

## ECONOMIC DEVELOPMENT

### New zoning to address problems



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The government plans to outline industrial zoning to reduce environmental and social problems by the end of this year, says Deputy Prime Minister Korbsak Sabhavas.

"Many developed countries want to invest in heavy industries such as upstream steel here. It's good news but we should ask ourselves whether the economic benefits are enough to compensate for the environmental damage and health problems of Thai people in the future," he said.

Thailand must maintain core activities such as managing natural resources related to tourism and the development of the agriculture sector, he said.

He noted the government's new crop insurance programme, which replaces costly crop pledging, was an example of change for the better. The new scheme has a budget of 50-60 billion baht to help farmers make ends meet.

"The country's economic development, which has gross domestic product as an indicator, may not be an answer to making people happy. In fact, the objective of economic development should focus on people's welfare, especially rural people living in 80,000 villages nationwide," Mr Korbsak said yesterday at a seminar on ways to reform Thai society.

Sathit Limpongpan, the permanent secretary of the Finance Ministry, said there were concerns that Thailand would face problems from an ageing society. Citizens aged 60 and over will increase to 20% of the population in the next 20 years, a jump from 10% today.

"We should prepare for this problem and find measures to help senior people live happily in society, without creating heavy burdens for families and the government. One possible measure, which is under way, is setting up retirement saving funds for workers who don't have social security funds, provident funds or government pension funds," he said.

Nipon Poapongsakorn, president of the Thailand Development Research Institute (TDRI), said that Thailand \_ along with Argentina and Colombia \_ was among the countries with the widest income gap between rich and poor.

The richest 20% of Thais hold 55% of national income while the poorest 20% have just 4.4%.

The richest fifth also have 69 times the assets of the poorest.

"I support the idea of Nidhi Aeusrivongse, an eminent economist, who called for Thailand to increase welfare for people to reduce social conflicts and problems," he said.

To dedicate 2.8% of GDP to social welfare, Thailand's government would have to spend another 300 billion baht, on top of the 252-billion-baht current budget. Among OECD countries, South Korea spends 6% of GDP on welfare and Mexico 7%.

The social welfare system must work alongside tax and economic reforms, which are expected to increase fairness in doing business, said Dr Nipon.

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