

CHAPTER 2

ECONOMIC AND PUBLIC HEALTH PERFORMANCE OF THAILAND

2.1 Economic Performance:

Thailand is becoming an industrialized country in South East Asia with a total population of 60.1 million in 1996, of which 29.9 million are male, sex ratio is 1:1. Of the total population 19.2% live in urban areas. Average annual growth of population is nearly 1.7% (National Statistics Office NSO, 1997). Some important socio-economic indicators of Thailand are shown in table 2.1.

Gross Domestic Product (GDP) at constant price increased about 7-8% annually during the late 1980s and 1990s. The industrial sector expanded rapidly, with the manufacturing sector's share in GDP rising from 14 percent in 1969 to 28 percent in 1992 (Sarntisart, 1993; Pitayanon, 1997; and Supakankunti, 1997). The growth rate of the manufacturing labour force was extremely high, although the absolute level was not enough to shift the structure of employment. Since 1983 the majority of labour was engaged in the manufacturing sector. The share in GDP of the agricultural sector declined from 27.22% in 1989 to 21.78% in 1994. This is because Thailand's economic structure is changing towards more industrialization, as reflected by the increase in the share of manufacturing and service sectors and the corresponding decrease in the share of agricultural products in the GDP. This not only affects labour structure, income distribution, and socio-economic pattern but also disease patterns. Income distribution in Thailand continued to grow, more inequitable, while poverty incidence significantly lessened.

Sarntisart (1993) showed that major contributing factors of poverty have been in the agricultural sector and rural areas, quality of land, and the output and prices of crops. Moreover, employment-related factors, location factors, and human capital availability have been seen as major contributing factors of income inequality. The

study by Chalamwong and Douglas, (1992) shows average monthly expenditures per household in 1992 by region and showed that percentage change in expenditure on household to be 15.9% in total, of this the highest was 30.8% in Southern region, and the least was 1.4% in Bangkok, while in Central, North Eastern, and North regions each was proximately 19.9%. The long-term process of development and structural change also affects the process of urbanization in Thailand. Overall, unbalanced development has been reported, widening regional inequalities and generating a complexity of urban problems

Table 2.1 Socio-economic Indicators of Thailand, 1983-1996.

Indicator				
Year	1983	1988	1994	1995
GNP Per Capita (US \$)	736.16	1130.24	2425.24	2765.88
Composition of GDP at 1988 prices (%)				
Year	1980	1989	1996	
Agriculture	20.2	15.8	11.5	
Mining and Quarrying	0.8	1.6	1.6	
Manufacturing	23.1	26.7	30.4	
Construction	4.6	5.5	6.4	
Services	51.3	50.4	50.1	
Source of Average Annual Household Income, Whole Kingdom, 1992				
Wage and Salary	39.0 %			
Profit, non Farm	18.5 %			
Profit, from Farming	12.6 %			
Property Income	1.5 %			
Current Transfer	5.8 %			

Table 2.1 (Continued)

Income In-kind	21.1 %
Other Money Receipts	1.5 %

Share of Total Household Monthly Expenditure (%)

Items	1968	1994	1994
Food, Alcoholic, Beverage, and Tobacco	41.9	34.7	34.7
Clothing and Footwear	6.2	5.7	5.7
Housing	23.4	23.1	23.1
Medical and Personal care	6.1	6.0	6.0
Transport and Communication	9.1	15.4	15.4
Education and Recreation	5.4	5.3	5.3
Non-consumption Expenditure	7.9	9.8	9.8

Regional Consumer Price Index: 1970 and 1988

Year	1970		1988	1996
	Urban	Rural		
Whole Kingdom				133.8
South	110	116	94.13	135.2
North East	107	104	93.72	135.7
North	101	101	94.90	131.6
Central & East	96	99	93.53	131.6
Bangkok	100	-	100	134.0

Source: Adapted from NSO 1986 a; NSO 1988 a; World Development Report 1993; Human Development Report 1995; Thailand in Figures 1996, Meesook 1976 cited in Sarntisart 1993, and NSO 1997.

2.1.1 Economic Development During 1995 and 1996:

The world economy expanded by 3.8 percent in 1996, accelerating from 3.5 percent in the previous year. This was mainly attributable to the recovery of

developing countries, especially in Latin America, and Central and Eastern Europe, following structural reforms and comprehensive trade liberalisation programmes.

Table 2.2 Thailand's Main Trading Partners

Country	Growth (percent)		Share of Thailand's exports
	1995	1996 ^E	Jan- Sep.96 (percent)
United States	2.0	2.4	17.9
ASEAN	8.1	7.2	18.7
Japan	0.9	3.5	16.9
European Union	2.5	1.6	15.4
NIEs	7.4	6.1	10.2*

Note: E = Estimates

* Excluding Singapore

Source: Bank of Thailand (1996).

Meanwhile, the Asian economies slowed down partly as a result of their restrictive policy stance in order to maintain economic stability. As for the industrialized countries, the US and Japan grew at a faster rate, while the European economies continued to experience sluggishness, partly owing to the attempt to meet the requirements for membership of the Economic and Monetary Union (EMU) within the original deadline of 1 January 1997, which was late postponed. Inflation continued to remain low in industrialized countries and actually declined in developing and transition economies. In the meantime, expansion in world trade moderated to 6.7 percent from 8.9 percent in 1995, reflecting the continued slow recovery of the European economies whose share in world trade is quite large, as well as the moderation of activity in the Asian countries (Bank of Thailand, 1996).

2.1.2 Domestic Expenditure and Savings

Domestic expenditure (at constant prices) expanded from estimated 7.1% in 1995 to 9.9% in 1996. The slowdown reflected moderation in investment, private consumption expenditure, and inventory. Public investment remained buoyant, and

government consumption expenditure picked up pace from 1995 (Bank of Thailand, 1996).

Table 2.3 Domestic Expenditure during 1995 and 1996

	Domestic Expenditure (Percentage Change)	
	1995	1996
Consumption	7.4	6.2
Private	8.3	6.5
Government	0.8	4.5
Investment	13.3	8.4
Private	12.4	6.5
Public	17.1	16.3

Note: E = Estimates

Source: Bank of Thailand (1996).

Savings (at current prices) decelerated from 1995, resulting mainly from a slowdown in private savings of both household and business sectors. Overall investment (at current prices) also exhibited a slowdown, although still higher than savings. Thus the investment-saving gap rose to 384 billion baht, equivalent to 8.2% of GDP in 1996.

Private consumption expenditure (at constant prices) decreased to an estimated 6.5% in 1996 from 8.3% in 1995. This was largely a result of the slowdown in household incomes of both farmers and salary earners, as well as tourism and export earnings. Indicators which showed signs of slowdown included household electricity usage, sales of durable goods, sales of beer, and imports of consumption goods (Bank of Thailand, 1996).

Table 2.3 also shows private investment (at constant prices) continued the downward trend started in the second half of last year, expanding by 6.5 % compared

with 12.4 % in 1995. According to Bank of Thailand report (1996) the major factors responsible for the slowdown were: (1) cyclical downturn effects after many years of rapid growth; (2) slowdown in domestic expenditure and exports, as well as excess supply of housing and commercial buildings amidst high interest rates; and (3) expansion of production capacity from earlier periods.

The report also shows inventory investment (at constant prices) totalled 11.09 billion baht, declining slightly from the 1995 level of 12.8 billion baht. This mainly reflected a fall in the stocks of raw materials and some agricultural products, such as maize and rubber. Government consumption expenditure (at constant prices) accelerated to 4.5 % from the growth of 0.8% in 1995, with notable increases in equipment and supplies, public utilities, and defence. Public investment (at constant prices) decreased by 16.3% in 1996, comparable to the 17.1% in 1995. State enterprise investment increased by 11% slowing from 24.7% in the preceding year, with continued emphasis on basic infrastructure, especially electricity, water works, road work, and telephone lines (Bank of Thailand, 1996).

Gross domestic savings (at current prices) as a percentage of GDP declined slightly from 35.2% last year to 34.5% due mainly to both household and business sectors. This reflected more moderate growth of income of farmers and salary earners and lower business profits from the previous year, linked to sluggish exports and continued rising costs. Public savings, on the other hand, increased from the level observed the previous year.

2.1.3 Production

Agricultural output grew by 3.1% in 1996, the same rate as in 1995. Crop production rose by 5.9%, compared with 3.6% in 1995. The strong growth was due largely to the expansion of the second rice crop, which made up for the damage

caused by the previous year's floods. Supported by an ample supply of irrigated water, the second rice crop turned in a record performance. The increased output of the main crops was attributed to favourable weather since the beginning of the planting season, despite intermittent rainfall in some parts of the Northeast and flooding conditions at the end of last year. In general, the damage from the floods was not as extensive as the previous year. Major crops with improved performance included the first rice crop, rubber, sugarcane, cassava, maize, and oil palm.

Table 2.4 Growth rate of Different Industrial Sectors in Thailand: 1995 - 1996

	Output Growth (Percentage Change)	
	1995	1996 ^E
Agriculture	3.1	3.1
Non-agriculture	9.4	7.1
Manufacturing	12.4	8.0
Construction	9.6	9.1
Trade	7.8	6.9
Others	7.4	5.9

Note: E = Estimates

Source: Bank of Thailand, 1997.

The construction sector rose rapidly from 9.1% to 9.6%, driven mainly by acceleration in public construction of infrastructure projects to meet demand. Private construction decelerated, however, owing to excess supply of housing after much speculative investment in recent years, as well as the slowdown in economic activity.

2.1.4 Price Level, Employment, and Wages

In general, price levels improved considerably over the course of the year. Notwithstanding the high levels of both food and non-food prices at the beginning of the year, the inflation rate was brought down to 5.9% for the whole of 1996, close to

the 1995 level. Non-food items, only entertainment, reading, and education experienced higher prices due to the increases in tuition fees and prices of books, newspapers, and magazines following the rise in cost of paper.

Table 2.5: Consumer Price Index for Food and Non-Food Items

Details	Consumer Price Index (Percentage Change)	
	1995	1996
Total	5.8	5.9
Food	8.1	8.9
Non- food	4.2	3.5

Source: Bank of Thailand (1996).

The minimum wage rate rose on average to 148.64 baht per day on 1 October 1996, an increase of 8.4% from the previous adjustment, (Bank of Thailand, 1996). Because, the labour market remained relatively tight in some sectors, the number of Thai workers abroad declined accordingly by 7 percent, especially in the middle eastern countries such as Qatar, Saudi Arabia, Kuwait, Bahrain, and United Arab Emirates.

Table 2.6: Minimum Wage in Different Provinces of Thailand (Unit: Baht/day)

Provinces	1 Jul. 95	1 Oct. 96
- Bangkok, Nakhon Pathom, Pathum Thani, Samut Prakarn, Nonthaburi, Phuket, and Samut Sakhon	145	157
- Chon Buri, Saraburi, Nakhon Ratchasima, Chiang Mai, Ranong, Phang-nga	126	137
- Others	118	128
Average Minimum Wage	137.19	148.64
(Percentage Change from Previous Adjustment)	(7.1)	(8.4)

Source: Bank of Thailand (1996).

Exports to Asia-Pacific countries (excluding Japan), with a share of 34.8% of Thailand's total exports, grew by 6.0% compared with 35.4 % in the previous year. Exports to Singapore which accounted for about one-third of the export value to this region, declined substantially.

Imports decreased from 3.3% to 2.0% and at the same time there was a slowdown in production and domestic expenditure.

Table 2.7 Balance of Payments Position of Thailand in 1995 and 1996

Details	Year	
	1995	1996 ^E
Exports (%change)	23.6	-0.1
Imports (%change)	30.5	3.3
Trade Balance		
(billion baht)	-373.8	-434.0
(% of GDP)	-9.0	-9.3
Current Account Balance	-33.6	-384.0
(billion baht)	-8.1	-8.2
(% of GDP)		
Net Capital Movements	545.1	469.0
(billion baht)		
Balance of Payments	179.5	73.8 ^{1/}
(billion baht)		

Note: E = Estimates: 1 / Jan. - Nov.

Source: Bank of Thailand (1996).

The rise in oil imports was linked to the increase in oil prices averaging 12.2%. Crude oil imports also went up due to the opening of two new oil refineries. Since import growth exceeded that of exports, the trade account recorded a larger deficit of 434 billion baht in 1996. As a result, the current account deficit widened to 384 billion baht, equivalent to 8.2% of GDP.

2.1.5 Fiscal Conditions: In fiscal year 1996, the Government's fiscal position recorded the ninth consecutive year of surplus amounting to 104.3 billion baht, equivalent to 2.2% of GDP. This surplus was smaller than that of 1995 fiscal year (2.7% of GDP) because of deceleration in revenue growth whereas expenditures

accelerated. At the end of fiscal year 1996, treasury reserves totalled 382.2 billion baht from the end of the previous fiscal year.

Table 2.8 Percentage Change of Fiscal Position during 1995 and 1996

Details	Fiscal Year	
	1995	1996
Revenue	16.2	11.8
Expenditure	10.5	16.6
Cash Balance (billion baht)	112.5	104.3
(% of GDP)	(2.7)	(2.2)

Source: Bank of Thailand (1996).

Government revenue amounted to 850.2 billion baht, rising by 11.8 from 1995. Disbursement of government expenditure (excluding principal repayments) totalled 750.2 billion baht, growing by 16.6 percent compared with an increase of 10.5 percent in fiscal year 1995.

2.2 Public Health Performance

The public health performance in Thailand for the past two decades is presented in Table 2.9. The table shows that the ratio of population served by health personnel has improved tremendously. In 1975, the population served by a physician was 8,466 and this has decreased to 4,279 in 1993. Similarly, except the case of midwives the other health manpower- population ratios such as dentist-population ratio, pharmacist-population ratio and nurse-population ratios have improved sharply over time.

Over a period of 20 years, much improvement has been noticed in the health infrastructure facilities. In 1982, there were 518 government hospitals, which

increased to 728 in 1988 and 796 in 1992. The number of hospital beds increased from 54,374 in 1984 to 69,965 in 1993. Similarly, there has been a recorded increase in number of private hospitals and hospital beds. The life expectancy of an average Thai citizen has improved sharply. The male life expectancy has increased from 62.6 (1980-1985) to 67.35 (1995-2000) and for female from 68.05 to 70.55. The growth rate of population has declined from 1.9 to 1.3 in 1980 to 2000. The crude death rate per 1,000 population has declined from 33.30 in 1970 to 16.69 in 1992. The crude death rate from 6.51 (1970) to 4.76 (1992) and infant mortality rate from 25.5 (1970) to 7.50 (1992) respectively.

Table 2.9 Health Economic Performance of Thailand

Ratio of Population to Health Service Personnel			
Year	1975	1988	1993
Physician	8,466	4,881	4,279
Dentist	65,018	32,911	20,939
Pharmacist	22,160	14,931	12,357
Nurse	3,349	1,076	792
Midwife	6,692	4,942	5,543
Number of General Services Hospital and Hospital beds¹			
Year	1982	1988	1992
Government	518	728	796
Beds	• 54,374	66,444	69,965
Private Hospital	164	174	223 ²
Beds	6,738	8,515	13,051 ³

Table 2.9 (Continued)

Average Annual Growth of Population				
Year			1980-1988	1989-2000
Percent			1.9	1.3
Year	1970	1980	1990	1992
Crude Birth Rate(per 1,000 pop)	33.30	22.99	16.98	16.69
Crude Death Rate (per 1,000 pop)	6.51	5.29	4.48	4.76
Infant Mortality Rate (per 1,000 live births)	25.5	13.30	8.0	7.50
Year	1960	1970	1980	1992
Human Development Index				0.798
Life Expectancy at Birth (year)				68.70
Adult Literacy Rate(%)				93.80
Mean Years of Schooling				3.90
Literacy Index				0.94
Schooling Index				0.26
Educational Attainment				2.14

Note: ¹Including state enterprise and municipality hospitals.

²28 % increase in number of private hospital within 4 years.

³53 % increase in number of private hospital beds within 4 years.

Source: Thailand's Public Health, 1995.