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Natenapha Wailerdsak. *Business Groups and the Thailand Economy: Escaping the Middle-Income Trap*. Abingdon: Routledge, 2023.

Reviewed by Ramnath Reghunadhan*

Natenapha Wailerdsak's *Business Groups and the Thailand Economy: Escaping the Middle-Income Trap* is positioned within the broader literature on the developmental state, economics, business groups, and development in Thailand. In comparison to seminal works such as the analysis of developmental states by A. Gerschenkron (1962), C. Johnson's (1982) analysis of Japanese industrialization, G. White's (1984; 1988; 1991) and A. Ong's (2004) works on developmental states in East Asia and China, and A. Amsden's (1989) book on South Korea's developmental state, this book examines the intricate relationship between business conglomerates and the Thai economy. It provides a comprehensive understanding of the evolution and working of business groups in Thailand, highlighting their close ties with political elites and their influence on policymaking.

Chapter 1 delves into the theoretical framework of catch-up industrialization, emphasizing the "advantages of backwardness and technological leap" (p.15). It explores the concept of the "flying-geese pattern" (p. 17) as a model for economic development while acknowledging its limitations. The chapter revisits catch-up theory, highlights the phenomenon of technological creep, and discusses challenges associated with structural change. Chapter 2 focuses on the middle-income trap, beginning with a definition of the concept and tracing its evolution from the "East Asian miracle" to the emergence of "innovative East Asia." It examines how Thailand became ensnared in the middle-income trap and identifies various problems associated with catching up. A comparative analysis of China, Malaysia, and Thailand offers insights into the complexities of escaping the trap. Chapter 3 explores the concept of developmental states within the context of political economy, emphasizing the role of domestic business groups in latecomer nations. It introduces the idea of the four types of Thai family business groups—the "unreformed single business," "authoritarian conglomerate," "modernized single business," and "modernized conglomerate" (pp. 57–59)—and discusses critical points in management theory

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relevant to these groups. Chapter 4 examines dependency theory and its implications for multinational corporations, particularly with regard to human capital investment. It explores the role of Thailand's Board of Investment in targeting specific industries for development and discusses the potential exploitation associated with foreign direct investment. Similar studies on China, Japan, and South Korea exist and could have been incorporated as part of the analysis.

Chapter 5 traces Thailand's economic development trajectory from the 1960s and 1970s, which was characterized by "import substitution industrialization" (p. 94), followed by a shift toward export-oriented industrialization in the 1980s and 1990s and culminating in the challenges posed by the Asian financial crisis. It evaluates Thailand's economic performance within this context, highlighting the "end of the low-cost advantage era" (pp. 102–106) and the persistently low levels of research and development activity. Chapter 6 examines Thailand's efforts toward achieving high-income status, focusing on its economic revitalization initiatives in the 2000s and 2010s, including its participation in the ASEAN Economic Community. It also discusses the economic rearrangements undertaken in the 2020s to delineate a high-income nation model, emphasizing shifts toward a creative economy and the exploration of new growth trajectories represented by Thailand 4.0 and emerging S-curves. Chapter 7 provides insights into Thailand's strategic economic partnerships and the role of foreign investment in driving economic development. It explores the Eastern Economic Corridor plan and its implications for attracting foreign investors, as well as the significance of regional initiatives such as China's Belt and Road Initiative and Thailand's collaborations with Japan through the "Thailand Plus One" strategy.

Chapter 8 examines the distinctive characteristics of Thai business groups, highlighting their role in industry monopolies and their impact on competitiveness within the economy. Through an analysis of business concentration, Wailerssak sheds light on the dynamics shaping market structures and their implications for economic growth and development. A marginal criticism is that she does not integrate aspects of emergent technologies in Thailand-based business groups or case studies that could provide a comprehensive understanding of future trends for Thailand's business landscape and its economy. Chapter 9 delves into strategies employed by Thai business groups to expand their power and influence. It discusses the processes of selection and specialization, leveraging political influence, engaging in mergers and acquisitions, pursuing overseas investment, and forming foreign strategic alliances. These strategies have contributed to the consolidation and expansion of business power both domestically and internationally.

Chapter 10 identifies and explores the challenges inherent in the family business model in Thailand, such as "tunnelling and expropriation of minority shareholders" (p. 212), the absence of "separation between ownership and control" (p. 214)—leading to interlocking directorates—and the implications of concentrated ownership structures, including holding companies and

cross-shareholding. The chapter also addresses strategies for overcoming the limitations of the family business model through managerial enterprise development. Finally, Chapter 11 synthesizes the findings from previous chapters and presents conclusions drawn from the analysis. It highlights the transition from family capitalism to managerial capitalism as a crucial aspect of Thailand's economic evolution. The chapter concludes with a set of policy recommendations aimed at addressing the challenges identified throughout the book and fostering sustainable economic development. These recommendations offer actionable strategies for policymakers to promote competition, improve corporate governance, and support the transition toward more efficient and dynamic business models.

This book provides readers with a comprehensive understanding of how business groups have shaped and influenced the economic trajectory of Thailand over the years, providing insights into the implications of globalization and economic liberalization on the country's business landscape. Wailersak elucidates the mechanisms through which business groups wield economic and political power, shaping not only market dynamics but also broader societal structures. While acknowledging the business groups' contributions to economic growth and development, the author also critically examines the challenges and drawbacks associated with their dominance, including issues of market competition, corporate governance, and inequality. The author analyzes how these groups—encompassing state, local, and foreign capital—are pivotal in overcoming the middle-income trap through strategies such as mergers, political influence, and outward investments. The book is an essential read for academic researchers, policymakers, and business practitioners interested in developmental economics and business dynamics in Thailand.

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