

Press Release

Summary of the 2002 NESDB's Annual Conference:

"Well-Being of Thai People : 5 Years After the Economic Crisis"

*Press Conference on June 26th, 2002, at The Dej Snidvongse Conference Room
Office of the National Economic and Social Development Board*

Office of the National Economic and Social Development Board (NESDB) held the 2002 Annual Conference on "Well-Being of Thai People: 5 Years After the Economic Crisis" on June 21st, 2002, at IMPACT Conference and Exhibition Center, Muang Thong Thani, Nonthaburi with two objectives. Firstly, to report economic and social situation, which affected the Thai living conditions, in 3 periods; pre-crisis, during the crisis, and post-crisis. Secondly, to brainstorm ideas from all parts of the society in order to propose to the Cabinet, recommendations for developing Thai living conditions and economic strength. Regarding to questionnaire distributed to 1,300 participants, most of the participants agreed with the Well-Being Indicators and Economic Strength Indicators which NESDB had developed for economic and social development evaluation. Furthermore, the participants suggested NESDB to hold a series of annual conference in the future in order to report the progress of economic and social development to the public.

The evaluation based on "Well-Being Indicators" and "Economic Strength Indicators" indicated that well-being of Thai people decreased since the economic crisis, and remained unchanged thereafter. Although the economic crisis had no impact on health care and learning opportunity of people, it had a serious impact on employment and working life. Unemployment and poverty increased significantly. Despite small problems on housing and public utility, Thai people experienced increasing problems on security of lives and properties. Furthermore, deteriorated natural resource and environment continuously threatened quality of life and well-being of Thai people.

Although the economy resumed to expand with stability, the inequitable distribution of development benefits remained. The inability to adapt to changing world's situation depressed the country's competitiveness. However, the government policy focusing on both domestic and international economic development simultaneously,

particularly the grass-roots development and continuous economic stimulation, helped the economy to gradually expand.

Meanwhile, Thai political adjustment supported the development. The new Constitution was the catalyst of the reforms in many aspects ranging from politics, bureaucracy, business and people. However, in the changing economic landscape and politics which led to rapidly high competition and free trade, Thai people could not efficiently adapt to the shift towards knowledge based economy.

Participants agreed upon the proposed development guidelines on 4 issues; (1) solving poverty and income distribution problem (2) human potential development and social protection (3) natural resource and environment management, and (4) strengthening Thai economy. Crucial issues discussed in the conference were as follows:

1. Solving Poverty Problem

Three strategies to eliminate poverty problem were proposed.

- 1.1 Enhancing capability and potential of the poor by increasing roles of local administrative organizations and communities in solving the poor's problems, extending public supports and subsidies such as education subsidy, education loans, and education revolving funds to targeted poor and areas.
- 1.2 Solving structural problems affecting poverty by developing social protection system to reach the poor and the inferiority, improving property right policy on land for small farmers and the poor and reforming laws related to poverty problem solving.
- 1.3 Building body of knowledge and promoting community learning process by establishing strategic institution for poverty elimination, supporting local educational institutions' role in building body of knowledge to communities.

2. Human Potential Developments and Social Protection

The development of Thai people's potential and social protection aims to foster the national competitiveness, reduce poverty, strengthen the grassroots economy, protect all Thai people, and utilize the existing social capital for sustainable development which leads to the well-being of Thai people. Apart from the prevailing policies of the government, the following policies are recommended:

2.1 Develop potential of people and create life-long learning process by

- Develop potential of people appropriate for the efficient adaptation to the knowledge-based society and economy by accelerating the process to provide 12-year basic education; designing the educational standard assurance mechanisms; and developing the teachers' motivation systems to ensure their continual self-development.
- Collaborate with the private sector for developing skilled labors and good entrepreneurs by shifting people's value from learning for vocation to learning to increase productivity; collaborating in the development of manpower and establishing vocational qualification standards.
- Create an enabling environment in support of life-long learning process, leading to a learning society by building knowledge-base, both in a formal and informal systems, with linkage of local wisdom to international sources of knowledge; extend educational media to cover all population groups.

2.2 Develop social protection for future economic and social situation according to the following directions: set clear criteria for selecting target group for protection; give opportunity for the local communities to develop social protection system at the local level; and expand system of mandatory-saving for retirement.

3. Natural Resources and Environment Management

Development must take into account the natural resources and environment aspects, as well as economic and social aspects. Strategy of natural resources and environment management for sustainable growth is important and includes the following policy direction:

- 3.1 Create a vision of Thai people regarding “Environment Moral”.
- 3.2 Improve of environmental justice process to improve legal and regulatory mechanism and enforcement in support of conservation, change in production process and consumption behavior in order to preserve natural resources and prevent environmental impacts.
- 3.3 Separate role and responsibilities of agencies relating to the management of natural resources and environment into those which are responsible for natural resources utilization and conservation vis-à-vis environment development and protection.
- 3.4 Allow stakeholders in the local areas to participate in the environmental impact report and use it for policymaking decision, as well as define measures for compensation of damages.

4. Strengthening of the Thai Economy

4.1 Macroeconomic Policy Suggestions

- After crisis of 1997, economic indicators indicate that the Thai economy regains stability and achieves recovery, primarily driven by public expenditure, private consumption and export. The macroeconomic in the next period should focus on supporting the economy to reach full recovery while solving the remaining effects of crisis and build up potential for all sectors to expand with quality such that private sector becomes the strength to support economic growth.
- Monetary and fiscal policy should take into account that the stimulus effect of a sustained fiscal deficit under floating exchange rate regime will be weakened and increase public debts burden. Thus, the size of fiscal deficit should be gradually reduced. The

monetary and fiscal policy in the long term should be neutral focusing on maintaining economic stability and level of growth appropriate to Thailand economic fundamentals. In addition, strength of micro sector should be built up in every sector.

4.2 Competitiveness Strategy Suggestions

- **Strengthening Competitiveness of Production and Services Sector.** The sustain economic growth and increasing competitiveness in the longer term depends on the increase of productivity, quality and standard in agriculture, manufacturing and tourism sectors as well as improvement in enabling factors such as basic infrastructure services and capability in sciences and technology. The Dual Track Plus model must include 3 additional dimensions, namely, (1) local and global integration which will include food industry, textiles, furniture and tourism, (2) knowledge and physical linkage, and (3) SME-LSE (Large Scale Enterprise) linkage. The government should nurture new entrepreneurs, support SME and enhance innovation, which are keys to long-term economic strength.
- **International Economic Policy.** At present, cross-regional, bilateral trade agreements are increasing. Thailand should develop its own strategy to benefit from changing international trade environments. Rules are also changing and may affect trade in goods and services. Attention should be paid to intellectual property right issue which will be increasingly important in the future. Cooperation among developing countries should be strengthened to shape international trade and financial rules to benefit development and poverty reduction. At present cooperation is still inadequate to take advantage of trade negotiation. In addition, regional financial cooperation should be increased to reduce risks from volatile capital movement.