT announced the floatation of baht, which was a great shock to the domestic economy as well as overseas. Thailand lost her credibility, and policy makers had to face a difficult situation beyond expectation. Under the supervision of the IMF, the government had to reluctantly accept the IMF rescue package in August, which later proved to be a disastrous package. Medium term loans of US\$ 17.2 billion with contributions became available to easing the balance of payments position. The IMF and Japan contributed US\$ 4 billion each to these loans. In view of the massive capital influx from Japan, which accounted for more than half of Thai foreign debt, the Japanese contribution seemed to be too modest. Strangely enough, the US did not make any contribution to this financial rescue credit facility.

The IMF also demanded that Thailand adopt an austerity program including an increase in the value added tax from 7 % to 10 %, a 1 per cent surplus in the public debt which implies a sharp-cut in fiscal spending, tight monetary policy to maintain inflation at 9.5 % in 1997 and 5 % in 1998, reduction of current account deficit to 5 % in 1997 and 3 % in 1998, and a clean up of the finance sector and a discontinuation of the rescue of ailing finance companies. (Jomo, 1998)

These tough IMF condition was almost a copy of the IMF measures to Mexican crisis in 1994. The main philosophy of the conventional IMF program was to reform the financial systems and to restore the trade balance and the fiscal balance at the risk of economic recession. The IMF package had both a positive side and a negative side. The IMF with its limited information and expertise on the Thai economic, social structure and system, and with its fixed economic philosophy, imposed on Thailand a stereotype package. Under the direction of the IMF, the financial

restructuring package was announced in October 1997, setting up two agencies, the Financial Sector Restructuring Agencies (FRA) to supervise the suspended financial companies and to evaluate the rehabilitation plans of these companies, and the Asset Management Corporation (AMC) to buy the assets and to sell them under the direction of the FRA. On 8 December 1997, FRA announced that of the 58 suspended finance companies, only two companies would have their rehabilitation approved while the remaining 56 companies would be permanently closed. The drastic measures included the closures of financial companies and nationalization of four medium size banks, namely Bangkok Metropolitan Bank, First Bangkok City Bank, Siam City Bank and Bangkok Bank of Commerce. These decisions were epoch-making, since Thai financial and banking institutions had traditionally formed a close informal network. These reforms could not be realized without the powerful IMF supervisions.

Regarding economic performances after the baht float, a number of big companies suffered an enormous exchange loss. A substantial capital outflow to overseas and tight credit conditions brought about the soaring domestic interest rates. Owing to the suspension of finance companies, the tight financial market situation, and the grim economic outlook, sales of the manufacturing goods, especially the durable goods including cars and electric appliances, dropped drastically. The manufacturing firms' operating ratio declined and had to lay off workers. Excessive capacity in the heavy industries and market shrink in both domestic and neighboring Asian economies squeezed company's profit. Increase in value added tax contributed to the contraction of consumption. Imports declined sharply, while exports increased rapidly in baht terms but decreased in dollar term reflecting the depreciation of Thai baht. As a big surprise, trade balance improved drastically from the persistent deficit to surplus since September 1997, and trade balance kept surplus up to the end of 1998. The stock price declined in parallel with the weakening baht exchange against US dollar. Inflation stood at high level after the devaluation, but it remained at manageable level, in part owing to the strong agricultural base in Thailand. Through IMF's tight financial and fiscal policies, the sound real economic sectors were also affected badly. Regarding Thai fiscal deficit, its amount was not large in 1996, partly due to the entry of private sectors in various infrastructure projects in the form of BTO. Strict fiscal measures worked to contract the macro-economic activity. IMF package focused too much on trade and fiscal balance, in turn squeezed the economic activity of the real sectors. Thus, IMF package itself

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became one of the major causes of the crisis.

Although the consumer prices increase recorded around 10 percent compared with the previous year for several months after the devaluation, these price hike was moderate thanks to Thailand's strong agricultural sector. Thai baht had been devaluated continuously whose movement was in parallel with the drop in stock price index in the latter of the 1997, and the baht hit the bottom at 55 baht per US \$1 in January 1997.

In spite of the baht devaluation, Thai exports fell by 4 percent for the period January - July 1998 compared with the previous year due to economic slump in Asia. The manufacturing production indexes as well as private production indexes have shown a downward trend in 1998. Thus the Thai economy had shown a continuous downward spiral, as GDP growth rate for 1998 was estimated to be about minus 8 %. The unemployed figures would expect to be around 1.8 million, the trade and current account balance had both registered a surplus, resulting in the improvement of foreign reserves.

Although the vicious circle does exist, there were some signs for the recovery of the Thai economy since around September 1998. The baht exchange rate had been more or less stabilized at around 40 baht per dollar from April to September 1998, and then became below 40 making the debt restructuring easier. Inflation had been kept at a manageable rate. The trade surplus continued. Long term loans increased its share in Thailand's outstanding external debt.

As for the external debt, the Thai overall external debt outstanding jumped from US\$ 28.8 billion in 1990 to US\$ 90.5 in 1996, and further increased to US\$ 93.4 at the end of 1997. It decreased to US\$ 86.7 in September 1998, in which private sector's debt occupied 67 % of total external debt. At the end of 1996, private sector's foreign debt accounted for 81 %, the share of short-term debt in total external debt declined from 42 % at the end of 1996 to 30 % in September 1998. The above figures show that there is some improvement in foreign debt situation in Thailand.

Based on these improvements, various agencies forecast the Thai economy hit a bottom in 1998 and there would be a recovery in the Thai economy in 1999 if the external market could absorb Thai exports. The Thai government made a forecast of economic growth of 1 % in 1999 with the expected export growth of 3 - 4 % growths.

Liquidity crunch is a major concern for The Thai economy after the currency crisis. The increase of the non-performing loans (NPL) and the uncertainty in the real sector, and the rigid application of BIS standard led to the serious liquidity crunch. NPL of Thai

financial sector amounted to 2730 billion baht, and NPL share in total credit outstanding was 45.9 % at the end of 1998, which was 32.7 % in June 1998. This enormously high NPL ratio was partly as a result of changes in the provisions for NPL. In line with the BIS standard, NPL provision has been revised from one-year period to six-month period, and further to three-month period.

On 14 August 1998, the government announced a comprehensive banking reform package which aimed at strengthening local banks and finance companies through recapitalization to stabilize banks' deposit base and resume lending. The government, instead of closing down the ailing financial institutions, insolvent banks and financial institutions were placed under the state control. BOT had taken over four banks, namely Siam City Bank (SCIB), Bangkok Metropolitan Bank (BMB), Bangkok Bank of Commerce (BBC) and First Bangkok City Bank (FBCB), while Laem Thong Bank (LTB) and Union Bank (UB) and five finance companies were dissolved. The government decided to inject 300 billion baht by issuing government bonds to recapitalize the ailing institutions. Through BOT interventions, consolidation of the banks and finance companies, including mergers, has been accelerated. The reform package involved two support schemes, namely The Tier-one and Tier-two. The Tier-two scheme is aimed at debt restructuring and providing new lending to private sectors. This rescue plan was different from the decision of December 1997 in which 56 finance companies were ordered to close down.

Restructuring corporate debt is crucial for easing liquidity problems. In order to speed up the debt restructuring between creditors and debtors, the government had established the Corporate Debt Restructuring Advisory Committee (CDRAC) in September 1998 to give more incentive to creditors through tax measures. The BOT plans to promote negotiations between creditors and debtors for 200 private groups (351 companies). In order to facilitate financial restructuring, government has also initiated measures for legal and procedural reforms, including measures to enact amendments to the Bankruptcy Act.

In view of the deteriorating economic situation characterized by a liquidity crunch, drops in consumption and investment in the middle of 1998 due to the tight IMF programs. IMF had to change its policy stance. The IMF programs from the first to the fourth Letter of Intent (LOI) aimed at stabilization of baht, restructuring of financial systems, and maintenance of trade and fiscal balance. In order to increase domestic effective demand and create employment, a policy shift away from of tight monetary and fiscal policies was proposed in the fifth LOI. Owing to the easing up of

the IMF's strict monetary policy requirement, the domestic short-term interest rate, which was above 24 % at the end of 1997, continued to decline. The one-day repurchase rate dropped to 9.5 % in August 1998 and further to 5.5 % in December 1998.

IMF set a severe target of 1% of fiscal surplus of GDP in the 1999 fiscal year at the first LOI. Through easing up of IMF's strict fiscal policy, the ratio of budget deficit to GDP had changed from 2% (third LOI) to 3% (fourth LOI) and further to 5% (sixth LOI). In addition, the government took liquidity support measures, such as issuance of global bonds (US\$ 5 billion) to finance social projects and raise capital of financial institutions. The government bonds (total 300 billion baht) were also issued to restructure the Financial Institutions Development Fund (FIDF).

The deterioration in the real sector brought about serious social problems including mass unemployment. There was grave discontent and dissatisfaction among Thai people since the IMF-led programs focused too much on the financial rehabilitation and thus ignored the plight of the poor people, who could not enjoy the bubble game but suffered greatly through inflation and lay-off. To increase employment opportunities and to aid the poor, the Thai government with the Asian Development Bank created The Social Sector Program Loan-SSPL. Japanese government has also helped Thailand in the same direction with Emergency Package Loans through OECF to provide more jobs. These kind of employment-oriented programs should be the most vital programs for the stability of Thai society and politics.

With its stronger baht, lower interest rate and bearable inflation, the Thai economy has looked to be on the recovery process since around September 1998. Unfortunately, however, a credit crunch has persisted and the ratio of NPL to total credit has increased. The recovery of the Thai economy owes much to the recovery of the private real sectors. Export growth could be one powerful driving force for the economic recovery. The external market situation is still grim. While Thai export share to US increased considerably in 1998, it is unlikely that the same trend can be maintained in the future. Thus the Thai economic recovery depends largely on economic recovery in Japan and also in the emerging Asian economies.

III. The examination of policy measures

The responses to the present Thai economic crisis by the government and private sectors in Thailand, international organizations including the IMF, IBRD and ADB, and developed countries, have provided

many lessons and hints for the policy makers. Looking back at the period from the devaluation to the third quarter of 1998, it is meaningful to make a brief policy appraisal to prevent further economic bust in Thailand and other countries. It is obvious that, before the crisis, few could foresee the disastrous effects of currency devaluation not only to the Thai economy but also to other emerging economies in Asia and further to the global economy.

After the intervention of the IMF, Thailand has diligently followed the advice of the IMF. This seems to be very painful for the proud Thai people, especially for those technocrats involved in policy making in the central bank and government agencies concerned. It was felt that only flexible Thai people could endure such hardship.

There exist a number of criticisms against the IMF policy measures. The IMF measures in August 1997 focused on stabilization, both internal and external, with a number of tough measures including budget cuts, raising taxes, pushing up inflation. These measures seemed to be inappropriate for the private sector debt crisis and even aggravated the Thai economy. Publicly announced news on IMF intervention itself contributed to the contraction of the Thai economy and the loss of market credibility at the global level. The tight fiscal and monetary policy measures forced by the IMF worked as brakes to the activities of the private sectors. While the IMF's reform measures for financial systems are necessary and avoidable, overly strong and tight policies led to curtailment or bankruptcy in the normal sector and to shrinkage of consumer credit purchasing. In the case of IMF intervention, it became clear that the start or the initial program was most critical for those countries, which did not have such experience. The IMF's stereotype approach at the initial stage was the wrong prescription for the Thai economy then. Strangely enough, although Thai style management in financial sector, both in public and private, and real sector had been accused and criticized greatly, the IMF could escape from such criticism and avoid taking any responsibility.

As mentioned earlier, the Thai crisis is partly the result of the financial liberalization. The IMF's policy itself has been oriented toward further liberalization of financial flow. Financial crisis, which occurred in a number of countries in the world in the 1990s might be attributable to the financial liberalization itself. The IMF bailout programs are demanding Thailand reforms for further financial liberalization of financial sector and financial flows. Thus there is a danger that the IMF program would invite another financial crisis. Since money flows in and out at the global level, financial liberalization has both positive and negative

aspects for every country including developing countries. Financial liberalization and globalization are closely related to informatization. Based on the technological progress in the information industries. In the process of financial liberalization, there will be winners and losers, which means that some countries may benefit more from the financial liberalization. For the medium-sized countries, some pragmatic approach toward financial liberalization is necessary.

There might exist a danger of moral-hazard in IMF bail-out program, since both creditors and debtors could be saved from them and thus they would make similar mistake again in the future.

It seems that negative aspects of the economic crisis have been over emphasized in many literatures so far. It should be noted, however, that there do exist some positive aspects in the current crisis. The fatal crisis is indeed a good opportunity for Thailand to reform its economic, social and political systems.

During the bubble period, particularly in a first half of the 1990s, a number of Thai people had been occupied by the gambler's mind. Many competent people wanted to work at financial sectors and/or unproductive sectors aiming at bonanza. People wanted to purchase durable consumer goods with credit based on optimistic forecasts. After a collapse of the Thai casino economy, the income disparity between the employees of the government sector and those of the private sector had narrowed. Thai people and Thai technocrats realized the importance of domestic savings. The Importance of agricultural sector and rural development could be recognized widely by the public.

In reconsidering the too rapid economic growth and abrupt heavy and chemical industrialization, the Thai government had tried to develop industries which Thailand had a comparative advantage. The promotion of the medium and small size industries, improvement in laborers' skill and engineers' technological level through various training, and more efforts on the productivity improvement are good signs.

Another good point is that it became clear that those who could manage the economy well would be the appropriate persons to rule the country. In this respect, the military group, which traditionally had a strong influence in the Thai economy, seems to be losing its power. After the crisis, transparency had been questioned in various government sectors. The authoritative central bank had to shift its system to respond to public opinion. Government released the latest information and data to the public as soon as possible after the crisis.

In reviewing the negative side of the crisis, it would be necessary to make several suggestions and recommendations to policy makers. Firstly, there

should be an independent organization or an expert group composed of policy makers and experts, which is responsible for monitoring, checking and making proposals for sound economic development. The monitoring and early warning system in the field of macro-economic performance should be established at the national, regional and global level.

In view of the serious crisis occurred in many countries, it would be appropriate and necessary to construct quantitative guidelines for each country, which would be the basis for early warning system.

A series of financial crisis and depression occurred another circumstances of market economies. The market mechanism itself under the globalization in financial, informational and real sectors induced instabilities both in national and global economy. It is undeniable that there is a need for structural and institutional mechanism which would regulate the undesirable speculative economic activities and would improve the inherent biased or distorted economic and social system, so that market mechanism could work properly within economic ethics or moral, and economic democracy. It became apparent that traditional IMF - IBRD policy measures based on the neoclassical economics are not powerful enough to bring about sound economic developments. New economics, which could explain the interactions of quantitative economic factors and qualitative institutional factors, should be developed. At the same time, reasonable and acceptable international monetary policies aimed at the stability and sound development of global financial markets need to be examined.

Concluding remarks

The economic crisis in Thailand since 1997 is a new type of depression considered as a compound depression. It is not easy for Thailand to recover from the present economic turmoil. There is a need for further reforms not only in financial and non-productive sectors but also in the real sectors. The Thai economy requires stimulus policies to restore the economic situation to mitigate political, economical and social problems. The Thai crisis can be overcome by its domestic efforts as well as international cooperation. The role of Japan is crucial for the recovery of the Thai economy and of other Asian emerging economies. In this regard, a new type of regional cooperation with new framework should be formulated and promoted. Between corporate governance and global governance, a constructive effort toward the creation of appropriate national governance and regional governance should be pursued.

Appendix

Table 1. BIBF Lending Classified by Countries

		(: billion baht)					
		1993	1994	1995	1996	1997	May.98
Out-In							
	Thai Banks	126.7	189.8	254.6	330.2	513.2	333.5
	Foreign Banks	70.3	266.8	426.0	477.4	898.3	722.7
	Japan	45.3	194.4	295.5	320.6	595.9	491.5
	Europe	13.1	36.8	68.8	85.9	168.1	129.7
	North America	11.5	29.3	44.0	50.2	100.5	77.8
	Others	0.3	6.3	17.6	20.7	33.8	23.7
	Total	197.0	456.6	680.5	807.5	1411.6	1056.2
Out-Out							
	Thai Banks	2.6	11.6	10.8	16.3	35.3	29.7
	Foreign Banks	1.2	89.2	508.1	466.0	435.5	211.8
	Japan	0.0	76.6	482.9	442.5	406.6	192.6
	Europe	0.2	6.3	11.8	13.6	17.0	11.4
	North America	0.3	1.1	4.4	4.7	4.8	2.5
	Others	0.7	5.3	9.1	5.2	7.1	5.2
	Total	3.8	100.8	518.9	482.3	470.8	241.5
Total							
	Thai Banks	129.3	201.4	265.4	346.5	548.6	363.2
	Foreign Banks	71.5	356.1	934.0	943.3	1333.8	934.4
	Japan	45.3	270.9	778.4	763.1	1002.5	684.1
	Europe	13.3	43.1	80.5	99.5	185.1	141.1
	North America	11.8	30.5	48.4	54.9	105.4	80.3
	Others	1.1	11.6	26.7	25.9	40.9	28.9
	Grand Total	200.7	557.5	1199.4	1289.8	1882.4	1297.6
	Exchange Rate (Baht/USD)	25.5	25.1	25.2	25.6	47.2	40.2

(Source : Bank of Thailand)

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Table 2. BIBF Lending (Out-In) of Thai Banks by Economic Sectors

(: billion baht)

Sectors	Billion Baht					
	1993	1994	1995	1996	1997	Feb.98
1. Priority Sector	60	83.9	115.1	163.2	271.9	229.8
1.1 Agriculture	2.3	3.4	4.6	4.7	6.3	5.1
1.2 Mining	0.4	0.3	0.4	1.2	2.3	2.1
1.3 Manufacturing	46.4	67.9	96.5	141.2	238.3	201.1
1.4 Exports	10.8	12.1	12.8	14.5	21.8	18.6
1.5 Wholesale of Agricultural Product	0.1	0.2	0.8	1.5	3.2	2.9
1.6 Low Income housing	-	-	-	-	-	-
2. Less Priority Sector	12.2	20	22.1	18.1	18.7	13.8
2.1 Vacant Land	-	-	-	-	-	-
2.2 Service for Entertainment	0.2	0.4	1.6	3.2	3.9	3
2.3 Imports of Consumer Goods	0.6	0.6	0.7	0.6	0.9	0.8
2.4 Personal Consumption	0.3	0.2	1.7	0.8	0.4	0.2
2.5 Residential Condominium	11.2	18.8	18.1	18.1	13.5	9.8
2.6 Golf Course	-	-	-	-	-	-
3. General Sector	54.1	85.9	117.4	148.8	223.4	171
3.1 Construction	2.6	4.3	4.2	6.6	8.3	6.2
3.2 Commerce	11.4	17.4	27	33.4	41.6	27.7
3.3 Finance & Banking	10	15.7	29	29.9	36.2	26
3.4 Real Estates	13.8	19.6	15.5	15.5	20.6	13.2
3.5 Public Utility	3.2	6.2	8.4	18.4	38	34.4
3.6 Hotel & Restaurant	7.8	14.2	23.1	29.5	51	43.2
3.7 General Housing	-	-	0	-	-	-
3.8 Others	53	10.1	10.1	15.5	27.8	20.4
Total	126.3	189.8	254.6	330.1	514.1	414.7

(Source : Bank of Thailand)

Table 3. BIBF Lending (Out-In) of Foreign Banks by Economic Sectors

(: billion baht)

Sectors	Billion Baht				
	1993	1994	1995	1996	1997
1. Priority Sector	39.6	117.6	210.4	264.4	526.5
1.1 Agriculture	0	0.5	1.2	1.5	3
1.2 Mining	0.2	1.9	7.3	8.7	19.2
1.3 Manufacturing	34.9	107.3	195.6	249.3	497
1.4 Exports	4.3	7.8	6	4.2	6.5
1.5 Wholesale of Agricultural Product	0.2	0.1	0.3	0.7	0.8
1.6 Low Income housing	-	-	-	-	-
2. Less Priority Sector	2.7	7.1	6.8	7.4	10.9
2.1 Vacant Land	-	-	-	-	-
2.2 Service for Entertainment	-	0.2	0.1	0	0.2
2.3 Imports of Consumer Goods	0.6	0.8	1	1.9	4
2.4 Personal Consumption	0.6	0.9	0.6	1.4	0.4
2.5 Residential Condominium	1.5	5.2	5.2	4.2	6.4
2.6 Golf Course	-	-	-	-	-
3. General Sector	27.1	142.2	209	205.6	359.9
3.1 Construction	2.1	8.7	11	15	25.6
3.2 Commerce	14.9	49.3	56.5	58.6	119.5
3.3 Finance & Banking	4.5	56	100.5	89.7	123.9
3.4 Real Estates	1.6	4.8	9.9	8.3	12.5
3.5 Public Utility	1.5	14.3	16.6	21.4	44.8
3.6 Hotel & Restaurant	0.2	1.5	3.3	2.8	3.1
3.7 General Housing	0.2	0.3	0.2	0.1	0.1
3.8 Others	2.1	7.1	11	9.7	30.3
Total	69.4	266.8	426.2	477.4	897.3

(Source : Bank of Thailand)

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Table 4. BIBF Lending (Out-In) of Japanese Banks by Economic Sectors

(billion baht)

Sectors	Outstanding				
	1993	1994	1995	1996	1997
1. Priority Sector	27,751	91,493	161,801	195,068	383,295
1.1 Agriculture	-	52	715	751	495
1.2 Mining	-	1,911	7,187	7,267	13,990
1.3 Manufacturing	24,333	83,296	149,900	184,164	365,156
1.4 Exports	3,392	6,184	3,998	2,867	3,654
1.5 Wholesale of Agricultural Product	26	50	-	20	-
1.6 Low Income Housing	-	-	-	-	-
2. Less Priority Sector	664	4,055	2,825	2,966	5,198
2.1 Vacant Land	-	-	-	-	-
2.2 Service for Entertainment	-	50	50	-	189
2.3 Imports of Consumer Goods	61	467	665	1,418	2,647
2.4 Personal Consumption	51	151	176	269	-
2.5 Residential Condominium	552	3,388	1,933	1,279	2,362
2.6 Golf Course	-	-	-	-	-
3. General Sector	16,319	98,811	131,114	122,538	207,436
3.1 Construction	1,618	4,908	4,938	4,975	8,661
3.2 Commerce	9,850	41,224	41,968	39,259	77,403
3.3 Finance & Banking	1,824	36,853	62,767	52,800	74,890
3.4 Real Estates	1,034	2,765	5,618	5,182	8,366
3.5 Public Utility	1,101	9,046	9,995	14,134	26,905
3.6 Hotel & Restaurant	153	365	1,228	592	233
3.7 General Housing	-	-	-	-	-
3.8 Others	738	3,649	4,600	5,595	10,978
Total	44,734	194,360	295,739	320,572	595,929
Exchange rate 1\$ =	25.54	25.09	25.19	25.61	47.25

(Source : Bank of Thailand)

Table 5. LOANS OF FINANCIAL COMPANIES CLASSIFIED BY BUSINESS SECTORS

(: billion baht)

	YEAR END											
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	
1. Agriculture, fishing, forestry, and mining	2.1	1.6	1.9	3.1	4.2	4.5	6.2	7.5	6.2	10.9	15	
2. Manufacturing	23.4	24.1	33.6	43.8	53.9	66.8	82.5	104.5	137.7	185.7	228.5	
3. Wholesale & retail trade	14.7	16.1	19.6	24.5	28.5	32.3	39.9	52.5	69.9	94.5	121	
4. Imports	4.1	3.1	4.3	5.4	6.3	7.2	8.7	12.9	14.7	20.1	26.6	
5. Exports	1.8	1.7	1.9	2.5	3.4	4.4	4.3	5.9	8.9	10	12.4	
6. Banking & other financial business	9.3	9.9	14.1	21.6	20.9	23.1	41.3	63.4	96.5	129.8	146.1	
7. Construction	5.3	5	5.5	6.4	8.7	10.9	15.9	22.2	29.8	39.8	56.6	
8. Real Estate Business	12.1	16.9	22.8	42.1	72.2	99.5	127.9	163.8	239.7	325.9	362.8	
8.1 Residential	-	-	-	-	-	-	77.8	111.5	168.5	233.9	262.9	
8.2 Other	-	-	-	-	-	-	50.1	52.3	71.2	92	99.9	
9. Public Utilities and Services	10.1	9.6	11.3	18.1	25.8	33.8	41.4	56.5	76.9	100	123	
10. Personal Consumption	19.3	25.3	39.4	70.7	91.2	133.2	178	241	318.9	375.9	384.9	
10.1 Housing	3.5	4.3	5.8	7.6	10.3	14.9	18	27.9	40.7	54.2	62.6	
10.2 Margin Loan	-	3.7	4.2	15.6	9.3	33	67	91.6	120	128.4	104.3	
10.3 Hire-purchase	-	11.1	21.1	35.6	51.5	59	57.6	72.9	89.6	115.3	129	
10.4 Others	15.8	6.1	8.3	11.9	20.2	26.3	35.3	48.5	68.6	78	89	
11. Hire-Purchase Business	-	-	-	-	-	-	1.6	3	8.7	8.7	11.3	
Total Loans and Receivables	102.2	113.3	154.4	238.1	315.1	415.5	547.9	733.1	1008	1301.3	1488.2	
No. of Companies	98	94	94	94	94	92	92	91	91	91	91	

(Source : Bank of Thailand)

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Table 6-1. Credit Classified by Economic Sectors (According to Credit Plan)

(: billion baht)

Sector	Thai Commercial Bank				
	Dec. 1990	Dec. 1991	Dec. 1992	Dec. 1993	Dec. 1994
1. Priority Sector					
1.1 Agriculture	96.3	115.9	131.6	143	143.6
1.2 Mining	8.2	8.2	11.7	16.3	13.8
1.3 Manufacturing	336.8	409.3	466.1	562.3	670.4
1.4 Exports	84.3	88	106.4	123	151.5
1.5 Wholesale Trade in Agricultural Products	17.3	24.7	34.5	43.5	49.4
1.6 Low-Income Housing	62.7	74.9	90.3	107.4	138.5
Total	605.7	720.9	840.7	995.5	1167.3
2. Less Priority Sector					
2.1 Vacant Land Transaction	8.9	4.4	5	5.2	5.9
2.2 Service for Entertainment	9.6	10.6	12.9	12.8	14.4
2.3 Imports of Luxury Goods	26.7	24.8	29.5	31.7	31.4
2.4 Personal Consumption	55.9	68.8	83.3	95.2	113.5
2.5 Luxury Residential Condominium	9.1	14.7	19.5	19.3	18.5
2.6 Golf-Course Business	6.6	8	8.2	9.2	7.8
Total	116.7	131.4	158.4	173.3	191.5
3. General Sector					
3.1 Construction	57.1	69.6	85.1	99.5	130.1
3.2 Commerce	271.8	319.2	373.3	455.8	592.4
3.3 Banking & Finance Business	69.6	90.3	120.4	146.1	169.7
3.4 Real Estate Business	148.3	172.2	211.6	262.6	316.6
3.5 Public Utilities	24	28.7	39	57.3	71.2
3.6 Hotel & Restaurant	47.8	65.5	84.3	104.4	125.3
3.7 General Housing Finance	29.5	49.5	73.7	116.4	164.4
3.8 Others	40.3	53.1	72.8	93.3	122.8
Total	688.4	848.2	1060.3	1335.3	1692.6
Grand Total	1410.7	1700.5	2059.4	2504.1	3051.3

(Source : Bank of Thailand)

Table 6-2. Credit Classified by Economic Sectors (According to Credit Plan)

(: billion baht)

Sector	Dec. 1995			Dec. 1996			Dec. 1997				
	Thai Bank	Foreign Bank	New BIBF	Total	Thai Bank	Foreign Bank	New BIBF	Total	Thai Bank	Foreign Bank	New BIBF
1. Priority Sector											
1.1 Agriculture	149.4	0.4	1.8	151.6	151.1	1.3	2.3	154.7	156	2.7	2.1
1.2 Mining	16.9	5.1	2.2	24.1	19.2	1.5	1.8	22.4	21.4	7	-
1.3 Manufacturing	824	175.8	99.9	1099.7	985.8	209.8	128.5	1324	1258.7	520.7	99.4
1.4 Exports	165.9	7.4	1.9	175.1	185.1	6	1.3	192.4	196.7	15.8	0.4
1.5 Wholesale Trade in Agricultural Products	58.3	1	1.7	60.9	65.8	1.6	2.1	69.5	68.8	4.3	0.3
1.6 Low-Income Housing	167.7	0.2	-	167.9	198.4	0.4	0.1	198.8	214.7	0.8	-
1.7 Mercantile Marine	0.9	1.4	0.3	2.6	7.4	1.9	0.2	9.5	10	3.9	-
Total	1383	191.3	107.7	1682	1612.6	222.5	136.3	1971.4	1926.2	555.1	102.2
2. Less Priority Sector											
2.1 Vacant Land Transaction	4.7	0	-	4.7	3.7	0	-	3.7	5.8	0	-
2.2 Service for Entertainment	17.8	0.1	0.1	18	21.8	0.1	-	21.9	24.3	0.1	-
2.3 Imports of Luxury Goods	27.8	6.6	0	34.4	28.6	7.4	0	36	32.3	9.6	0.1
2.4 Personal Consumption	129.1	17.7	0.2	147	146.6	20.9	0.3	167.8	166.4	27	-
2.5 Residential Condominium	18.9	0.5	0.1	19.5	20.3	0.6	-	20.9	25.8	0.7	-
2.6 Golf-Course Business	7.8	0.6	-	8.4	8	0.6	-	8.6	6	0.6	-
Total	206.1	25.5	0.4	231.9	229	29.7	0.3	258.9	260.6	38	0.1
3. General Sector											
3.1 Construction	166.8	13.5	5.5	185.7	209.7	18	7.6	235.2	238.2	34.1	7
3.2 Commerce	733	49.2	22.9	805.1	839.8	52.7	22.9	915.3	953.4	115.5	17.4
3.3 Banking & Finance Business	211	65.5	63.4	339.9	227.1	54.7	65.1	346.8	304.5	111.1	58.1
3.4 Real Estate Business	353.5	9.9	7.7	371.2	380.1	10	7.2	397.9	427.9	19.8	4.2
3.5 Public Utilities	87.1	12.4	7.5	107.1	111.5	14.3	9.2	134.9	139.4	33	7
3.6 Hotel & Restaurant	153.2	2	1.8	156.7	173.9	2.3	1	177.2	210.5	3.1	0.4
3.7 General Housing Finance	199.2	2.7	-	201.9	229.1	3.5	0.1	232.7	226.8	4.4	-
3.8 Others	153.9	10.3	5.9	170.1	173.7	6.6	4.1	184.4	207	19.8	2.3
Total	2057.7	165.5	114.4	2337.6	2345.4	162.1	117	2624.5	2707.7	340.8	96.5
Grand Total	3646.8	382.3	222.4	4251.6	4187	414.2	253.6	4854.8	4894.6	933.9	198.8

(Source : Bank of Thailand)

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