Impacts of Economic Crisis upon Thai Higher Education

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Dear Participants

Although the new global economic crisis cannot be justified by one cause, it is clearly seen that the problem of real estate in the United States is a significant starting point, followed by the problems of finance and banking in America that has the impact on the finance and banking of Europe and Asia; and as a consequence, a large number of companies continuously suffered this impact.

The obvious impact on Thailand is that its overseas market was instantly reduced because of the key purchasing power like America, Europe and Japan were facing problems. Tourism came to a halt due to the global economic recession. People all over the world became more cautious about their expenditures. As a result, production also diminished. The prospect of production receded or the production was discontinued. Labor market slightly grew or decreased; the number of the unemployed increased; per capita income was lessened at all levels; and similarly, the state income tremendously declined.

The first and obvious successive education problem is that the budget for education was reduced. There is a tendency that there will be no budget for various forms of development, construction, order of large equipment, personnel development and even for the bonus of government officials.

Regarding educational institutions especially at the higher education level, the problem which follows the reduction of government budget is that they gained less income from their special programs such as training projects for companies because most companies cut this budget. The arrangement of special short-term and long-term curricula also declined.

Nevertheless, students themselves did not stop studying or drop out, and their education seeking took a different form. Apparently, more students at both graduate and undergraduate levels will study near their houses, at the learning places in their provinces and at the institutions that require less expenditure.

From the enquiry of administrators of Rajabhat University in big cities such as Chiang Mai, Udon Thani and Songkhla, it was found that the number of students increased from the previous year. However, the small-sized Rajabhat University and private universities moderately encountered the problem of the decreasing number of students, compared with the preceding year.
Apart from studying at the institutions near their houses and the institutions with not very high expenses, more students also borrowed money for their studies. Students who study at universities, particularly private universities, account for a high percentage of the Student Loan Fund.

When more student loans were granted, the data of the Student Loan Fund indicated that in the year 2009 when economy deteriorates, the number of students who have completed their education and do not pay back the debts is up to 161,739. This number is much higher than the previous year. One cause is the economic downturn which makes it more difficult for graduates to find jobs, or makes more graduates to be unemployed; so they are unable to pay the debts. I once talked to a government official of high rank who told me that graduates with master's degrees had to take the jobs that require only bachelor's degrees because they could not find the jobs that need their degrees.

Recently, even though there is the loan called “Thai Stimulus Package”, it is only a temporary measure.

Apart from the quantitative impact that resulted in a smaller budget, students' attempt to use less money, more loans and the unemployment of graduates, the qualitative impact is also important and it may have more importance than the quantitative impact. The existing concept, practice and management of business in Western style with the belief in the system of a capitalism and interdependence are evaluated, tested and challenged tremendously and extensively to prove that they are not the only appropriate and splendid alternative anymore.

The value of this economic crisis is that it has brought about an invaluable result. It makes the academic circle that particularly involves in business consider other alternatives. For instance, yesterday Dhurakij Pundit University held a discussion on “Management in Asian Style” and this afternoon there will be a talk on “The Paradigm of Management”, and I would like to ask your permission to participate in that session.

In the talk on “The Paradigm of Management” that I am going to join this afternoon, I will propose the Asian Paradigm which is comprised of the middle path process, self-dependence and self-sufficiency, and this Paradigm has maintained Asia as Asia for thousand years.

Thank you.