

5. SOCIAL DEVELOPMENT PERSPECTIVES

5.1 The social development concept

Thailand is currently going through a phase of accelerated economic growth and modernization fueled, among other things, by the rapid growth of the industrial sector. It is anticipated that by the year 2010 the country will have experienced a transformation from an agricultural to an industrial economy and from a rural to an urban society. Inevitably, rapid socio-economic change runs the risk of causing dislocation as a result of its impact on a more traditional sector of the population, the rural sector. Our major concern is how to maximize the benefits of the process of the change taking place in the Upper Central Region for the rural population and how to minimize the dislocation. More specifically, how and under what conditions the rural population can become actors in the process of modernization for the benefit of the region and the country and for the improvement of their own income and quality of life. The other side of the coin is, what can and needs to be done to avoid having the rural people become passive pawns in the process of modernization through exploitation and/or marginalization, paupers in an otherwise affluent society.

From a planning perspective, two approaches need to be reconciled and made mutually consistent. The first, which is usually used by macro economic planners, has the objective of increasing gross domestic product, in this case, of the UCR as a whole. Economic activity that offers good potential for economic growth is identified -- industrial enterprise of various kinds, service enterprise in relation to tourism development, etc., all of which in the present context belong to the modern sector. Regional development, infrastructure and so on are planned to assure that the potential for growth will be indeed activated. The objectives of this approach are achieved if enough and new sources of income are generated for the total product to add up to a level of

sub-regional product that is greater than before, where the economy of the UCR is truly moving towards a developed modern society.

The social development planning perspective adopted here is more directly concerned about income distribution, but it is not inconsistent with the idea of aiming to achieve a high GRP. There is a logic of the idea of most capitalists that for all to have a bigger piece of the economic pie, one must have a bigger pie to divide up. What is advocated here is not egalitarianism in income but the principle that all have the right to access to the opportunities and rewards generated by the improvement of the economy, to be drawn upon by each according to his ability and efforts. As all are not equally endowed or diligent, some inequality must follow. We are particularly concerned about rural-urban relationships which in Thailand have long been characterized by relationships of inequality. Traditionally, rural people have always been taken advantage of, not to say exploited, by more sophisticated and cunning town people: traders, entrepreneurs, money lenders, and other wielders of economic and political power. In the present context, this can be translated to relationships between the modern sector and the traditional sector. These must become more functional, more mutually beneficial and respectful.

It is clear from the data that not all farmers of the UCR are poor but the data also reveal much inequality among them. An excessive proportion of farmers are heavily in debt or at best simply coping financially. In the CUSRI survey of 148 farming households whose average net income was considerably higher than changwat averages for 1987 reported by the Office of Agricultural Economics (MOAC), 54% of the households were either indebted farmers or break-even farmers, i.e., had only enough income to cover essential recurring household expenses with no surplus. In the following analysis of the problem structure of the rural UCR, we focus mainly on the less affluent half of its population. It is therefore a worst case scenario. The problems of the other half are less severe.

5.2 Problem structure of the rural UCR

- (1) Land is the basic factor in agricultural production. High rates of tenancy are sometimes mentioned as a problem of the area but according to our data, this is a somewhat serious problem only in Ayutthaya where 31.5% of the farmers rent all of their land and 41.5% rent some but not all of their farm land. In the other five changwats, rates of tenancy appear to be at an acceptable level. A much more serious problem in our view is the very high percentage of paddy farmers with holdings that are too small to be economically viable from paddy production alone. Those most affected are farmers in areas suitable for paddy cultivation only, with few other crop options.

There are problems of security of tenure in Lopburi and Saraburi for farmers operating land in reserved forest land areas currently under Royal Forest Dept., or Agricultural Land Reform Office programs allowing restricted use but not ownership of the land. By all appearance, this is affecting more their peace of mind than their agricultural production as the mandated restrictions are quite unenforceable and are not abided by. It is an unhealthy situation however as the legality of their situation is liable to be brought into question at anytime.

- (2) Looking now at the performance of the farmers in crop production, a common constraint complained by farmers everywhere is a lack of water. It is particularly acute in rain-fed areas where farmers are completely dependent on the vagaries of the weather for the success of their crop. It is also felt in irrigated areas since irrigation water is supplied on a rotating basis, not all locations being provided during the dry season. As a result, there is relatively little dry season cropping. Poor soil is a problem in crop production in some locations. These factors as well as economic factors to be mentioned account for some land being left idle in a few locations. Farm productivity is generally low. Average rice crop yields, for example, are quite low by international standards.

- (3) Although practiced fairly widely, village industry is, with a few exceptions, not a good source of income. Choices made of articles to produce are poor. There are marketing problems because of the lack of demand, overproduction, or poor quality.
- (4) Farmers face continuous uncertainty about their income because natural conditions and prices of the commodities they produce on the international market are forever changing. The income of farmers is markedly lower than that of workers in other sectors with comparable skills. Because of the high cost of agricultural inputs and unfavorable market conditions, many are finding their production is not cost-effective. There is a continuous need on agricultural sources of credit as they lack capital to finance their enterprise. In some areas, dependence on informal sources of credit charging usurious rates of interest is alarmingly high. There is a reason to believe that the rate of indebtedness among farmers of the UCR is very high. Many farmers lose their land because of debt defaulting, the land being claimed by the creditor. Many have sold their land to richer farmers in order to pay back their loans and have been staying on as tenants on the land they formerly owned.
- (5) A consequence of this situation is a massive retreat out of the agricultural sector. It was found that for the UCR as a whole, 35.9% of the rural households did not operate agricultural land, hence were not farmers. In Ayutthaya the proportion is as high as 50.6%. Many of these but also members of some farm households shift to off-farm work. More households are engaged in this activity than in any other individual rural enterprise except rice growing. Moreover, more and more rural people are involved in it full-time and not only on a seasonal basis as in the past. A large proportion of these, more than 40%, go to Bangkok working mainly, it would seem, in construction, road building, etc. This is not a healthy situation as the majority of these are relatively unskilled workers receiving low pay and living in substandard quarters on construction sites, for example. Increasing numbers are finding employment in the several factories set up in the UCR recent years. Most are paid 60-80 baht a day. It is not much but it is at least reliable income, which was lacking on the farm. Younger members of farm

families consider factory jobs to be prestigious and prefer them to working on the farm.

- (6) Due to industrial development in the region, a new demand of land has arisen for industrial sites (as well as for less productive land uses such as golf courses!). Whether actual or estimated, this has led to land speculation with vastly inflated land prices, especially land with industrial development potential. It is not unusual for agricultural land which 10 years ago was sold for 8,000 baht a rai and now is sold for 800,000 baht a rai or more. It is difficult for farmers to resist such prices and many have sold out to repay their debts and to profit. According to the BAAC, the rate of repayment of farmers' loans to the bank increased to 80% in 1989. Some deposit the proceeds of the sale in a bank savings account and live on the interest which provides a better income than their earnings from farming. If there are cases of farmers investing their windfall earnings productively (e.g. buying a larger tract of cheaper land elsewhere to start a small industrial enterprise in the village, etc.), they are not documented. Some of course squander their money foolishly.

5.3 Perspectives for development in the modernizing context

Clearly, the agricultural sector of the UCR (and of the nation as a whole) is undergoing a major transformation. The size of the agricultural work force has already shrunk noticeably. This is also becoming increasingly so for the area under cultivation as more and more agricultural land is being put to other uses such as industrial estates, residential areas, etc. Commenting on this fact, a prominent Thai agricultural economist noted that the performance of the agricultural sector leaves much to be desired as it employs more than 60% of the national work force to generate less than 20% of the GDP.

The solution to the problem is not to try to reverse the trend by legislation which would be quite empassible. Although rules can be set out limiting the amount of land an investor can purchase and the uses it can be put to, if a farmer is the legal owner of his land and he wants to sell, who can stop him from doing so. The way to address the problem then is to adopt measures to improve the efficiency of the agricultural sector. Although there is no immediate cause for alarm, in the long term, policy makers have to ensure that

the national food supply is maintained at a sufficient level. The technology already exists by which the quality and quantity of agricultural production can be greatly enhanced using a much reduced work force, but it cannot be counted on as a solution to the problems in a short term because it is expensive and sophisticated. If Thailand would become a fully developed country with an agricultural sector, high performance of this sector becomes a requirement.

The trends of change taking place in the UCR are affected by concomitant changes taking place in the rest of the country, particularly in the Greater Bangkok region and in the Eastern Seaboard, and predominantly as a result of private sector investment, both national and international. The forces fueling the trends of change are powerful and have dynamism of their own giving direction to the trends that is mostly quite unrelated to and often quite unanticipated by national development plans. Rather than try to curb these forces and impose unwanted directions, a better approach would seem to be to develop policies to derive maximum advantage from them. Important areas are the improvement of the efficiency of the agricultural sector consistent with what is realistically possible under current conditions, linkages of the agricultural sector with the industrial sector, identification or creation of reliable alternative sources of employment in other sectors in which redundant and underemployed agricultural workers could be more productive, and a work with greater satisfaction and higher incomes than the present situation.

5.4 Links to the modern sector : agricultural options

We start with the proposition that the traditional small family farm is probably not viable in the new context as a unit of economic enterprise. We refer to farmers described in this study as marginal and small farmers as well as medium farmers with holdings of less than 30 rai. These farmers are all the more vulnerable if they are tenant farmers. These use traditional technology basically. Their enterprise consists mainly of rice or maize monocropping with only marginal production of upland crops, vegetables, fruit trees, livestock. There is little or no dry season cultivation. Income is supplemented by seasonal off-farm work and perhaps also by some cottage industry, but the supplement is not great. This is not a viable situation because the intensity of production is too low. Production is not cost-effective, resulting in a situation of indebtedness and eventual loss of the farm to

creditors. Even if the farmers manage to break even financially, efforts are so great and rewards are so meagre that they will probably abandon farming and seek employment in off-farm work. Even this is problematic. A poor labourer is not any better off than a poor farmer.

5.4.1 Option 1: Progressive family farm

The farmer practices good farm management and knows what his land can produce. He is aware of market demand and market prices and determines what best use to make of his land at any given time. There is a good mix of crops using the best seed. There are some fruit trees. He will aim at integrated farming including good breeds of livestock and some fish ponds. He will use available water resources including ground water to the best advantage. He will be a member of a marketing cooperative for added bargaining power to get the best prices for his produce.

Comments

There are progressive farmers of the type described in the UCR, but unfortunately not many, especially among smaller farmers. This requires some sophistication. Although almost all are literate, the proportion having studied beyond the elementary level is very small indeed. Few have technical training of any kind, and efforts by government extension services to provide it have been quite inadequate. According to the CUSRI survey, the level of innovativeness of the farmers is low, few having scored high even in areas that should have been of interest to them, e.g., upland crop farmers in relation to multiple cropping and paddy farmers in relation to improved seed. In many cases however a lack of acceptance of innovation might not be due to resistance to change on principle but to their perception of difficult feasibility of the innovation because of economic, environmental, manpower or other reasons. Finally, for some reason, Thai farmers do not seem to function well in the framework of a cooperative. We feel that it is due to a lack of understanding of what a cooperative is all about and of what benefits it could provide under good management and due to lack of proper training.

5.4.2 Option 2: Restructuring of the agricultural sector

1) Estate farming

The unit of production is no longer the family farm. Production is organized on a large scale, on a large tract of land owned and operated as a business by big farmers or even urban investors who employ agricultural workers and managers to handle the production. There are probably instances of this in the data reviewed in the study where we noted that the size of some farms and orchards were huge and that herds of cattle were also huge. Six respondents of the CUSRI survey gave their main occupation as employers of agricultural workers. Some were school teachers. Going this route which has the advantage of achieving economies of scale is now probably closed to ordinary farmers and small investors because of the high price of land. A variant of this category is an estate owned by an agro-industrial firm and a canning factory for example growing its own raw materials.

Comments

We are wary of this set-up because it can lead to many abuses, the Philippine sugar cane barons providing a sad example. Measures would need to be taken to avoid exploitation of the workers, e.g., enforcement of the minimum wage law and social security.

- 2) Cooperative farming, in conjunction with an agro-industrial firm (the CP model). The farmers work for a company to produce commodities it deals on land leased by the company from the farmers set up as a cooperative. The company pays rent, provides working capital and produce inputs as well as technical training. Then, it purchases the farmers produce at guaranteed prices. The sugarcane farmers interviewed in the CUSRI survey in Singburi operate under a similar arrangement with a sugarcane milling and sugar refining firm. Their income was much higher than that of other farms.

Comments

This appears to be an ideal arrangement. The problem is, how many firms would be willing to deal so fairly with their clientele and what measures are needed to assure that this is done. A useful policy for the

BOI would be that such arrangements be included as a condition for a firm to be granted promotional privileges.

3) Production, processing and marketing cooperatives

There are several such cooperatives in operation in Thailand among dairy farmers, pig farmers, pineapple farmers, and rubber tree growers. Those, that do well tend to be dominated by big farmers, are managed professionally and employ more advanced technology. Some include lesser farmers who benefit from the good management and technical services of the cooperative. For the reasons already stated, it is difficult for small farmers to set themselves up in this way on their own. A psychological advantage of this set-up is that the farmers keep their independence and are not accountable to some big impersonal corporation.

5.5 Human resource development

A conclusion from village studies made in Ayutthaya in 1970, when compulsory education made only 4 years of elementary schooling mandatory, was that in fact, education contributed very little to village development. Having completed their 4 years of schooling, the children of less affluent families simply joined the family work force to work on the farm. There was little perception that anything learnt at school beyond the 3Rs (reading, writing and arithmetic) contributed anything to the improvement of farming. Families who could afford it had their children continue their education to the secondary and even tertiary education, the ultimate objective not being the come-back to the village to use their knowledge to contribute to the improvement of their village community, except perhaps as school teachers, but to join the government service which gave social status and economic security. Looking at the results of the CUSRI survey on the vision of the parents for the education and future of their children, it would seem that nothing much has changed. The majority of the parents want their children to get university degrees to join the government service. It is not sure that their children share this view. There is more and more awareness of job opportunities throughout the region with the realization that the better jobs are available only to those with more education. So they are motivated to get it, not necessarily to join the government service and almost certainly not to come back to the traditional farm.

Be this as it may, it is practically axiomatic to say that education and the sophistication derived therefrom is a basic requirement of modernization and a basic condition to function effectively in the modernizing society that Thailand has become, and not to become marginalized. Awareness of this situation has led the Ministry of Education to establishing the policy of extending compulsory education to the junior secondary level. A number of pilot projects are planned but the policy cannot yet be implemented nationally because there are not yet enough secondary schools to service the population as our data revealed. This can only be beneficial and, let the chips fall as they may. Some inevitably will benefit agriculture. Some more progressive farms that involve more educated operators. The job market of the UCR branches out into many fields, all requiring more educated manpower.

We have noted that the training needs of the out of school adult population are inadequately served by government agricultural extension services and by programs of the non-formal education centers. More intensive programs should be initiated modeling on the Department of Labour Institutes for Skill Development's approach to training. Trainee educational requirements are low, elementary education in most cases, junior secondary education for more advanced courses. Training is given in modules of 3 months or less that need not be taken consecutively but taken only as time permits. These could cover such topics as soil suitability for crops, crop diversification possibilities, livestock and aquaculture potentials, farm management, marketing factors, etc. An important area of concentration of the program should be training in the operation and management of cooperatives. The training programs could be based logically in changwat agricultural colleges which could truly become "people's colleges". An alternative base is the provincial teachers colleges, but they have fewer technical resources.

APPENDIX 1. LIST OF STUDY REPORTS AND PAPERS

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1. REPORTS

Design for the Study

Inception Report

Inception Report: Amendment

Progress Report

Interim Report

Executive Summary

Master Plan Report

Technical Reports

- Vol. 1 Spatial Framework for Development
- Vol. 2 Environmental Management
- Vol. 3 Land Use and Agricultural Development
- Vol. 4 Industrial Development
- Vol. 5 Distribution
- Vol. 6 Water Resources Management
- Vol. 7 Transportation
- Vol. 8 Economic Environment
- Vol. 9 Local Government Finance
- Vol. 10 Energy
- Vol. 11 Landsat Analysis

Draft Final Report

Executive Summary

Master Plan Report

Sector Reports

- Vol. 1 Spatial Framework and Network for Development
- Vol. 2 Urban Management
- Vol. 3 Environmental Management
- Vol. 4 Water Resource Management, Agricultural Development and Land Use Management
- Vol. 5 Industrial Development
- Vol. 6 Distribution and Marketing
- Vol. 7 Energy
- Vol. 8 Social Development in Rural Economies
- Vol. 9 International and National Economic Environment
- Vol. 10 Human Resource Development
- Vol. 11 Landsat Analysis

Final Report

Executive Summary

Master Plan Report

Sector Reports

- Vol. 1 Spatial Framework and Network for Development
- Vol. 2 Urban Management
- Vol. 3 Environmental Management

- Vol. 4 Water Resource Management, Agricultural Development and Land Use Management
- Vol. 5 Industrial Development
- Vol. 6 Distribution and Marketing
- Vol. 7 Energy
- Vol. 8 Social Development in Rural Economies
- Vol. 9 International and National Economic Environment
- Vol. 10 Human Resource Development
- Vol. 11 Landsat Analysis

2. PAPERS

Papers for Seminar, Sara Buri, November 2-3, 1989

1. Development Framework, Strategies, and Production
2. Urban, Land Use and Infrastructure Development
3. Critical Issues for Development Management

Papers for Seminar, Pattaya, July 28-29, 1990

1. Agriculture and Water Resources: Policies and Programs
2. Industry and Energy: Policies and Programs
3. Urbanization and Infrastructure Facilities: Policies and Programs
4. Development Administration and Environmental Management: Policies and Programs

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