

**AIRGRAM**

**DEPARTMENT OF STATE**

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PROJ. NO. 4930195  
**4930195**  
**PI-440-634-B1**

DATE REC'D.

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DATE SENT

7-14-69

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TO - AID/W TOAID A- 1250 X

FROM - BANGKOK

SUBJECT - Non-Capital Project Paper (PROP) - Labor Department Administration

REFERENCE -

Country: Thailand

Project No: **493-11-460-195**

Submission Date: July 12, 1969 Original X

Project Title: Labor Department Administration

U.S. Obligation Span: FY 1967 through FY 1971

Physical Implementation Span: FY 1967 through FY 1971

Gross Life of Project Financial Requirements:

U.S. Dollars	423,000
RTG Cash Contribution	<u>50,000</u>
<b>Total</b>	<b><u>473,000</u></b>

50W

LABOR  
State

PAGE 1 OF 9

DRAFTED BY <b>A. G. Swing</b> <del>XXXXXXXXXX</del> AD/ID	OFFICE	PHONE NO.	DATE	APPROVED BY:
<b>S. Isaacs</b> , AD/P	AD/P		Jul 10, 1969	<b>A. H. Boehme</b> , AAD/P

AID AND OTHER CLEARANCES

AD/ID:GHalm \_\_\_\_\_ date \_\_\_\_\_ AD/F, AD/M, AD/ED, AD/P-4, AD/ID, P/EC,  
SA/CI, SA/MC, M/CR, AD

AD/ID:ASwing \_\_\_\_\_ date \_\_\_\_\_

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**LABOR DEPARTMENT ADMINISTRATION****I. Summary Description**

This project assists the Department of Labor in dealing with a wide range of labor and manpower problems, with emphasis on two areas which are particularly important to the Kingdom's stability and prosperity. They are:

1. The absorption into the labor market of enormous numbers of workers, mostly young and often poorly trained, the product of Thailand's skyrocketing population growth; and
2. The orderly implementation of the new labor relations law which provides for the organization of employee associations.

Other project targets include: improvement in the Department's ability to coordinate manpower programs with other agencies, especially the North-east Economic Development Committee (NEED) and those with manpower training responsibilities; provision of a basic industrial health and safety program for workers in non-manufacturing establishments; the establishment of standards for the protection of women and child workers; and improvements in vocational guidance and testing techniques particularly relevant to new entrants into the labor market.

To achieve these goals the Department's operations have been, and will be strengthened through the assistance of technical advisors and the provision of participant training for key department personnel. Labor Affairs Advisors have furnished general advice and assistance to the Department with particular reference to departmental organization and operating procedures; the drafting of labor laws and regulations; and the establishment of an Employment Service to assist in promoting the development of the public Employment Service into an effective nationwide manpower institution. TDY specialists are utilized to assess needs and recommend programs relating to apprenticeship training, industrial safety, the employment of women and children, and minimum wage laws.

USOM assistance, which began in FY 1968, will terminate in FY 1971.

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 BANGKOK TOAID 4- 1250

Table 1  
 Page 1 of 2  
 COUNTRY

NONFIELD PROJECT FUNDING (OBLIGATIONS IN \$000)

Project Title: Labor Department Administration

PROP DATE July 12, 1969  
 Original   
 Rev. No.  
 Project No. 493-11-460-195

Fiscal Years	Ap	L/G	Total	Cont	Personnel Serv.		Participants		Commodities		Other Costs	
					AID	EMBA	U.S.	AGENCIES	U.S.	CONT	U.S.	CONT
Prior through Act. FY 69	TC	G	243		147		94					2
Oper. FY 70	TC	G	90		60		30					
Budg. FY 71	TC	G	90		60		30					
Total Life			423		267		154					2

<sup>1/</sup> Memorandum (nonadd) column

Table 1  
Page 2 of 2 Exchg. rate \$1 = 720

Project No. 493-11-460-195

4

Fiscal Years	AID-controlled Local Currency		Other Cash Contribution Cooperating Country <sup>1/</sup>	Other Donor Funds (\$ Equiv.)	Food for Freedom Commodities		
	U. S. owned	Country- owned			Metric Tons (000)	OCC Value & Freight (\$000)	World Market Price (\$000)
Prior through Act. FY 69			30				
Oper. FY 70			10				
Budg. FY 71			10				
B + 1 FY__							
B + 2 FY__							
B + 3 FY__							
All Subs.							
Total Life			50				

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<sup>1/</sup> Estimated counterpart requirements.

## II. Setting and Environment

The project is the outgrowth of recommendations made by a senior consultant from the U.S. Department of Labor in 1965, the same year that the Bureau of Labor was upgraded to departmental status within the Ministry of Interior. The recommendations noted the need for assistance in the organization, development and operation of the new department to enable it to formulate labor policy, provide leadership in the development of a labor union movement, coordinate and provide manpower training, promote industrial health and safety and to administer a national employment service.

For the past few years, USOM has provided two advisors to the Department of Labor, both on PASAs with the U.S. Labor Department. One advisor has helped train the staff of the Employment Services section and has assisted in the development and growth of national and regional employment services offered by the department. The other advisor has worked directly with the Director-General of the Labor Department on a myriad of matters, particularly labor relations.

### A. Employment Services

At 3.2% a year, the rate of Thai population growth is one of the highest in the world. The impact on the labor force is significant because hundreds of thousands of inexperienced young people must be absorbed into the economy each year. The following projections compiled by the National Statistical Office illustrate this point.

	<u>Total Population</u> (in 000's)	<u>Youth Population</u> (14 thru 25) (in 000's)	<u>Youth as a percentage</u> <u>of total</u>
1966	33,205	5,972	17.9%
1971	39,202	7,301	18.4%
1976	45,130	8,920	19.7%
1981	51,237	10,552	20.6%

To reduce the problems which will necessarily accompany this population growth, the Department of Labor has strengthened its central employment services and has established five regional employment offices. 1/ These 1/ These should be particularly helpful in placing workers laid off in the north-east as military construction ends. UNCLASSIFIED

offices, which serve as a means of channeling young people into available jobs, emphasize vocational guidance counseling and vocational testing. The up-country units, as well as the Bangkok office, register, interview, counsel and place job applicants; the establishment of mobile employment services units has been scheduled and enabling legislation has been passed.

#### B. Labor Unions

The chaotic history of trade unionism in Thailand reached a climax 10 years ago when unions were outlawed following a period of severe industrial strife. In the interim there have been no legal employee organizations. A new labor relations law, which will permit the establishment of employee associations (the word "union" has, apparently, been avoided) has passed the Cabinet and will be sent to the Parliament for final approval. Although the new labor law appears to have solid government backing, opinions regarding unions tend to be emotional and development of a fair and moderate regulatory approach must be undertaken with patient care and mature expertise.

#### C. National Council for Skill Development

During the past year, the Department has conducted studies to determine the needs for vocational and on-the-job training. On the basis of these studies, a "National Institute for Skill Development", was created, supported by a grant of approximately one million dollars from the UNDP for a five year program. In addition the RTG has established a National Council for Skill Development to develop guidelines and otherwise coordinate the operations of the Labor Department, the National Institute for Skill Development, the Ministry of Education's vocational training activities, and the work of other ministries and agencies concerned with problems of manpower training. The National Council will be attached to the Department of Labor with the Deputy Director General as Secretary General. The Council might develop into an institution which could effect coordination of vocational training activities.

#### D. Other Labor Manpower Activities

Other elements in the Thai labor-manpower environment are: growing manufacturing and service industry employment; substantial rural-urban migration; depressed wages among the unskilled and semi-skilled workers; many unsafe and unhealthy work sites and females and children employed in hazardous and strenuous construction occupation. At the same time employers frequently are unable to hire skilled technical and professional personnel and resort to importing them from Japan, Taiwan, the Philippines or elsewhere.

### III. Strategy

USOM has been, and will continue for the next two years, to give small-scale assistance to the Labor Department, particularly in the job services and labor relations fields. USOM assistance in the manpower and vocational training fields is not, however, limited to supporting the Department of Labor through the activities described in sections IV and V of this paper. In order to help coordinate manpower activities, USOM is helping the NEED (Northeast Economic Development) Committee by providing a Manpower and Training advisor under a contract with Louis Berger Associates. Although this consultant will work primarily with the NEED (National Economic Development Board), which has primary responsibility for manpower planning, he will also work with the Department of Labor and the Department of Vocational Education of the Ministry of Education.

For the past few years, USOM has been providing assistance to the Vocational Education Department, in the form of advisors to the department and contracts with two universities to help develop teacher training institutions in agriculture and industrial arts. Mobile Trade Training Units, administered under the direction of the Vocational Education Department, give 300 hours of training in vocational skills in a number of areas.

Other aid donors are also assisting the Thai government's labor programs. The International Labor Organization (ILO) has its Southeast Asian regional headquarters in Bangkok and provides manpower planning assistance as well as help in vocational training programs. As mentioned above, the UNDP has given a grant (\$1 million) to establish a skills development center; this will train personnel in vocational skills at a center located just north of Bangkok.

Additionally, of course, private industry trains a great many workers and most people in Thailand learn a trade by serving an apprenticeship of several years where they learn on the job.

### IV. Targets, Results, and Outputs

A. Employment Services - The Labor Department plans to dramatically increase its capability to provide up-country employment services by increasing the number of regional labor offices and their staffs and to establish employment services offices separate from the regional offices.

- Six regional offices are now in operation, the Phitsanulok office having begun activities just last month. Two additional labor offices are scheduled to open in 1969 -- one in Ratchaburi, the other in Nakhon Sawan.

- The regional labor offices currently have an average staff of four people. In order to provide sufficient personnel to carry out the full range of employment services, the Labor Department has requested an average increase of 16 positions per regional office. Among the requested positions are additional employment services officers. (It is, however, unlikely that most of these requested positions will be approved).

- The Department of Labor plans to open 10 small Employment Service Offices in sites away from Regional Labor Offices. The probable location of these offices are as follows:

Ubon	Roi Et
Nakorn Si Thammarat	Udon
Sisaket	Chaiyaphum
Surin	Chiang Mai
Chiang Rai	Buriram

These offices will have two or three man staffs, will sometimes provide itinerant service to nearby towns, and will concentrate on the Employment Service basics of recruiting and placing workers and collecting and disseminating Labor Market Information. Additionally, new Employment Service offices will be established in Thonburi, Bangkok's "Twin" city and in Sanut Prakan, an industrial suburb of Bangkok.

B. Manpower Planning - In the field of manpower affairs, the Department of Labor will conduct surveys of employment and under-employment; in addition, the Labor Department is providing leadership in the compilation and evaluation of manpower data, migratory labor surveys, characteristics of the agricultural labor force, manpower requirements for selected industries, etc.

C. Labor Relations - After the new labor statute is passed, the Labor Department will have the responsibility for drafting implementing regulations which provide for the orderly organization of employee associations and provide a framework for future labor-management relations.

D. Aptitude and Testing - As part of its employment services program, the Department of Labor plans to improve its vocational guidance and testing techniques, particularly those which are relevant to new entrants in the labor market.

E. Safety - The Department of Labor will, during the next fiscal year, provide a basic industrial health and safety program for workers in non-manufacturing establishments (manufacturers come under the jurisdiction of the Ministry of Industry).

## V. Course of Action

To help the Department of Labor achieve the above-stated goals, the United States will provide one full time Labor Affairs advisor to work with the Director-General for a period of two years, short-term advisors as outlined, and participant training for key department officials.

### 1. Technical Assistance

- Labor Affairs Advisor - July 1969 - June 1971
- Aptitude and Testing Advisor -
- Other short-term Advisors - July 1969 - June 1971  
as required

### 2. Participants (all to study in U.S.)

	<u>FY 1969</u>	<u>FY 1970</u>	<u>FY 1971</u>
Long-Term	5	5	5
Short-Term	8	8	8

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**AIRGRAM**

**DEPARTMENT OF STATE**

Project 493-195  
" 493-237

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*Labor*

TO - **AID/W TOAID A-1389**

**X**

FROM - **BANGKOK**

SUBJECT - **Labor Department Administration Project, 493-11-460-195  
FY 1972 Program Justification**

REFERENCE - (A) STATE 167272  
(B) IAD #3, 9/9/71  
(C) TOAID A-1389  
(D) Labor PROP, Seq. #493-6, 12/15/71

References requested additional information to justify FY 72 funding. PROP dated 7/10/69, shows Obligation and Implementation Span as FY 67 through FY 71. USOM wants to complete the Labor Department Administration project in FY 72 as set forth in the FY 1972 Congressional Presentation and is submitting PROP (attached) for new project, "Labor Relations and Development," Project No. 493-11-460-237, with obligation span from FY 73 through FY 74.

Proposed new RTG labor legislation consisting of the Labor Protection Bill and the Labor Relations Bill is more encompassing than originally envisioned. This will create serious problems for inexperienced Department of Labor (DOL) requiring additional USOM assistance during the initial implementation phase. Please see attached PROP for fuller explanation. This legislation was initiated and is being backed by persons at high levels of government. We propose in FY 72 to assist DOL in making plans for implementing legislation as a follow-up to USOM advice in its drafting. The Labor Relations and Development Project is conceived as providing much needed advisory and participant training assistance during the initial implementation phase of the new Thai labor relations system.

During this final year of the Labor Department Administration Project, we propose to provide the following short-term advisors:

(Continued)

PAGE 1 OF 2 PAGES

DRAFTED BY: <i>MSchulman</i>	OFFICE: <b>AD/P</b>	PHONE NO.: <b>234</b>	DATE: <b>11/12/71</b>	APPROVED BY: <b>Ray M. Hill</b> Director, USOM/Thailand
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AID AND OTHER CLEARANCES  
 O/PA: *(Signature)* date: 11/12/71  
 O/PA: *(Signature)* date: 11/12/71  
 AD/P: *(Signature)* date: *(Signature)*  
 RE: **S, IS, AD/P-3, O/IS-3, P/TR-2, IS/P, M/CS-3 EMB/ECON**

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Labor Protection Advisor, 6 months	16,000	54,000
Labor Statistics, 4 months	<u>11,000</u>	<u>36,000</u>
	27,000	90,000

(Note: Long-term PASA Advisor Halm funded in FY 1971)

We also propose to fund short-term participants in FY 1972 as follows:

1 Workmen's Compensation	9 months	\$ 8,000
1 Workmen's Compensation	12 weeks	3,000
2 Employment Service Admin.	12 weeks	6,000
1 Worker Education	12 weeks	3,000
2 Labor Administration	12 weeks	6,000
1 High-Level Executive Training	4 weeks	<u>2,000</u>
		\$28,000

USDM requests approval to obligate these funds.

chances in Government

Due to the ~~Compromise~~ of November 17, 1971 we are uncertain at this time if the Labor Relations Law will be promulgated by edict. However, if this is done we should be prepared to render short-term advisory assistance in the form of a worker/management education advisor for 6 months costing \$16,000 and ฿54,000. Please see the PROP for the Labor Relations and Development Project with its discussion of the ~~law~~ and its ramification changes for labor projects.

Approval is also requested for this short-term advisor in FY 1972 should the political situation is warrant.

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PROJECT AUTHORIZATION

1. PROJECT NUMBER 103-17-460-705	3. COUNTRY Thailand	4. AUTHORIZATION NUMBER 803
2. PROJECT TITLE Labor Department Administration		5. AUTHORIZATION DATE 4/1/70
LIFE OF PROJECT		6. PROP DATED 7/12/69

a. Number of Years of Funding: 5  
Starting FY 1971; Terminal FY 1975

b. Estimated Duration of Physical Work  
After Last Year of Funding (in Months): 12

FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS (\$000)		P.L. 480 CCC + FREIGHT	LOCAL CURRENCY Exchange Rate: \$1 = 20 (\$000)			
	GRANT	LOAN		U.S. OWNED		HOST COUNTRY	
				GRANT	LOAN	JOINTLY PROGRAMMED	OTHER
Prior through Actual FY 1969	1233					120	
Operational FY 1970	90					10	
Budget FY 1971	90					10	
B.Y. 1 FY							
B.Y. 2 FY							
B.Y. 3 FY							
All Subsequent FY's							
<b>TOTAL</b>	<b>2413</b>					<b>250</b>	

10. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST SPECIAL QUANTITIES OF ANY P.L. 480 COMMODITIES.

The FY 1970 starting total of prior through actual FY 1969 above has been determined on the basis of the actual obligation rather than the actual disbursement.

The FY 1970 starting figure herein is the same as that shown in the report of the Mission, Bangkok 15864.

11. COMMENTS ON APPROVAL OF PROJECT

There are no conditions of approval for this project. The proposed FY 71 authorization in the PROP is consistent with that cited in the FY 1970 OP and the project work schedule.

(Use continuation sheet if necessary)

Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitude and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL		CLEARANCES	DATE
Charles H. Broecker /s/CHB		EA/SEA, CK Pierson	
SIGNATURE		EA/FOI, LG Johnston	
Dir., EA Office of DF	4/1/70		
TITLE	DATE	A/CONT	