

## The Economic Crisis and Rural Households in Thailand: Impact and Response

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### Abstract

As a consequence of the economic crisis in early 1997, one of the most prominent and urgent problems was unemployment. There were reports of almost two million migrants having to return to their villages of origin in the Northeast, besides those seeking refuge in the urban "informal sector." Certainly, this would create great pressure on rural households, not only in terms of the reduction of their off-farm income, but also in having to bear the burden of unemployed family members. Adding to the crisis was a weakened baht value that caused a hike in the cost of consumable goods and agricultural inputs, thus affecting rural households and communities as a whole. This paper aims to reveal how the economic crisis impacted on rural households; and how they coped with it; as well as to what extent the agricultural sector could accommodate the returned labor force. To explore these issues a qualitative approach with three main concepts was used for the analysis: (1) agricultural base of households, (2) necessary dependence on external resources, and (3) social networks.

From the empirical cases in four villages that varied in terms of agricultural and non-agricultural resources within and in their vicinity, the paper shows the impact rural households received varied in terms of degree and diversity depending on their existing agricultural resources and dependency on external resources. Three groups of households were classified based on the degree of impact created by the economic crisis: those least affected, moderately affected, and strongly affected. In relation to how the crisis affected each type, these households also reflected different degrees of coping with the crisis, ranging from households needing no adjustments to households still unable to adjust. Their differing coping mechanisms were based on social networks that could be kinship or non-kinship based in nature. It was also found that the agricultural sector supporting the returned labor could be considered as direct and indirect, and closely related to households and village agricultural resources. However, most returned migrants preferred to do off-farm work. Their decision making concerning agricultural or off-farm activities depended on their skills, capital and social networks.

**Keywords:** Northeast Thailand, economic crisis, impact, adjustment, livelihood, household, community

### Introduction

The Thai economic crisis started in mid 1997 and produced a strong impact on the country's economy and society. Many businesses either went bankrupted or had to downsize, especially

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those in the finance, real estate and construction sectors. Unemployment increased rapidly and new labor could not enter the labor market. A nationwide labor force survey conducted in the dry season in February 1998 showed 1.48 million unemployed persons. The unemployment rate increased from about 2.2 percent to 4.6 percent during February 1997 to February 1998. In the wet season in August 1998, the unemployment rate—3.4 percent—was lower than that of the dry season in February 1998, although it had increased rapidly compared to 0.87 percent in August 1997 [Thailand, NSO 1998: 5]. When employment patterns were analyzed by location, it was apparent that the Northeast, the poorest region of Thailand in terms of resources, economy and personal income, suffered the most serious impact from unemployment crisis induced. The data indicated that the rural Northeast had the highest incidence of unemployment in the dry season of 8.6 percent in 1998. This was not surprising as the region was the largest source of rural-urban migration. When demand from labor in the urban areas declined due to the crisis, these former emigrants returned home as unemployed persons [Kittiprapas 1999 cited in Kittiprapas 2002: 12–13]. This was supported by the NSO statistics that during the survey period of January 1997–98, most of the formerly working unemployed migrants returned to the Northeast (67 percent of which 48 percent used to live in Bangkok) and the main reason for migration was to return home [Kittiprapas 2002: 14].

It was obvious that the impact of the crisis on unemployment was significant. The impact from the loss of income on the unemployed households depended on how important the income was to the households. At the same time those who were employed saw the size of their income decreased by going to part time or irregular employment or experienced bonus cuts or a reduction in wage. Those who earned their income on a contract basis saw their contracts reduced in terms of payment or workload or had no bargaining power. As a consequence, the increase in unemployment and reduced income due to the crisis led to a decline in remittances from workers in urban areas, thus affecting rural incomes. This created a great pressure on rural households, particularly those whose livelihoods depended entirely or mostly on urban remittances. A TDRI survey in 1998 found that the drop in remittances was as large as 90 percent. This decrease in remittances most affected the Central and the Northeast regions, which both experienced reductions in remittances of about 92 percent [*ibid.*: 15].

Besides the income pressure on the rural households from reduction of remittances due to the crisis mentioned above, households had to bear the burden of the unemployed family members. Competition among the locally hired agricultural labor also increased which may have resulted in lower actual wages [Petprasert and Yodkamolsart 1998: 215]. Adding to the crisis was a weakened baht value. This caused an increase in prices of consumable goods and agricultural inputs and thus affecting households and communities as a whole.

The above situation led to a few important research questions. How did the economic crisis impact rural households? How did households cope with the crisis? To what extent could the agricultural sector accommodate the returned labor force, and how? There have been some research reports responding to various aspects of these questions but most of them have done so in quantitative terms and based on the assumption that all households were

homogeneous while in reality variation exists: poor households were always affected more than households in other economic sectors. There are some qualitative studies, most of which are focused on the poor [Robb and Zhang 1998; Charoenkul and Thamborisut n.d.; Rawivong, Gritsanaputti and Silabutra 1999]. Therefore this study, in analyzing the impact of the crisis, uses a qualitative approach based on the concept of the household agricultural resource base—mainly land resource—and necessary dependence on external resources. The concept of social network was also used for analyzing the crisis coping mechanisms. Due to methodological limitations, this case study approach was used to reflect many facets of the crisis impact on the rural people in a particular region, the Northeast Thailand.

### **Methodology**

The methodology used in this study is mainly qualitative as mentioned above. Triangulation, through selection of sites and types of households, is used in data collection.

#### *Site Selection*

Four rural communities were selected: one village from each of Khon Kaen, Kalasin, Mukdahan and Srisaket provinces. Village selection was based on agricultural as well as non-agricultural resources within and in the vicinity of the village. It was believed that the resource base criteria reflected self-reliance as well as poverty. Those that were endowed with more and diversified resources, especially agricultural resources, may be more self-reliant than those that were less well endowed and their need to rely on external resources would be less. Then, households would be affected differently, depending mainly on the agricultural resources available and the degree of dependency on external resources. This type of rationale suggested that site selection criteria should be based on villages characterized by certain ranges of proportions of paddy land against upland areas. Site selection was also based on the diversity of agricultural activities and local off-farm activities.

The villages selected were: (1) Ban Khon Kaen, Khon Kaen province which has a balanced proportion of paddies and uplands and moderate local off-farm activities; (2) Ban Mukdahan, Mukdahan province; (3) Ban Srisaket, Srisaket province with large and diversified paddy land and year round agricultural activities with moderate local off-farm activities; and (4) Ban Kalasin, Kalasin province, having a large proportion of uplands, with limited agricultural and off-farm activities. The names of these four studied villages are assigned and not their real ones.

#### *Data Collection*

Secondary data were compiled from reports on employment, unemployment, labor migration, and so on. Primary data were collected in the wet season in October 2000 through semi-structured interviews and observations from key informants and household respondents as follows:

1. Village data: In each village one group interview, consisting of 10–15 key informants,

was conducted. The key informants were village headmen and/or village committee members as well as those who knew about the village context, especially agricultural and non-agricultural resources, agricultural and off-farm activities, labor migration, impact of the economic crisis, and coping mechanisms in general.

2. Household data: twenty-six heads of households were interviewed to obtain the data on household structure, land resources and land use, agricultural and off-farm activities, incomes and expenditures, impact of the economic crisis on the households and their adjustment. Households interviews were classified according to (1) agricultural resources that are land that could be used to produce rice regardless of ownership, (2) rice self-sufficiency, and (3) agricultural and off-farm activities within and outside community.

From the above classification the households selected could be grouped as the following:

1. Households with agricultural resources
  - 1.1 Households self-sufficient in rice
    - 1) Households having only agricultural activity
    - 2) Households having agricultural and within and/or outside off-farm activities
  - 1.2 Households not self-sufficient in rice
    - 1) Households having agricultural and within and/or outside off-farm activities
2. Households without agricultural resources
  - 1) Households having within and/or outside off-farm activities

### *Data Analysis*

After data were collected in each step of the fieldwork, it was analyzed and reviewed. Incomplete or conflicting data were filled in or clarified during further interviews. Different types of households were analyzed by comparing each issue according to household characteristics or criteria, and then interpreted to reach conclusions according to the context of the studied villages.

## **Result**

### *Village Context*

The four villages were different in terms of population, labor migration, land and land use, and economic activities as shown in Table 1.

### *Population and Labor Migration*

Ban Srisaket had the largest population and number of households. Ban Kalasin was the smallest community selected for this study and was a relocated community.

Labor out-migration occurred in all villages, especially in Ban Srisaket where in 1996 every household had at least one family member who migrated to work, mainly in Bangkok. This is due to previous connections made by members of their community who already had their own small economic or sub-contract activities, such as shoe and cloth or leather product making in

**Table 1** Profile of the Villages Studied

Profile	Khon Kaen	Mukdahan	Srisaket	Kalasin
Households	141	134	212	109
Household average size	5	5	4	5
Household labor average size	3	3	2	4
Population	707	626	738	553
Male	372	313	403	271
Female	335	313	335	282
Labor force (15–59 year old)	475	443	479	399
Distance to the district town				
Asphalt road (km)	4	6	12	1
Dirt road (km)	—	—	—	3
Cultivated land (ha)	355	272	624	160
Paddy / upland ratio*	40 : 60	92 : 8	75 : 25	10 : 90
Water sources for agriculture*	Rain-fed	Irrigated, Mekong River	Partly irrigated stream and underground water	Rain-fed
Households cultivating rice (%)	99	98	100	18
Self-sufficiency in rice*	Yes	Yes	Yes	No
Main crops*	Rice, maize, sugarcane, cassava	Rice, peanut, spring onion	Rice, peanut, shallot, kenaf	Cassava, sugarcane, rice
Households raising cattle (%)	16	17	8	23
Cattle (heads)	440	68	50	25
Households raising buffaloes (%)	3	11	18	9
Buffaloes (heads)	12	38	102	10
Landless households (%)*	3	2	None	43
Households with out-migrants in 1996 (%)**	37	32	100	40
Households with out-migrants (%)	7	25	93	28
Unemployment (%)	—	8	3	34

Sources: \* Key informants

\*\* [Thailand, National Rural Development Committee 2000]

Bangkok. Most of the migrants in all studied sites worked in factories in Bangkok and migration appeared to be year round rather than seasonal except in the cases of Ban Khon Kaen and Ban Kalasin, where many migrants were construction workers. When the economic crisis occurred, a large number of these laborers were laid off or resigned from their jobs due to wage cuts or reductions of workload. Some of the unemployed workers did not return to their communities immediately but tried to get temporary jobs in the hope that the situation may get better. Some of them started their own small businesses. However, large numbers of the unemployed laborers returned to their communities to work in agricultural activities and as hired agricultural labors or off-farm workers within or outside their communities.

Construction workers suffered from wages not being paid or receiving irregular or underpaid payments. Many of them returned to agricultural activities. However, most of the

returned labor awaited opportunities to migrate for work in Bangkok again. This was obvious in Ban Kalasin where most of the returned workers eventually migrated back to Bangkok to earn even lower wages. In Ban Mukdahan, where economic conditions appeared better, the migration back to town was smaller as compared to Ban Kalasin and Ban Srisaket. The situation was different in the case of Ban Khon Kaen where most of the migrants were construction workers. Due to their very limited job opportunities, the proportion of those reverse migrating to town was smallest.

#### *Economic Conditions in the Villages*

From observations and interviews during the field survey, general economic conditions of the studied villages could be arranged by using economic activities as the main indicator. Ban Mukdahan was relatively first in order because most of the cultivated land was irrigated; a variety of crops could be cultivated year round. The villagers had access to border trading activity and the city market. There were also within village and off-farm activities. Next was Ban Srisaket, with only little surface irrigation but underground water in paddy fields was high and used for growing a variety of dry seasonal crops. There was on-farm and off-farm employment within and outside the village. After Ban Srisaket was Ban Khon Kaen. This village was close to irrigation land but could not use the facility because of higher topography. The village was in a rain-fed area. Therefore, crops were cultivated only in the rainy season. The last in order was Ban Kalasin. Even though the village was close to a reservoir, the villagers could not use the water for agricultural purposes but only for fishing.

#### *Agricultural Land Use*

Agricultural land of the four villages was clearly different. Major parts of the land in Ban Mukdahan and Ban Srisaket were paddy while that of Ban Kalasin was upland. In Ban Khon Kaen land area of paddy and upland was about the same.

In Ban Khon Kaen and Ban Kalasin, agricultural land use was limited to only rice, cassava, and sugarcane. Sugarcane was recently introduced as an industrial crop. In Ban Kalasin only 10 percent of the land were used for rice cultivation. Even this land was not suitable for rice growing. Forty-three percent of the households had no land for cultivation. Therefore, most households had insufficient rice production for home consumption. In Ban Mukdahan and Ban Srisaket, enjoying water resources, villagers could grow a variety of crops besides rice such as spring onions, shallots, chilies, and other vegetables.

In all villages there were more cattle than buffaloes. Villagers in Ban Khon Kaen raised the largest number of livestock while the smallest was found in Ban Kalasin. When considering the number of livestock per household, Ban Mukdahan and Ban Srisaket displayed the lowest figures. This was because after rice harvesting most of the land was used for dry season crops, which in turn limited livestock raising especially for a free grazing system. The situation was different in Ban Khon Kaen and Ban Kalasin where a year round free grazing system was practiced because of available public land. In Ban Kalasin upland crop areas were

replaced by livestock grazing due to low crop prices.

#### *Fisheries*

Since Ban Kalasin is close to a reservoir, most of the households catch fish from it for home consumption. About 34 percent of the households earned their living from catching fish. Ban Srisaket is close to a stream with a weir and while the villagers can catch fish there for home consumption, only 3 percent do it for sale. Ban Mukdahan is on the banks of the Mekong River so villagers can catch and consume fish from the river. Eight percent earn their living from this activity. For Ban Khon Kaen, there was no fishing activity due to very limited water resources.

#### *Off-farm Activities*

Ban Mukdahan and Ban Kalasin had a certain advantage over the other two villages because besides agricultural activities to support the hiring of returned labor, these two villages also had off-farm jobs within the village, such as cloth, shoe, and rice noodle production. Outside the villages experienced laborers could also find jobs in large cities. Ban Mukdahan also had the added advantage of enjoying border trade of agricultural products such as garlic and forest products with Lao PDR. Trade could also absorb some labor. For Ban Khon Kaen and Ban Kalasin, only agricultural activity could absorb the returned labor for construction and factory work in Bangkok was the only available off-farm activities.

#### *Impact of the Economic Crisis*

The impact could be seen at both the village and household levels.

#### *Village Level*

The negative impact was greater competition for local resources and wage labor among villagers. The positive impacts were group organization to gain subcontract work from factories and more participation of villagers in village activities.

Notable competition for local resources included fishing from natural bodies of water and reservoirs, and other natural food from public land. In Ban Kalasin the villagers complained that increased numbers of those catching fish caused a decline in fish prices. The returned labor created a labor surplus for agricultural activities. At the same time each family had enough agricultural labor. This resulted in reduced daily wages from 120 to 100 baht per day. This was obvious in Ban Khon Kaen and Ban Kalasin where limited off-farm activities were available. In Ban Mukdahan where more economic activities were available, most of the returned labor did not join waged labor in agricultural activities. They even had to hire cheaper labor from a neighboring country.

Group organization for subcontract work was observed in Ban Mukdahan. The group members were able to subcontract sportswear from factories in Bangkok as well as in Mukdahan province. The group leader, who used to work in a factory and had gained the

owner's confidence, at the same time had resources to invest. The group members used to work in factories before the crisis. Even though this type of subcontract may not provide continuous employment, it could still support returned labor that did not want to go back to agriculture. They could live in their community while earning from off-farm work. However, most of the returned labor hoped that the situation would be better and preferred to go back to the cities and be employed there.

Before the crisis, most of the labor in Ban Khon Kaen and Ban Kalasin was employed at construction sites in cities. After harvesting or planting rice they had to return to construction work, and thus had no opportunity to participate in community traditional or religious activities. After the crisis, because unemployed, many can now actually join important community activities.

#### *Household Level*

Households were affected differently, depending mainly on the agricultural resources available and the degree of dependency on external resources. Therefore, households that had limited agricultural resources and depended mainly on off-farm activities within the village were even less affected than households having sufficient agricultural resources but relied more on off-farm income outside the community. Three types of households based on the level of the crisis impact could be classified according to villagers' perceptions (Fig. 1).

1. Households least affected: Most households of this type had sufficient agricultural resources to support the returnees. They could produce sufficient rice for home consumption and sale and earned the least amount of income from off-farm activities. Within this type there were also some households that had little or no agricultural resources, such as paddy land, and which sometimes produced insufficient quantities of rice for home consumption. They had to rely on wage earnings from agricultural, off-farm activities or catching fish. These households were barely affected by the crisis because their livelihoods were not linked so much to the outside world. They solved their rice insufficiency by engaging in off-farm activities mainly within the village. At the same time they were humble and diligent, therefore their service as hired labor was preferred. And some households had special skills such as catching fish from natural water resources. They could then catch almost the same amount of fish even though there were more villagers competing for this resource. Moreover, their expenditures were found to be minimal.

2. Households moderately affected: In every village studied most of the households fell into this type. These households were those which relied on off-farm activities within and/or outside the villages as their major sources of income even though they had sufficient or limited agricultural resources (or not at all). However, the off-farm activity played different roles for these two groups. While for the former it was used as a means to accumulate wealth, for the latter it was a survival strategy.

Obvious negative impacts mentioned by most households under this type were:

- Reduction and instability of income.

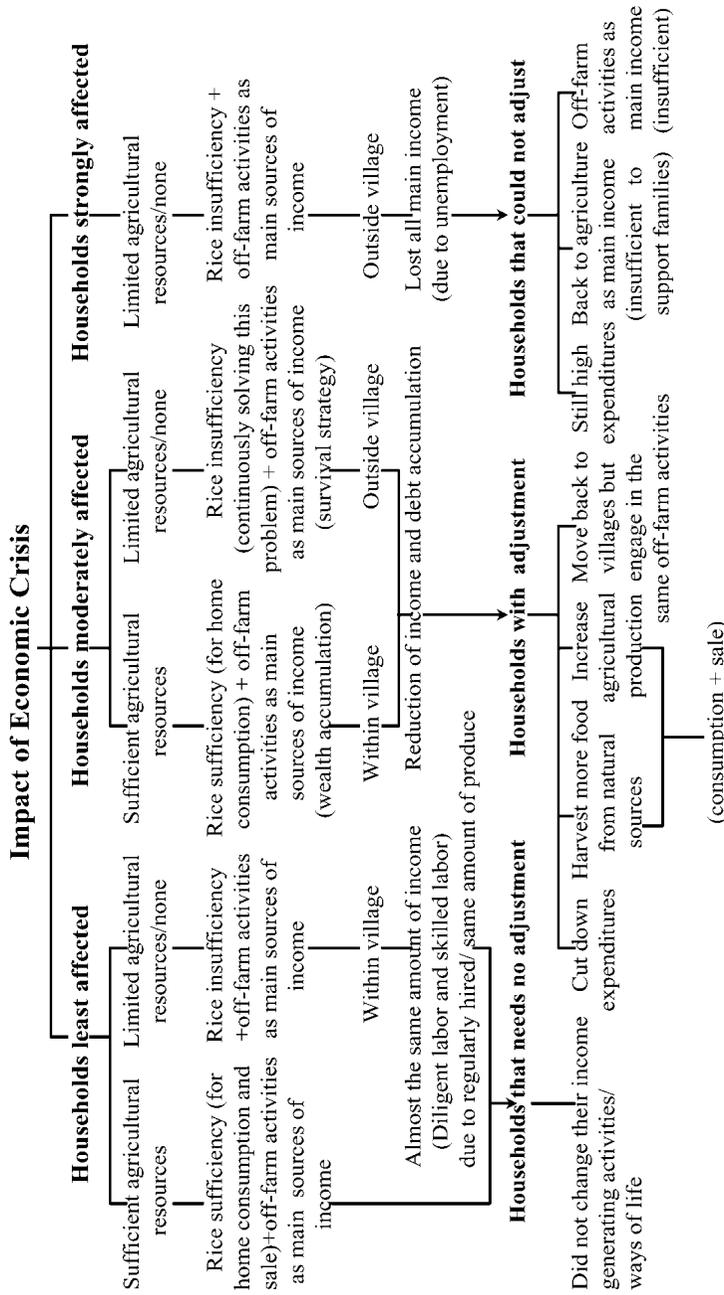


Fig. 1 Villagers' Perception of Impact of Economic Crisis on Households and Their Adjustment

- Increased expenditures due to higher prices of food and consumer goods.
- Reduction in share of family resources, especially food. This led in some cases to conflict.
- Debt accumulation, especially after buying on credit. However, those with unstable cash incomes were not usually allowed to buy on credit.
- Loss of social welfare, especially for those working in established business and becoming subcontractors.

Nevertheless, some families mentioned that being unemployed allowed members of a household to spend good time together, to breathe fresher air, and to eat better food than living in polluted Bangkok or big cities.

3. Households strongly affected: These households had limited or no agricultural resources. They earned income mainly from off-farm activities outside the villages. These households were not self-sufficient in rice and were heavily indebted. Due to unemployment, they lost all their main income. In addition, most of these households could not adjust their expenditures, especially for food. They were used to buying food rather than producing it themselves as a means to reduce this type of expenditure.

#### *Coping with the Economic Crisis*

The villagers reflected different degrees of coping with the crisis, depending on how much the crisis had affected them. Households were categorized in their response to the degree of impact caused by the crisis as classified above (Fig. 1).

1. Households that needed no adjustment: They were those where the crisis did not affect their incomes or expenditures even though the price of consumer goods increased. They neither changed their income generating activities or ways of life.

2. Households with adjustment: These households were moderately affected by the crisis and they were able to adjust themselves to a great extent. Such adjustment could be categorized as follows:

- 2.1 Expenditure adjustment: These households had to cut down expenditures on food and unnecessary consumer goods. Instead of buying ready-to-eat food, they had to rely more on food harvested from natural sources or on home grown or caught items such as vegetables and fish. In some cases they spent on food only 20 to 30 baht rather than 100 to 200 baht a day prior to the crisis. In addition, some households tried to cut down their expenditures on electricity, water, and their children's school allowance.
- 2.2 Income adjustment: Besides relying more on food from natural sources some households harvested this type of food for sale as a new source of income.
- 2.3 Back to agriculture: Some households increased their income by increasing agricultural production, such as vegetables growing or fish and livestock raising.
- 2.4 Adjustment of off-farm activities: By comparing important income generating activities of the households before and after the crisis from the four villages, two

main types of households were observed: Those that did not change and those that changed their activities.

- 2.4.1 Households that did not change their activities: This type of household could be further divided into those that did not change their locations and those that did.
- 1) Households that did not change location: They still engaged in the same off-farm activities, such as hired labor in agricultural activities by using networks of relatives to gain access to local work.
  - 2) Households that changed location: Most members of these households were skilled laborers. After the crisis they had to move back to their communities but they brought with them connections directly to entrepreneurs or to subcontract work through relatives. Therefore, they could carry out subcontract work such as cloth and footwear making. These subcontractors also had management skills to organize and manage their group members.
- 2.4.2 Households that changed economic activities: To cope with the crisis some households had to change their economic activities. They could be classified into two groups:
- 1) Those that changed from off-farm employment in big cities to agricultural activities in their own communities. Some of these households increased intensity of agricultural production but others did not.
  - 2) Those that changed their off-farm activities: Some households switched from construction work to petty commerce. In doing so they had to acquire capital, management, and sale skills.

It was obvious that the resource base to support the returnees in all the villagers studied was not equitable. But it did exist in all the villages, even the most economically limited village like Ban Kalasin where most of the interviewed households did not change their activities.

Social networks have served a vital role in coping with the crisis. These networks could be kinship- or non-kinship-based in nature. Kinship-based networks functioned as mechanisms for product and input sharing, commodity exchange, marketing, and private loaning. Non-kinship-based networks within or outside the villages functioned as mechanisms for the poorer to gain wages, food, products, markets, loans, and membership to off-farm activity groups.

For example, households that had limited land or without land must rely on close relatives or friends or “*seo*” (friend through ritual bondage) within and outside their community in various forms of bartering to obtain their necessity, depending on available resources. Households in Ban Khon Kaen that produced insufficient rice but could produce local handicrafts exchanged them for rice from relatives. Ban Kalasin where most of households had insufficient rice, they had to exchange their goods; fermented, preserved or dried fish, for rice from “*seo*” in other villages. This was carried out, by 3–4 women, as a group, who help each other to expand their network. Through this practice they got more rice from their goods than they had to buy.

Subcontract work was also good example of social network mechanism. In Ban

Mukdahan a woman who used to work in garment factory in Bangkok, through her reliability, after being laid off got a subcontract to produce cloth and distributed the subcontract to other relatives and friends working as a group. Some of this group's members also used to work in garment factory in Bangkok. Similar subcontract to produce footwear was also observed in Ban Srisaket.

The above examples reflected multi-dimensional relationships between close relatives, friends, villages, the rich and the poor, employers and employees. These positive relationships could expand and be used as coping mechanism.

3. Households that could not adjust: These households that were strongly impacted by the crisis were stripped of their income due to unemployment. Most of their members had been working in Bangkok for a long time or who had gone there straight away after schooling. Since they were used to a certain lifestyle (buying food instead of cooking) in Bangkok, once returned to their rural landscape they either did not try or did not know how to search for and process natural food. Therefore, they could not reduce their expenditures on food. Whether what they could earn was from agricultural or off-farm activities, it was insufficient to support their family.

#### *Capacity of the Agricultural Sector to Support the Returned Labor*

At the time of the field study most of the returned labor had gone back to work in cities but for even less income. But those that remained behind consisted of households that relied mainly on agriculture or on off-farm activities and those that had limited or better agricultural resources. The latter type of households had either sufficient or insufficient household labor. Many of those remaining were used to a Bangkok lifestyle and did not want to work on their land any more. Therefore, only some returned labor wanted to live on agriculture.

The agricultural sector supporting the returned labor could be considered as direct or indirect and closely related to household and village agricultural resources. In Ban Kalasin, where agricultural resources were poorest, there was the least support for returned labor as compared to the other villages. Here, a major part of the land was upland with low soil fertility, not suitable for agriculture. It was also in a rain-fed zone. A lot of households did not have cultivated land. Therefore, the agricultural sector could be mainly indirect support. The returned labor could only work on cassava or sugarcane cultivation as hired labor by local investors who bought the land from the villagers. These returned laborers worked for a short period and then returned to seek off-farm jobs in Bangkok. On the other hand, In Ban Mukdahan where agricultural resources appeared to be the richest, villagers had an advantage over the other three villages in terms of supporting the returned labor. Here, most of the land was paddy with irrigation thus it could be used year round to grow a variety of crops besides rice. Ban Srisaket was similar to Ban Mukdahan. In the case of Ban Khon Kaen which was under rain-fed area, the agricultural sector was then less likely to support the returned labor especially in the dry season.

In addition to the agricultural sector as mentioned above, each community has also

variation in terms of their opportunities on off-farm activities. Not only was Ban Mukdahan close to the city market, it was also close to border trading activities with Lao PDR, which could absorb part of the returned labor. It was also noted that this village had a variety of off-farm activities and the returned labor preferred to do off-farm work. They did not want to work in the fields under the blazing sun. Some men got involved in border trade. In this case these men, working as a group, changed from making aluminum wares to trading garlic across the border. The group leader used his own truck to transport garlic instead of aluminum wares, while the group members carried the goods. Women preferred garment work to agricultural work in the village or in local factories. Ban Srisaket was similar to Ban Mukdahan except in the respect of border trade. In the case of Ban Khon Kaen most off-farm activity was construction labor. Even though after the crisis they returned to agricultural work, most of them still hoped to go back to off-farm work that they had done.

Therefore, the capacity of the agricultural sector to support the returned labor depended much on each village as well as the agricultural resource base of each household. However decision-making of returned labor concerning agricultural or off-farm activities depended on their skills, capital, and social networks.

### **Conclusions and Suggestions**

Generally, rural households may have been less affected by the crisis than urban households. The impacts they received varied in terms of degree and diversity, depending on the existing, available agricultural resources and their dependency on external resources. Even if they were poor households, it did not mean that the impact struck them harder than other types of households. The more they could rely on local resources and social networks the less affected they were. It should be pointed out that poor households had been continuously adjusting themselves to external changes long before the crisis. By the time the crisis came it produced little effect or they had nothing to change anymore. Policy and assistance to the returned labor should not be generalized but rather be more specific in terms of resources, skills, social networks and ability to adjust.

This study pointed out a diversity of coping mechanisms that are mainly based on social networks. If any study could clearly identify and strengthen these mechanisms and more widely extend the process, it could help provide support, for the short term, to the returned labor affected by the crisis. In the longer term, it may help solving labor migration.

Part of the returned labor must rely on non-agricultural resources instead of solely on agricultural resources. Many of these laborers had long changed their lifestyles and could not work on agriculture any more whether there was a sufficient agricultural resource base available to them or not. If there had been no crisis, these laborers might not have returned at all to their villages. For many of them, even when they did, it was only temporarily. They perceived the crisis as short term and they may have had different reasons for not staying in their villages. However, the question remains whether existing agricultural resources could be

renewed to sustain support for the returned and retired labor. Could the renewed resource prevent out-migration of the younger generation?

Even if resources were renewed, they could not support all the returned labor or keep all of younger generation from out-migrating. But on the other hand if agricultural production could be linked positively with external markets, the outflow of well-finished products and the inflow of inputs and profit may help pull labor back to rural areas to some extent.

If agricultural practices are to renew resources, villagers must initially produce sufficient amounts of their own food. Then they could sell their products, get rid of their debt, and save. If they have a surplus, it could be developed into marketable products and villagers could organize into groups to run their enterprises. Strong local enterprise then could cooperate with small or medium enterprises. In the Northeast some of the local organizations have developed to the second stage (strong local enterprise) but very few have entered the last stage. Some of these local organizations could employ the younger generation to work for them thus helping to slow down out-migration of the young as well as the old. To achieve this goal more human resources at all levels must be developed to facilitate the desired development process.

#### Acknowledgements

This work was supported by the grant from the Thai Research Fund to the Senior Research Fellow Project of Dr. Aran Patanothai, Khon Kaen University, Thailand. The authors would like to thank Dr. A. Terry Rambo and Dr. Guy Trebilcock for commenting on the draft. Dr. David Streckfuss assisted in editing English.

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