



# NESDC News

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## Thailand's Social Outlook of Q2/2020

Major social issues in Thailand's Social Outlook of Q2/2020 consist of: In human quality dimension, employment continued to be impacted by the COVID-19 resulting in a decline in employment while the unemployment rate was increasing. Non-performing debt (NPLs) were likely to increase. In health dimension, It was found that illness with surveillance disease decreased. In social security dimension, criminal cases and road traffic accidents decreased. In dimension of living and behavior of people, consumptions of alcohol and cigarettes decreased. In addition, there were other interesting social situations including the educational adaptation during COVID-19 pandemic, the challenges of designing social protection system, and the article "Vacant Universities: the Crisis of Thai Higher Education".

**Employment continuously declined. The unemployment rate increased. Wages decrease.**

**Employment of Q2/2020 decreased.** There were 37.1 employed persons, decreased by 1.9 percent from the same period of 2019. Agricultural workers dropped by 0.3 percent while non-agricultural workers dropped by 2.5 percent. Non-agricultural sectors with a significant decrease in employment included construction sector, manufacturing sector and hotel/restaurant sector, which declined by 6.3 percent, 4.4 percent and 2.8 percent, respectively. Wholesale/retail sector slightly decreased by only 1.0 percent due to partially open operations while transportation/storage sector grew by 0.1 percent.

In Q2/2020, the government had compensation measures and remedies for workers affected by the COVID-19 epidemic included: (1) Approximately 0.92 million insured workers according to Section 33 of the Social Security Act who claim compensation benefits in the event of unoccupied work due to the force majeure. (2) A total of 59,776 insured workers under Section 33, who worked at the business which had stopped working due to the event of force majeure but were unable to apply for compensation due to the contributions paid to the Social Security Fund for less than 6 months, will receive a remedy of 5,000 baht for 3 months. (3) 15.3 million independent workers and 7.75 million farmers were also treated in the COVID-19 epidemic according to the Loan Decree with 5,000 baht remedies for 3 months which aimed to help these workers' liquid and mitigated the impact of epidemic restriction measures. In addition, the government had other measures, such as tax

measures, measures of reducing contributions to the Social Security Fund, and low-interest loan measures, which aimed to reduce the business's cost burden and to maintain a certain level of employment.

The government's outbreak prevention policy by closing the facility and restrict traveling restriction between areas resulted in a 13.4 percent decrease in working hours for the private sector from 46.4 hours per week in Q2/2019 to 40.2 hours per week in Q2/2020. Meanwhile, the number of people working under 35 hours per week, which are considered a group that works less than normal working hour, increased 68.0 percent from the same period last year, from 6.0 million to 10.1 million people.

**The unemployment situation** The total number of unemployed people is 0.75 million, representing 1.95 percent of unemployment rate. It doubled from the normal unemployment rate and was the highest rate since Q2/2009. 64.2 percent of the unemployed had previously worked, with 58.7 percent were caused by stop/closure/terminate of the workplace or their employment contract.

Insurers received unemployment benefits (new ones) in the second quarter soared by 0.12 million since April, peaked in May of 0.17 million, and dropped in June to 0.13 million. In this regard, the government had measures to restore the economy under the Loan Decree of 400 billion Baht as of August 13, 2020. 11 projects had been approved by the Cabinet, totaling 42,964 million baht, expected to create 86,103 jobs with 3-12 months employment time, which will help the unemployed to find more jobs and to increase income.

### **Issues to be monitored in the next phase**

In the second half of 2020, the labor market will continue to be affected as same as the first half of the year with issues that must be monitored as follow: **(1) Economic outlook for the second half of the year** still has no clear trend of recovery. As a result, most businesses with sufficient liquidity to cover the crisis for up to only 6 months may terminate their employment and shut down their businesses. In particular, establishments requesting temporarily pause under the use of Section 75 but still have to bear the burden of paying wages to employees. Also, new graduates in 2020 who are about to enter the labor market, 0.52 million people, are likely to find job harder or may take a longer time to find job. **(2) Problems of persistent drought and flash floods** might affect employment in the agricultural sector and labor income. Additionally, the agricultural sector may lose the ability to absorb non-agricultural workers affected by COVID-19. **(3) Effects of economic rehabilitation measures on employment.** The results of the economic recovery must be closely monitored to see whether they can help stimulate the economy and create jobs effectively or not. At present, although some projects have been approved, most projects

will start hiring by October 2020, which, if delayed, may not be able to thoroughly assist the unemployed.

**Household debt rose at a slower rate while credit quality deteriorated in all types.**

The household debt situation in Q1/2020 was worth 13.48 trillion baht, expanding by 3.9 percent, decelerated from 5.1 percent in the previous quarter. This was mainly due to the lower confidence in the economic situation and the highly uncertain epidemic of COVID-19. As a result, household consumption demand and all types of household credit demand dropped. The household debt ratio accounted for 80.1 percent of the GDP, highest in 4 years since the Q2/2016. The overall credit quality deteriorated, as at the end of Q1/2020, the outstanding amount of non-performing loans (NPLs) amounted to 156,226 million baht, an increase of 23.6 percent and representing 3.23 percent of total loans which increased from 2.90 percent in the previous quarter.

Household debts in Q2/2020 were likely to slow down continuously according to a decline in overall credit demand. Household debt to GDP ratio tended to increase in line with the severely economic contraction compared to the previous quarter. Additionally, household debt repayment ability required closely monitoring due to economic factors, drought and uncertainty of the COVID-19 epidemic. These have affected households with the lack of liquidity and financial stability risks that continues to be attributed to the fragile household financial structure. This is reflected in the number of minor debtors seeking assistance through debt restructuring by financial institutions highly at 11.6 million accounts (as of June 30, 2020). This caused the Bank of Thailand and financial institutions to issue additional measures for minor debtors for the second phase since the first phase measure was due in June to mitigate the burden of the debtor, especially in the expense burden and the chance of debt default.

However, the implementation of the above measures is still only a short-term solution to the troubles that arose accordingly to debtor. In the long run, the government needs to accelerate the level of household income to return to normal, to strengthen the financial buffer (especially the household savings) to cope with various unexpected events and to strengthen the stability of the country's financial system at the same time.

**The overall illness decreased but there were severe outbreaks of dengue fever in some areas.**

In Q2/2020, the overall number of patients under surveillance is 53,756 cases, decreased greatly by 66.5 percent which was a reduction in all kind of diseases. Especially, patients with influenza decreased by 92.2 percent. Patients with hand, foot and mouth

disease decreased by 91.5 percent. Measles patients decreased by 91.0 percent. Patients with dengue decreased by 44.2 percent. Lastly, patients with pneumonia decreased by 43.6 percent. These high reductions were mainly from close monitoring and strictly taking care of themselves including physical distancing, reduced the likelihood of exposure to germs from places or from people. However, surveillance of dengue fever remained. Although the overall number of cases was reduced, it was likely to the epidemic again in some areas due to the rainy season. In addition, 5 diseases associated with the respiratory system (fever, influenza, strep throat, bronchitis and lung disease) must be monitored for the rainy season as well as stress and mental problems from concerns about the COVID-19 epidemic. Meanwhile, the former patients are likely to be more stressed from the quarantine period and could not seeing a doctor.

### **Consumption of alcohol and cigarettes decreased**

In Q2/2020, the consumption of alcohol and cigarettes dropped by 9.7 percent. alcohol consumption decreased by 17.1 percent. This was partly due to the closure of entertainment venues in April to late June and the announcement of curfew in April to the end of May. Whereas, cigarette consumption increased by 2.2 percent. However, it is important to closely monitor on online alcohol purchases that have promotions, advertisements, and delivery services without checking the buyer eligibility which could encourage more consumption. More importantly, it could encourage children and younger people to easily access to alcohol and create more new drinkers with younger age.

### **Despite the fall in criminal cases, there is a need for strict prevention of drug trafficking crimes, violence against life and protection of property**

During Q2/2020, overall criminal cases fell by 13.4 percent compared to the same period last year. Furthermore, it was reported that narcotic cases decreased by 13.9 percent, crimes against life, body and sexual assaults decreased by 21.7 percent and crimes against property also decreased by 5.7 percent. Even so, priority should be given to strict surveillance measures for the monitoring of drug trafficking crimes, prevention of violence against life and protection of property.

### **The number of accidents and deaths decreased but accidents caused by motorcycles must be monitored closely.**

Road traffic accidents and deaths in Q2/2020 decreased by 26.7 percent and 38.4 percent, respectively, as compared to the same period last year. Cutting in front of other vehicles was stated to be the main factor that caused high road traffic accidents. In addition, it was found that motorcycle crashes caused the highest accident rate than other vehicles. In order to prevent or reduce road traffic accidents, riders must strictly abide by the rules,

think about the safety of others and themselves. More importantly, the relevant agencies must pay attention to the safety of roads and the surrounding.

**While the number of complaints to the National Consumer Protection Board (NCPB) was dropping, complaints to the National Broadcasting and Telecommunications Commission was increasing.**

According to the NCPB, the number of consumer complaints in Q2/2020 decreased by 15.8 percent as compared to the same period last year. Complaints over ticket refunds remained the top consumer complaint category as passengers are not getting refunds for flights that carriers cancelled. On the other hand, the NBTC has received an unprecedented volume of complaints, an increase by 14.1 percent from the same period last year, with the majority of complaints concerning the standard and quality of services. COVID-19 prevention measures, combined with sweeping high-risk closures, were driving many consumers deeper into online shopping. According to the Ministry of Digital Economy and Society, the largest number of online complaints during January-July were from online shopping, particularly the fashion and IT products. In response, the Online Complaint Center (OCC) partnered with numerous stakeholders and integrated technological tools to provide proactive protection measures for digital consumers. Moreover, additional measures to handle problems faced by consumers in e-commerce include (1) Taking pictures of faulty items and reporting crimes to the police after preserving it as evidence. (2) Contacting sellers or channels of each platform and (3) Filing complaints to different agencies. Ultimately, the public sector needs to take action to address issues more seriously in responding to the expansion of online retailing.

### **Educational Adaptation During the COVID-19 Pandemic**

Educational systems and students worldwide have been affected by the COVID-19 pandemic, impacting approximately 14 million Thai students. Among those impacted are the dropouts as a result of the classroom closures- numbering nearly 11.47 million students, ranging from elementary to grade 12 that were greatly affected. According to a research in the United States, the closure or delay of school opening by 1 day may affect 0.1-0.3 percent of the country 's GDP. In addition, being at home for a long period of time will make students lose what they gain from being in school, and their academic and soft skills will decay without frequent practice, which is called 'Summer Slide,' a tendency to forget what they learn in school during summer vacations. The study also found that the equivalent of half of the academic year is lost when students do not attend school for approximately 6 weeks. Therefore, such effects will leave long-term impacts on their socio-economic status. **The public sector's measures to address the impact of COVID-19 pandemic on education.** Thailand has prepared temporary learning for students from elementary to 12th grade through Digital Learning Television (DLTV) which can be accessed through 3 channels:

(1) TV broadcasting (2) DLTV website and (3) DLTV application. The goal of this initiative was to tackle learning loss and classroom drop-out issues by preparing learning materials for students whether or not the spread of COVID-19 is lowering.

Recently, however, there have been **few problems from online and remote learning or DLTV**. (1) The lack of preparedness for the virtual learning environment includes the issues of internet speed, stability and connection. Poor households, in particular, have a burden of finding resources for online learning. (2) Teachers were unprepared to lead online classrooms through DLTV. This sudden shift is likely to affect the student learning process, their concentration and soft skills, for example, collaborative learning and interactive experience with teachers and classmates, teamwork, as well as emotional development and communication skills. (3) The pandemic also exposed some children to vulnerabilities. Children from poor households lost access to school meals. Parents who had to lose incomes also faced difficulties in paying close attention to take care of children with special needs or children with disabilities. **The proposed recommendations to improve suitable learning in response to future challenges are** (1) Preparing learning materials for online learning (2) Providing more attractive teaching materials and several models tailored to different grades and levels of learning and (3) Developing teaching method and process, and preparing teachers to deliver online classes effectively.

### **The Challenges of Designing Social Protection System**

The COVID-19 pandemic is having a devastating impact on the workforce and general public. As a result of the economic consequence caused by the outbreak, the government implemented a short-term social protection response measure to provide a safety net for people who are not covered by any social insurance, especially informal workers, employee/independent operator. According to the 2019 Informal Labor Survey, there were 37.5 million workers in Thailand, out of which 50.4 percent were insured and 49.6 percent were not insured. In the same year, only 4.8 million informal workers participated in the voluntary social security system under Sections 39 and 40. That however is only one-fifth of the informal workforce. While the government has been designing measures and policies to cover more informal workers under the Social Security Fund, the number of participants has increased slowly. The key constraints for the low participation of informal workers are the incentives and conditions of joining that are not appealing. There are also obstacles that informal workers face in accessing the scheme, such as living in remote areas or lack of financial resources. In addition, there is a low level of awareness among informal workers about the value of social insurance. Yet, informal workers covered under Sections 39 and 40 are facing massive employment shocks due to COVID-19 outbreak. Nonetheless, the government must pursue measures to help workers who cannot claim unemployment benefits or lose jobs.

**Another concerning problem regarding the informal workforce is that** they do not have social insurance after they retire. In addition, some people lack of financial planing and saving discipline. This will leave them with insufficient funds to meet their needs and handle unexpected expenses. Although there is an old-age allowance, this intervention will have long-term impacts on fiscal sustainability. Designing a social security system is therefore a major challenge for the relevant social security umbrella bodies to examine the factors behind the low participation of the Social Security Fund and to design a system to encourage more informal workers to participate. However, the voluntary social security system may not provide protection to all citizens. It may be necessary to weigh up the pros and cons of both the compulsory and voluntary systems that are appropriate for the context of Thailand. More efforts are needed to study of increasing knowledge of social security for workers and retirees, as well as to strengthen the social security program in order to make it easier for people living in remote areas to have access to it. If there is no success in increasing the number of informal workers in the social security system, another challenge is whether there is a system capable of providing protection against crisis or in normal situations.

#### **The article “Vacant Universities: the Crisis of Thai Higher Education”**

The number of students in higher education institutions has been declining for many years. This sharp decline has resulted in lower revenues and more vacancies in universities, challenging higher education institutions to adapt to survive. The number of institutions have not changed so much in recent years. The rapid expansion of branch campuses of famous universities, combined with new degree programs, have led to a growing trend in the number of professors, while the number of new students is declining each year. This pattern is reflected in the number of applications and admissions during the 4th round of Thai University Central Admission System (TCAS) from 2015-2019, which gradually decreased. An oversupply of higher education institutions can be explained by changes in demographic structure of the country. Lower birth rate has led to a lower number of students. Another problem is that Increasing access to higher education also resulted in the expansion of new campuses and curriculum that meet the demands of learners and the job market.

As the number of students in higher education decreases, increased competition across universities and their responses to the increasing demand in the labor market are pushing these universities to keep up in order to survive. Universities recently have been adapting themselves by (1) Adjusting their curriculum to meet labor market demands and multi-age group needs. This included the promotion of interdisciplinary learning, the development of personalized education tailored to the different needs of students and the creation of short training courses for multi-age groups and for more lifelong learning. (2) Improving the quality of education through the use of innovative teaching methods and

partnerships with foreign universities in dual-degree programs and (3) Targeting more students which included more international students.

However, it has resulted in increased competition between local universities in the country as well as with foreign universities. The consequence of aggressive competition will certainly have an impact on the quality of education and the persistence of a less well-known or less-quality university. Moreover, less attention was paid to the management and integration of cooperation between universities in order to improve and strengthen domestic universities. Therefore, Thai higher education institutions must keep up to survive by (1) **Cooperating with other universities to come up with a unified approach** by using management and integration of cooperation between universities in terms of personnel and resources. In order to increase the country's competitiveness, universities must extend their research capacity in the fields of education and social service as well as increase the efficiency of the research commercialization process. (2) **Adopting market-oriented practices** to improve the quality of higher education institutions by using their identities and academic strengths as their selling points. They should also reconsider how to manage their budgets, such as reducing or combining classes that are not the strengths of the university. (3) **Overhauling their curriculum to meet the needs of students and the demands of the labor market**, including practice-based teaching and learning, and courses that draw international students to compensate for the declining number of Thai students. Universities should widely open lifelong learning programs by developing short reskilling programs for workers, unemployed people and elderly people. (4) **Adopting innovative educational approaches in universities**, for example, letting students to customize learning on the basis of their strengths, interests or needs. Moreover, universities should offer new courses responding to the changing context with more frequently uses of technology in classrooms and (5) **Supporting research that create knowledge and innovation which can be used for commercialization** as well as revamping regulations hindering universities' commercial activities, especially the public universities so that they can become more flexible in doing research and development for commercial innovation.

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## Key Social Indicators

Components	2018		2019		2018				2019				2020	
	Year		Year		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1. Employment <sup>1/</sup>														
Workforce (Thousands)	38,434		38,178		38,145	38,482	38,725	38,382	38,365	38,420	37,959	37,968	38,193	38,173
%YOY	0.9		-0.7		-0.2	0.6	1.5	1.7	0.6	-0.2	-2.0	-1.1	-0.4	-0.6
Employed Person (Thousands)	37,865		37,613		37,361	37,885	38,301	37,911	37,703	37,782	37,482	37,483	37,424	37,081
%YOY	1.1		-0.7		0.2	0.9	1.7	1.9	0.9	-0.3	-2.1	-1.1	-0.7	-1.9
Unemployed Person (Thousands)	404		373		474	411	373	359	351	377	394	372	395	745
Unemployment Rate (%)	1.1		099		1.24	1.07	0.96	0.93	0.92	0.98	1.04	1.04	1.03	1.95
Underemployed Person (Thousands)	293		250		336	283	319	232	336	239	193	231	284	704
2. Health and Illness														
Number of patients under disease surveillance <sup>2/</sup>														
- Pneumonia	283,601	(5.9)	256,555	(-9.5)	74,881	58,699	90,160	59,861	73,429	51,189	63,635	68,302	76,734	29,032
- Dengue Fever	86,922	(61.1)	131,157	(50.9)	6,830	24,029	35,564	20,499	16,150	31,978	54,989	28,040	9,218	17,797
- Hand, Foot, Mouth	70,008	(-0.3)	67,355	(-3.8)	10,079	14,626	32,718	12,585	9,260	12,954	35,839	9,302	5,429	1,107
- Influenza	183,363	(-4.4)	396,363	(116.2)	40,995	25,698	73,042	43,628	133,975	61,464	108,786	92,138	99,202	4,781
- Dysentery	3,399	(-29.9)	2,556	(-24.8)	1,132	965	741	561	649	736	647	524	660	537
- Measles	5,556	(74.4)	6,614	(19.0)	630	632	1,186	3,108	2,068	1,585	1,533	1,428	739	140
- Leptospirosis	2,540	(-26.9)	2,170	(-14.6)	402	637	932	569	463	493	722	492	266	330
- Japanese encephalitis	745	(-8.6)	894	(20.0)	182	231	200	132	258	207	211	218	277	191
- Cholera	5	(-37.5)	12	(140.0)	0	2	2	1	6	4	1	1	0	2
- Meningococcal Meningitis	20	(-28.6)	25	(25.0)	1	9	3	7	6	6	6	7	5	3
- Rabies	15	(36.4)	3	(-80.0)	7	3	3	2	0	2	0	1	0	2
Rate per 100,000 population of death with major chronic non-communicable diseases														
- High blood pressure	131	(6.6)	n.a.		No quarterly data available									
- Ischaemic heart disease	31.8	(3.2)	n.a.											
- Cerebrovascular disease	47.2	(6.9)	n.a.											
- Diabetes	21.9	(12.1)	n.a.											
- Cancer and tumors	123.3	(2.4)	n.a.											
3. Safety of life and property														
- Patients from road accidents (cases)	8,361		8,667		2,310	2,003	1,799	2,249	2,432	2,178	1,898	2,159	1,925	1,342
- Crimes against person (cases)	17,704		16,640		4,447	4,619	4,133	4,505	4,353	4,493	3,988	3,806	3,755	3,520
- Property crimes (cases)	45,701		47,726		11,267	11,258	11,597	11,579	11,967	11,103	12,595	12,061	11,334	10,476
- Narcotics (cases)	289,666		385,971		64,704	77,157	72,784	75,021	102,583	94,208	97,557	91,623	92,049	81,083
4. Consumer Protection <sup>3/</sup>														
4.1 Number of complaints (cases)														
- Contract/Property	3,191		4,017		660	795	1,072	664	1,170	1,050	1,018	779	528	776
- Goods and service	1,871		2,105		522	433	482	434	459	706	545	395	547	429
- Advertisement	1,434		7,191		330	253	417	439	726	3,452	1,705	1,328	949	2,525
- Law	0		0		0	0	0	0	0	0	0	0	0	0
- Direct sales and marketing	940		2,252		254	180	220	286	377	651	721	503	534	1,189
4.2 Hot line 1166 (cases)	52,504		47,996		11,082	14,879	13,684	12,859	11,759	11,579	13,127	11,531	15,258	13,737

Source: 1/ Labor force survey report, National Statistical Office, Ministry of Digital Economy and Society

2/ Bureau of Epidemiology, Department of Disease Control, Ministry of Health

3/ Office of the Consumer Protection Board, Office of the Prime Minister