

Quiz #1

EE460 (Semester 1/ 2018)

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There has been the consistent cyclical pattern of both total production and the total consumption in Thailand as exhibited in Figure 1 and 2.

Figure 1: Total Production in Thailand

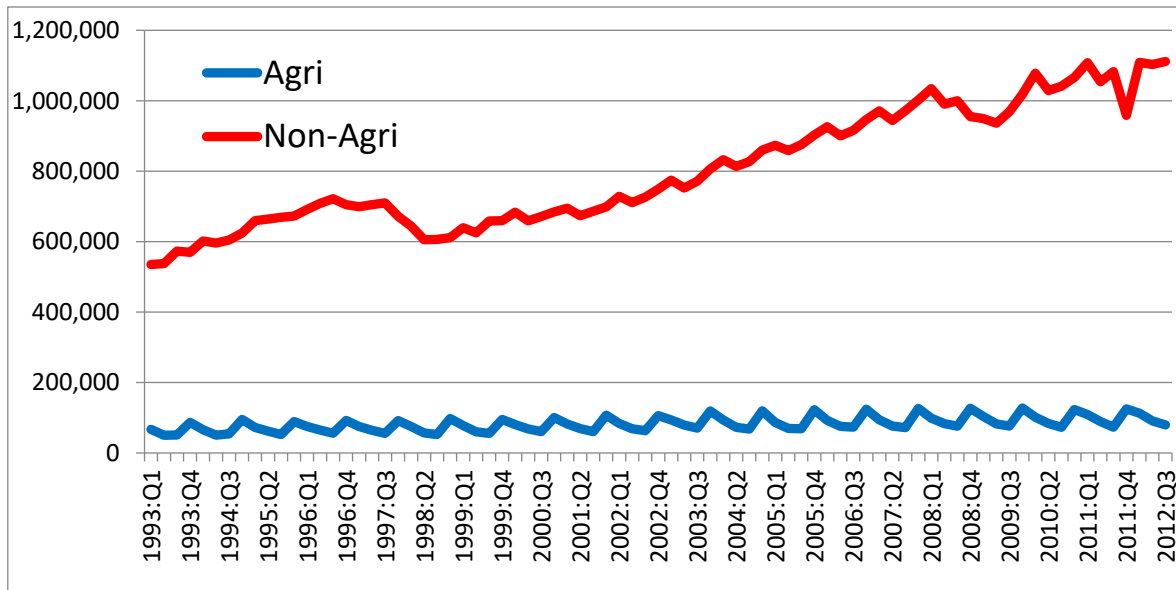
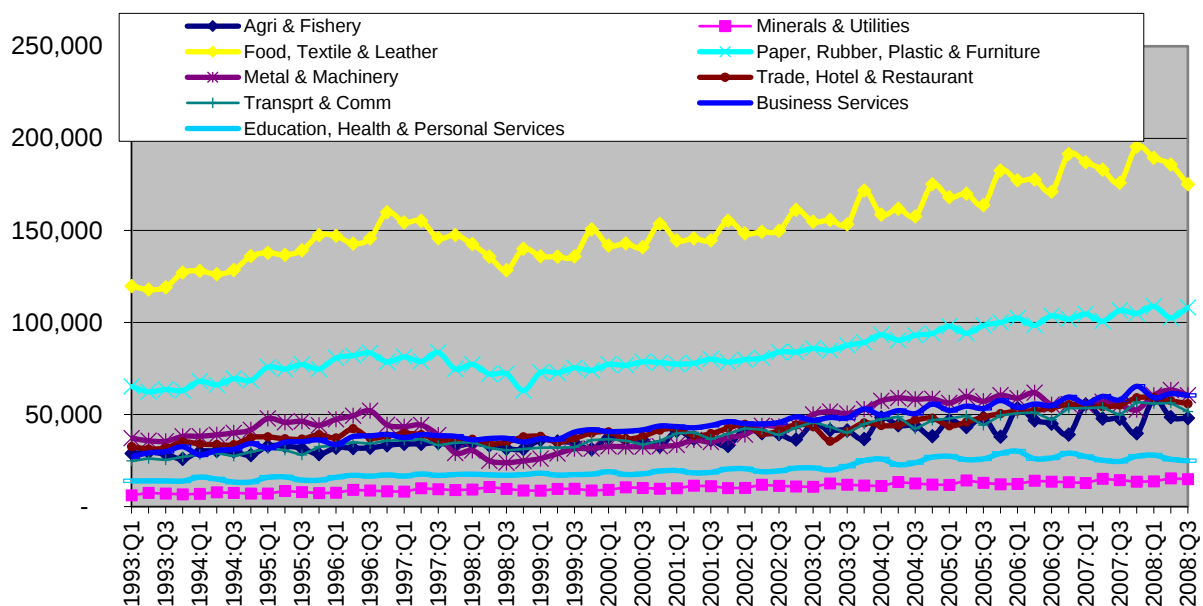


Figure 2: Total Consumption in Thailand



Question 1: What are the main causes inducing this cyclical pattern?

Answer: The cyclical patterns of both production and consumption have been mainly driven by the annual crop calendar of major agricultural outputs, which are rice, sugar cane and maize. This pattern subsequently induces the annual cycle of productions of food, beverage and other related activities. The consumption has been influenced by this cycle because both income and consumption of agricultural households are based on harvest season. Particularly, the higher income will enable farmers to achieve the higher purchasing power. According to the agricultural census produced by the National Statistical Office, since the proportion of households in agricultural sector is still substantial in total population, the dependency of Thai economy on the crop cycle is inevitable.

Question 2: Has this cyclical pattern affected employment and migration? Why?

Answer: The seasonal migration between agricultural and non-agriculture sectors has played an important role in Thai economy. After the harvest season, unskilled workers migrate to find informal jobs in urban areas. Later they will move back to rural areas again when the crop season starts. Based on this fact, there exists the highly significant negative correlation between employment in agricultural and non-agricultural sectors. This mechanism has been stabilizing the economy and maintaining the low unemployment rate. Specifically, it enables Thailand to achieve one of lowest unemployment rates in the world. However, it conversely leads to the problem of stagnant in GDP growth because these unskilled workers earn mostly the low level of income in both agricultural and non-agricultural sectors.