



Thailand's Social Situation and Outlook in Q4/2018 and Overview in 2018

The Office of the National Economic and Social Development Council (NESDC) released the official report on Thailand's social situation and outlook in the fourth quarter of 2018, together with the overview in 2018, of which key issues included the employment, an increase in income and labour productivity, a decrease in diseases under surveillance, and a decrease in road accidents. However, there were still some major issues requiring close monitoring including an increase in household debt, an increase in alcoholic beverage and cigarette expenditures, and a decline in security of life and property that caused by an increase in criminal and accident cases. Moreover, there were also interesting social situations including Human Capital Index report in 2018, the continuous dust pollution solving, and the article "Inequality in Thai society". The summary is as follows.

Total employment increased in both agricultural sectors and non-agricultural sectors. Unemployment rate decreased. Income and labor productivity increased.

In the fourth quarter of 2018, employment rose by 1.9 percent. Both agricultural sectors and non-agricultural sectors expanded by 2.4 and 1.7 percent respectively. In detail, employments in construction sector, manufacturing sector, transportation and storage sector, and wholesale and retail trade sector, including repair of motor vehicles and motorcycles, and personal use, increased by 5.0, 4.6, 2.6 and 1.5 percent respectively. These were resulted from the expansion of large infrastructure construction investment and increased exports of industrial products. The unemployment rate was 0.9 percent, lowered by decreases in both unemployed who has worked and who has not worked before by 7.7 and 21.4 respectively. Real wage in private sector increased by 0.5 percent. Considering in more detail, real wage in non-agricultural sector increased by 0.9 percent while real wage in agricultural sector declined by 2.4 percent which was a continuous decline by four quarters consecutively. Meanwhile, overall labor productivity continued to increase by an average of 1.8 percent.

Overview In 2018, total employment increased from 2017 by 1.1 percent which came from both agricultural sectors and non-agricultural sectors by 3.3 and 0.1 percent respectively. This expansion in employment resulted from (1) weather conditions that were favorable to cultivation resulting in increased demand for labour in agricultural sectors (2) demand for industrial products, especially in export products that reflected increased employment in the manufacturing sector and (3) tourism that were still expanding well. In addition, the expansion of retail and wholesale trade, both by offline and online, was also a

cause of an increase in demand for labor in the service sector. The unemployment rate was 1.1 percent, lowered by decreases in both unemployed who has worked and who has not worked before by 10.1 and 10.5 respectively. However, there was still a shortage of labor. When considering the level of education, it was found that there was a need for workers in all levels of education. However, secondary school graduates, and bachelor degree and higher graduates had higher unemployment rates comparing to other education levels. Real wage in private sector rose by 1.2 percent, while labor productivity increased by 3.0 percent, by improving both agricultural and non-agricultural sector at 1.7 and 4.0 percent respectively, as a result of continued skill enhancement.

Issues that should be monitored in the future include:

(1) Weather conditions and prices of agricultural products that can affect to employment and income of farmers since the volumes of water in various dams are at a moderate level of 69 percent. If the rain does not fall for a long period, it may affect the cultivation and, thus, the employment in agricultural sector. Meanwhile, the trend of agricultural product prices has decreased which affects farmers' income. The forecast of the Office of Agricultural Economics shows that the price of agricultural products sold by farmers will continue to decline in early 2019.

(2) Global economic fluctuations in 2019 and uncertainty of exports due to the trade war between the United States and China may affect Thai exports and employments in manufacturing sector and service sector.

(3) Labor demand that increased from the government's large-scale project investment in 2019, especially in the construction of infrastructure, such as projects related to the Eastern Economic Corridor (EEC) including private investment, the Orange Line and the Purple Line MRT Project, and the Phase 2 railway project. These will increase the demand for labour especially semi-skilled workers and high-skilled workers related to New S-Curve such as digital, robotics, aircraft, motor vehicles, etc. It will result in increased tightness of labour market.

(4) Technological changes and higher uses of modern machines and tools for production, service, and management result in better efficiency and lowered cost of production. Meanwhile, they also affect the employment of workers and labour requirements in some professions both in terms of quantity and quality. The technological changes can cause the termination of employment and change the pattern of labour demand, mostly in semi-skilled and skilled labor groups. It will also affect unskilled labour which we must provide supports to those who will be replaced by technology, and the preparation for labour to meet the needs of the new job or jobs that cannot be replaced by technology. At present, the impact of technological changes on employment has occurred

in some fields of work such as bank employees and printing sector. At the same time, technology will create demand for workers in new fields of work such as application developers, Youtubers, etc.

(5) Creating social security for informal workers. At present, there are only 10.9 percent of informal workers with social security. In addition, the present population structure will lead Thailand into a complete ageing society in 2021, while there are about 30 percent of informal workers who aged 55 and over. This group of people may become older people who are at risk for economic and health security, which the relevant agencies must pay attention to and quickly execute.

Household debt slightly increased.

In the third quarter of 2018, household debt was equal to 12.56 trillion baht, increased by 5.9 percent and accounted for 77.8 percent of the total GDP which slightly increased from the previous quarter. In the fourth quarter of 2018 the remaining consumer loans expanded by 9.4 percent. The ability to repay debt started sending signals that it needs to be closely monitored. Considering non-performing loans, it increased by 8.9 percent in this quarter from 4.8 percent in the fourth quarter of 2018. In term of debt default, overdue loans more 3 months of personal loans under supervision increased at an accelerated rate of 9.9 percent, while the number of credit card loans overdue more 3 months began to increase by 0.3 percent from the continued contraction since the fourth quarter of 2016 onwards. Therefore, the trend of other types of consumer debt is needed to be monitored, which partly come from unnecessary debt incentivized from marketing promotion. In addition, education in financial management for households, including creating financial discipline and saving at all ages, should be continuously promoted. In the past, the government sector has implemented policies on household debt, such as resolving informal debt problems, Debt Clinic Project, resolving debt problems for teachers and educational staffs, strengthening farmers and their institutions, and the establishment of the National Savings Fund.

In term of illness, the Influenza must also be monitored which is expected to increase continuously in 2019.

In the fourth quarter of 2018, the total number of patients with surveillance diseases decreased from the same quarter of 2017 by 17.4 percent. Dengue fever patients decreased by 5.7 percent which caused by the promotion of surveillance operations. Continuous preventions and controls for the disease made it possible to reduce the spread. For the overall 2018, patients with surveillance disease increased from 2017 by 2.5 percent. The number of Influenza patients increased by 4.6 percent which had continuously spread since the third quarter of 2018. Therefore, the Department of Disease Control predicted that in 2019 the influenza tends to be a severe epidemic. There will be about 180,000 patients. People's travels and changing weather

conditions are the main factors that cause the outbreak. Moreover, Chikungunya disease, which has increased in patients, also needs to be monitored. Although preventable, illnesses and deaths with non-communicable diseases continue to increase.

Expenditure on alcoholic beverage and cigarette consumptions in Q4/2018 increased but decreased as the overall 2018.

In the fourth quarter of 2018, expenditure on alcoholic beverages and cigarette consumptions increased from the same quarter last year by 3.7 and 6.5 percent respectively. The expenditures of cigarettes and alcoholic beverages accounted for 3.9 percent of total household expenditures. As the overall 2018, expenditure on alcoholic beverages and cigarette consumptions decreased by 1.8 and 3.0 percent respectively. It was partly because of the increasing price due to the enforcement of the Excise Tax Act (B.E. 2560) since 16 September 2017, resulting in a decrease in public consumptions since the end of 2017. There were also campaigns to stop smoking and to reduce alcoholic beverages consumption continuously but still have to beware of new smokers and drinkers, and the danger of electric cigarettes and the second-hand smoke.

Narcotic crime cases increased. Subsequent crime prevention must be prioritized.

In the fourth quarter of 2018, overall criminal cases increased from the same quarter of 2017 by 16.9 percent. Narcotic cases and crimes against life and sexual assaults increased by 21.5 and 1.9 percent respectively while crimes against property decreased by 3.3 percent. Overview of the year 2018, total criminal cases increased from 2017 by 20.6 percent since narcotic cases increased by 27.3 percent even though crimes against life and sexual assaults and crimes against property decreased by 3.9 and 4.8 percent respectively. Crime prevention and suppression policies must still focus on the prevention and solution of narcotic drug problems systematically from the origin of the problem, the source of drug, by controlling the main route area that drug dealers use and capturing the substrate suppliers to reduce production. The middle of the problem is addiction and its spread. Treating and rehabilitating for drug addicts should be executed to return good people to society and turn them into good quality people. Lastly, the destination of the problem is prevention of people not to involve with drugs.

Number of accidents decreased. However, the overall number of accidents throughout the year 2018 increased.

In the fourth quarter of 2018, the situation of road traffic accident declined from the same quarter of 2017 by 1.9 percent, with number of deaths and property damages decreased by 7.8 and 46.6 percent respectively. For the overall in year 2018, number of accidents increased by 16.1 percent but the number of deaths and property damages

decreased 8.6 and 11.8 percent respectively. While the New Year period of 2019 the accident prevention was intensely strict, the accident was reduced by 1.3 percent. However, the number of deaths increased by 9.5 percent mostly from motorcycle users. This reflected the increased severity of accidents and, thus, the government will analyze the causes to determine the appropriate policies and guidelines for road accidents in each area by strengthening the district/sub-district mechanisms, strictly enforcing laws and creating safe driving behavior, designing lanes for motorcycles that meet the standard, and also strictly prohibiting children under the age of 15 to drive motorcycles.

Human capital development to increase labor potential in the future

The World Bank's Human Capital Index report in 2018 found that Thailand has a score of 0.60 from the full score of 1, reflecting that Thai children, who can contribute labour productivity until the age of 60, are equal to only 60 percent of the potential that it should be. If they receive quality education and full health care, it will increase the productivity of labour and help increasing the income of workers and reduction of inequality problems, and also continuously increasing the economic competitiveness. Therefore, the educational quality upgrading must be accelerated together with reducing risks of chronic non-communicable diseases and number of accidents in order to increase the average age of the population.

Continuing to solve dust pollution problems

The problem of small dust particles (PM2.5) which covered all areas of Bangkok Metropolitan Region caused by the combustion of the engine, constructions, and the bad weather condition from low-speed wind causing the low atmosphere. Many other areas also affected by dust problems, especially in the Northern provinces. The most common cause is the open burning in both domestically and from neighboring countries which has toxic dust levels exceeding Thailand's standard value at 50 micrograms/cubic meter and also the World Health Organization at 25 micrograms/cubic meter. The government has taken urgent action to monitor the situation through various channels. Educating and creating understanding about how to protect themselves when going outdoor to the media and the public has been done. Certain operations to control pollution in the short term have also been done.

However, in long-term this problems need to be fixed permanently, such as (1) reducing pollution from the transportation sector by improving fuel quality and vehicle quality to meet the Euro 5/6 exhaust standards, developing better public transportation system, and reducing the inspection of car usage conditions. (2) Reduction of activities that cause combustion from agriculture and the general public by creating awareness of the danger of dust pollution, providing knowledge about agricultural area management for farmers as well as encouraging people to inspect their cars and promoting environmentally friendly fuels. (3) Reducing dust

pollution from the industrial sector by defining pollution free zones, supporting factories to have pollution treatment before venting into the air, and covering various constructions.

Therefore, the government must have a strong commitment to resolve dust pollution continuously. It requires strict enforcement of laws and should have a host agency who will be responsible for integrated and comprehensive solutions as well as accelerating regional participation in solving air pollution problems, especially in the ASEAN's ocean region. In addition, targets and guidelines for reducing the standard values of small dust particles should be set as same as the developed countries.

The article “Inequality in Thai society”

Thailand's inequality situation Inequality is the difference in the status of the population, in terms of income, assets, and inequality in the opportunity to access resources and social services. During the past 3 decades, it was found that (1) the inequality tends to improve; however, it remains at a high level when compared with regional countries. (2) Financial assets and land ownerships are concentrated in just a small number of people. (3) Low-income households have more ability to access the sources of fund but there is a high proportion of debt burden compared to high income households. (4) Access to educational opportunities and public health services is still unequal in terms of area and income dimension. (5) Access to infrastructure in Thailand is likely to be better but inequality still can be found in accessibilities of computers and the internet.

The causes of inequality came from (1) The economic structure that is still beneficial to the owner of the capital rather than the labor. (2) The tax structure that does not support the distribution of income fairly. (3) Opportunities for access to funding and financial services for people in rural areas are limited. (4) The inefficient distribution of resources caused inequality in basic services accessibility. (5) Access to justice is also unequal, affecting economic opportunities and social promotion.

Policies on solving poverty and inequality in the past The government has taken important actions as follows: (1) Adjusting the economic structure to be more balanced by raising the minimum wage, restructuring the agricultural productions, and reallocating arable land. (2) Restructuring tax to reduce social inequality, increasing tax collection from the assets by issuing related legislation such as the Inheritance Tax Act B.E. 2558, Land and Building Tax Act BE (Draft), etc. (3) Expanding opportunities for access to sources of funds and financial services for low-income people by implementing an integrated and sustainable debt problem-solving program. (4) Implementing fiscal policy on expenditures to reduce inequality, such as New Baby Support Grant policy, Equitable Education Fund (EEF), Residential development project for Disadvantaged groups and low-income people, Government Welfare Card program, etc. (5) Solving the problem of inequality in access to

justice by implementing alternative policies instead of imprisonment, such as using tracking tools and development of temporary release. In addition, there is also a policy of increasing lawsuit justice for low-income people through the Justice Fund as well.

Recommendations for solving poverty and inequality in Thai society By considering inequality factors, the solutions from the government in the past has been carried out completely in all factors. However, it is still necessary to accelerate the implementation of the above policies intensively and continuously in order to clearly alleviate inequality in the future. In addition, the implementation of government policies still has gaps that can be improved further in order to reduce inequality more effectively and sustainably such as: (1) Creating integrated mechanisms for solving poverty problems and reducing inequality. (2) Integrating poverty database and providing concrete support for targeted population. (3) Economic restructuring by focusing on reducing inequality. (4) Determining fiscal policies to reduce social inequality and focusing on benefits to low-income people to increase efficiency. (5) Creating policy that can raise revenue of targeted groups, especially in low-income Bottom 40 group. (6) Creating policy to reduce the inequality in the justice system.

Office of National Economic and Social Development Council

March 1, 2019

Key Social Indicators

Components	2017		2018		2017				2018			
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
1. Employment ^{1/}												
Workforce (Thousands)	38,100	38,434	38,216	38,267	38,168	37,748	38,145	38,482	38,725	38,382		
%YOY	-0.4	0.9	-0.3	0.3	1.3	-0.4	-0.2	0.6	1.5	1.7		
Employed Person (Thousands)	37,458	37,865	37,443	37,538	37,647	37,205	37,361	37,885	38,301	37,911		
%YOY	-0.6	1.1	0.6	0.4	-1.6	-0.6	0.2	0.9	1.7	1.9		
Unemployed Person (Thousands)	451	404	463	465	453	422	474	411	373	359		
Unemployment Rate (%)	1.2	1.1	1.21	1.22	1.19	1.12	1.24	1.07	0.96	0.93		
Underemployed Person (Thousands)	303	293	293	352	217	237	336	283	319	232		
2. Health and Illness												
Number of patients under disease surveillance ^{2/}												
- Measles	3,185 (88.6)	2,990 (-6.2)	367	295	479	785	547	660	1,238	545		
- Meningococcal Meningitis	28 (64.7)	20 (-13.1)	5	5	7	6	1	9	3	7		
- Japanese encephalitis	815 (5.5)	745 (-8.5)	259	143	193	143	182	231	200	132		
- Cholera	8 (-84.3)	5 (-37.5)	2	2	2	2	0	2	2	1		
- Hand, Foot, Mouth	70,189 (12.2)	66,866 (-4.7)	11,450	19,958	35,168	7,982	8,894	19,247	31,518	7,207		
- Dysentery	4,847 (27.9)	3,399 (-29.8)	1,329	1,410	1,130	784	1,132	965	741	561		
- Pneumonia	267,741 (10.4)	262,962 (-1.8)	63,869	53,578	79,622	68,401	57,835	57,985	88,717	58,425		
- Leptospirosis	3,474 (51.3)	2,540 (-26.8)	573	592	1,166	1,132	402	637	932	569		
- Dengue Fever	53,189 (16.8)	70,631 (32.7)	7,060	9,170	32,410	5,321	4,998	24,156	31,073	10,604		
- Influenza	171,811 (16.7)	179,826 (4.6)	19,742	18,508	109,057	50,567	19,849	18,128	103,721	38,128		
- Rabies	8 (-62.5)	15 (87.5)	2	3	2	1	7	3	3	2		
Rate per 100,000 population of death with major chronic non-communicable diseases												
- High blood pressure	14.2 (10.8)	n.a.	No quarterly data available									
- Ischaemic heart disease	31.8 (7.5)	n.a.										
- Cerebrovascular disease	47.8 (11.9)	n.a.										
- Diabetes	22 (12.4)	n.a.										
- Cancer and tumors	120.5 (5.7)	n.a.										
3. Social Security												
- Patients from road accidents (cases)	8,491	7,506	2,304	2,111	1,756	2,320	2,031	1,746	1,590	2,139		
- Crimes against person (cases)	18,249	17,524	5,120	5,032	4,573	4,357	4,403	4,560	4,083	4,478		
- Property crimes (cases)	56,778	53,456	15,167	14,102	14,486	14,305	12,932	13,185	13,557	13,782		
- Narcotics (cases)	278,807	355,584	77,627	61,399	71,250	75,681	79,355	93,110	89,414	93,705		
4. Consumer Protection ^{3/}												
4.1 Number of complaints (cases)												
- Contract/Property	3,707	4,350	548	1,380	928	851	660	795	1,072	1,823		
- Goods and service	2,026	2,092	618	472	486	450	522	433	473	664		
- Advertisement	2,425	1,434	432	827	734	432	330	253	417	434		
- Law	0	0	0	0	0	0	0	0	0	0		
- Direct sales and marketing	712	941	103	128	156	325	254	180	221	286		
4.2 Hot line 1166 (cases)	45,311	52,504	12,071	12,681	9,432	11,127	11,082	14,879	13,684	12,859		

Source: 1/ Labor force survey report, National Statistical Office, Ministry of Information and Communication Technology
2/ Bureau of Epidemiology, Department of Disease Control, Ministry of Health
3/ Office of the Consumer Protection Board, Office of the Prime Minister