

Speech by Tomoo Hozumi
UNICEF Representative, Thailand

At the Workshop on Financial Crisis and Social Protection in Thailand
11 September 2009
Ayutthaya Province

Khun Suwanee, Annette, distinguished guests, colleagues,

On behalf of the UN Country Team in Thailand and Ms. Gwi Yeop-Son, the UN Resident Coordinator who unfortunately could not come here today due to inescapable commitment, I would like to express my great pleasure to have attended this workshop today. I was really fascinated with extremely rich and fruitful discussion we had in the course of the day. I would like to thank the Royal Thai Government for having invited us, and also congratulate the colleagues of the World Bank for having supported such a worthy initiative.

As mentioned by earlier speakers, I understand this is only the first step for a long journey and our dialogue need to continue. At the same time, we must congratulate you for having made such an excellent start in the form of this workshop.

As we discussed today, social protection is crucial for all societies in many respects. For one thing, it is a society's defence against various "shocks" it faces and needs to address. Food and commodity price hike in 2007 and the first half of 2008 is still fresh in our memory, and we have been in the middle of very serious global economic downturn starting in the last quarter of 2008. From these experiences and others, we know for sure that there are situations that go well beyond the coping capacity of individuals and families who are poor and vulnerable, and there ought to be intervention and support by the State for them.

At the same time, as many speakers mentioned today, the importance and utility of social protection measures is much more than mere cautionary steps to be taken for a "rainy day". Even in "good" or "normal" times, they are essential measures for a society to address the important issues like disparity reduction. In addition, they are also requisite preparation for major structural changes of

the society that many middle-income countries including Thailand need to go through and have already started.

Regarding the issue of disparities, I recall the current level of Gini Coefficient in Thailand is around 0.5 on the scale of 0 to 1, which is assessed as fairly high level of disparity in income distribution, and there are indications that it may be further increasing. We all know Thailand has made such great strides in overall socioeconomic development in the last several decades. At the same time, we are also aware that there are still substantial disparities in the society in terms of income distribution, regional differences and other aspects. This is an issue that requires very serious attention of the policy makers and the society from the viewpoint of achieving social equity, reducing the sense of alienation and strengthening social cohesion. Social protection is one of the very effective ways for this purpose.

Secondly, regarding structural changes of the society, the example of rapidly progressing aging of the society was extensively discussed today. The level and speed of changes that Thailand and many other middle-income countries have been going through in this regard is indeed a historically unprecedented one. I read recently a book on population and demographic changes in Asia and found an interesting set of statistics that I would like to share with you.

In order to measure the speed of aging of societies, demographers use the number of years taken for the proportion of “old population” (defined as 65 years of age and above) to double from 7 per cent to 14 per cent of the total population. In the case of France, it took 115 years for this change to take place. In the case of Sweden, it was 85 years; UK 47 years; and Germany 40 years. In the case of Japan which has been the fastest aging society in the world’s history so far, it has taken only 24 years. For Thailand, as per one estimate, it would be taking a mere 21 years – between 2001 and 2022. The level and speed of changes that Thailand has been and will go through is like a roller coaster.

This is partly because of the country’s remarkable success in the reduction of child mortality, family planning and overall socioeconomic development, which are definitely good things for their own sake and should be congratulated. But the success brings new challenges and that is what the country needs to face and address now. A change of this magnitude cannot fail to have a profound impact

on the society as a whole, and the issue of increasing number of old people and pension scheme to support them certainly need to be addressed speedily.

At the same time, it is very evident that unless the country continues to have vibrant society and economy, it will not be able to finance the pension system and support increasing number of old people on sustainable basis. This in turn makes it essential for a society to continue to have enough number of children and youth who eventually become “productive” members of the society. And here comes another challenge, that is, decreasing fertility rate in Thailand.

The latest total fertility rate (TFR; the average number of children that would be born to a woman over her lifetime) of Thailand is 1.9. This is already below the “replacement level” of 2.1, which is the minimum required for a society to maintain the current population size. We can therefore expect that the Thai population would start to decrease in the near future – one estimate puts it would start from 2030 to 2035. And it is not only the overall size of the population that would decrease; the proportion of so-called “productive age group” (defined as 15 to 65 years of age) vis-à-vis the total population is also expected to decrease soon – during the period of 2010 to 2015 according to one statistics that I saw.

To illustrate implication of this in an extreme form, I can quote the example of my own country – Japan. The TFR of Japan has declined very rapidly and is 1.25 as of 2005. With this and other reasons, we have been seriously discussing the question of whether the country can sustain the current old-age pension scheme. Some people even say there is a real possibility of its “going bust” in the future. Of course, the pension system in Japan is based on specific contributions from individuals and may not be same as the types of schemes that we discussed today. But still the fact remains that in the very near future, less number of people in productive age group need to support more number of people in old age in Thailand, too.

This makes it imperative for us to consider seriously how we can make the society more “friendly” for those people who want to have and raise children. In the future, children will become even more precious “assets” not only for the concerned families but also for the society as a whole. There are a group of social protection measures targeting children including child benefits adopted in many countries which are facing a similar situation. Also each one of children

and youths in Thailand need to be even more “productive” than now when they become adults so that they can support more number of old people per person basis. This in turn makes it essential for the country to further improve intellectual development of their children and ensure quality education for all of them. Lastly but not the least, however hard we try to reverse the declining trend of fertility rate, it has often proven to be very challenging to do so in short term based on the experiences of many countries. Therefore, for the country to maintain enough number of people of productive age group to sustain its economy and society, accepting migrants from other countries in an orderly manner often becomes a necessity. This will call for more systematic and coherent policies and practices for labour migration management for both migrants themselves and their families including children. Labour migration is an issue to be addressed, not a problem to be solved.

All in all, the situation that I described so far makes it vital that we address these issues in a “holistic” manner – which was another key word that was heard very frequently in the course of our discussion today. What the country eventually plans need to be in response to these interlinked issues and not only just one of them.

Another point that I would like to highlight is that there are two aspects to the issue of social protection, both of which are crucial and need to be kept in mind. One is what I may call “individual aspect”. Whenever we discuss various social protection measures like pension, child benefits and targeted income support to the poor and the vulnerable, there is always an aspect of “who will get what”, which is a very important question in its own light. At the same time, for all these measures, there is always what I may call “social aspect”. In addition to individual benefits, these measures are for the concerned society to maintain itself; reproduce itself; continue to prosper; and hopefully make it a better place to live for all of its members towards the future. They are therefore NOT a “hand-out” as they may be often misinterpreted. This fundamental point needs to be shared by all those who are concerned and widely propagated in the society.

Development of the 11th National Economic and Social Development Plan is an excellent opportunity for Thailand to come up with a holistic view of its national development and how it steers through the major structural changes of the society that it is going through including the topics we discussed today. On

behalf of the UN Country Team in Thailand, I promise our best support to the Royal Thai Government in this regard based on our respective mandates and expertises. Within our UN team in Thailand, we have an agency like ILO that has been leading discussion on social protection agenda internationally for many years and has extremely strong expertise in it; UNFPA that has profound knowledge on population and demographic changes and their impact including issues like aging; World Bank which is an all-round player in development, actively pursuing the social protection agenda and very strong in their economic analyses; and my own organization UNICEF which is specialized in the issues related to children and youth whom I believe are critical not only as “beneficiaries” but also “contributors” or “solvers” on all the issues I mentioned earlier. This is just to name a few and there are many other agencies with relevant specialities and strong expertises. Another point I would like to highlight is that all of us have extensive international networks because of the nature of our organizations. We can very well tap them for facilitating exchange of experiences between Thailand and other countries. I believe there is an extremely fertile ground in this issue area for exchange of experiences and lessons learned. The latter should include both positive and negative ones as “failure” often teaches us as much as “success” does if not more, and all countries have been going through trial and error in this particular area.

Once again, I would like to express my great pleasure to be here today. We in the UN look forward to our continued dialogue and collaboration on this issue.

Thank you.