

ผลกระทบของวิกฤติเศรษฐกิจต่อสังคมและคนไทย

Social and Human Impacts of the Economic Crisis in Thailand

Speech to the Panel on "Overcoming Human

Poverty: Voices from the South" The 37th Special Session

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บทคัดย่อ

ปาฐกถานำเสนอในการประชุมพิเศษครั้งที่ 37 ของคณะกรรมการเพื่อพัฒนาสังคมของสหประชาชาติที่นครนิวยอร์กเมื่อวันที่ 2 กุมภาพันธ์ 2542 โดยกล่าวถึงผลกระทบของวิกฤติเศรษฐกิจที่มีต่อการจ้างงาน การอพยพ ราคาสินค้า การศึกษา ปัญหาสตรี และปัญหาสังคมอื่น ๆ เช่น ปัญหาเสพติด อาชญากรรม และการฆ่าตัวตาย ผลกระทบอีกประการหนึ่งของวิกฤติเศรษฐกิจก็คือ รัฐบาลจำเป็นต้องลดงบประมาณในด้านการบริการทางสังคมทำให้ผู้รับบริการ โดยเฉพาะคนจนได้รับผลกระทบด้วย ในการแก้ไขปัญหานี้ รัฐบาลควรเน้นการสร้างโครงการบรรเทาผลกระทบทางสังคม (social safety net) ทั้งในระยะสั้นและระยะยาว และจัดระบบบริหารจัดการเศรษฐกิจมหภาคที่มีความโปร่งใสและเปิดโอกาสให้ฝ่ายต่าง ๆ เข้ามามีส่วนร่วมในการตรวจสอบและกำหนดนโยบาย นอกจากนี้ รัฐบาลยังจำเป็นต้องใช้จ่ายเงินช่วยเหลือจากต่างประเทศอย่างระมัดระวัง เนื่องจากเป็นเงินกู้ที่คนไทยต้องรับภาระชดใช้ในอนาคต

Abstract

This speech was prepared for the Panel on "Overcoming Human Poverty : Voices from the South" and presented at the 37th Special Session of the UN Commission for Social Development in New York, on February 2, 1999. The effect of the economic crisis on employment, migration, the prices of commodities, education, gender problems, and other social problems such as drug addition, crime, suicide, and psychological problems were discussed. Due to the crisis, the government was forced to cut its budget for most social services which inevitably has had an adverse impact on the poor. Policy recommendations were proposed and included the setting up of social safety net programs both for short and long term policy along with a transparent macroeconomic management system with checks and balances. The government was also recommended to use caution when spending international aid money.

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Ladies and gentlemen,

First of all, I would like to thank the Social Development and Poverty Elimination Division of UNDP for inviting me to speak on the panel, and on behalf of the Thais, especially the poor, I thank all participants for showing interest in their well-being.

Since the onset of the economic crisis in Thailand in 1997, Thailand has been through a period of rapid decline in economic activity, especially in investment and consumption. The decrease in investment has meant that a number of businesses and establishments have gone out of the market or have been forced to downsize. Almost ten thousand establishments closed down in 1997 and the number of business closures is expected to increase along with the bankruptcy rate. Substantial research has been undertaken to detect the extent of the human and social impacts.

Employment

On a macro level, nationwide socio-economic and labor force surveys have been conducted to determine the changes that have resulted in employment.

Data from the National Statistical Office show that the total unemployment rate last February (1998) was 1.5 million people, or about 4.6% of the total labor force. This is roughly two times the total unemployment rate during the same period in 1997 (see Table 1). On top of this, another 1.5 million people were underemployed, i.e., working less than 20 hours per week.

Presently, about 2 million of people are unemployed. About 27% of those who are unemployed have been laid off or have lost their job after the closing down of businesses. Three quarters of them did not receive any compensation from their employers. The rural northeast, the poorest region of Thailand, has the highest incidence of unemployment. This is not a surprising result as the region has always been the largest source of rural-urban labor migration.

In addition to layoffs, information from our participatory study in both rural and urban communities revealed that wages have been declining. Moreover, other incidences include workers being forced to work less hours, work more hours with equal or less pay, work in a lower skilled job, or receive a reduced bonus or no bonus at all (see Table 2).

Migration

The initial impact of the crisis took place in urban areas and caused a large number of workers to be laid-off in the construction and manufacturing sectors. The contraction of the urban labor market led to reverse migration of unemployed people from urban to rural areas. Since most of these migrants had worked in non-agricultural sectors, it was difficult for them to adjust themselves to agricultural work. Statistics from the National Statistical Office showed that the main reason that these migrants returned home was to wait for new jobs in the city or to wait to return to urban areas in search of work. They did not expect

to find jobs in their rural hometown. Data from a slum community near Bangkok revealed that 1 out of every 8 families moved back to their hometown in the Northeast of Thailand because there were no jobs available in their urban neighborhood after the crisis hit.

Higher Prices

Higher prices of necessities are another impact of the current crisis faced by the poor. Households in both rural and urban areas reported higher prices for basic commodities such as rice, cooking oil and eggs. They have had to cope with this economic problem by consuming less. Some cut down from 3 to 1 or 2 meals per day. Some reduced their dishes to just one for the whole family. A group of women in a slum community said that to save cooking oil, they ate rice with salty eggs instead of fried eggs. Moreover, when they ate salty eggs, they could save more money because they could eat more rice with a salty egg.

Education

The economic problem has had a greater impact on families with dependent children. Many children in secondary school have had to leave school because their parents could not afford to send them to school, even though the tuition is free. At the same time, some children are reluctant to go to school since they have no money to join the same activities as other children. Some families require their children to earn money and to help the family. The increase in school dropouts

has resulted in an increase in child labor of 0.35 million of children.

The crisis has also affected the job prospects for new graduates. The unemployment forecasts indicate an excess supply of labor in elementary, lower secondary, upper secondary, and university levels from 1998 to 2001 (see Table 3).

Gender and poverty

Another issue I would like to mention is the role of women during the economic crisis. Thai women usually play a major role in running the household and controlling family finance. During the economic hardship, the burden on women doubled. They had to work harder to make ends meet and take care of their households and children at the same time. Walks through the slum community revealed that women were busy working. For example, they were making food to sell, washing clothes, sewing, or taking care of their young children. It was not surprising to find groups of men talking and drinking. During participatory sessions with women, they reported an increase in violence in the household due to stress and discouragement from the economic problems. Some women in slum communities were forced to become prostitutes.

Drug abuse, crimes, suicide, and psychological problems

Another impact of the crisis has been an increase in the use of amphetamines among low income communities in urban areas.

schools, and rural communities. Many times during participatory sessions with the community, the sale of amphetamines was linked with the crisis, since it is an easy way to earn fast money when jobs are difficult to find. Some children have become drug addicts as while their parents struggled to earn money to support their family, they had no time to supervise them. In fact, drug dealers and their clients are of all ages, occupations and social groups. Drug abuse tops the list of criminal offences in Bangkok and amphetamine related crimes top the nationwide list.

The Thai society also experienced an increase in suicide and psychological problems. In some areas, suicide cases happened daily. The suicides range from individual suicide to family suicides. People used pesticides, jumped from buildings, shot themselves or hung themselves. One frequent reason for suicide is that people were unable to pay their debts or find a job. Some also used suicide attempts as a way to get attention from the public. At one point both suicides and suicide attempts happened so often that they were thought of as a fashion. However, after a few months, suicide attempts were not breaking news anymore and the rate of suicides then appeared to decline.

Access to Social Services

Due to the decline in expected government revenue and because of IMF recommendations, government spending was drastically reduced in 1998 (See Table 4). In 1998, government spending was reduced by 16% from

1997. For the 1999 fiscal year, the government spending has been reduced further by 0.6% from 1998. Unfortunately, most of the government cutbacks took place in the area of social services where cuts of 35% were made between 1997-1998 and another 9.8% cut between 1998-1999. Other areas where budget cuts have affected the poor include agriculture (26%) and public health (11%). It should be noted that education is one of the few areas which has received an increase in budget. The increased budget in education has helped finance education for students whose parents were laid off, and for needy or dropout students.

The following are some examples of the human faces of the Thai economic crisis which reflects the concrete experience of the Thais (see Table 5) (see Table 6 for summary of the impact of Thailand's economic crisis)

Policy

Let me shift to policy issues. Traditionally, Thai people have relied on family and kinship as their safety net. Public sector safety nets are rare. With the onset of crisis, the strongest safety net for Thai workers so far has been severance pay. However, the scheme covers only workers in the formal sector. In order to reduce the social impacts of the economic crisis, the Thai government has launched a number of programs, for example, free health care treatment for laid off workers and their families, and the Fund to Aid the Unemployed Workers. Thailand has also received aid from

international donors. This aid included, for example, Structural Adjustment Loans (SAL) for strengthening or restructuring of financial institutions, the industrial sector, and public sector reform; and the Social and Investment Program (SIP) to create more jobs and income opportunities, and to strengthen the community. I would like to reflect some concerns regarding the following issues:

1. The Thai government has very limited experience in dealing with social safety net programs. Once it receives the aid or loans for these programs, there has been a tendency to spend the money as quickly as possible, in the hopes that the money spent would soften the impact. I would like to see the Thai government spending money from international aids more carefully, as the Thai taxpayers are likely to shoulder most of the burden. The government should make sure that the aid will really provide the outcomes as planned and cover the target groups.

2. The government should not expect to solve social problems solely by using economic policy. Although it is true that unemployment has increased because many businesses have faced a credit crunch, an attempt to solve unemployment by solving only the financial problems is not sufficient to undo the damage caused by the financial crisis. The building of a social safety net for the ones affected by the crisis should be given at least as high a priority as attempting to rescue the businesses.

3. The government should continue to control inflation as there has been evidence from several socio-economic surveys in Thailand that poverty incidence usually moves in the same direction as inflation.

4. The government should provide credit with low interest to the poor, with flexible payment and good monitoring systems.

In order to avert the crisis in the future, I proposed economic and social policy as follows. For economic policy, first it is necessary to establish a transparent macroeconomic management system with checks and balances to enable the early detection of mismanagement, or at least to limit damages that could be done by a small number of politicians and bureaucrats who have too much authority and as a result could create a large-scale crisis almost single-handedly, as has occurred in the past. Second, there is the need for governmental reform to build a more efficient system that could retain able government officials and capacity building that would strengthen the analytical capability of government agencies. This is particularly important since data on the qualifications of Thai government officials have shown that quality of government officials has declined in the past decade. Third, good governance, for both the public and private sector is very important. There is need for a major review and reform of laws, regulations, and business practices in Thailand to facilitate the execution of good governance.

For Social Policy, long-term policies should place an emphasis on building social safety net programs. However, to build these programs in Thailand where, historically, the citizens have not relied on social safety nets, one should avoid following the footsteps of many developed countries that have led themselves into welfare traps. Therefore the new social safety net programs should be self-sustainable and rely on public money as little as possible.

This leads me to my closing point. In the midst of a huge financial crisis like this one, money and aids do matter. However, they are not the only things that matter, and probably are not the most important. While many business leaders have cried out for financial support from the government and have asked the government to bring in more money from abroad, many community leaders have voiced their concerns that an increase in the government's debt under our present debt crisis would eventually put the burden on the poor rather than helping them.

Thank you very much for your attention.

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Annex Tables

Table 1 Labor Force Statistics (February 1996-1998)

(Unit : Millions)

	1996	1997	1998
Total population	59	60	61
Total labor force	32	32	32
Total unemployed	0.6	0.7	1.5
Unemployment rate	2.0	2.2	4.6
Open unemployment rate	0.4	0.6	1.3

Unemployment rate = Unemployed population/total labor

Open unemployment rate = unemployed looking for work/total labor

Source : Sauwalak Kittiprapas (1999)

Table 2 Effects of the Economic Crisis on Employment

<ul style="list-style-type: none"> ● Layoffs ● Reduction in wages ● Work less hours with less pay ● Work more hours with equal or less pay ● Work in a lower skilled job ● Reduced bonus or no bonus
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Source : TDRI's participatory studies

Table 3 Comparison of Labor Demand and Supply (1997-2001)

(Unit : Thousands)

Year	Excess supply				
	Elementary	Lower secondary	Upper secondary	University	Total
1997	77.8	-106.2	207.1	113.2	292.0
1998	1,054.3	82.4	21.8	247.1	1,684.5
1999	1,052.6	129.2	311.1	280.1	1,773.0
2000	726.0	112.6	279.5	256.2	1,375.2
2001	335.8	80.5	235.5	206.7	858.2

Source : Sawoath Paitoonpong, Yongyuth Chalamwong, and Kulaya Thanapura (1998)

Table 4 Classification of Government Expenditures Program

Programs	Expenditure (Million baht)						% change over	
	1997	1998			1999	% cutting	FY 1997	FY 1998
		June 1997	Cutting*	Finalized				
Total	984,000.0	982,000.0	152,000.0	830,000.0	825,000.0	15.5	-15.7	-0.6
Agriculture	83,964.3	76,184.9	13,709.2	62,475.7	60,932.9	18.0	-25.6	-2.5
Industry and Mining	3,005.5	3,694.6	705.1	2,989.5	3,230.2	19.1	-0.5	8.1
Communications and Transport	95,939.5	111,777.8	31,307.1	80,470.7	66,444.5	28.0	-16.1	-17.4
Commerce and Tourism	6,935.5	7,084.7	709.8	6,374.9	6,911.2	10.0	-8.1	8.4
Science, Technology, Energy and Environment	19,514.5	20,734.7	6,531.6	14,203.1	13,240.5	31.5	-27.2	-6.8
Education	216,278.5	227,390.3	19,115.5	208,274.8	209,926.7	8.4	-3.7	0.8
Public Health	75,023.0	75,568.7	9,113.5	66,455.2	62,546.3	12.1	-11.4	-5.9
Social Services	158,696.4	135,305.8	32,223.6	103,082.2	93,008.7	23.8	-35.0	-9.8
Defense	119,429.3	115,862.1	23,296.5	92,565.6	87,297.4	20.1	-22.5	-5.7
Internal Security	44,278.1	50,866.7	6,991.5	43,875.2	44,679.3	13.7	-0.9	1.8
General Administration	114,139.0	112,435.3	7,624.1	104,811.2	100,413.8	6.8	-8.2	-4.2
Debt Servicing	46,796.4	45,094.4	672.5	44,421.9	76,368.5	1.5	-5.1	71.9

Source : Budget Bureau.

Table 5 The Human Face of the Thai Economic Crisis

Bangon Pahilak, "What does her 4-year old daughter need, food or a mother?"
Charcoal Alley Community, "The crisis came just like the lightning" "We have no hope for the near future, our only hope is to win a lottery" "Too much money needs to be spent due to an increase in food prices"
A trash collector, "I get food from a monk at the nearby temple every day. If the monk has no food, sometimes I eat just plain rice."
A television broadcaster "All of the prisoners in this jail are drug addicts"
A Police colonel, "Some of those who are out of work for a long time are tempted by the fast money. They just think if worst comes to worst, they will have to go to jail. They have nothing to lose. It's better than seeing their family starve."

Source : Anchana NaRanong (1998), Bangkok Post (January 10, 1999), The World Bank (1999)

Table 6 Summary : The Impact of Thailand's Economic Crisis

<ul style="list-style-type: none"> ● The impact of the economic crisis is uneven in rural areas owing to their diversified structure.
<ul style="list-style-type: none"> ● Villages close to urban areas tended to have a higher incidence of unemployment.
<ul style="list-style-type: none"> ● The views surrounding the impact of the crisis and the solutions needed differ between government officials and the communities.
<ul style="list-style-type: none"> ● In 1997-1998, The impact on rural communities tended to be lower than those in the cities.
<ul style="list-style-type: none"> ● One benefit of the crisis from the rural communities perspective is that children have returned home.
<ul style="list-style-type: none"> ● Laid-off workers tend to return home for a short rest but many have to go back to the cities.
<ul style="list-style-type: none"> ● Communities have also used cultural means to combat the economic crisis.
<ul style="list-style-type: none"> ● One impact of the economic crisis which has affected all communities is inflation.
<ul style="list-style-type: none"> ● The economic crisis has not had an adverse effect on lower secondary education, but education beyond the lower secondary level has been affected.
<ul style="list-style-type: none"> ● The use of amphetamines has been spreading in both rural and urban communities for some time.

Source : TDRI (1999)