

Chapter V

Summary and Conclusion

In the Upper Northern Region of Thailand, or UNT, the agriculture has been, and still is, the most important sector of the economy in the region. The rural industry in UNT is, therefore more or less related with the agriculture. Some shed influence on agriculture, and some receive impact from agriculture. We focused on the five Changwats, or Provinces where the agriculture is apparently prevailing all over the area and fundamental to people's daily life. And so the rural industry is also promising of the economic development. The five Provinces are Chiang Mai, Chiang Rai, Lamphong, Lamphoon and Payao Provinces. The UNT includes Mae Hong Son, Nan, and Phrae Provinces, as well as five Provinces mentioned above. In this UNT region, there has been a lot of diversification of the agricultural products during the past thirty years of development. The contract farming has become more and more popular in UNT. The government also supports the system to prevail among the farmers, just in order to secure the outlet of the agricultural products, or marketing opportunity for farmers. Another prominent feature of present agriculture in the region is that more and more use of fertilizers and agricultural chemicals is needed here. Especially for a certain variety of crops grown here for a long time in the past, it is necessary to keep up with the decrease of land under these crops. It stimulates some people's concern in the region over the deterioration of environment in general, and the problems of maintenance of the ecological system for farming in particular.

The rural industry in the region is promising of further agricultural development, and in that sense it is important to evaluate the future potentials of the industry. The tourism industry in UNT absorbs some 700 thousand person as permanent employee and part time workers. It is an important economic sector demanding a large number of workers. However, the number of workers employed in the tourism industry of the UNT region as a whole is close to the number which is a sum up of those employed in manufacturing in the NRIE in Lamphoon Province and at all manufacturing establishment located in Chiang Mai Province. The agriculture is still the largest employer of the labor force in UNT. When the impact of development of the tourism industry on the labor market is

taken for consideration, it is interesting to find out that the industry is a good substitute for agriculture, both competing each other to pull the labor to work. Therefore when the agriculture is off-season, and little labor is needed, the tourism industry should have more numbers to work.¹

The importance of the labor market for regional development as well as for sustained agriculture should be more emphasized. The inter-industry relationship of various economic sectors in UNT has more weight among those sectors centering on agriculture. The labor which is spinning out of agriculture is acting not only as a factor of production in the related industries, but also as a factor determining further development process of rural industries. The level of labor's skill just come out of agriculture should not be fitting to the needed level by tourism industry, or other rural industries, even though their level of technology or skills needed in rural industries are not high.² The development in UNT will be partly determined by the availability of labor in various sectors of the economy. The labor force in UNT has a characteristic point as being composed of various tribal people. The Thai people is of the largest number, but there are a number of minority groups. They are working together among the Thai people. When one is looking for cheap labor in order to reduce the cost of production, the working conditions of the minority group people and immigrant workers from neighboring countries also should be given sufficient attention.

Development of the rural industries has been not at a uniform pace. It seems that the rate of development depends on the easiness of acquiring necessary skill. The industries which will require a higher skill

1 The tourism sector in UNT, as is pointed out by Adis in Chapter III, citing a Table prepared by Chum (1992), has been increasing the number of workers. As is pointed out elsewhere, because that their necessary level of skills is not so high, the farmers could work in the industry when the agriculture is off-season. If there is any reason which hinders this substitution of labor to take place, it should be lack of skills on the farmers side usually working in agriculture. The skill development program for the labor to work in the tourism sector should be paid more attention from all side who concerns about it.

2 The traditional textiles woven by the house wives in Mae Jam and other places do not need such skills other than already acquired through their daily life. This industry developed differently from the modern textile industry, and in this respect it is promising of skill and design development.

are, textiles and handicraft, and food processing industries. These industries require higher skills because they are facing severe competition from the other developing countries. Thailand has a sufficient base for development of skills in these industries as is found out in the previous Chapters.