

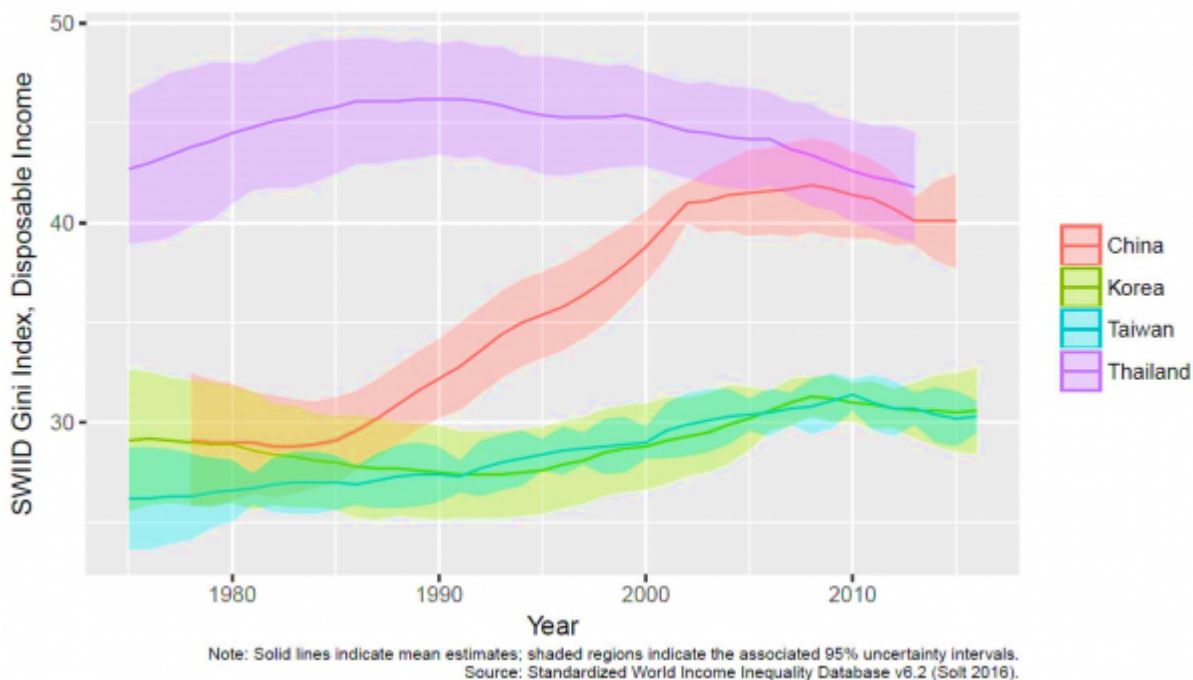


Unequal Thailand: trends and consequences

By Wannaphong Durongkaveroj
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Thailand has experienced rapid growth and a structural transformation since the 1950s. However, Thailand has also experienced growth without equity. Although it has fallen in recent years, Thailand's Gini index has been above 0.40 for the last 30 years. This is high by Asian standards, and makes Thailand look like China rather than Taiwan and South Korea.

Figure 1 - Gini coefficient for Thailand and other Asian countries

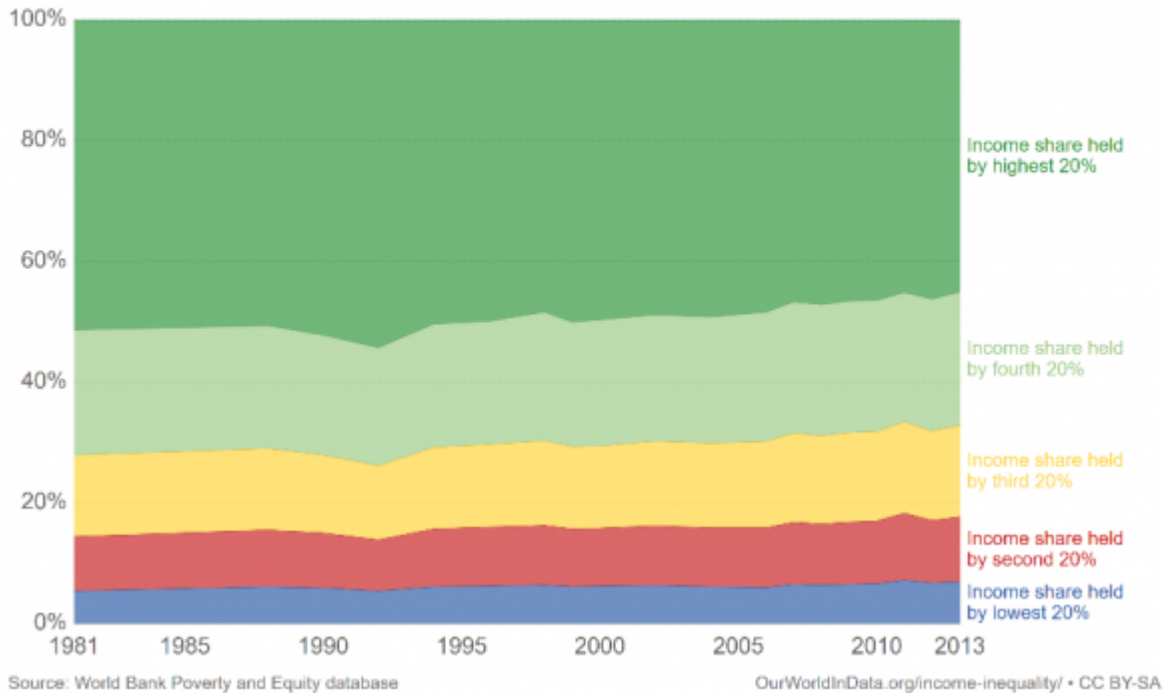


Looking at income share by quintile, we can see that the richest 20 per cent own about 50 per cent of Thailand's national income. This share has slightly fallen over the last 30 years. However, in 2013, the poorest 20 per cent still received only seven per cent of the country's prosperity.

Figure 2 - Income shares by quintile for Thailand

Income shares by quintile, Thailand

Percentage share of income or consumption is the share that accrues to subgroups of population by quintiles. For example, in a country with 100 people, if you rank them by income the share of the lowest quintile corresponds to the sum of incomes of the bottom 20 people, as a proportion of total income in that country.



According to Albert Hirschman, the losers from economic development can tolerate income inequality at the beginning because they hope and expect that the windfall will be shared soon. However, if eventually the gap between the rich and the poor does not fall over time, the losers become intolerant. They think that this kind of economic growth is unfair. The result is social movements and political unrest. A well-known example is the Occupy movement protests by young people against economic inequality that began in New York in 2011 and spread to other countries such as Brazil, Spain, and India.

Why hasn't high inequality led to protests in Thailand? It is hard to believe that the modest reduction in inequality is the reason.

There are other, more compelling reasons for why inequality is not a pressing social issue in Thailand. Firstly, there is 'Thainess.' Thais are often described as friendly, polite, modest, respectful, neat, and discreet. Another important trait is "kreng jai." There is no exact English translation, but it means something like consideration or deference. Although it is good that Thais think about other people, it often prevents us from speaking straightforwardly about what we want. This characteristic seem to influence the decisions of

social movement, for example, marching and protests, and a high degree of “kreng jai” may mean spectacularly high tolerance for income inequality.

Secondly, the Thai army has a significant role in Thai politics. Since the latest coup d’etat in 2014, there have been strict rules in place over political meetings, even academic conferences. This also limits the possibility of any kind of social movement.

Despite the lack of protest, inequality is a problem in Thailand. Apart from its intrinsic unfairness, inequality may be the reason for the country’s instability. The government of unequal Thailand should do more to promote equality. In October 2017, the government introduced a cash subsidy program known as a welfare card. It is a monthly stipend of about ten dollars distributed to 11 million poor people across the country selected on the basis of [targeting criteria](#). Cardholders can use the card to purchase necessary goods from authorised stores across the country. It is a scheme that can help the poor to cope with financial difficulties and reduce income stress. However, since its launch, the program has encountered [several problems](#), for example, poor targeting and too small a number of authorised shops. Reforming and expanding the welfare card can play a pivotal role in reducing poverty and income inequality.

For more on Albert Hirschman’s arguments concerning tolerance for inequality, see my [recent](#) article in the Journal of International Development.

About the author/s

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