УДК 331.56(540)

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ECONOMIC INEQUALITY IN THAILAND

Abstract: economic inequality is one of the problems in Thailand. The income inequality can be measured by the Gini coefficient. In 2018, Thailand Gini coefficient is 0.453 which increased from 0.445 in 2016. It shows that Thailand still has difficulty with income distribution. The reasons are different level of education of the population, the occupancy of the population in a low income agricultural sector.

Key words: inequality, Thailand, income distribution

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ЭКОНОМИЧЕСКОЕ НЕРАВЕНСТВО В ТАИЛАНДЕ

Аннотация: экономическое неравенство является одной из проблем Таиланда. Неравенство доходов можно измерить с помощью коэффициента Джини. В 2018 году коэффициент Джини в Таиланде составляет 0,453, который увеличился с 0,445 в 2016 году. Это свидетельствует о том, что Таиланд по-прежнему испытывает трудности с распределением доходов. Причинами являются различный уровень образования населения, занятость населения в малообеспеченном сельскохозяйственном секторе.

Ключевые слова: неравенство, Таиланд, распределение доходов

Thailand is the 8th largest economy. It is located in South East of Asia with a population of 69.2 million in 2018, with a GDP of 455 billion USD. It is the 8th largest economy of Asia. The minimum daily wage is about 11 USD. The unemployment rate in 2017 is 1.8% and occupies 513,120 km2. It is subdivided into 4 regions with 77 provinces. The capital city, Bangkok, is located in the central region. Thailand is an afresh industrialized country, which GDP highly depends on exportation. Even though the GDP of Thailand is growing, the income gap still widens without change and the lower-middle class failed to catch up the group above because the gain from rapid economic growth is only taken by the elite. The economics inequality is a massive problem to the government for more than 30 years.

According to CS Global Wealth Report 2018, in 2016 1% of Thai people (about 500,000) own 58% of entire country properties and currently Thailand is in the 1st which is more than Russia and India [1].

Economics inequality can be defined as the unequal distribution of income and opportunity between the different groups in the society. It is a concern in almost all countries around the world and often people are trapped in poverty with little chance to climb up the social ladder. Economics inequality can be indicated by the income inequality.The income inequality can be measured from the Gini coefficient. In 2018, Thailand Gini coefficient is 0.453 which increase from 0.445 in 2016. It shows that Thailand still has difficulty with income distribution. The first 10% of the richest owned 35.29% of entire country income, while the first 10% of the poorest owned 1.83% of the income. The richest group earn 19.29 times more than the poorest (Table 1). It reduced from 2016, but it still high when compare the country in OCED group which has 8.52 times of the different and Gini coefficient is 0.32.

Table 1 –Income proportion of the population decline by income during 2002- 2017

Group of population	Income Proportion of the population (by percentage)								
	2002	2004	2006	2007	2009	2011	2013	2015	2017
The 1st 10% (the poorest)	1.61	1.75	1.34	1.55	1.62	1.56	1.06	1.58	1.83

The 2nd 10%	2.57	2.73	2.46	2.66	2.80	3.05	3.10	3.34	3.2
The 3rd 10%	3.40	3.56	3.34	3.51	3.66	3.88	4.03	4.22	4.11
The 4th 10%	4.29	4.46	4.28	4.45	4.59	4.76	4.97	5.18	5.04
The 5th 10%	5.35	5.55	5.39	5.56	5.65	5.77	6.07	6.29	6.17
The 6th 10%	6.71	6.90	6.78	6.97	7.01	7.02	7.40	7.63	7.53
The 7th 10 %	8.59	8.73	8.67	8.86	8.84	8.66	9.15	9.33	9.28
The 8th 10%	11.52	11.61	11.49	11.49	11.43	10.92	11.65	11.66	11.72
The 9th 10%	16.48	16.41	16.26	16.08	15.95	15.11	15.77	15.78	15.83
The 10th 10% (the richest)	39.48	38.30	39.98	38.87	38.44	39.27	36.81	34.98	35.29
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of the 1st and the 10th group	24.50	21.93	29.92	25.10	23.76	25.23	34.85	22.08	19.29

During 2002 – 2015, income of the poorest group (Baht per person per month) is increasing 8.8% per year, which is quicker than the increasing of income of the richest group (baht per person per month) that increasing by 5.5% per year, but this increasing based on the highly different of the income since 2002. The average income of the poorest is 635 Baht (20 USD) per person per month, while the richest average income is 15,564 Bath (490 USD) per person per month. Moreover, the income of the 2nd to 7th decile group is decreasing in 2016, which show the contribution of income in the upper class and the failure of the state to distribute the income to the entire population. Due to the working structure of the Thai people, the low economic status population usually work in the agriculture industry and always earn a low wage. In 2013, the worker in agriculture industry earn 5,574 Baht per month (175.6 USD per month) and increase to 5,772 Baht per month (181.9 USD) in 2017, which increased by 0.6% and the worker never earn a salary more than 6,000 Baht per month (189.0 USD per month). The industry and service labour earn 12,532 Baht per month (394.6 USD per month) and 14,867 Baht per month (468.2 USD per month), which increase more inequality. In 2015, 74.3% of the entire household earn less than 20,000 Baht per month (629.8 USD per month), while the household that earns more than 50,000 Baht per month (1,574.7 USD per month) is 5.45% [2].

Actually, in the economic system there are equality factors which reduce the inequality in economics, but in Thailand, the equality factors are not working and cause more inequality. The first reason for inequality in Thailand is the failure of the government to distribute the income and opportunity to all population [3]. Mr. ChadchartSitthipunt, the former ministry of transport and CEO and director at Quality Houses Public Company Limited, said “The state has 2 roles – develop the country and consider the effect of the development to the poor. In Thailand, the government focus on prosperity, we proud with GDP but forgot to focus on the average income and the distribution of opportunity in the society.”[4] The second reason is the state fails to provide a fair competition for people to do business no matter poor or rich. In Thailand, the government likely to support the monopoly, which makes the rich richer. The 3rd reason is deficient to collect the tax. When tax doesn’t make the rich pay more tax. Property tax is not collect from the rich and the deficient tax collective system make a way for the rich to avoid paying tax because there are none of the organization checking. And the last reason is the weak of law enforcement make the host system stronger and cause more corruption and illegal business. The rich can use their money and power to make them richer, while the poor get poorer [3].

When the economic inequality occurred, many effects follow it. In these last 10 years increasing every year in every level. Population in different economic status has a different opportunity to education. The richest group has a rate of study in high school 2 times more than the poorest group (figure 1). From the study of RajwadeSanghamud in 2018 found that factors that affect the education inequality are income and property inequality, gender and age. Male and the old population tend to face education inequality and people that lived in Bangkok face more education inequality than the group that live in the other province because there is an obvious difference between the large school and small school in tuition fee and the school quality. The high-quality school tend to has high tuition fee and only the rich can study. The other effect is the holding property of the population. From the study of

PhD DuangmaneeLaohacul (2013) found that the richest group hold 61.5% of the entire land in the country while the poorest group hold only 0.07% or 853.6 times less

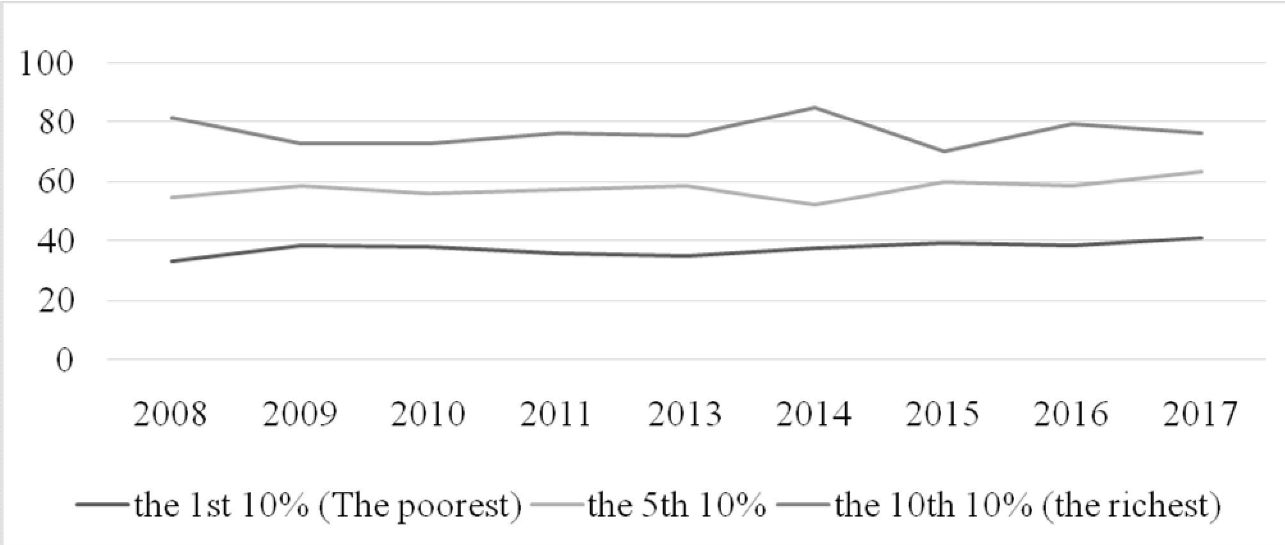

Figure 1 – Enrollment net rate of the population during 2008-2017 in Thailand

than the rich.The land distribution of the agriculture household in 2013 found only 9% hold the more than 0.064 km2 per household and 16.2% of the population don't own any land (figure 2) [2].

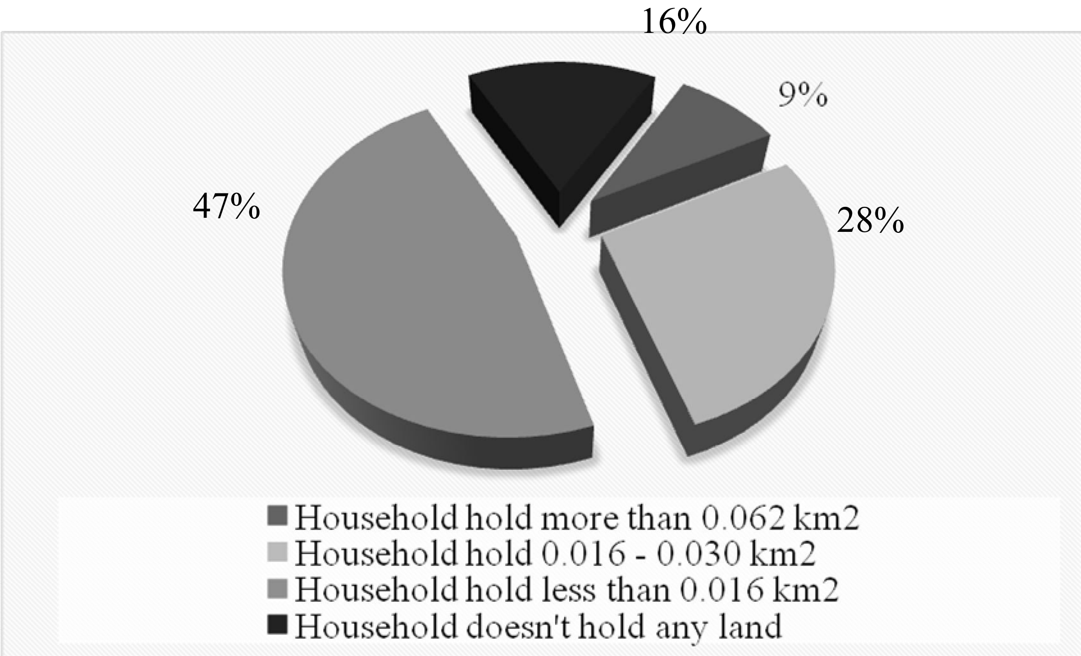

Figure 2 – Percentage of the household holding land in 2017 in Thailand

After 30 years, Thailand has good progress to reduce economic inequality. The government has to make the equality factors work in the country by providing the policy to support fair business competition, an efficiency tax collector system, income and opportunity distribution to all state and the stronger law enforcement to check the illegal business and the corruption. Apart from the government role, the private sector has to think more about the others because every sector depends on the other. If people be less selfish and respect the other, we can reduce the inequality in the country. King Rama IX recommended the private sector and agriculture industry to found the cooperative to increase more chance for the farmer to raise up the product price and opportunity to sell the product. If we can reduce the economic inequality, Thailand economy will be expanding more stable [5].

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