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Pandemic in the land of the smile: the case of COVID-19 outbreak in Thailand in 2020

Mokbul Morshed Ahmad\textsuperscript{1} and Shahab E. Saqib\textsuperscript{2}

\textsuperscript{1}Department of Development and Sustainability, Regional and Rural Development Planning (RRDP), Asian Institute of Technology, Klong Luang, Pathum Thani, Thailand; \textsuperscript{2}Directorate of Commerce Education and Management Sciences, Higher Education, Archives and Libraries Department, Peshawar, Khyber Pakhtunkhwa, Pakistan

1. Introduction

To many, southeast Asia is a good example of how export-led economic growth, investment in human development, and infrastructure could change the lives and livelihoods of millions of people. The recent outbreak of COVID-19 (2020) has exposed both the strengths and limitations of these economies and societies. No doubt that novel disease outbreaks such as COVID-19 have significant impacts on several sectors of the national as well as the global economy (Kalita et al., 2020). The pandemic has macroeconomic impacts. It affects macroeconomic stability and growth. Likewise, it may have affected the macroeconomic policies such as fiscal and monetary policy together with debt management and exchange rate policy (Addison et al., 2020). Additionally, dealing with the virus itself will be a big determinant of macroeconomic outcomes: the size of the GDP loss, the duration of the recession, and the outcomes for the fiscal deficit and debt ratios (Addison et al., 2020). Thailand has a population of 69.2 million (UNESCO, 2019) spread in five regions, namely the southern region, northeast region, northern region, central region, and Bangkok. Approximately half of the Thai population lives in urban areas and is expected to increase to 70\% by 2050. The number of older persons accounted for 16\% of the total population which put Thailand as an aging society. In addition, the situation of an aging population has continued to deteriorate due...
to the decline of the total fertility rate. The fertility rate fell from six children per woman in the 1960s to 1.5 children per mother in 2015 (Knodel et al., 2018). Older people are at the highest risk of COVID-19 (WHO, 2020) and may cause a huge economic burden.

2. Lockdown and ‘distancing’

Immediately after the outbreak in Wuhan, China, the Thai government gradually introduced measures like lockdown and social distancing (read physical distancing). The measures paid off in terms of restricting the spread of the virus and keeping the death figures low. Thailand ranked second in the Global COVID-19 Index (GCI) after Australia, and first in Asia to successfully contain the coronavirus, according to the GCI. All were possible due to the adoption of timely measures like declaring a national emergency in March 2020 enforcing night-time curfew, closing the educational institutions, large-scale tracing and testing, and high-level public awareness and compliance to rules like wearing a mask outside the home. For a comparison of social distancing, see Azad and Saratchand (2020) from India and Wiggins et al. (2020) from Africa, where the lockdown was not well implemented and they didn’t have the ability to screen and quarantine people effectively for a long time. Resultantly, the COVID spread was alarming and caused about 90% of the Indian workforce to be in the informal sector, which means that they are without any meaningful job protection or social security benefits. Therefore, their current incomes have dropped to near zero. Therefore, lessons learned from these economies, the Thai government implemented strict lockdown and social distancing. In some cases, the frontline health personnel were dubbed Nak Rob Sua Kao, which could be translated as “warriors in white gowns” The work of a group of doctors who are sometimes called RDC (Rural Doctors’ Club) is also attributed to the major change in recent years through their campaign for the universal one Dollar scheme and community health volunteering. Above all, high-quality health care was available to Thai people (Tivayanond & Hanvoravongchai, 2014; GHS, 2019). Another unique feature of health care in Thailand is medical tourism. This is a policy pursued by the Thai governments over the years to fuel the tourism industry by bringing people quality health care. However, medical tourism was also badly affected by the lockdown when the flights were closed and foreigners stopped thronging the expensive private hospitals mostly in Bangkok. However, the response of Thailand to the global COVID-19 pandemic has been one of the world’s most successful. The extremely low number of infections and fatality rate has won praise from the World Health Organization, the United Nations, and experts around the globe (Reuters, 2020b). The Global COVID-19 Recovery Index has consistently ranked Thailand in the top five out of 184 countries in the effectiveness of its battle against the virus, underlining the resilience of its medical infrastructure (Reuters, 2020b). When the call for developing a vaccine was made, Thai researchers also joined the effort let alone to prevent the recurrence of the pandemic and also to remain ahead of its peers in the medical tourism market in the region. According to Reuters (2021), Thailand started human trials of a domestically developed
coronavirus vaccine and expects to fully ready it next year by Mahidol University. Another homegrown vaccine is developed by Chulalongkorn University and uses Messenger RNA technology.

3. The effects

3.1 Pandemic and economic growth

It seems that Thailand did quite well in terms of many saving lives from the virus, it could do very little to reduce the effects on the economy and the livelihoods of thousands of Thais mostly the poor. The Thai economy was slowing, and poverty rising, long before the pandemic hit. Thailand’s economic growth has continued to decline from an average of 7% growth before the 1997 financial crisis to a 5% average during 1999–2012. The economy was performing poorly for the last few years, i.e., Thai GDP was growing at around 2%–3% far lower than was expected by the policymakers who wanted to lift Thailand out of the ‘middle-income trap’ (Kanapathy et al., 2014). For more than a decade, it has been a key challenge among the policymakers of Thailand to transform its economy from a middle income to an upper-income one. Many factors worked as impediments to this transition. Then came the COVID-19 outbreak both globally including in Thailand. After the outbreak, GDP shrank, and export—the main driver of the economy—fell and the money from tourism which contributes about 20% to the Thai GDP faced a massive decline (Paweewun & Chantanusornsiri, 2020). It is now clear the Thai GDP will shrink more than it did during the 1997 economic crisis (it shrank by 7.6% during the 1997 financial meltdown). Thailand will see the deepest economic contraction since economic readings began in 1961 under the first national economic and social development plan (Reuters, 2020a).

3.2 Pandemic and unemployment

The World Bank estimated that 8.3 million workers in Thailand were affected by the crisis and the middle class shrank from 50.6% of all households to 38.4% in the first half of 2020 (Bangkok Post, 2020). The total workforce in Thailand was about 37.3 million in early 2020, including those who worked in services (47%), agriculture (30%), and factories (23%). Thailand has between 500,000 and 630,000 new university graduates each year, but most students do not graduate with degrees that match the needs in the labor market (Bangkok Post, 2020). Senior workers are not the only ones faced with losing their jobs, as many new graduates are likely to end up in similar situations.

3.3 Pandemic and agriculture sector

Thailand has about 8 million farmer households and about half of them are rice growers (Manakitsomboon, 2020). It has been a major exporter of commodities like rice, tapioca, sugar, and pineapples (Kuwormu et al., 2018). It has been one of the leading exporters of rice for decades. Perhaps the crisis has pulled back Thailand to one of its major economic strengths with rising overseas demand for rice, seafood, fruit, and other edibles bolstering
exports even as the COVID-19 pandemic dented production and shipments of manufactured goods (Yuvejwattana, 2020). As a relief measure, the Thai government provided about 1200 Dollars cash relief to about 8 million farmers for 3 months. However, the structural problems of Thai agriculture have remained a major challenge.

3.4 Pandemic and manufacturing sector

One of the major drivers of the economic success of Thailand has been its manufacturing. Thailand could be a good example to see the success of ‘export-led growth’ which to some people and organizations was an “East Asian Miracle” (Weiss, 2005; World Bank, 1993). In this era, the composition of exports changed to some technologically intensive activities. For instance, computers and communication equipment—in both Malaysia and Thailand—these two categories were 24% of total non-oil exports in Malaysia and 14% in Thailand in 1994 (Weiss, 2005). However, the pandemic badly affected the whole manufacturing sector of Thailand. Thailand is a leading manufacturer of cars, electronic items, and IT equipment in the region. Manufacturing has been one of the major drivers of its rapid economic growth.

One of the few exceptions was rubber glove production and its export, thanks to its rising demand and Thailand’s status as one of the top exporters in the world. Seeing limited options the Thai government promoted the buying of local textile products to help the industry, local fabric entrepreneurs, and the people employed. External factors like the sluggish global economy, US-China trade war, and strong currency were also identified as the major constraints. The pandemic dealt another big blow to Thai manufacturing. According to Thepgumpanat and Setboonsarng (2021), a series of coronavirus outbreaks in Thai factories are raising concerns that the export sector could be hit hard. Virus spread is hurting output at some manufacturers.

3.5 Pandemic and tourism sector

Another unique feature of health care in Thailand is medical tourism. This is a policy pursued by the Thai governments over the years to fuel the tourism industry by bringing people quality health care. However, like tourism (discussed below) medical tourism was also badly affected by the lockdown when the flights were closed and foreigners stopped thronging the expensive private hospitals mostly in Bangkok. When the call for developing a vaccine was made, Thai researchers also joined the effort let alone to prevent the recurrence of the pandemic and also to remain ahead of its peers in the medical tourism market in the region.

The tourism and hospitality industry became another major victim of the pandemic. Tourism has been a priority sector of the Thai government, as it is a labor-intensive industry with a workforce of about 4 million and has borne the brunt of the outbreak’s impact. The wheels of the industry came to halt with the lockdown and closure of the air travel. The Thai government launched a major domestic tourism promotion by giving vouchers to about 4 million Thais and free trips to about 1.2 million medical personnel like village health volunteers and subdistrict health-promotion hospital workers. The campaign was aimed at boosting the economy and reviving the tourism sector. In the next step, the government announced the ‘travel bubbles program’ which could be explained as a controlled opening
of the country for tourists for certain countries under strict conditions like that in Taiwan (Yu et al., 2021). Still, without a vaccine for COVID-19 how much recovery of global tourism including Thailand will happen remains to be seen.

3.6 Pandemic and migrants

Thailand had around 3 million registered migrant workers mostly engaged in low-paid jobs. In addition, around 2 million (although estimates vary) were unregistered foreign workers employed in the informal sector. Thai farmers who were low-paid or recently unemployed had received financial assistance from the government, while only a small number of registered migrant workers received any help from the government. Many lost jobs, struggled to go back home due to the closure of the border and lockdown. Those who could not go back and lost jobs had to face the plight of managing food and accumulated debt.

4. The government measures

The Thai government took several measures to help the economic victims of the crisis. These included monthly payments of around 120 US Dollars for 3 months to millions of temporary workers, contract employees, and self-employed workers, and children from poor families who were not covered by the existing Social Security provision mostly focused on the poor, the old, and the disabled. The other measures included tax reduction for land and building, subsidizing electricity, and water bills for the poor households. However, if the economic downturn continues and recovery takes a longer time, these measures might prove very inadequate to ameliorate the sufferings of the poor and new-poor in Thailand.

The present level of state spending is very much needed but the long-term economic effects of rising public debt and low economic growth could be a matter of concern. Thailand’s public debt currently stands at around 43% of gross domestic product as of April 2020 (Bangkok Post, 2020). With the trillion-baht public borrowing after the outbreak, some estimate that the proportion will reach 58% of GDP, slightly below the policy framework’s 60% ceiling. It is still in the safe range; however, the level is estimated to approach the 60% threshold, but it’s crucial that future state measures given the extent of effects of the pandemic. This is also very important for a country like Thailand where the effects of 1997 still haunt the policymakers and the public.

5. The resurgence of Thai values

The pandemic has led to the resurgence of traditional Thai values of empathy and community feeling. In one north-eastern province due to the efforts by the local bureaucrats and well-off businessmen, many low-income people got back to work with tools that they had pawned in the local pawn shops. The effort was to help these low-income people to ameliorate their sufferings in those difficult days so that they could get back to work and get back some of their essential items which they were compelled to pawn due to poverty. Another
good example was the opening of pantry stands in many parts of the country by the well-off. The pantries were filled with food and other necessary items so that the poor and the needy could come and collect as per their needs. Likewise, Laiboni (2020) for what happened in Kenya during the lockdown. In recognition of the socioeconomic consequences of coronavirus, President Uhuru Kenyatta launched the Emergency Response Fund aiming to boost government efforts to mitigate the impact of the epidemic. The government has mobilized local donations from individuals and the private sector as well as from international partners and, as of mid-April 2020, the fund had raised $94 million.

Spirit houses are common throughout Thailand, Myanmar, and Cambodia, although the architecture differs by country. These houses play role in the pandemic in mental well-being (Coppola et al., 2021). While not everyone believes, the practice is widely respected, and the houses are an ordinary and integral part of Thai culture (Bangkok Post, 2020). However, there had been an uptick in domestic violence during the pandemic (UCA News, 2020). Although opinion varies but experts linked it with economic crisis causing mental stress and a rise in alcohol consumption at home since the bars and pubs were closed.

6. Pandemic, corruption, inequality, and democracy

Whether corruption puts ‘brake or oil on the wheel of development’ you might opt for the latter after visiting Thailand. A closer look might help you to change your mind. A good example is a crisis faced by the national flag carrier Thai airways which could be linked with its poor management and high level of corruption (Bangkok Post, 2020b). How corruption affects the ordinary Thais could be understood from the recent example of the collapse of one of the largest cooperative in Thailand KCUC (Klong Chan Credit Co-operative Union). Thailand has more than 8000 cooperatives with up to 11.3 million members. Money circulating in the entire system amounts to 2.25 trillion baht, almost equivalent to the country’s fiscal budget or around 16.5% of GDP, according to Cooperative Promotion Department (2016). Thrift and credit cooperative business grow steadily in both growing and economic recession periods in Thailand and the region. Their strengths come from the share capital from their members which are paid regularly, so they can constantly grow.

Like in many places the outbreak was an opportunity for the regime to face limited opposition activities, thanks to lockdown and restriction in public gatherings. The Thai government used the pandemic as one of the reasons to postpone the local government elections which were not been held since 2014 (since the last military coup). There were allegations that one Thai opposition activist was abducted while in exile in Cambodia in June 2020 (Bangkok Post, 2020a). Human rights groups point out that the Thai government was working with the government of Cambodia which also has a very poor human rights record. Weak democratic institutions and decades of military and quasi-military control have all contributed to Thailand’s current state of democracy, which is marked by low human rights and limited press freedom. Deep division in the Thai society represented by different colored political groups has remained under the shallow cover put the current military-backed regime may explode any time (Nishizaki, 2014; The Economist, 2019).

Thailand has large income inequalities between the top and the bottom classes. The gap between the business elite in Bangkok and the farmer in rural areas is very large. The World
Bank found that over 70% of Thailand’s public expenditure in 2010 benefited Greater Bangkok, home to 17% of the country’s population. Probably there are few economies with a comparable level of income in government spending as skewed (World Bank, 2016). The uneven distribution is visible not only in income but also in education, health, opportunity, and human rights. A good example is Education. According to the National Economic and Social Development Council around 700,000 Thai children could not complete basic education mostly due to poverty. The number may likely rise due to the pandemic. Otherwise, the impacts will be felt in terms of social inequality, lower quality of human capital, and productivity.

7. Conclusion

Looking globally, we can see mixed response levels from both democratic and nondemocratic regimes. Some democratic regimes have performed very well (i.e., New Zealand and Germany). At the same time, some undemocratic regimes have also performed very well (i.e., Vietnam and also Thailand). Thailand was badly affected by the 1997 global economic crisis. It recovered from it quite well. Also, it was affected by the SARS (severe acute respiratory syndrome) of 2012–13. It is clear that the COVID-19 pandemic is more severe than the SARS and the economic fallout is more acute than the 1997 economic crisis. The pandemic has exposed the strengths and weaknesses of Thai Society and the economy. The crisis has exposed the structural problems of the Thai economy and the society and it not only affected the export and tourism-based economy, the lives and livelihoods of those dependent on these sectors have also been badly affected. As elsewhere, the crisis’s worst victims are the Thai poor and the Thai state struggled to provide them assistance. It remains to be seen how the Thai policymakers address the weaknesses and cash in on the strengths. It is too early to say how much delay this pandemic will cause to the graduation of Thailand out of the ‘middle-income trap.’ It seems that Thailand is not at the end of the tunnel. Tackling COVID-19 is one challenge and tackling its economic and social consequences is a much bigger challenge. Moreover, it is suggested that during the crises, local bureaucrats and well-off businessmen should be encouraged to ameliorate their sufferings in those difficult days so that they could get back to work and get back some of their essential items which they were compelled to pawn due to poverty.

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I. Overview and national governance response
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I. Overview and national governance response