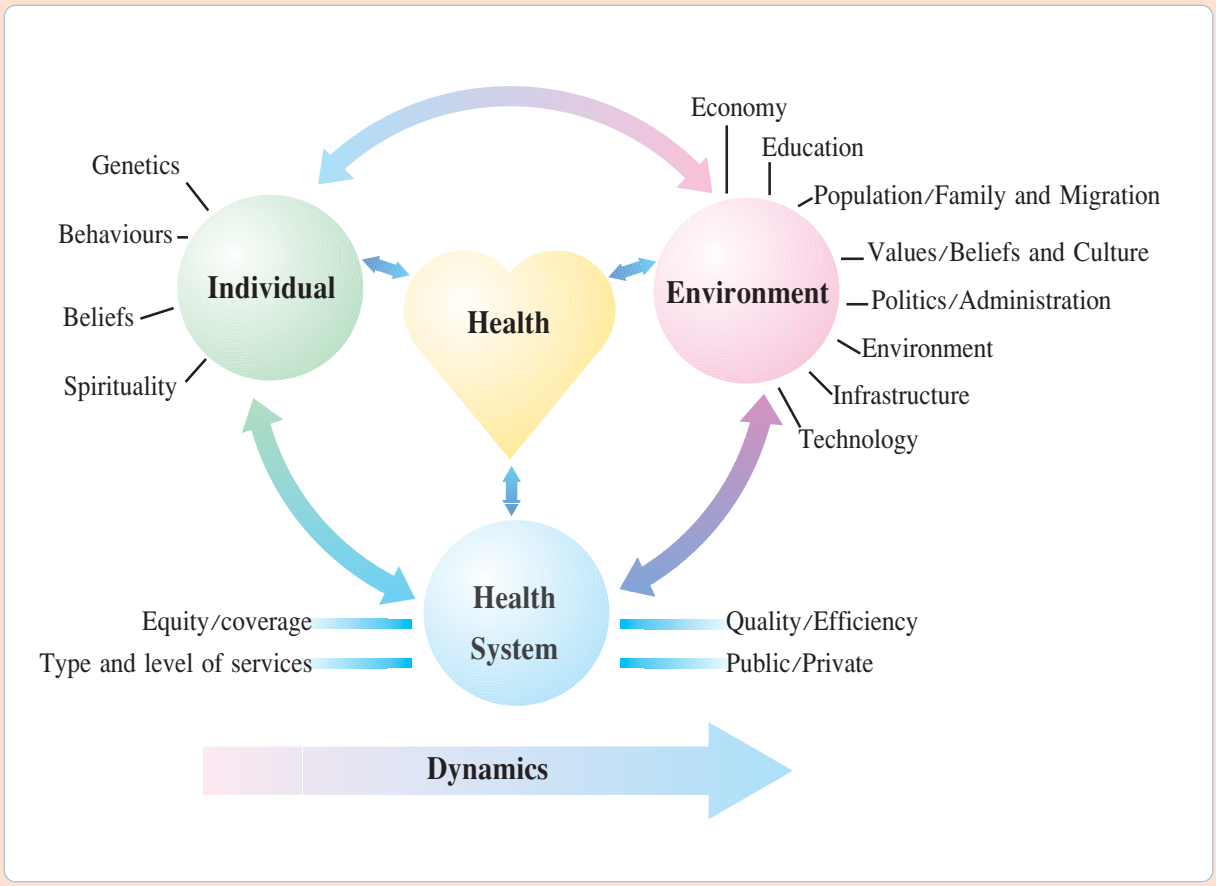
CHAPTER 4

Situations and Trends of Health Determinants

As health becomes more complex due to its association with numerous factors, Thailand's health situations and trends require a wider range of analyses and syntheses of changes in individual and environmental factors of all dimensions that determine health problems as well as the health services system (Figure 4.1).

Figure 4.1 Linkage and dynamics of factors related to health

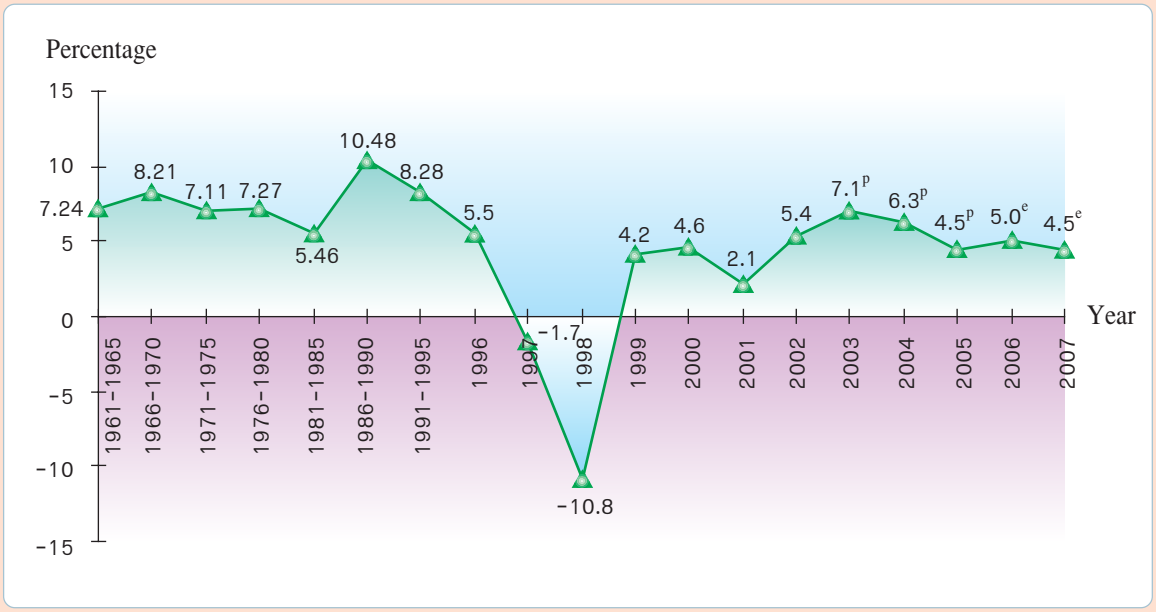


1. Economic Situations and Trends

1.1 Economic Growth

Over the three decades before 1997 the average annual economic growth was higher than 7% and the gross domestic product (GDP) per capita increased 28-fold, in particular after 1986. After the 1997 economic crisis, the annual economic growth declined to -1.7% in 1997 and -10.8% in 1998 (Figure 4.2), and the crisis drastically affected the GDP per capita (Figure 4.3). So Thailand has adopted a number of monetary and financial measures to resolve the problems, resulting in a positive growth of 4.2% in 1999 and 7.1% in 2003, but a drop is expected to 4.5% in 2007.

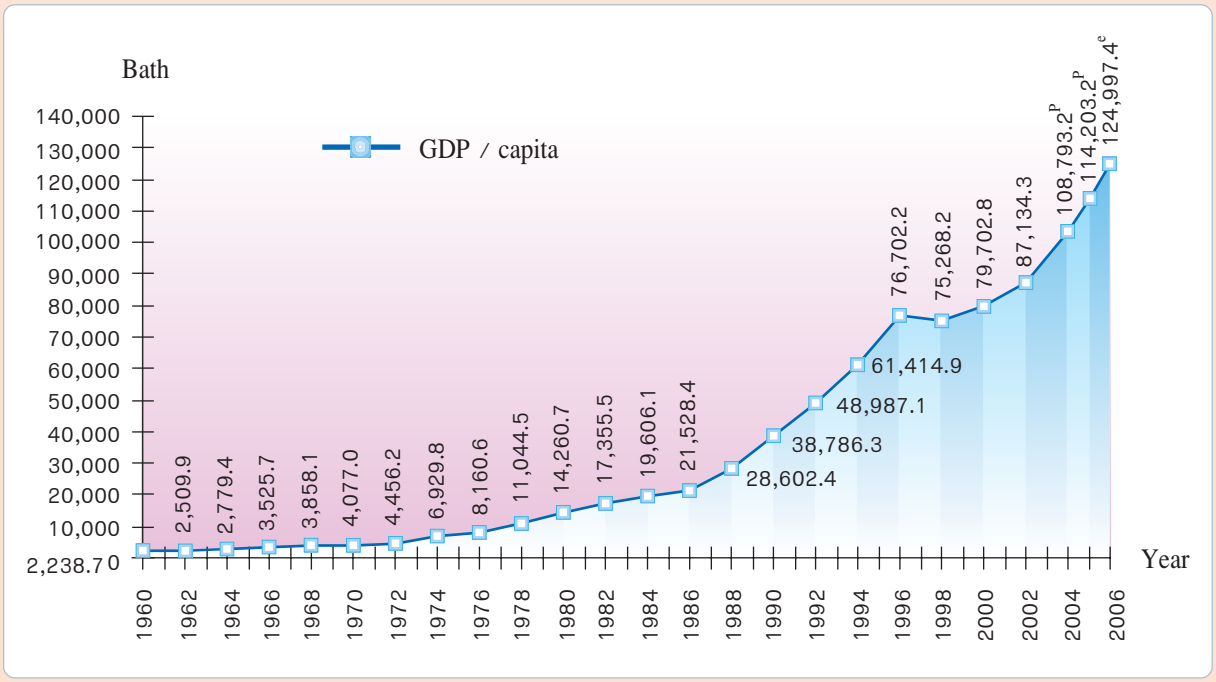
Figure 4.2 Economic growth rate in Thailand, 1961-2007



Source : Office of the National Economic and Social Development Board (NESDB).

Notes : [P] Preliminary figure; [e] estimated figure.

Figure 4.3 Gross domestic product per capita, 1960-2006 (market prices)



Source : Office of the National Economic and Social Development Board (NESDB).

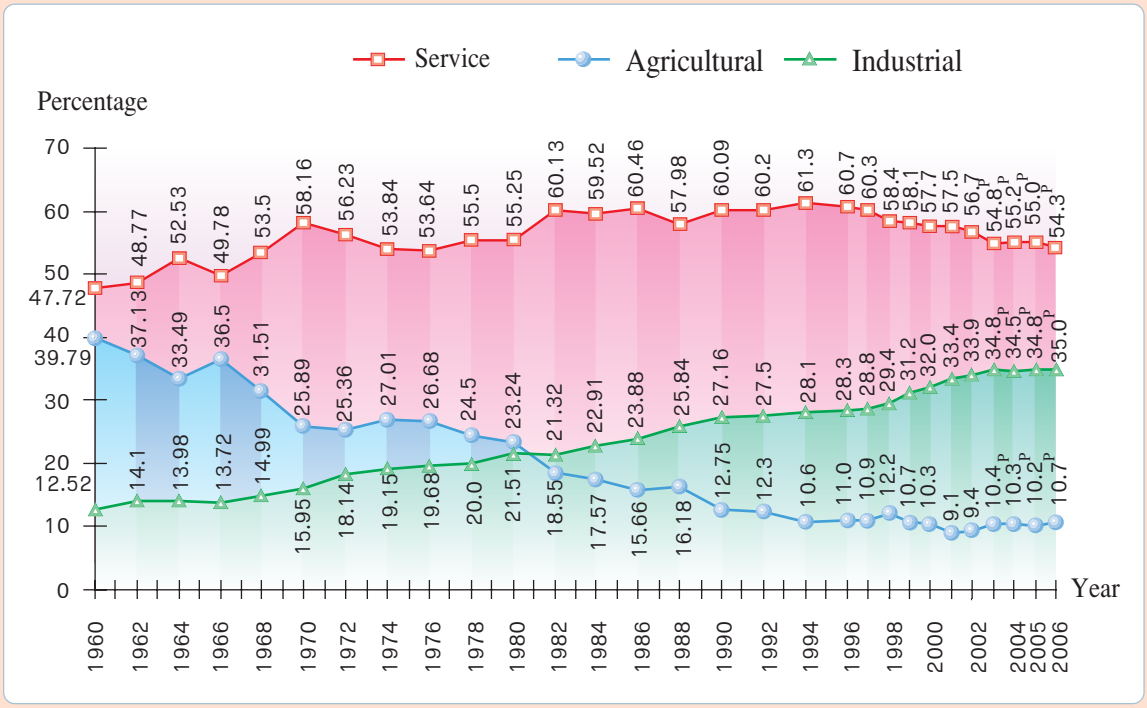
Notes : 1. P Preliminary figure; e estimated figure.

2. Since 1994, the data on GDP have been adjusted.

1.2 Economic Structure

The Thai economic structure has been transformed in such a away that the proportion of the industrial and service sectors grows faster than the agricultural sector (Figure 4.4). It is noted that since 1990, the production structure of the agricultural, industrial and service sectors has almost never changed.

Figure 4.4 Proportion of economy in the agricultural, industrial and service sectors, as a percentage of GDP, 1960-2006



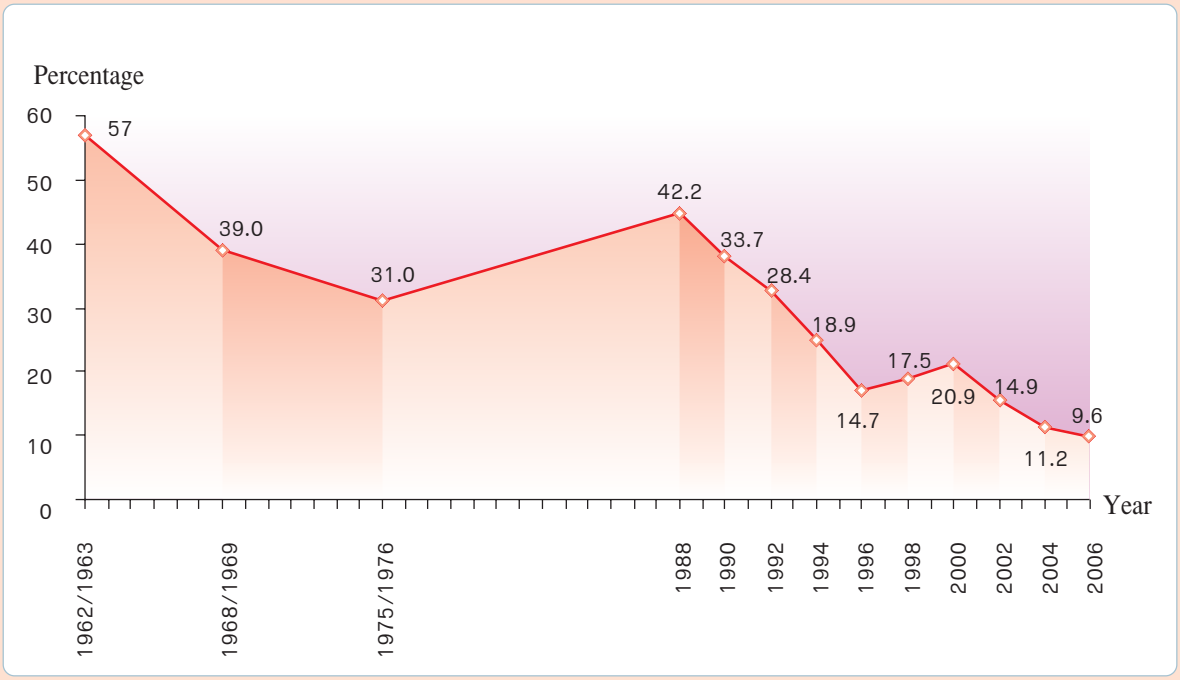
Source: National Income of Thailand, 4th Quarter (4/2006). Office of the National Economic and Social Development Board.

Notes: P Preliminary figure

1.3 Income Distribution and Poverty

The poverty situation in Thailand has been a positive trend; the proportion of people living with poverty dropped from 57.0% in 1962 to 14.7% in 1996 as a result of the rapid economic growth during that period. But after the 1997 economic crisis, the poverty prevalence rose to 20.9% in 2000, but dropped to 9.6% in 2006 (Figure 4.5) due to the economic recovery. However, even although the poverty prevalence has been steadily declining, the proportion of poverty in the rural areas is three times greater than that in the urban areas (Table 4.1).

Figure 4.5 Proportion of poverty, based on expenditure, 1962-2006



Sources: Data for 1962/63-1975/76 were derived from Ouay Meesook. Income, Consumption and Poverty in Thailand, 1962/63 to 1975/76.

Data for 1988-2006 were derived from the Household Socio-Economic Survey, analyzed by the Bureau of Economic Development and Income Distribution, Office of the National Economic and Social Development Board.

Notes: Studies on poverty in Thailand in different periods had different assumptions.

Table 4.1 Proportion of poverty based on expenditure, by locality, 1962-2006

Year	Urban area,%	Rural area, %	Whole country, %
1962/1963	38	61	57
1968/1969	16	43	39
1975/1976	14	35	31
1988	23.7	49.7	42.2
1990	20.5	39.2	33.7
1992	12.1	35.3	28.4
1994	9.9	22.9	18.9
1996	6.8	18.2	14.7
1998	7.1	21.9	17.5
2000	8.6	26.5	20.9
2002	6.4	18.9	14.9
2004	4.6	14.2	11.2
2006	3.6	12.0	9.6

Sources: Data for 1962/63-1975/76 were derived from Ouay Meesook. Income, Consumption and Poverty in Thailand, 1962/63 to 1975/76.

Data for 1988-2006 were derived from the Household Socio-Economic Survey, analyzed by the Bureau of Economic Development and Income Distribution, Office of the National Economic and Social Development Board.

Regarding income distribution, it is found that the gap between the rich and the poor has been widening. In 1962, the highest income group (one-fifth of the entire population) had a 49.8% share of the national income. Such a share rose to 56.7% in 1996, while the lowest income group (one-fifth of the entire population) had a national income share of only 7.9% in 1962, falling to 4.2% in 1996 (Figure 4.6), and being slightly better during the period 1994-1996.

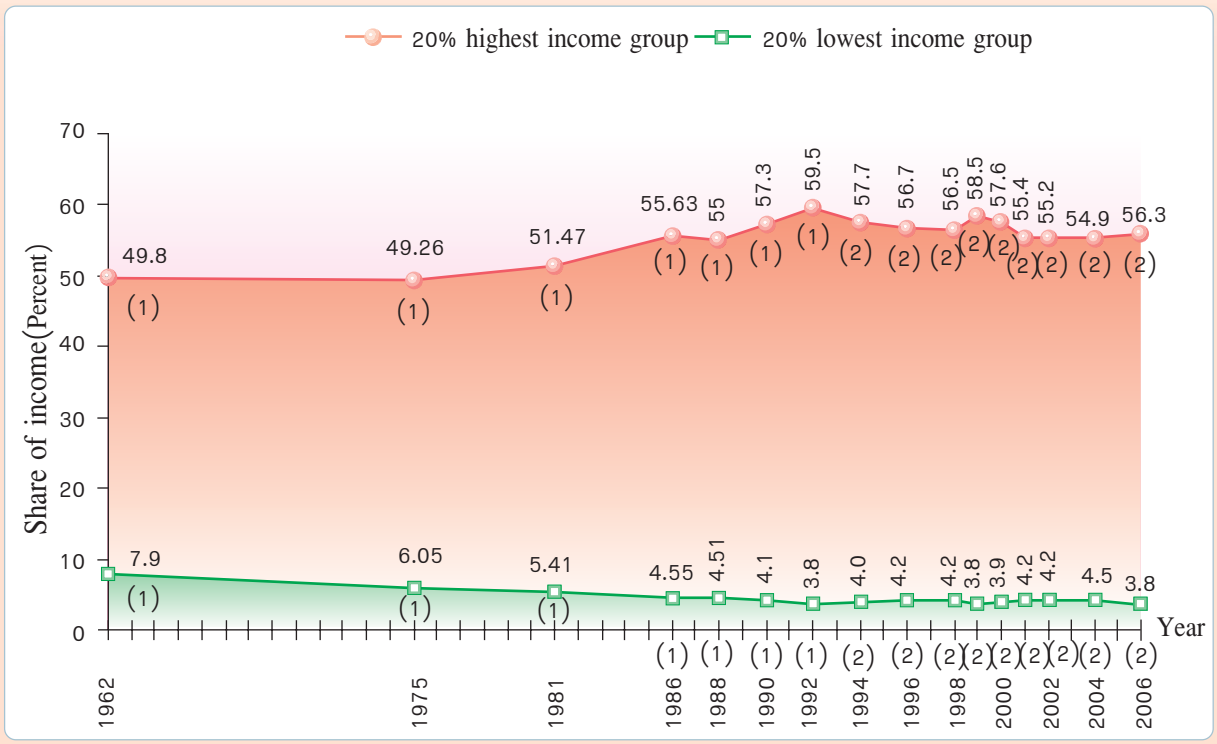
During the economic crisis, the income distribution became more inequitable. The 20% lowest income group had their income proportion declining from 4.2% in 1996 to 3.9% in 2000, while the 20% highest income group had their income proportion rising from 56.7% to 57.6% during the same period. But in 2001-2004, the trend in income distribution improved slightly. The income disparity between the richest and the poorest groups increased from 12.2-fold in 2004 to 14.8-fold in 2006. Nonetheless, in terms of income distribution inequalities, Thailand is higher than in many other countries in Southeast Asia (Table 4.2).

Table 4.2 Income share of the population in Southeast Asian countries

Country	20% highest income group	20% lowest income group	Discrepancy (times)
Thailand (2002)	55.2	4.2	13.2
Singapore (1998)	49.0	5.0	9.8
Malaysia (1997)	54.3	4.4	12.3
Indonesia (2002)	43.3	8.4	5.1
Philippines (2000)	52.3	5.4	9.7
Vietnam (2002)	45.4	7.5	6.0
Cambodia (1997)	47.6	6.9	6.9
Laos (2000)	43.3	8.1	5.3

Source: Human Development Report, 2006.

Figure 4.6 Income share of Thai people: five income groups



	Year															
	1962	1975	1981	1986	1988	1990	1992	1994	1996	1998	1999	2000	2001	2002	2004	2006
20% highest income group	7.9	6.05	5.41	4.55	4.51	4.1	3.8	4.0	4.2	4.2	3.8	3.9	4.2	4.2	4.5	3.8
20% lowest income group	49.8	49.26	51.47	55.63	55.0	57.3	59.5	57.7	56.7	56.5	58.5	57.6	55.4	55.2	54.9	56.3
Income disparities	6.3	8.1	9.5	12.2	12.2	14.0	15.6	14.4	13.5	13.5	15.4	14.8	13.2	13.2	12.2	14.8

Sources: (1) For 1962-1992, from the Office of the National Economic and Social Development Board and the Thailand Development Research Institute.

(2) For 1994-2006, from the Economic and Social Household Survey of the National Statistical Office, analyzed by the Development Evaluation and Dissemination and Bureau of the Economic Development and Income Distribution, Office of the National Economic and Social Development Board.

Note: For 2002, the data for computation of income disparities according to the Economic and Social Household Survey were adjusted from the first six months of survey to 12-month cycle of survey.

1.4 Global and Regional Economic Cooperation

In the globalization era, the world has entered into the free trade system and consolidated regional trade organizations so as to establish negotiating power for competition. This has resulted in movements in establishing economic cooperation mechanisms, in which Thailand is involved, such as the ASEAN Free Trade Area (AFTA), the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), the Southern Triangle for Economic Cooperation, the Mekong Committee (for development cooperation among six countries), and the Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS). In other regions, such organizations include the North America Free Trade Area (NAFTA) and the European Community (EC). At the global level, there are international trade agreements coordinated by the World Trade Organization (WTO). This has tremendously led to greater liberalization and competition. In particular, developed countries have generated new non-tariff barriers, such as environmental measures, child labour employment, human rights, anti-dumping duty (AD) or countervailing duty (CVD).

At present, Thailand has focused on the expansion of free trade policies in the form of bilateral agreement to minimize trade barriers with several other countries such as Australia, China, New Zealand, India, Japan, the USA, Peru and Bahrain. Other mechanisms have also been adapted to enhance its status and protect national interest in multi-lateral frameworks such as WTO and ASEAN.

Such economic changes affect the Thai health system as follows:

1. **Rising health expenditure.** The national health accounts have been rising from 3.8% of GDP in 1980 to 6.14% in 2005. In terms of equality of health spending burden, it was found that in 2004 the poor had a higher health spending burden relative to their income, i.e. 2.1 times higher than that of the rich. This inequality has however fallen from 6.4 times in 1992 as a result of the implementation of universal healthcare scheme (see Chapter 6, Health Financing).

2. **Roles of the public and private sectors in health care delivery.** During the bubble economy, the demand for doctors in the private sector rose rapidly; the proportion of doctors in the private sector climbed from 6.7% in 1971 to 20.5% in 1996, resulting in a serious public-to-private sector brain drain. During the economic crisis, with the people's declining purchasing power, a portion of the people who could not afford private health care turned to state-run health facilities instead. As a result, the utilization of private health facilities dropped slightly in the initial stage. But since 2001, with the government's implementation of the universal healthcare policy, more outpatients have attended **public health facilities.** In 2005, the number of outpatients rose by 131.7%, compared with that for 2000, whereas the increase of inpatients in the public sector was only 4.0% for the same period.

3. **Income disparities between the rich and the poor resulting in inequalities in health resource distribution.** Despite the increase in resources and infrastructure for health care, the inequalities in resource distribution are still high as a result of the rapid expansion in the private health

sector, draining human resources from the rural to urban areas and from the poor to the rich (see Chapter 6, Health Resources). Such inequalities have resulted in inaccessibility to state health services of the rural poor and urban slum dwellers.

4. Mental health problems are on the rise. Even though the crisis has been over, mental health problems are on a rising trend, the prevalence of mental disorder rising from 440.1 per 100,000 population in 1997 to 640.6 per 100,000 population in 2006 (see the section on mental health indicators in Chapter 5).

5. Government budget for health is rising. The state health budget varies with the economic situation. During the period of economic boom, the health budget was rising, the Ministry of Public Health's budget being 7.7% of the national budget. But during the economic crisis, the government budget for health had a declining trend. Since 2001 the government has implemented to universal healthcare policy and the government health budget, particularly the operating budget, has risen steadily. As a result, the proportion of overall MoPH budget has risen from 6.7% in 2001 to 8.3% in 2007 (see Chapter 7, MoPH Budget).

6. Free trade and international economic agreements. Trade competition and discrimination are more widespread with a negative impart on the part of health products and healthcare industries.

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[1] UNDP. Human Development Report,2005.