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Alleviating Social Disadvantages of Rapid Economic Growth: A Case for Conditional Cash Transfer (CCT) Application in Old Siam

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CLAREMONT McKENNA COLLEGE

**ALLEVIATING SOCIAL DISADVANTAGES OF RAPID ECONOMIC
GROWTH: A CASE FOR CONDITIONAL CASH TRANSFER (CCT)
APPLICATION IN OLD SIAM**

SUBMITTED TO

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AND

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BY

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FOR

SENIOR THESIS

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Alleviating Social Disadvantages of Rapid Economic Growth: A Case for Conditional Cash Transfer (CCT) Application in Old Siam

Introduction

In Bangkok on May 19th, 2010, a military crackdown ended a two-month-long conflict that escalated into the worst political violence Thailand has seen in the last three decades. The final week of street fighting left approximately 91 people dead and 1,400 severely injured.¹ In retaliation to the violent dissolution of the protest camps by the Thai government, red shirt sympathizers retaliated with hostile demonstrations throughout the country's other cities, such as Khon Kaen.²

Nearly a year later, the general public finds the severity of the conflict especially puzzling. Although weekend demonstrations have been a common occurrence in modern Thailand, the spring 2010 protest lasted for weeks. This anomaly sparked controversy over the protest's nature; since red shirts, who are mostly poor, cannot afford to remain idle for more than a couple days at a time.

Lingering uncertainty contributes to the overall state of discomfort of the nation. The extent to which former Thai Prime Minister Thaksin Shinawatra, a millionaire fugitive in exile, manipulated civilians and funded the unraveling of the drama is widely speculated, yet still unknown. Many observers argue that the conflict was initiated by Thaksin, but quickly grew beyond his scope and influence to reflect the hardship and injustice the majority of the population faces.

¹ Robert Horn, "A Year After Protests, Thai Elections Set," Time Magazine, March 12, 2011.

² Red shirts are associated with the United Front for Democracy against Dictatorship (UDD) and are supporters of former Prime Minister Thaksin. Yellow shirts are associated with the People's Alliance for Democracy (PAD) and are supporters of the current Prime Minister Abhisit as well as advocates for the Thai monarchy.

In support of this theory was the reluctance of the red shirts to accept an early reelection bid offered by current Prime Minister Abhisit Vejjajiva, a week before the eventual crackdown. Accepting this offer would have been in Thaksin's favor since in all likelihood it would have led to the election of a prime minister with red shirt sympathies. Further, it would put an end to a conflict which placed many of Thaksin's business interests and investments at risk—some of which he retained despite his exile from Thailand.³ In reality, no peace deal was signed because the red shirts lacked a unified voice—demands and opinions were erratic and fractured within. Furthermore, the prevalence of sheer chaos was symbolic of an unorganized mass movement; rather than the brilliant ploy of a political mastermind.

In the aftermath, Bangkok remained under a state of emergency for ten months. Most alarming is that the official report into who was responsible for the protest's violent turn, has been inconclusive, and tainted by allegations of military non-cooperation and interference.^{4,5}

At present, an uneasy peace reigns over the "Land of Smiles." Thailand is deeply divided as strong disagreements between, and within, parties persist. Unfortunately, Prime Minister Abhisit Vejjajiva's five-point reconciliation plan [see Appendix 1]—encompassing much needed economic, social, and political reforms—has so far failed to provide measures that satisfy all parties.⁶ In March 2011, the prime minister announced to dissolve parliament in May, paving the way for a national elections that June.⁷

³ Pokpong Lawansiri, interviewed with author: Bangkok, Thailand, January 6, 2011.

⁴ Michael Perry and Ploy Ten Kate. "Thai PM Committed to Reconciliation but No Poll Offer," Reuters, May 21, 2010.

⁵ Horn, "A Year After Protests, Thai Elections Set."

⁶ Horn, "A Year After Protests, Thai Elections Set."

⁷ Ibid.

In light of the anticipated elections, Thais remain as uncertain about the future as ever. A yellow shirt backed victory for the People's Alliance for Democracy (PAD) would in all likelihood spark accusations of election rigging; potentially provoking a fiery reprise of last spring's conflict.⁸ While a win for the red shirt supported Puea Thai party may set off yet another political intervention by the military.⁹ Most ominous is that in all likelihood a national election will not bring about reconciliation, it may in fact delay it.

Clearly, dramatic actions are needed to bridge the gap between the red shirts and the yellow shirts. As this thesis argues, the fundamental issue is economic: the disparities between rich and poor; between the urban central region and the rural northern and southern regions. The reconciliation plan must feature a serious redistribution. The most visible and direct way to do this is through a large-scale conditional cash transfer (CCT) program, which would have the crucial added virtue of enhancing the human capital in the impoverished regions, permitting the industrial decentralization that Thai governments have long promised but have not accomplished.

In essence, the main source of social discontent was the perception of regional inequality produced by past rapid economic growth. This thesis seeks to understand the overall consequences of unequal economic development in Thailand, as the rationale for asserting that a conditional cash transfer (CCT) program is an appropriate policy tool for the reconciliation effort.¹⁰

Although CCTs are specifically tailored to nations' needs; all CCTs serve two general economic objectives. First, they seek to provide low-income households with a

⁸ Ibid.

⁹ Currently, Puea Thai is the red shirt supported party. In recent years, the Thai parliament has dissolved several red shirt parties, including Thai Rak Thai and the Democracy against Dictatorship. However, from a practical standpoint these parties are one and the same.

¹⁰ "Thailand's Riots: A Polity Imploding," *The Economist*, March 18, 2010.

minimum consumption floor. Second, in making transfers conditional, CCTs create channels of opportunity and encourage socioeconomic mobility. Clearly, a successful CCT program can also serve the political objective of reducing the resentment arising out of inequality and the perception that low-income families and areas are neglected by the government.

This focused form of human capital investment seeks to stop the vicious cycle responsible for poverty transmission across generations.¹¹ Specifically, money is allotted to impoverished households to supplement family income. Although programs vary widely, most CCTs address practices surrounding education, health, and nutrition. Chiefly these programs motivate households to foster human capital in their children by paying families to augment household habit; thereby making them consistent to that which is optimal for greater society e.g., requiring children attend school regularly. As opposed to more traditional models of providing goods and services to impoverished families, CCTs make welfare assistance conditional upon beneficiaries' actions. The shift in demand-side responsibility effectively rebalances accountability between recipients, service providers, and governments.

Following the initial success of these programs during the mid-1990s in Latin America, CCTs are currently incorporated in welfare programs of over 30 countries.¹² So far the aggregate results have been impressive. For example, between 2003 and 2009, Brazil experienced impressive drops in rates of inequality as well as poverty. During this

¹¹ Ariel Fiszbein and others. Conditional Cash Transfers: Reducing Present and Future Poverty (Washington D.C.: World Bank, 2009), 1.

¹² Safety Nets and Transfers, "Conditional Cash Transfers," The World Bank, <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTSAFETYNETSANDTRANSFERS/0,,contentMDK:20615138~menuPK:282766~pagePK:148956~piPK:216618~theSitePK:282761,00.html>. (accessed September 5, 2010).

time, the income of poor Brazilians increased seven times as quickly as the income among the rich; while poverty fell from 22 percent of the population to 7 percent.¹³

Surprisingly, Thailand remains barren of CCTs; but the nation would reap huge benefits through using such social welfare mechanisms in its ongoing reconciliation efforts. In the short-term, Thai CCT programs could alleviate political conflict as well as immediate poverty, while stabilizing citizen welfare in times of economic volatility. Additionally, such programs would facilitate other policy reforms. In long-term, these social safety nets can propel Thailand's economy through a more educated and productive workforce, while also reducing levels of inequality by facilitating trans-generational socioeconomic movement.

As anger still saturates the nation, CCT programs can be vital components in ameliorating the country's discontent. These programs hold great potential for building channels of opportunity for Thailand's rural poor. Without an appropriate response such as this, Thai society will no longer be able to compromise as it once did. The most recent unrest polarized opinions within families, workplaces, and communities to a previously unforeseen extent.¹⁴ Turmoil will continue unless a sufficiently strong poverty-alleviation response, such as a CCT program, becomes part of the next government's reconciliation platform.

¹³ Tina Rosenberg, "To Beat Back Poverty, Pay the Poor," New York Times, January 3, 2011.

¹⁴ "Thailand's Riots: A Polity Imploding."

External and Internal Shocks: Impacts of Thailand's Economic and Political Climate on Citizen Well-being in the Past and Present

Economic Overview

At the beginning of the 20th Century, Thailand was considered one of the world's poorest nations. Over the past 50 years, it became a triumphant example of sustained economic growth. Surpassing other low- and middle-income economies at the time, its average annual growth hovered at over 7 percent.¹⁵ In fact, between 1987 and 1990, Thailand's economy was the fastest growing in the world—averaging above 9.5 percent annually.¹⁶ This impressive performance granted the country membership to the exclusive club of rapidly growing newly industrialized economies i.e., *Asian tigers*.

Thailand's prosperity continued until the 1997 Asian Financial Crisis, which severely destabilized the Thai baht as well as other regional currencies. Prior to the crisis, high interest rates attracted foreign investors to Thailand and neighboring countries. Rapidly growing Asian "miracle" economies promised high rates of return. Unfortunately, development money was not well monitored and projects did not produce sufficient profit. In addition, Thailand's banking sector was unable to manage massive foreign cash flow; this contributed to the accumulation of foreign debt as the amount of nonperforming assets grew. Facing bankruptcy due to an overextension in development and investment efforts, the government was forced to cut the Thai baht from its fixed exchange rate with the U.S. dollar. As a result, Thailand's economy contracted by 10

¹⁵ Issara Somchai and Gwi-Yeop Son. Human Security, Today and Tomorrow: Thailand Human Development Report 2009 (Bangkok: United Nations Development Programme, 2010), 8.

¹⁶ Data, "GDP Growth (annual%),"The World Bank, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?page=4> (accessed April 1, 2011).

percent, exposing the harsh realities of its established development strategy.¹⁷

Subsequently, the boom and bust compromised the government's capacity to address poverty. The economy collapsed and the subsequent reduction in tax revenues followed.

Remarkable growth as well as peril accompanies a nation as highly integrated into the global economy as Thailand is. In essence, its economy runs on a single engine: external demand.¹⁸ Gross Domestic Product (GDP) has been strongly influenced by performance of sectors linked to external demand [Appendix 2].

In recent years, the world has been going through a series of economic shocks; starting from rapidly rising food and fuel prices in 2007, and continuing into the brutal global recession the following year. Thailand is unfortunately among the economies that are considerably affected by economic abnormalities. External shocks have a profound effect on human welfare in Thailand. For example, the Asian Financial Crises increased poverty incidence from 11.8 percent in 1996 to 14.2 percent by 2000.¹⁹

As many Thais struggle to maintain a decent livelihood during the recession, powerful forces antagonize the welfare of the disadvantaged. In the absence of comprehensive social safety nets, the future of Thailand's poor looks grim.

Political Overview

A decade ago, Thailand seemed among the more politically secure Southeast Asian nations. Indeed it had a functioning parliament, growing civil society, active and relatively free media as well as an ongoing trajectory of reform.

¹⁷“GDP Growth (annual%),” World Bank Data

¹⁸ Frederico G. Sander and others, Thailand: Economic Monitor June 2010 (Bangkok: World Bank, 2010), 1.

¹⁹ “Thailand's Official Poverty Lines,” National Economic and Social Development Board, http://www.nscb.gov.ph/poverty/conference/papers/7_Thai%20official%20poverty.pdf (accessed March 26, 2011).

In 2001, Thaksin's Thai Rak Thai (TRT) party was elected. It was the first time in Thai history that a party won a parliamentary majority on its own.²⁰ TRT became the first independently elected party to serve a full term. Government reforms promised better living conditions for the poor, including improved public services and access to credit.²¹

The current situation is different. The parliament is predominately made of a small fraction of male businessmen, while most other groups are under-represented in government.²² At present, the government does not serve as a channel for the general population to shape public policy. The overall opportunities to partake in politics are limited. Corruption, illegitimacy of elections, and malpractice of judiciaries are among the greatest concerns Thai people face today.

Thailand's political security has plunged dramatically as a result of an intensifying conflict begun in 2006. Prime Minister Thaksin was overthrown by the first military coup in nearly 14 years. Supporters of the coup have listed corruption, *lèse majesté*, overriding of constitutional checks and balances, and creation of societal division as grounds for removing the prime minister from office.²³ They felt obligated to overthrow Thaksin's government on the grounds that he and his associates were corrupt, and their power was based on the distortion of the political system by money.²⁴ Chiefly referring to Thaksin's populist reforms, aimed towards his voter base—Thailand's poor.

On the other hand, supporters of Thaksin argue that elections a year later installed a government not very different in complexion and political tactics from the one

²⁰ "Thailand's King and Its Crisis: A Right Royal Mess," *The Economist*, December 4, 2008,

²¹ *Ibid.*

²² Somchai and Son, xi.

²³ *Ibid.*, 52.

²⁴ *Ibid.*, 59.

overthrown, and in fact, the coup itself was unconstitutional.²⁵ Further, they claim that the coup was in reality an attempt by the opposition to overthrow a leader who threatened the status quo through his populist policies, popular among the lower and middle classes.

The perception that the Thai political system is presently structured against the poor is reinforced by judiciary's behavior. Although political corruption in Thailand has been a well-documented problem for years, judicial fraud is a new phenomenon. Until recently, the judiciary played a very limited role in politics. However, public distrust has been growing since 2006: that year the judiciary nullified a national election and set a precedent for future involvement in political affairs. "In the following year, it jailed members of the Election Commission, dissolved four parties and banned 220 of their executives for five years, froze a former prime minister's assets, sentenced him to two years for abuse of power...sentenced his wife to three years for tax evasion...sacked another prime minister for earning petty amounts hosting a television cooking show."²⁶

However, all judgments are against one former prime minister and his associates. Red shirt parties have been legally dissolved several times, yet they come back with new resilience and titles. On the other hand, no yellow shirt leaders have gone on trial, even in regard to a 2008 protest that culminated in a seizure of Bangkok's two airports.

The judiciary's independence is questioned with critics pointing towards "retrospective application of new laws...attention to the letter rather than the spirit of the law, and failure to apply the same standards to other political figures."²⁷ While supporters

²⁵ Ibid., 58.

²⁶ Ibid., 57.

²⁷ Ibid.

of current practices argue: that past politicians suffered justly because they persistently overrode the law as means to achieving political goals.²⁸

The socio-economic divide in Thai society is unlikely to be mended without strong poverty alleviation efforts. Thailand's modern history has been marked by frequent crises; however, this latest phase has created more conflict and insecurity than any other in the last 30 years.²⁹ Although fears of an all-out civil war are unjustified, "it is reasonable to expect more years of political confrontation and paralysis."³⁰

Political Overview: Long Live the King

A profound destabilizing force is the unclear future of the monarchy. Few have known any king other than Bhumibol. Since his ascendance to the throne in the mid-20th century, the institution has been slipping into irrelevance. Throughout Thailand's modern political history, the palace served as a respected power broker during a time when "military governments alternated with democratic or semi-democratic regime...all in an atmosphere of military coups, attempted coups, threatened coups, and general political unrest."³¹

Reigning just shy of 65 years, the king has publicly intervened in domestic politics only a handful of times, but every time the majesty's demands were quickly met. However, the overall legitimacy of royal power and influence rests on King Bhumibol's charisma and his advisors' high aptitude.

It is important to note that Thailand's king is viewed as a demigod and general criticism or claims of his secret involvement in politics are considered as punishable

²⁸ Ibid.

²⁹ Ibid., 7.

³⁰ "Thailand's succession: As father fades, his children fight."The Economist, March 18, 2010.

³¹ Peter G.Warr and Bhanupong Nidhiprabha, Thailand's Macroeconomic Miracle: Stable Adjustment and Sustained Growth (Washington, D.C.: World Bank, 1996), 1.

crimes i.e., *lèse majesté*. This is a clear limitation to the freedom of speech that Thais are guaranteed under both the 1997 and 2007 constitutions.³² Although the king famously said in 2005 that he was not above criticism, not many are ready to test this ostensible newfound freedom.³³ Hence, the true extent to which the Thai king has been, and will be, involved in politics is not publicly disclosed or openly talked about.

However, many are puzzled over the king's silence on the recent violence and other injustices against red shirts. Red shirts, and foreign observers alike, believe that the palace has already taken sides and is no longer an honest broker.³⁴ This disillusionment of the royal family's universal adoration contributes chaos to Thailand's political circus.

More damaging are rumors that the American born king has been heavily involved in politics for years, utilizing military coups as political instruments.³⁵ This is further cause for concern since King Bhumibol is nearly 83 years old, and the future of the nation rests on the next king's political aptitude. In the absence of a politically savvy heir, the nation's ability to operate in a true democracy will be tested.

Unfortunately, the heir apparent to the throne is perhaps the most unpopular royal—Prince Vajiralongkorn. Although it would be difficult under any circumstances to take the place of a highly beloved and long-reigning king, “Prince Vajiralongkorn is already widely loathed and feared.”³⁶ Sex and gambling scandals involving the prince are widely disseminated and seemingly unscathed by *lèse majesté*. In addition, foreign

³² Somchai and Son, 52.

³³ "Thailand's succession: As father fades, his children fight."

³⁴ "Thailand's Riots: A Polity Imploding."

³⁵ "Thailand's King and Its Crisis: A Right Royal Mess."

³⁶ "Thailand's succession: As father fades, his children fight."

diplomats describe the next king as unpredictable, eccentric, and completely unsuitable to reign.³⁷

Unfortunately, no guarantees exist against an unwise king. Much of the public quietly hopes that Princess Sirindhorn will ascend the throne upon her father's death. Although the princess enjoys a saintly image, she is third in line and there is no predecessor for a female monarch. The royal crisis no doubt aggravates what is already a volatile situation. In an absence of an unbiased and widely-respected mediator, future conflicts may escalate to unprecedented levels.

The World Bank political stability index for Thailand dropped steeply from 59.1 in 1996 to 12.9 in 2008, and is likely to drop lower after the 2010 events are accounted for [Appendix 3].³⁸ At present, political unrest is the greatest social concern in Thai society. In a 2010 United Nations Development Programme (UNDP) report on human security, discussants were asked to rank the importance of social concerns to the population as a whole. Among the six areas of human security covered in this report, the discussants' highest concern was political security.³⁹ Citizens were worried about corruption among politicians, corruption among officials, and overall political disorder.⁴⁰

The political division is palpable and, at least until May 2010, street protests were becoming longer, larger, and more violent. The accumulated frustration over the questionable political system is creating a rising propensity towards violence among political party patrons; ultimately, transforming Thailand into a less secure nation.

³⁷ Ibid.

³⁸ Somchai and Son, 58-9.

³⁹ Ibid., 5-6.

⁴⁰ Ibid., 5-6.

Livelihood under Threat

Informal Sector Work

Thailand's pattern of externally oriented growth has placed a majority of the population in the informal work sector; characterized as part of the economy that is not taxed or monitored by an overseeing body.⁴¹ This results in a flexible labor market likely to fall victim to a volatile economic climate. Since rural households are support backbones to temporary unemployment, risks are quickly shared and spread throughout the nation, especially in low-income families i.e., an urban shock rapidly reaches the rural economy through falling remittance and return migration. Such a phenomenon was seen in the aftermath of the 1997 Asian Financial Crisis, with nearly two million people temporarily returning to rural villages.⁴²

Thailand's flexible labor market leaves the majority of the population highly vulnerable. At present, 22–23 million people work in the informal sector and are not covered by the social security program i.e., they do not receive benefits associated with injury, illness, maternity leave, disability, death, child support, old-age pension, or unemployment benefits.⁴³ People are left unprotected; the families are in peril if unforeseeable consequences occur.

Agricultural Society

The vulnerability of the nation's poor begins with the volatility of the agricultural sector. More of the Thai labor force is employed in the agriculture, forestry, and fishery sector than any other sectors; however, their workers earn the smallest hourly wages.

⁴¹ Ibid., 10-11.

⁴² Ibid.

⁴³ Chris Baker, Thailand Human Development Report 2007: Sufficiency Economy and Human Development (Bangkok: United Nations Development Programme, 2007), 8.

The single largest, relatively inelastic, export is rice. Thailand is the world's leading rice exporter, with 55 percent of the nation's arable land presently under rice cultivation.⁴⁴ Despite rapid development, it is one of the few nations likely to remain a primarily agricultural society.

Unfortunately, earning income from both agricultural exports and domestic sales is increasingly unreliable. Although rice demand is unlikely to fall victim to changing consumer tastes or economic downturn, it is threatened by climate change. Erratic weather patterns cause cycles of severe droughts and floods; each year their effects are becoming more profound. In 2010, a series of dry spells in Thailand caused major crop yield losses—reducing output from 5 million tons of rice to 2 million in the August crop cycle alone.⁴⁵ Other agricultural exports, such as fish, tapioca, cassava, rubber, grain, and sugar, as well as processed foods such as canned fruit and frozen shrimp, are also affected by climate abnormalities.

Domestic food supply suffers from an erratic climate also. A mere two months after severe droughts affected rice production, flash floods destroyed a large portion of farmland, causing a 30% decline in the fresh vegetable harvest.⁴⁶ Prices on common food items, such as onions and garlic, rose so drastically that locals re-labeled these as "luxury" market items.

As part of a primarily agricultural society, rural Thai people heavily depend on nature to subsidize household income. The Mekong River provides a source of irrigation as well as fishing for millions of farmers. However, the river is becoming undependable

⁴⁴ Sophie Clayton, "IRRI in Thailand," International Rice Research Institute, http://beta.irri.org/news/images/stories/ricetoday/9-2/IRRI_in_Thailand.pdf (accessed January 7, 2011).

⁴⁵ "Drought, floods threaten Thailand's rice harvest," Taipei Times, June 10, 2010.

⁴⁶ "From drought to floods and another food shortage," Bangkok Post, November 11, 2010.

due to extreme weather patterns. The Intergovernmental Panel on Climate Change (IPCC) identified the Mekong delta as one of the three areas on the planet most vulnerable to the impact of climate change; including rises in sea levels, saline intrusions, and storms that destroy coastlines and ecosystems.⁴⁷

Upstream hydropower projects also play a significant role in the Mekong's struggle. Energy generators and irrigation systems have negatively impacted livelihood along the river since the early 1990s. Cycles of drought and floods have become more severe and unpredictable, increasing the likelihood of crop failure among farmers who do not directly benefit from irrigation canals.

The development projects have also lead to declines in native fish populations. Changes in the river's hydrology negatively affect fish feeding, spawning, and nursing grounds; with previous regional hydropower projects causing 30 to 90 percent declines in fish catches.⁴⁸ Additional development on the Mekong and its tributaries may permanently damage native fish populations. This would cripple Thailand's fishing industry as well as undermine the diet of those living along the river, who attain over 70 percent of their total protein from the Mekong.⁴⁹

Manufacturing

Although the manufacturing sector employs only 15.5 percent of the workforce, exports account for more than half of Thailand's GDP.⁵⁰ Many of Thailand's major

⁴⁷ Yoolim Lee, "China hydropower dams in Mekong River give shocks to 60 million," Bloomberg, <http://www.bloomberg.com/news/2010-10-26/china-hydropower-dams-in-mekong-river-give-shocks-to-60-million.html> (accessed January 05, 2011).

⁴⁸ International Rivers & Environmental Defense, "An Analysis on Nam Theun 2 Compliance with World Commission on Dams Strategic Priorities," Environmental Defense Fund, http://www.edf.org/documents/4400_NT2ExecSummary.pdf (accessed 8 May 2010).

⁴⁹ Ibid.

⁵⁰ The 2009 Labor Force Survey, National Statistical Office of Thailand, <http://web.nso.go.th/en/survey/lfs/lfs2009.htm> (accessed January 20, 2011).

export goods face volatile world demand, such as mechanical and electronic components, jewelry, and precious metals.⁵¹ World demand for these products declined severely during the 2008 global recession; most of Thailand's export sectors experienced double-digit drops, reaching 23.5 percent in the first half of 2009.⁵² The inability of the manufacturing sector to absorb people flooding in from the countryside to work at higher pay, or to provide enough demand for decently-paying service jobs, has led to an increase in urban poverty. With little to no formal education, nearly 58 percent of rural migrant workers earn less than minimum wage.⁵³

Tourism

Thailand's dependence on high-end tourism has been quite successful and accounts for 6–8 percent of the national GDP; thereby making it the largest contribution to a country's economy than that of any other Asian nation.⁵⁴ However, as an industry it is hypersensitive to economic, environmental, and political variables.

Global economic downturns reduce tourism revenues, but so does perceived safety of travel. Thailand is at risk of geological instability that occurs rather rarely but accumulates huge financial and human losses. The wave that hit the Andaman coast on 26 December 2004 left 5,395 dead, another 2,817 missing, and 8,457 injured.⁵⁵ This event negatively affected sixty thousand people and accrued 15 billion baht worth of damages; it also frightened tourists from visiting the country's beaches for many months after.⁵⁶

⁵¹ The World Factbook: Thailand, Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/geos/th.html> (accessed January 20, 2011).

⁵² Suwanee Khamman . "The impact of the global food, fuel, and financial crises and policy responses: a child-sensitive approach." National Economic and Social Development Board (Bangkok: Royal Thai Government, 2009).

⁵³ Somchai and Son,13.

⁵⁴ Sander and others, 3.

⁵⁵ Somchai and Son, 24-5.

⁵⁶ Ibid.

Over the last few years, fears have significantly diminished. Unfortunately, the tectonic plates which caused the 2004 mega tsunami are among the most active in the world.⁵⁷

The chances of an equally devastating event occurring in the near future are slim, yet not completely improbable.

Thailand's hostile political climate poses the greatest threat to its tourist industry as the nation becomes more unstable in the eyes of the world. The economic impact of the 2009 airport closure lasted for about two quarters beyond the resolution of the immediate crisis. While the political unrest in April and May of 2010 caused a large decline in number of foreign visitors as governments warned their citizens against coming to Thailand; resulting in a 50 percent drop in foreign arrivals to Bangkok's Suvarnabhumi airport. The conflict was estimated to have caused GDP to contract by over 4 percent from the previous quarter.⁵⁸ Future conflicts will undoubtedly reaffirm Thailand reputation as an increasingly unstable country.

Consequences of Civil Unrest

The World Bank's *June 2010 Thailand Economic Monitor* report states that the 2010 conflict's impact on domestic demand will likely be significant as increased uncertainty leads to precautionary behavior in consumers and investors alike. The only sectors which are expected to be relatively unaffected by the crisis are manufacturing and logistics. However, they account for only 17 percent of the labor force; while sectors hardest hit i.e., retail and tourism, account for 23 percent of the labor force [Appendix 4].⁵⁹

⁵⁷ Ibid.

⁵⁸ Sanders and others, 2.

⁵⁹ Ibid, 3.

The report stated that although the overall long-term impacts of the crisis are uncertain, resolving the political crisis is not only essential for the society's well-being and cohesion, but also crucial for reaching economic growth targets and sustainability goals. Additionally, the constraints that have limited potential economic growth in the past will undoubtedly remain, and most likely be magnified by escalations in political insecurity.

The report concluded that a solution to Thailand's political conflict must be implemented. A perpetuating conflict will not only lead to the breakdown of confidence in foreign investors, but will also negatively affect human welfare. Subsequently, the income of many Thais will decline through job losses, shifts to lower wage jobs, or reduced work hours. This could lead to serious political consequences. Since the majority of the population remains without social protection, and past ad hoc attempts to provide social safety nets were not wholly successful—the already combustible situation would be aggravated further and popular support of the current government would correspondingly decrease.

The Sources of Thailand's Inequality and Poverty

Political Inequality

It does not take elaborate social theories to see something that is quite basic. In democracies, people participate in politics because they have something to gain. This is especially applicable to rural Thais [Appendix 5]. Accordingly, the Northeast and North scored highest on UNDP's political and social participation indexes; while Bangkok and neighboring provinces ranked bottom.⁶⁰

⁶⁰ Baker, 16.

Struggling to make a living, these people have few connections and no financial resources, and therefore few opportunities to influence government policy. Their citizens' strategy toolbox consists of two basic tools: election votes and street protests. In case their voting rights are effectively revoked, through government corruption and military meddling, such people are left virtually helpless. Feeling choked, instigators use street protests as a last resort to create public unrest and then choose to utilize this as leverage against a perceivably unresponsive government.

Hence, it is easy to see the source of anger when we re-examine the Thai situation. In office, Thaksin advocated populist policies and implemented social welfare schemes directed at the poor, i.e., the universal health care scheme and one million baht per village. Suddenly ousting a prime minister, popular among the poor and less privileged—the majority of the population in Thailand's case—, is hardly a recipe for social cohesion.

Both the 1997 and 2007 Constitutions promised all Thais a right to participate in a democratic government; however, the system for political engagement has since fractured or else never been truly invoked. Although political party affiliation depends on many factors, in the case of Thailand, there is a clear regional and social divide between red shirts and yellow shirts. The yellow shirts, Thaksin's critics, are concentrated in Bangkok and the surrounding area; the most affluent and urbanized region of the nation. The red shirts, Thaksin's supporters, are from the northeast and upper northern regions. "They present themselves as rural and poor, as opposed to the urban elites who are closer to the revered King Bhumibol and his family."⁶¹ As general rule, political alliance and

⁶¹ "Thailand's Riots: A Polity Imploding."

influence is determined by regional lines, which consequently match socioeconomic distributions [Appendix 6]. This coincidence is hard to overlook and leads to the question of national equity and distribution of wealth.

Rapid Growth and Increases in Inequality

Inequity problem have been hard to pinpoint, since overall economic gains mask the serious disparities existing between and within Asian countries. Consequentially, these inequalities can be traced to various dimensions of unevenness in the economies' growth process. In a 2007 *Asian Development Review*, the Asian Development Bank (ADB) assessed that, over the last decade, developing Asia's rapid growth rates contributed to a remarkable decline in the incidence of poverty, yet have also been marked by rising income and expenditure inequalities.⁶² Using the Gini coefficient, a standard measure of relative inequality, the ADB measured inequality in expenditure and income distributions of all ADB developing member countries. Seven countries had coefficients of 40 or more, three of which were in South East Asia, including Thailand [Appendix 7].^{63,64}

⁶² Ifzal Ali, "Inequality and the Imperative for Inclusive," *Asian Development Review*. Asian Development Bank, (2007), 1.

⁶³ Ibid, 3.

⁶⁴ It should be noted that this ADB report credited Thailand to be among the nations that was able to decrease its Gini coefficient between 1990s and 2000s [see Appendix 8]. However, the report cited an ADB working paper titled *Inclusive Growth toward a prosperous Asia: Policy Implications* published earlier that year. In this report the sources were listed as being the World Bank's PovcalNet database, World Institute for Development Economic Research (WIID), among others [see Appendix 9]. Yet in a 2006 United Nations (UN) report titled *Growth with Equity in East Asia?*, the Department of Economic and Social Affairs (DESA) noted that "there is no evidence supporting the World Bank's claim of a dramatic decline in income inequality in Thailand." This claim was supported by using two different data sets from Thailand's Chulalongkorn University i.e., 1962-1992 and 1962-1998 [see Appendix 10]. The tables clearly show that since data became available in the 1960s, Thailand's Gini coefficient has been continuously rising and reached its peak in 1992 at 0.54. (Jomo, K.S. "Growth with Equity in East Asia?" Department of Economic and Social Affairs (Kuala Lumpur: United Nations, 2006), 11.)

Over a span of 40 years, inequality in Thailand has become worse; even when compared to other South East Asian nations the contrast is striking [see Appendix 11].⁶⁵ Additionally, social welfare spending as a percentage of GDP in Thailand has been consistently lower than in other East Asian countries.⁶⁶ A number of neighboring nations were able to dampen the effects of rising levels of inequality by implementing initiatives to reduce poverty, e.g., South Korean and Taiwanese land reforms in the late 1940s.⁶⁷ On the other hand, the success rates of such policies varied by country.

Economic growth in high Gini coefficient Asian countries has been identified to be uneven across several dimensions: geographic sub-national locations (e.g., provinces, regions, or states); urban and rural sectors; and socioeconomic groups (e.g., education levels and sector work).⁶⁸ Thailand clearly follows this relationship. In 2004, 17 percent of Thailand's population lived in the Bangkok area, yet Bangkokians accounted for 44 percent of the total GDP.⁶⁹ The remaining Central region had 17 percent of the population and 27 percent of GDP.⁷⁰ The South accounted for 14 percent of the population, while sharing 9 percent of national GDP; meanwhile the mountainous North had 18 percent of the population and only 9 percent of GDP.⁷¹

Thailand's agrarian regions showed the clearest disadvantage. Historically, the Northeast has always been one of Thailand's poorest areas. Not only because of its unfavorable natural resource endowments i.e., low rainfall and poor soil, but also due to a lack of investment in productive and human capital. Therefore, it should not come as a

⁶⁵ Baker, 23.

⁶⁶ Annette Dixon, "Financial and Social Protection in Thailand." Workshop, World Bank, September 11, 2009.

⁶⁷ Jomo, 3-4.

⁶⁸ Ali, 6.

⁶⁹ Jomo, 13-4.

⁷⁰ Ibid.

⁷¹ Ibid.

surprise that although the *Isan* region had the largest portion of the population in 2004 at 34 percent, but enjoyed a mere 11 percent share of national output.⁷²

In the quest to make Thailand part of the global economy, policymakers focused government spending on industry while neglecting agriculture. The unevenness in growth arose from biased policies, which favored certain groups and regions over others. In the 1960s, 1970s, and 1980s industrial promotion through trade protection and foreign investment allocated capital into manufacturing, banking, finance, insurance and real estate. These policies developed urban sectors at the expense of rural agriculture, largely restricting benefits to Bangkok and its vicinity.

Consequentially, wage gaps between agricultural and non-agricultural sectors increased, while income levels between rural and urban populations also diverged. Consequently, impacts of past policies are still present. As of 2009, the average wage of a female working in the non-agricultural sector (9,596 baht per month) was 3 times higher than a female worker in the agricultural sector (3,163.6 baht per month).⁷³

In the past, temporary improvements in income distributions have been associated with favorable agricultural prices, suggesting that policies that enhance rural incomes could also improve the overall equity.⁷⁴ Deficiencies in public investments in agriculture and the rural economy overall, has been problematic precisely because the productivity of agriculture determines the standards of living for many people in Asia.⁷⁵ Less than fifty years ago, an overwhelming 82 percent of the Thai population worked in agriculture

⁷² Ibid.

⁷³ Labor Force Survey, National Statistical Office of Thailand.

⁷⁴ Jomo, 14.

⁷⁵ Ali, 6-7.

compared to the current 42 percent.⁷⁶ The share of GDP of the agricultural sector sharply declined from nearly 40 percent in 1960 to approximately 11 percent in the mid-1990s.⁷⁷ The employment rate in the agricultural declined less sharply. The largest proportion of the labor force is still employed in this sector, but enjoys proportionately less income than before. This effect has left more Thai people disadvantaged in the rural, rather than urban areas.

Rises in Existing Income Disparities

A clear wage bias existed—and will always exist—in favor of skill; adoption of new technologies as well as foreign direct investments demand a more-skilled labor force. This is especially true with Thailand’s transition into a more service-based industry. However, this further contributes to income inequalities. Due to rapid economic growth, the demand for skilled workers has increased more rapidly than the demand for unskilled workers, resulting in faster growth of wages among the skilled.⁷⁸ In other words, Thailand’s development increases wages among the group of workers who would have received better wages regardless of economic growth levels. This facilitates rises in existing income disparities.

In addition, past education policy has prioritized tertiary above secondary and primary education, helping the educated become even more educated. In 1986, 1990, and 1994, households with incomes below the poverty line received very low shares (14–23

⁷⁶ Ibid.

⁷⁷ Isra Sarntisart, “Growth, Structural Change and Inequality: the experience of Thailand,” World Institute for Development Economics Research, Working Paper (Helsinki : United Nations University, 2000).

⁷⁸ Ali, 6-7.

percent) of the direct benefits of government education expenditure, compared to shares received by households above the poverty line (75–86 percent).⁷⁹

Uneven access to education contributed to regional inequality. It partially explains why the average 2010 income of Bangkokians was 13 times that of Isan people, compared to only five times higher in 1987.⁸⁰ Unfortunately, even the most recent subsidies help the rich, while not helping the poor enough; resulting in a failure to breach the achievement gap between children of different socioeconomic backgrounds.

Perceived Inequality

Having their seeds sown in the 1970s, changes in Thai lifestyle, architecture, and behavior have become more visible in the early 1990s and onward. A new class of *nouveaux riches* has become socially identifiable.⁸¹ It is this cosmopolitan modernity that Thailand's film industry is presenting to its rural populations when it portrays the modern homes and lifestyles of urban professionals living in Bangkok.⁸² Many people strive to imitate the lifestyles they see on television. Yet to the lower classes, most of glamorized status symbols, such as eating at sushi restaurants, are financially inaccessible. Financial barriers serve as social exclusion instruments and fuel resentment, threatening Thailand's traditionally community-oriented culture, to which many rural populations still closely adhere.

Although unfair distribution in health, education, public policy participation, and economic assets such as land are undoubtedly serious forms of inequity, the obvious differences in lifestyles are a more embittering form of inequality. Popular media provide

⁷⁹ Jomo, 15.

⁸⁰ "Thailand needs more than a quick fix to inequality." *The Nation*. June 4, 2010.

⁸¹ Aihwa Ong and Donald Macon, *Ungrounded Empires the Cultural Politics of Modern Chinese Transnationalism* (New York: Routledge, 1997), 266–269.

⁸² *Ibid.*

windows into the lives of privileged Bangkokians. It offers rural Thais an opportunity to compare their lives to that of the urban elite—this awareness contributes to a rise perceived inequality.

In an atmosphere where ostentation is not discouraged, the yawning gap between rich and poor is most openly displayed in Bangkok. There ostentatious displays of wealth are commonplace alongside the crushing poverty experienced by millions of workers who migrated from the countryside.⁸³

The perceived arrogance of Thailand's rich towards the poor is well documented. In 2008, a traffic incident in Bangkok led to a direct confrontation between Thailand's rich and poor; and managed to shine a spotlight on the nation's class conflict.⁸⁴ During a heated argument with a bus operator, the enraged driver of a *Mercedes Benz* accelerated into a crowd of awaiting bus passengers, killing one. Blaming the incident on mental stress, the *Mercedes Benz* driver was released on bail and allowed to keep his license. Although the public was outraged, there was little anyone could do since the luxury car owner was the son of a wealthy businessman and the nephew of a powerful police officer.

The victim's daughter was quoted saying, "Many parts of the Thai bureaucratic system favor rich people—if you are not one of them, you will always be left at the back of the queue."⁸⁵ Unfortunately, such unfair treatment of the poor has become a social norm; ostensibly impoverished Thais hold little value in the eyes of the government.

⁸³ Jonathan Head, "Thailand's Wealthy Untouchables," BBC News. April 7, 2008.

⁸⁴ Ibid.

⁸⁵ Ibid.

What Lies Ahead

Besides open class conflict, the persistence of inequality, can lead to other unfavorable outcomes. First, high levels of inequality lead to pressures to redistribute in ways that may disturb public peace. While the persistence of inequalities reinforces the capture of political, economic, and legal institutions by a minority elite who secure benefits of public policy, investment, and services in favor of themselves. Such actions cause political inequality which only aggravates the initial imbalanced distribution of opportunity and endowment.⁸⁶ Ultimately, the call for redistribution and sharing political power can range from peaceful and prolonged street demonstrations to a violent civil war. It is in this current stage that Thailand has found itself—its future undetermined as of yet.

Politicians now recognize that in order to resolve Thailand's civil unrest, social welfare must become a national priority. To address grievances in Thai society, Prime Minister Vejjajiva declared five main objectives for reconciliation efforts [Appendix 1]:⁸⁷

- 1) To uphold the monarchy.
- 2) To resolve fundamental problems of social injustice by undertaking systematic and structural reformation of the Thai welfare state
- 3) To enable the media's free and constructive operation.
- 4) To investigate the violent incidents which occurred since the demonstrations began in March.
- 5) To establish mutually acceptable political rules by setting up a mechanism that solicits views from all members of society.

In accordance with the second point, which addresses problems of social and economic injustice at the national level, Prime Minister Vejjajiva recently announced that Thailand will aim to be a welfare state by 2017. However, the Truth and Reconciliation

⁸⁶ Ali, 8–9.

⁸⁷ "Thailand Update." Royal Thai Embassy, Washington, D.C. May 7, 2010.
http://www.thaiembdc.org/Ann_Doc/thailandupdate05_10.pdf (accessed March 13, 2011).

Committee, responsible for designing resolution measures, has been unsuccessful so far, failing to provide measures that satisfy all involved parties.⁸⁸

Window of Opportunity: Current Advantages of Implementing Cash Transfers

Social Welfare Aids Future Economic Growth

At present, the *Strategic Plan for the Promotion of Social Welfare in Thailand (2007-11)* has no explicit reference to cash transfers used as means of increasing children's education, health, and nutrition levels.⁸⁹ Although the country's recent civil unrest has brought much discord to Thailand, it has also created a window of opportunity for initiating social welfare programs. These circumstances are especially advantageous for implementing CCTs as an instrument of reconciliation.

CCT programs are beneficial for government and public alike; such programs would immediately alleviate poverty by raising the consumption floor of poor households, while also cultivating popular support for governing bodies. This would reduce conflict and disruption brought about by public opposition, ultimately promoting support for other policy reforms. In the long-term, these social welfare schemes would reduce inequity through advances in socioeconomic mobility, while a focus on children's well-being and education will provide substantial investment returns to the national economy in the future.

Improvements in education, and other forms of human capital investment, have been identified as key in optimizing the nation's economic potential. As education becomes more broadly based and equally accessible to all, people with low incomes are

⁸⁸ Horn, "A Year After Protests, Thai Elections Set."

⁸⁹ "Thailand," South Learning on Social Protection. 2011. <http://south-south.ipc-undp.org/asia-pacific/item/338-thailand> (accessed March 04, 2011).

better able to seek out economic opportunities.⁹⁰ According to new growth theories the accumulation of human capital via education facilitates economic growth by increasing labor productivity as well as promoting technological innovation and adaptation.⁹¹ In support, cross-country empirical studies found primary and secondary school enrollment rates positively correlated to economic growth and investment; in addition these studies established a negative link between education and fertility rates.⁹²

Thailand has tailored its preferred economic growth strategy accordingly. This was demonstrated at the *Sustainable Growth, Regional Balance and Social Development for Poverty Reduction in Thailand 2006* Seminar. This seminar was attended by the World Bank, the National Economic and Social Development Board (NESDB), the Ministries of Finance, Education, Social Development and Human Security, Environment, as well as representatives from private sectors, universities, and research institutes. At this seminar, experts agreed that the nation must focus on increasing human capital in order to ensure economic growth and prosperity in the coming years.

Thailand is now at a point of development in which the past approach to promote economic growth, namely infusing capital without developing higher labor skills, will not suffice [Appendix 12].⁹³ The country's future growth will depend on its ability to strengthen skills and education of the workforce. This matter is urgent for the nation to become a more efficient knowledge-based economy; considering that 58.2 percent of the

⁹⁰ Ifzal Ali and Juzhong Zhuang, "Inclusive Growth Toward a Prosperous Asia: Policy Implications." Economic and Research Department. Working Paper. Asian Development Review (Philippines: Asian Development Bank, 2007), 23.

⁹¹ Hyun H. Son, "Human Capital Development." Asian Development Bank Economics Working Paper Series No. 225 (October 2010), 10.

⁹² Ibid.

⁹³ "NESDB, World Bank Discuss Thailand's Tenth Plan," Development in Partnership, The World Bank in Thailand, November 2006, http://siteresources.worldbank.org/INTTHAILAND/Resources/333200-1164107158877/newsletter_nov2006_eng.pdf (accessed January 11, 2011).

current labor force has an elementary level education or lower, much progress remains to be made [Appendix 13].⁹⁴

The poor quality of education and the shortages of industrial skills are problems that Thailand must tackle forcefully if it is to evolve into a knowledge economy on par with other leading East Asian economies.⁹⁵

Using the Reform Wave as an Advantage

In recent years, Thailand's government has identified improvements in education, and other forms human capital investment, as key in optimizing the economy's overall growth potential. Since CCTs are social welfare schemes that focus on poverty alleviation as well as human capital investment, they can improve overall national economic growth potential. Such social safety nets will gain political support and financial backing more readily than traditional forms of poverty relief. Also the fact that beneficiaries of CCTs are primarily young children can perhaps reduce the reluctance of the non-poor to contribute to social-welfare programs.

In support of CCT programs, recent surveys among the general public indicate that people prefer the government to take more responsibility for social welfare programs.⁹⁶ According to a survey conducted by Thailand Development Research Institute (TDRI) in May 2010, the six benefits most wanted by Thais are more education subsidies, free or low medical bills, vocational training assistance, pension plans,

⁹⁴ Labor Force Survey, National Statistical Office, 2008.

⁹⁵ Piriya Pholphirul. World Bank Human Development Economist. e-mail message to author, January 5, 2011.

⁹⁶ Wichit Chaitrong, "Put more on Tax Roll: TDRI," Bangkok Post, November 30, 2009.

unemployment assistance and increased funding for the underprivileged.⁹⁷ However, the report also uncovered a general distrust of the government's ability to distribute benefits fairly. Especially worrisome is the biased poverty targeting at the village level. Village heads often allocate medical cards and other benefits according to their own criteria, prioritizing access to government aid for close relatives and friends.

As a solution, CCTs reduce corruption risks by establishing direct links between poor families and government aid; making social welfare more discreet and direct as well as independent of village authority. Having families handle program transfers on individual bases would also defuse some possible conflicts between beneficiaries and non-beneficiaries within Thailand's close-knit village communities. One potential design could include provisions for privacy by which the amount each family receives would be private information, thereby eliminating arguments over benefit distribution. Overall, CCTs would enhance the efficiency of the social welfare mechanism in Thailand; with it improving the confidence in social safety nets as well as generating the willingness to fund them.

Conveniently, CCT programs also avoid the mistake of breeding dependence on the state and can potentially lift morale among the disadvantaged. In contrast to past policies, eligible beneficiaries in CCT programs enter into a form of social contract with the Thai government. A household's cash transfers are directly linked to their choice of whether or not to proactively follow CCT rules. This form of social welfare scheme prohibits apathetic households from receiving cash transfers and avoids the problem of

⁹⁷ Respondents live in 14 provinces across Thailand, 50 people from different educational backgrounds and jobs were selected at random to represent each province. ("Thai People Back Tax-Funded Welfare State," *The Nation*, October 30, 2010)

passive state dependence. Essentially, program benefits could cease after the household's school-age children reached adulthood. For example, in neighboring Indonesia, the maximum duration of a family's dependence was found to be an average of 6 years.^{98,99}

Additionally, such social welfare designs allow the poor to not only contribute to society, but become an integral part of building the nation's future. Parents forgo having children work on the farm, and instead choose to assist the state in developing the next generation into an educated and more productive workforce.

CCTs also allow Thailand to progress in its observance of universal human rights, especially emphasizing the importance of non-selectivity in accepting norms. The nation's commitment to the *Universal Declaration of Human Rights* during a 1993 regional meeting for the World Conference demonstrated its desire to promote such principles. CCT effectively allow Thailand to actively abide to Articles 25 and 26, which state the right to adequate living and the right to education [Appendix 14].¹⁰⁰

Additionally, a Thai CCT program will better align the nation with the United Nation's Millennium Development Goals that it has agreed to achieve by 2015 [Appendix 15]. The goals include eradicating poverty and hunger, achieving universal education, and reducing malnutrition, among others.¹⁰¹

⁹⁸ "Indonesia: Conditional Cash Transfer for the Poor." Series: Social Security Extension Initiatives in SE Asia. International Labour Organization Subregional Office for Southeast Asia, 2005, 4.

⁹⁹ The International Labour Organization (ILO) in Indonesia recognizes the importance to develop a suitable exit strategy from the program. Programs that prepare youth to adequately contribute to household income must be developed. At present, program linkage is sought with ILO's skills development initiatives e.g., small business development projects, youth employment projects, and local economic development projects.

¹⁰⁰ The Universal Declaration of Human Rights, United Nations, <http://www.un.org/en/documents/udhr/index.shtml> (accessed March 25, 2011).

¹⁰¹ Millennium Development Goals, United Nations, <http://www.un.org/millenniumgoals/> (accessed on March 25, 2011).

Resolving Current Social Welfare Flaws

The Thai government now recognizes that its services and expenditures targeted to the poorest households are weak. In this window of opportunity it is important to utilize the current momentum of policy reform and wave of social welfare expansion. Acting quickly to design country appropriate CCTs is likely to increase collaboration between Thailand's other social welfare programs [Appendix 16].

Also CCTs have the unique ability to resolve pitfalls of existing social welfare programs in Thailand, such as its free public schooling program. Despite having made graduation from secondary school mandatory by law, a large participation drop (approximately 30 percent) occurs immediately before admission into upper secondary education, i.e., 10th grade [Appendix 17].¹⁰² Although this government welfare ostensibly provides 15 years of free education in public schools, the funds do not subsidize, and therefore motivate, poor households enough to encourage upper levels of education attainment.

This trend can be partially explained by additional costs incurred to families with school-age children. Transportation costs to secondary schools, which are usually fewer, than primary schools and therefore located farther from villages, are too high for many impoverished households. Books are only provided free of cost if they are returned in good condition at the end of each school year; and although the government pays for one school uniform per child per year, families are responsible for providing all additional

¹⁰² The 2008 Key Statistics of Thailand, National Statistical Office of Thailand, <http://web.nso.go.th/en/survey/keystat/keystat08.pdf> (accessed March 6, 2011).

school uniforms.¹⁰³ Lastly, no barriers exist for more well-off families from receiving the benefits just mentioned. This aspect makes the current free schooling program less cost-efficient. In contrast, CCTs are administered only to families with children meeting certain criteria. Barriers to aid access are built-in; increasing cost-effectiveness and accelerating achievement gap narrowing between children of all socioeconomic backgrounds.

Stopping the Deterioration in Childhood Development

Thailand will also find CCT programs particularly favorable due to their focus on childhood development. A growing trend in the North and Northeast is family breakdown.¹⁰⁴ This is a major factor that inhibits childhood development in Thailand's low-income families. As parents move from farm to city in search of higher wages, grandparents are left in rural villages to care for their grandchildren. However, for the learning process, particularly intellectual aspects, the grandparents cannot support the children as well as parents can. A 2009 study by Mahidol University found that pre-school and school-aged children with parents as the major caregivers received better general health care and promotion of emotional, social, and intellectual development, while children with grandparents as their primary caregivers were twice as likely to suffer from delayed development.¹⁰⁵

A TDRI panel declared that absentee parents, gaps in economic conditions, and educational opportunities hinder the development of Thai democracy, and directly

¹⁰³ Promphakping, Buapun. Associate Professor of Humanity and Social Sciences: Khon Kaen University. Interviewed by author. Khon Kaen, Thailand, December 24, 2010.

¹⁰⁴ Pravit Rojanaphruk, "Widening Income Gap Key Obstacle to True Democracy, Panel Says," *The Nation*, November 6, 2010. <http://www.nationmultimedia.com/home/Widening-income-gap-key-obstacle-to-true-democracy-30141641.html> (accessed March 5, 2011).

¹⁰⁵ Sutham Nanthamongkolchai, "Influence of Child Rearing by Grandparent on the Development of Children Aged Six and Twelve Years," Department of Family Health & Faculty of Public Health. Bangkok, Thailand, 2009.

contribute to Thailand's current political conflict.¹⁰⁶ Public support for childhood development is an essential precursor to maximizing benefits attained from education; since a healthy childhood leads to healthy, skilled adulthood, which in turn creates a healthy and productive society.¹⁰⁷

CCTs as Buffers to Economic Volatility

Further contributing to their efficiency potential, CCTs successfully hedge against unforeseen hazards while also eliminating demand for event-specific coping mechanisms. The risk management potentials are seen on household and national levels alike. First, the supplementary income serves as informal insurance against unexpected family emergencies such as unemployment and illness. Second, cash transfers reduce large-scale civilian vulnerability to global market shocks e.g., fuel or food price rises. In essence, providing protection against drastic consumption declines to members at the bottom of the 'market chain'. Since Thailand's economy is especially susceptible to outside shocks, CCTs can play an important role in minimizing financial vulnerability in times of economic volatility. This will avoid the increase in poverty incidents documented with past economic crises.

Thais have little to no culture of saving; the negative effects of this are most destabilizing in low income families. By creating an income buffer, a Thai CCT program would ease beneficiaries' vulnerability when their household income levels suddenly drop. CCTs also encourage greater self-reliance through savings of monthly cash

¹⁰⁶ Rojanaphruk, "Widening Income Gap Key Obstacle to True Democracy, Panel Says."

¹⁰⁷ "Investing in Early Childhood Development: The Health Sector Contribution" (paper presented at the Conference of Federal/Provincial/Territorial Ministers of Health, Charlottetown, Prince Edward Island, September 16-17, 1999).

transfers, instead of relying on erratic government schemes during periods of national economic downturn.

CCTs may also provide some added benefit in ways of decreasing illegal activity and child labor. During times of increased economic stress, unemployed youth would be less likely to support household income by engaging in drug trafficking and prostitution; while parents would be less inclined to have their school-age children work.¹⁰⁸

Gender Equality and CCT Mechanisms

Most CCT programs transfer cash allotments to the mother of the household, under the premise that it will be spent on the welfare of the family. Typically, a mother's objectives are more closely aligned to those of her children.¹⁰⁹ In support, a study associated with Thammasat University found that female headed households in Thailand are generally better off than those headed by males. This suggests that women are more resourceful than men in handling household income.¹¹⁰

A combination of culture as well as promotion of gender equality from the early stages of development has allowed the status of women in Thailand to be relatively equal to that of men.¹¹¹ Both sexes enjoy equal schooling and participation in the labor market. Furthermore, Thai women enjoy a great deal of autonomy in decision making and managing of household budget.¹¹² Considering preexisting norms, Thai women will easily manage cash transfer allotment.

¹⁰⁸ T.M Antic and Michael Walton, "Social Consequences of the East Asian Financial Crisis," Responding to the Global Financial Crisis (The World Bank Group, 1998), 19.

¹⁰⁹ Under some circumstances, money is transferred to student directly (Fiszbein, 1&9).

¹¹⁰ N. Kakwani and Medhi Krongkaew. "A New Measurement of Poverty in Thailand." University of New South Wales and Thammasat University. October 25, 1996.

¹¹¹ ICPD at 10. Progress and Challenges in Implementing the PoA, Thailand. Ministry of Public Health of Thailand, 2004, 25.

¹¹² Interviews with author, Khon Kaen Dec 25-26, 2010

Compared to other developing countries, Thailand allows a great deal of freedom to its women. Nonetheless, the nation stands to make further improvements in female empowerment. At present, women and children remain the main victims of violence as well as poverty. Shockingly, a 2004 UNDP study reported that nearly half of the Thai female population has been victim of sexual or physical violence inflicted upon them by their domestic partner.¹¹³ Additionally, prostitution and child trafficking remain prominent features in Thai society due to a thriving sex tourism industry. Under circumstances of domestic abuse and poverty, additional money from CCTs could undoubtedly secure a better future for Thailand's women as well as children.

Applying Lessons from Past CCT Programs

The overall advantage of hindsight can be a practical guiding tool in developing a Thai CCT program appropriate in size and scope. The availability of assessment literature on foreign programs will undoubtedly expedite Thailand's own design process. Utilizing pros and cons of past CCT programs will help Thailand avoid common implementation mistakes. CCT programs conducted in neighboring nations, i.e., Indonesia, Cambodia, and the Philippines, can offer useful insight into design and practice.

For example, lessons from Cambodia's *Japan Fund for Poverty Reduction* (JFPR) can be used to address Thailand's 30 percent school enrolment drop after lower secondary education.¹¹⁴ JFPR encouraged Cambodian girls to continue into lower-secondary school after completing elementary level education; evidence suggests that the program had an approximate 31 percentage point impact.¹¹⁵ The *Cambodia Education*

¹¹³ NESDB/UNDP, Thailand Millennium Development Goals Report 2004, Bangkok, 2004, 26.

¹¹⁴ The 2008 Key Statistics of Thailand, National Statistical Office of Thailand.

¹¹⁵ Fiszbein and others, 131.

Sector Support Program (CESSP), a follow-up program targeting both boys and girls, proved nearly as successful with a 21 percentage point affect.¹¹⁶

Additionally, governments utilize feedback from domestic CCT experimentation. Through their design, pilot programs are used to address country specific challenges. In addition, small scale initiatives allow officials and social services to familiarize themselves with CCT mechanisms, effectively smoothing possible administrative kinks. Results are later analyzed and integrated into a larger social safety net development. The Brazilian government created a widely supported national program, *Bolsa Familia*, from aggregating lessons of smaller domestic initiatives.¹¹⁷

Benefits of Creating CCTs in Middle-Income Nations

CCT sophistication largely depends on administration capacity. The most successful as well as advanced programs are currently found in middle-income Latin American countries. South American CCTs rely on effective administration via computerization and identity cards. In Brazil's *Bolsa Familia* as well as Mexico's *Oportunidades* program, computerized registries have improved targeting accuracy, allowing programs to be better than any previous social spending scheme in reaching the people they are intended to reach.¹¹⁸ For example, *Bolsa Familia* screens out non-qualifying beneficiaries by checking beneficiary information against data on formal-sector employees. While improving cost-effectiveness of social welfare spending, these practices also eliminate the reliance on community-led implementation and monitoring that many lower income CCT nations depend on.

¹¹⁶ Ibid.

¹¹⁷ Kathy Lindert, "Brazil: Bolsa Familia Program-Scaling-up Cash Transfers for the Poor", 71.

¹¹⁸ "New Thinking about an old problem," Poverty in Latin America, The Economist, September 15, 2005.

Thailand's own status as a middle-income nation means it can utilize similar computerized mechanisms of currently successful CCT programs. In addition, Thailand is sufficiently developed to absorb the future rise in demand for social services that will likely occur with a successfully implemented CCT program. To meet growing demand, the country could expand services more efficiently than its less developed, lower-income counterparts could.

Potential Obstacles and Strategic Solutions: Designing with Foresight

Quality and Distribution of Social Services: Strengthening Desirable Outcomes

As previously discussed, Thailand has significant regional differences in poverty levels. The frequency of poverty is most pronounced in the northern, southern, and north-eastern provinces. For example, the southern province of Narathiwat had 34 percent of its population living below poverty in 2002, compared to the national average of 9.8 percent.¹¹⁹

Similarly, economic regional disparities exist for education and health indicators. According to the UNDP, Thais living in the North and Northeast suffer from disproportionate rates of underweight birth, disability, chronic health problems, AIDS, mental illness as well as the smallest ratio of physicians per capita [Appendix 18].¹²⁰ Regional education levels are equally skewed. People from the Northeast, in addition to several northern and southern provinces, rank lowest in mean years of schooling, enrollment rates, test scores, and other indicators [Appendix 19].¹²¹

¹¹⁹ Ministry of Public Health of Thailand, 7.

¹²⁰ Baker, 87.

¹²¹ Ibid., 89.

CCTs are not a panacea to all social ills; programs are largely effective, but challenges to goal accomplishment exist. Strong evidence from other programs shows that CCTs encourage poor households to make better use of health and education services. On the other hand, some controversy exists over the magnitude of improvement that CCTs alone can provide. By and large, the health and education impacts on beneficiaries can only be as good as the quality of social services that are provided.

Foremost, in order to strengthen the impacts of cash transfers on Thailand's overall human capital, the government must address the existing regional disparities in qualities of public services. This could be accomplished by promoting greater supply as well as quality control of health facilities and schools in rural regions. Otherwise, the cash incentives responsible for promoting poverty reduction and human capital growth are rendered ineffective.

Quality and Distribution of Social Services: A Need for Improvement

Supply-side progress must be made to address regional disparities in Thailand's education and health service sectors. The most qualified professionals work in the Bangkok metropolis, while other areas of the country are badly in need of them. For example, there is one physician to every 850 people in Bangkok, compared to one for every 14,159 people in the northeastern province of Loei.¹²²

The poor quality of services in rural areas is perhaps most apparent in the education system. The NESB determined that 60 percent of Thai teachers underperform, especially those who work in poor rural schools.¹²³ Rural teachers are often inadequate for a number of reasons. Although a large factor is that teachers themselves are often not

¹²² Somchai and Son, 41.

¹²³ Ibid., 14.

the best students; more incentives exist for Thailand's brightest minds to become businessmen, lawyers, and government officials. Furthermore, many rural schools are under the jurisdiction of the Ministry of Interior instead of the Ministry of Education.¹²⁴ This association cuts rural teachers' access to certain scholarships and other benefits, making rural employment especially unfavorable.¹²⁵

Another disincentive against working in rural communities involves a somewhat mandatory adherence to traditional Thai culture. In rural villages, teachers are given a special social status that is generally accompanied by a plunge into debt. In accordance with culture and tradition, teachers are expected to dress nicely, drive cars, as well as contribute large sums of money for family emergencies and community events. In order to adhere to a major cornerstone of Thai culture, many teachers are willing to incur large loans rather than "lose face."

Nonetheless, a mediocre education is better than no education. The National Education Act stipulates that all persons have equal rights to receive 12 years of free schooling. However, only nine years are compulsory and parents are primarily responsible to enforce the law. Unfortunately, school attendance monitoring is often ineffective in poor households, since parents are away working most of the day. Reasons for children skipping school are numerous, and can be attributed to gang activity, gambling, drugs, etc. Admittedly, some children choose to forgo education for hopes of earning income to support their families. This is especially true among large families with

¹²⁴ Piriya Pholpirul e-mail to author.

¹²⁵ Ibid.

high dependency ratios i.e., households with larger numbers of children, old people, or disabled persons, compared to national averages.¹²⁶

Although free tuition and uniforms do promote prolonged education, the unaccounted costs of transportation are often too great and the benefits too small, especially after the required nine years of schooling. This attitude is reinforced by established community-norms; children from poor backgrounds may not comprehend the long-term benefits of seeking an education above that of their elders. Subsequently, this behavior is translated into the one-third percentage drop in participation after lower secondary [Appendix 13].

Quality and Distribution of Social Services: Recommendations

CCTs directed towards education, require children attend 80–85 percent of all school days.¹²⁷ This would provide additional incentives for parents to monitor school attendance; evaluations show that CCTs increased school enrollment in virtually every program. For example, Nicaragua's *Red de Protección Social* (RPS) increased school enrollment by 13 percentage points among children aged 7–13; leading to substantial reductions in child labor.¹²⁸

In Thailand's context, CCTs could be targeted to increase attendance rollover between lower and upper secondary schools. This has been done before in Mexico for children making the transition from primary to secondary school.¹²⁹ It is also important to note that school enrollment, in *Oportunidades* communities, also increased among

¹²⁶ "Country Paper on Poverty Measurement in Thailand." Paper prepared for the Seminar on Poverty Statistics, economic and Social Commission for Asia and the Pacific. National Statistics Office (Bangkok, Thailand, June 21-23, 1999), 3.

¹²⁷ Fiszbein and others, 1.

¹²⁸ Fiszbein and others, 130.

¹²⁹ Ibid.

ineligible children. This phenomenon was largely attributed to the spillover effect; children from barely ineligible households were more likely to attend school, because their eligible peers were required by the program to attend regularly.¹³⁰

Unfortunately, getting more children to attend school heavily depends on the quality of education offered.¹³¹ In this aspect, some current education issues must be addressed. For one, incentives must be improved for highly capable individuals to become teachers. An increase in education budget and a subsequent rise in teaching salaries could provide enough incentive. At present, Thailand spends less than most lower-middle income nations on education. As a consequence, its average education levels need 28.7 years for convergence with those of currently industrialized nations, while those of neighboring Philippines and Indonesia require 10.6 and 20.7 years respectively [Appendix 20].¹³²

In the past, Thailand has put considerable effort towards improving secondary education; however, evidence suggests earlier interventions targeted towards disadvantaged children may have higher returns than later interventions.¹³³ At age three, disadvantaged children may test only modestly behind national averages. However, by age six, children entering elementary school may be limited by inadequate levels of cognitive, social, and emotional development received in early childhood [Appendix 21].¹³⁴

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² Son, 9.

¹³³ James J. Heckman, "Skill Formation and the Economics of Investing in Disadvantaged Children." *Science* 312, no.5782 (2006).

¹³⁴ Fiszbein and others, 25.

It would be worthwhile to consider a Thai CCT program aimed towards increasing kindergarten enrollment. At present, pre-education attendance is a quarter below that of elementary education [Appendix 22]. Foremost, increased enrollment in pre-school programs would improve basic development among young children. Those most vulnerable to delayed development i.e., children with grandparents as primary caregivers, would benefit substantially. Such programs would also be attractive in their cost-efficiency; generally speaking, kindergarten education is less burdensome to finance than secondary education, while the return in investments may be greater.

Lastly, inputs in early education could enhance the formation of healthy lifelong habits. In recent years, hospitals admissions for hypertension, heart disease, diabetes, and cancer have sharply increased [Appendix 23].¹³⁵ The increase in such problems is largely driven by an unhealthy lifestyle i.e., more stress, insufficient exercise, unbalanced diet, and smoking and drinking habits.¹³⁶ Against the background of rising health costs, preventative health care has recently gained greater importance.¹³⁷

This could reduce potential future health care costs by structuring lesson plans around promoting a healthy lifestyle, including the benefits of exercise and proper nutrition as well as the dangers of smoking and drinking. This would especially benefit the poorest regions of the country, the Northeast, in which unhealthy habits are especially prevalent [Appendix 24].

¹³⁵ Somchai and Son, 37.

¹³⁶ Ibid.

¹³⁷ Overall, Thailand has fewer health personnel than neighboring countries. Between 2000 and 2006, Thailand had 4 physicians per 10,000 civilians, compared to 6 in Vietnam, 12 in the Philippines, 15 in Singapore, and 16 in South Korea (Ibid, 41). Although physicians' accessibility and quality undoubtedly contribute to regional health, this link is somewhat weakened by Thailand's universal healthcare system, entitling the poor to the same quality health care as the well-off. Therefore, a number of other factors, such as alcohol and tobacco prevalence, nutrition, and sex education can influence average regional health status to a greater degree [Appendix 22].

The Present State of Social Service Funding: Taking Care of Tax Payers

The Universal Health Care (UHC) system was developed between 2001 and 2002. Five years later over 95 percent of the population had some form of health coverage; in 2006, over 70 percent of hospital visits fell under the UHC gold card scheme, administered by the National Health Security Office (NHSO).¹³⁸ The impact of the health care reform provided informal sector workers, and their families, with free comprehensive health coverage.

Although the scheme is widely used and extremely popular, some policy issues do exist. For one, no effective barrier exists for middle and upper class citizens from accessing benefits. Temporarily unemployed formal sector employees can use the free health coverage for procedures not covered by the Social Security Fund (SSF).¹³⁹ Formal sector employees are enrolled into the SSF plan and automatically excluded from NHSO health coverage. Therefore, the resources available to low-income families are stretched thin.

The universal healthcare scheme only delivers health services, whereas SSF provides a package of social services to formal sector employees, including maternity leave, child support, and old-age pension as well as assistance during injury, illness, unemployment, and disability.¹⁴⁰ However, compared to NHSO dependants, SSF beneficiaries receive a smaller fraction of overall health care funds. Annually, public spending allocates 2,217 baht per person under the NHSO's scheme, while spending

¹³⁸ Almost 8 million were formal sector employees contributing to the Social Security Fund (SSF), 6 million were retirees, family members or direct employees of government or state enterprises. Nearly 1.4 million benefited from company healthcare, and less than one million were using some miscellaneous private form of coverage. The remaining 48.4 million people received cards entitling them to health care for a 30 baht per visit fee. However, this requirement was waived in 2007. This health care is managed by National Health Security Office (Ibid, 13-14).

¹³⁹ Wichit Chantanusornsiri, "The Sickening Truth about Our Health Care System," Bangkok Post, February 17, 2011.

¹⁴⁰ Baker, 8.

1,861 baht per person covered by SSF.¹⁴¹ Under the current system, taxpayers are perceivably receiving fewer health care benefits while fielding the insurance bill of 48 million strangers.¹⁴²

This has two implications for CCTs. First, it inhibits taxpayer approval of health care services that the CCT initiative would require the poor to use. Second, it shows that the Thai government must use taxes more efficiently within existing social welfare programs.

The Present State of Social Service Funding: A Need for Efficiency

The feelings of reverse discrimination, currently brewing among the taxpayer population, must be ameliorated by guaranteeing equal per person public spending under SSF and NHSO coverage. This can be done if the government stopped diverting funds from civil service and social security schemes as a means to offset rising NHSO expenditure.¹⁴³

Universal health care schemes are inherently expensive ventures. At present, Thailand is one of the only lower-middle income countries to have adopted a comprehensive UHC. Most programs are implemented in far more wealthy and developed European countries. The financial burdens of those UHC programs are not overwhelming to those governments since most utilize high income taxes for employees. The generated revenue allows governments to invest back into the system.

On the other hand, the majority of Thailand's population works in the informal sector and pays no income tax. To ensure UHC's survival in today's hostile economic

¹⁴¹ Chantanusornsiri, "The Sickening Truth about Our Health Care System."

¹⁴² Ibid.

¹⁴³ "Ministry under fire over use of budget," Bangkok Post, October 15, 2010.

climate, the Thai government must operate the program more efficiently. In recent years, Thailand's Public Health Ministry has increasingly become resource constrained. The 2008 global financial crisis led to a 3 percent decrease in government budget; by 2010, it ran 4.10 percent of the GDP as deficit.¹⁴⁴ This economic downturn also contributed to a sharp increase in unemployment and a subsequent rise in free healthcare prescribers. In March 2009, it was reported that 50,000 people per month were turning to free UHC coverage as a result of the economic crisis.¹⁴⁵

The increase in free healthcare users as well as a decrease in tax revenues was unfortunately timed. In 2007, the 30 baht per visit co-pay for gold card holders was abolished, dramatically reducing private expenditure for health services.¹⁴⁶ In late 2010, 280 state hospitals were experiencing financial problems as a result. To cover the rising costs of providing free universal healthcare, the Public Ministry of Health diverted funds away from formal sector insurance. As previously discussed, this led to a reduction in the annual baht-per-person expenditure for those covered by the SSF.

The increase in workload for doctors contributed to a migration of many physicians from the public health sector to the higher-paying private sector.¹⁴⁷ This fuels an ongoing competition between Thailand's public and private hospitals for attracting the best employees among the nation's limited supply of qualified physicians.¹⁴⁸

Despite high costs, the UHC is a necessary social welfare program in a nation that by and large provides no other social support to the majority of the population. The

¹⁴⁴“Thailand Government Budget,” Trading Economics, <http://www.tradingeconomics.com/thailand/government-budget> (accessed on March 30, 2011).

¹⁴⁵ Somchai and Son, 41.

¹⁴⁶ *Ibid.*, 39.

¹⁴⁷ *Ibid.*, 40.

¹⁴⁸ *Ibid.*

importance of Thailand's UHC has been recognized by red shirts and yellow shirts alike.¹⁴⁹

A CCT initiative would provide much needed pressure to raise entry barriers within existing social welfare programs. For example, the universal healthcare scheme can become more cost-effective if underlying issues, such as free-rider problems, are adequately addressed. Admittedly, amending universal healthcare coverage might fuel dissatisfaction from the poor; however, if administered in tandem with a national CCT program, its backlash would be significantly less severe. A dual action plan would show that the government is not reducing the amount of support provided to low-income families, but is concerned about increasing UHC's cost-effectiveness. This policy would also signal to taxpayers that the government is becoming more careful with public expenditure.

The Present State of Social Service Funding: Recommendations

A few hospitals among the many that were experiencing monetary constraints in late 2010, reportedly diverted hospital budgets to support community hospitals that were providing services to free healthcare dependants.¹⁵⁰ Especially in rural regions of the Thailand, community hospitals or clinics are more accessible than provincial hospitals. The cost of transportation as well as long hospital lines often deter impoverished Thais from seeking medical care in state hospitals.

This is the case for Kambon Noi villagers, who live in a landfill community located on the outskirts of Khon Kaen. Kambon Noi's nearest health center is a private

¹⁴⁹ UHC was originally launched by Thaksin and the TRT party. It was allowed to persist after Thaksin's demise, and was politically supported by TRT's opposition party, the PAD.

¹⁵⁰ "Ministry under fire over use of budget."

clinic about 3–5 km from the village.¹⁵¹ Unless a situation is fairly serious, most landfill dwellers take out a 200 baht community loan to seek private healthcare care nearby; later repaying the money by working additional hours if such opportunities are available.¹⁵²

Although all community members have *gold cards*, which entitle them to free health services at public hospitals, the Khon Kaen municipal hospital is located much farther from the village, approximately 17 km away. The cost of transportation and food alone can add up to nearly 300 baht in expenses; in addition to the opportunity costs of a lost workday.¹⁵³ Strangely, for Khambon Noi scavengers, accessing nearby private care is almost 100 baht cheaper than seeking free health services in the city. Also they avoid waiting long hours outside the hospital with hundreds of other patients.

It is not surprising that directors of some provincial hospitals have diverted their own funds to smaller community hospitals. These health centers are usually more accessible to majority of the rural poor. Unfortunately, Khambon Noi does not have a public community center nearby; villagers are willing to pay a premium for gaining access to nearby physicians.

Ammar Siamwalla, an economist on NHSO's finance and treasury subcommittee, suggests that financial problems can be solved by adopting a co-payment policy for patients under the civil service scheme, rather than re-instating the previous 30 baht fee of free health care beneficiaries.¹⁵⁴ However, the civil service scheme covers a fraction of the people that the universal health care scheme covers.¹⁵⁵

¹⁵¹ Interviews with author.

¹⁵² *Ibid.*

¹⁵³ *Ibid.*

¹⁵⁴ "Ministry under fire over use of budget."

¹⁵⁵ As of 2009, there is a 1 to 8 ratio between the numbers of people covered by the civil service scheme compared to the universal health care program, 6 million people versus 48 million people respectively (Somchai and Son, 39).

Khambon Noi's example demonstrates that poor Thais are willing to pay much more than the once mandatory 30 baht co-payment to gain access to convenient health care, and that transportation costs to state hospitals too often exceed the out-of-pocket payments for receiving private medical service nearby.

Therefore, a better solution to UHC's financial problems would be to encourage voluntary donations from *gold card* members with a suggested amount of 30 baht per visit. This would bring at least some revenue to UHC on a volunteer basis. The resources could then be channeled into improving the quality and number of community hospitals available in rural areas.

Recently, government health officials decided to add renal replacement therapy and antiretroviral therapy treatment to UHC's extensive list of free procedures.¹⁵⁶ By some estimates these items alone will account for 31.2 percent of health expenditure by 2020.¹⁵⁷ Soliciting voluntary donations may be somewhat unpopular. However, it is a reasonable price to pay for alleviating the heavy strain the UHC is currently under. This is especially true considering that a substantial number of current UHC beneficiaries are not living below poverty lines.

CCTs would be effective mechanisms in making this potential solution a reality. Cash transfers provide additional household income that could be used to invest back into the state healthcare system. Ideally, people would begin to contribute some money toward government initiatives for improving community hospital abundance.

In the long-run, this would cut transportation costs and waiting time among the rural poor; also reduce the dependence on more expensive nearby private clinics many

¹⁵⁶ Somchai and Son, 41.

¹⁵⁷ Ibid.

low-income families face. Likewise, a portion of the generated funds could be allocated for improvements in existing facilities through new medicine and medical equipment purchases as well as skill training programs.

Pilot Programs

Crucial First Steps to Reconciliation

On April 10th, 2010, red shirts rallied in Bangkok again, once more seeking justice for the unexplained civilian deaths during last year's violent government crackdown. The yellow shirts have been holding protests of a different kind, pressuring the government to appoint a new administration rather than adhering to the current plan of holding national elections in June. In response, Prime Minister Abhisit Vejjajiva suggested postponing reelections until July.¹⁵⁸ In light of such events, the International Crisis Group (ICG) released a grim report on Thailand's political climate, urging the government to consider international third party reelection monitoring.

In a hostile environment, mistakes become more costly. The government cannot afford to engage a deeply fractured society in more political intrigue. The importance of holding free and fair elections is now amplified by domestic as well as international pressure.¹⁵⁹ A fair election race is crucial for gaining a proper national mandate to pursue genuine political reconciliation.¹⁶⁰

The recipe for a fair victory is not complicated. The winner is likely to draw from a majority vote of the poor. In recent years, political participation has increased remarkably in rural regions. Overall improvements in political awareness, political

¹⁵⁸ "Red dawn, a remake?" The Economist, April 14, 2011.

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

participation, and voting rates have been attributed to a strengthening in community organizations.¹⁶¹ The number of community groups per population are highest in the poorer regions of the country i.e., the Northeast, South, and North, while being lowest in the prosperous Bangkok metropolis [Appendix 25].¹⁶² Much to the yellow shirts' chagrin, these generally poorer, rural areas are also strongholds of their red shirted rivals.

PAD politicians can no longer be in denial about the importance of the “rural” vote. Although Thaksin’s election victories were in part achieved by “bribing gullible rural voters,” it would be a foolish to believe that he alone utilized these election tactics.¹⁶³ Thaksin was able to secure support, for his election and later reelection, by appealing to the masses through social welfare. Despite his other flaws, he generally delivered what he promised; each time his credibility strengthened in the eyes of the public.

This strategy will be effective in the upcoming elections as well. Within the past year, the current government’s passive reconciliation attempts have deteriorated its credibility. The PAD is now in a position that demands that promises made to the public must become more tangible.

CCT pilot programs would be effective instruments in this regard. Beginning preparations for a series of social welfare pilot projects would surely appeal to the large segment of voters that red shirt supported parties usually draw from. It would prove to the nation’s poor that any political party with a sound social welfare platform can do just as much for Thailand as Pueae Thai could.

¹⁶¹ Baker, 16.

¹⁶² Ibid.

¹⁶³ “Red dawn, a remake?”

Design with Foresight

The beauty of a CCT design lies in its overall flexibility. While some governments use CCTs as the key components in poverty alleviation mechanisms, other nations conduct much smaller programs meant to fill in the gaps that existing social welfare leaves behind. The roles of CCT programs in national social policy differ country by country. Variations exist both in design as well as size. Even programs with similar goals still differ across nations by varying targeting systems, evaluations, payment mechanisms, etc. [Appendix 26].

As with many other cash transfer initiatives, an ideal approach for policymakers to determine appropriate CCT designs for Thailand is to launch a number of pilot projects with varying mechanisms and components. This is an effective strategy to mitigate future risks and correctly adapt cash transfer programs into the nation's social and economic context. Trial runs give policymakers sufficient time and insight for tailoring CCT programs to the strengths and weaknesses of their country. Furthermore, pilot programs allow local and national administrations to familiarize themselves with the CCT structure. Altogether these instruments are crucial for setting Thailand's nationwide trajectories accurately.

Strategic Locations

It would be especially beneficial for Thai policymakers to establish pilot programs in the Northeast. Pilot programs there would be especially strategic for two reasons. First, they would directly target the region with the greatest number of poor provinces [Appendix 27]. Second, such pilot programs would reduce anti-government influence in the red shirts' support hub.

Fortunately, there is a currently active program that can serve as precedent for such an initiative. Since its launch in 2007, Plan de Consolidación Integral de La Macarena's (PCIM) carrot and stick approach has made significant impacts towards reducing insurgency as well as cocoa cultivation in Colombia's eastern region of La Macarena, a traditional stronghold of the Revolutionary Armed Forces of Colombia (FARC).¹⁶⁴ The program has led to significant improvements in infrastructure, including road expansion as well as introduction of computers to local schools. PCIM's director, Alvaro Balcázar, believes that several strategic allocations of social programs and armed government forces are enough to bring about FARC's total collapse.¹⁶⁵

PCIM serves as a reminder that soft power counter-insurgency efforts are effective. Thailand's civil unrest has not yet escalated to the same proportions as armed conflict in Colombia. However, the possibility of such events happening in Thailand's future should not be underestimated. Appropriate soft-power measures could be undertaken to ameliorate national discontent in the immediate, potentially reducing the possibility as well as severity of future conflict.

Mechanisms

The most crucial objective is that support reaches the people its intended to reach. Most social welfare programs have some form of screening process that determines household eligibility. The accuracy of such mechanisms is especially important in nations that require cash transfer programs as channels for alleviating inequality. Several key factors affect CCT reliability, including: data collection processes, information

¹⁶⁴ La Macarena has been a major support hub for the FARC symbolically as well as financially. The region's narco-trafficking activities have been a major generator of FARC funds. Coca plant leaves provide the raw ingredient in cocaine (Gary Leech, "The New Face of Plan Colombia: An 'Alliance for Progress' for the 21st Century?" London Progressive Journal, February 27, 2009).

¹⁶⁵ Ibid.

management, household assessment mechanisms, institutional arrangements, and monitoring mechanisms.¹⁶⁶

There is no single recommended blueprint for household targeting systems. A large number of factors are involved in design and implementation of targeting systems.¹⁶⁷ Thailand can test several potential designs through pilot projects. However, most systems involve the same steps: collecting data on specific households via surveys, entering data into one household information registry, comparing household characteristics with pre-existing eligibility criteria, and establishing program-specific beneficiary lists for the purpose of oversight and payroll [Appendix 28].¹⁶⁸ The most basic objectives for policymakers is to maximize target accuracy and process transparency at reasonable administrative costs.

In Thailand's context, proxy means testing (PMT) would be best. It is often used in nations with high degrees of labor market informality. PMT has been successful in several nations. Between 80–90 percent of benefits were received by the poorest 40 percent of households in Chile as well as Mexico.¹⁶⁹ In addition, combining PMT with other types of targeting has been proven to increase accuracy. Regional targeting can be used as a yardstick approach for prioritized registration. This could be done for a number of Thailand's poorest northeastern provinces.

Another crucial component of CCT program design is the type of process of beneficiary registration the government chooses. Two main forms of the registration process exist: 1) the on-demand application approach that relies on households to come to

¹⁶⁶ Castañeda and others. "Designing and Implementing Household Targeting Systems: Lessons from Latin American and the United States." Social Protection Discussion Paper Series no. 0526. June 2005, v.

¹⁶⁷ Ibid., 3.

¹⁶⁸ Ibid., 2.

¹⁶⁹ Ibid., 5.

local welfare office to apply for benefits i.e., self-targeting approach; 2) the quasi-exhaustive survey approach that involves interviewing all households in particular areas, thereby reducing the risks of missing potentially eligible households. Primarily, the decision between two approaches depends on the concentration of poverty, and the extent to which poverty is concentrated in particular areas [Appendix 29].

Marginally the quasi-exhaustive approach is about 30 percent cheaper than the on-demand application method. On the other hand, the latter has an advantage of lowering overall program costs.¹⁷⁰ Additionally, the on-demand method allows for a dynamic as well as ongoing registry. It provides opportunities for people to come in and out of the system. This aspect would be especially attractive to Thailand. Effectively, this would decrease the government's reliance on ad hoc interventions during times of economic downturn. On other hand, random-sample spot checks would track unreported improvements in economic status and apply appropriate penalties, thereby improving overall cost-effectiveness of government CCT spending.

Strong mechanism for monitoring and oversight will be essential as well, especially in regards to Thailand's recent trends in decentralization. Overall error and benefit leakage can be decreased through methods such as interview oversight, automated checks against formal sector registries, and randomized quality control.¹⁷¹ In Brazil and Mexico computerized registries improved targeting practices and increased overall program efficiency.¹⁷²

¹⁷⁰ The non-poor are unlikely to become eligible. Therefore, they would not waste their time to register.

¹⁷¹ Ibid.

¹⁷² "New Thinking about an old problem"

Thailand's own progress in data systems and research capacity as well as social welfare implementation and monitoring has allowed the nation to improve its national human welfare indicators.¹⁷³ Despite progress much remains to be done. Although the National Statistical Office (NSO) conducts socio-economic household surveys every two years, no comprehensive data system exists for the majority of Thailand's poor i.e., informal sector workers and their dependants.

CCTs and the NSO can mutually benefit one another. CCTs can utilize available NSO data in a number of ways. For example, NSO information could be useful for identifying geographic priority areas. In addition, policymakers are able to use NSO's socio-economic questionnaire as a guides to creating households surveys for proxy means testing. Country-specific samples provide officials vital insight for targeting operations. Most importantly, the NSO and other government departments provide CCT designers common characteristics of Thailand's lower income population. This information can be used to establish eligibility criteria for the program through which household characteristics are compared to after unified registries are assembled [Appendix 30].

CCT household registries have potential to assist the NSO as well since the unified household registry would include information on all CCT candidates regardless of their eligibility status. This would contribute to Thailand's establishment of a unified national database for informal sector workers and their families. Ultimately, a computerized data system would facilitate the implementation and evaluation of other policies reforms, in addition to improving national welfare assessment accuracy.

¹⁷³ Ministry of Public Health of Thailand, 31.

Determining Financial Commitments

Cost constraints are undoubtedly the largest obstacle that governments face in design, especially when demand exceeds available resources.¹⁷⁴ Many agencies compete for the limited resources of a government. Although cash transfer programs have incredible potential in increasing overall human welfare, it is important for policymakers to keep the price tag of such social welfare projects in mind.

This inevitably raises questions over the financial feasibility of implementing CCT programs in Thailand. In order to determine program quotas, the government must allot a certain percent of the annual fiscal budget toward CCTs.¹⁷⁵ To do this, Thailand must find equitable ways of establishing such distribution quotas. Further, this question tackles the issue of size and scope. In this aspect, assessment of pilot programs once again can aid the government in establishing financial parameters for larger initiatives.

Variations exist both in design as well as size. Coverage can be as small as 1 percent of the population i.e., Cambodia; or as large as 40 percent of the population in others countries.¹⁷⁶ Further, the sizes of cash transfers vary in generosity. Some benefits are as small as 1 percent of mean household consumption, while some programs, such as Mexico's *Oportunidades*, generously provide up to 20 percent of mean household consumption.¹⁷⁷

¹⁷⁴ Castañeda and others, 12.

¹⁷⁵ Past assessments conducted by the World Bank suggest program quotas instead of registration quotas. Registration quotas are not recommended because they result in higher rates of exclusion since data is not compared to a nationwide registry. These quotas also decrease credibility and trust in the system, especially if field officers freely exercise their own discretion in determining eligibility criteria. Consequently, this could lead to bribery, lack of transparency, as well as a decrease in overall program effectiveness (Ibid).

¹⁷⁶ Fiszbein and others, 34.

¹⁷⁷ Ibid.

Despite impacts of the recent economic downturn, the Thai government is committed to continue its expansionary fiscal policy through 2011. In response to a UN questionnaire on public expenditure, the Ministry of Foreign Affairs has stated that social expenditure on social welfare has significantly increased between 2008 and 2010.¹⁷⁸

By early 2011, a limited amount of free transportation and utility provisions benefited the rural poor. Welfare initiatives such as free public transport and tap water were applicable primarily to urban areas.¹⁷⁹ On the other hand, rural Thais did benefit from ostensibly free electricity provisions. At present, families are not charged for electricity if household consumption does not exceed a cost of 300 baht per month.

More remains to be done. Presently, the poorest segment of the population lives on a day to day basis. For example, the percent of total expenditure to total income is 84 percent in the Northeast compared to 68.5 percent in the Greater Bangkok area [Appendix 31].¹⁸⁰ Accordingly, the highest household costs reported among the poor in Khon Kaen were for transportation and food. CCTs can have potential to significantly raise the consumption floor of impoverished by putting money into the hands of people that need it most.

Calculations

In order to gain a general understanding of cash transfer costs in Thailand, estimates are converted into household monthly quotas. Most recent NSO socio-

¹⁷⁸ “Thailand’s response to questionnaire on recent adjustment of public expenditure and the impact on those who live in poverty.” http://www.mfa.go.th/humanrights/index.php?option=com_content&view=article&id=107:thailands-responses-to-questionnaire-on-recent-adjustment-of-public-expenditure-and-the-impact-on-those-who-live-in-poverty&catid=35:un-resolution&Itemid=73 (accessed April 19, 2011).

¹⁷⁹ A number of “blue-labeled” free public buses could only be found in Bangkok. While the majority of the rural population relies on rain rather than tap water for consumption, since tap water is considered unsafe to drink.

¹⁸⁰ The 2008 Key Statistics of Thailand. National Statistical Office of Thailand

economic data defines the national poverty line at 1,443 baht per person per month.¹⁸¹

Multiplying the stated income, the estimated monthly household budget of Thai families living at the national poverty line is 7,215 baht per month.¹⁸²

As of 2007, 8.5 percent of the population i.e., 5.4 out of 63.9 million people, lived below the national poverty line. Allotting the poorest portion of the population into household units, 1.08 million households would be considered living in poverty. It is assumed that the program has 100 percent targeting efficiency.

In order to get a rough estimate of program costs, assume that Thai cash transfer beneficiaries are given 5 percent of their monthly household consumption. This percentage falls well within the known cash transfer generosity range. Therefore, the average household's cash transfer would be 360.75 baht per month, or 4,329 baht per year. All in all, cash transfer programs under this rough estimate amount to 4,675,320,000 baht in annual expenditure. This amount is then adjusted to account for inflation from 2007 to 2011, making cash transfer allotment needs approximately 5,130,228,636 baht.¹⁸³

The total government budget for the 2011 fiscal year is 1.12 trillion.¹⁸⁴ Excluding administrative costs, cash transfer payments are a little over 0.2 percent of the government's total budget allotment for the current year. Accordingly, cash transfer

¹⁸¹ Somchai and Son, 12.

¹⁸² For the purpose of calculating cash transfer amounts it is reasonable to take the mean size of all households interviewed i.e., five individuals. This would also be consistent with Thailand's household poverty trends. Specifically, poverty has been found to increase monotonically with household size, accounting for the larger proportion of dependents i.e., young children, the elderly, and the disabled (Kakwani and Krongkaew, 6).

¹⁸³ Bank of Thailand, "Thailand's Macro Economic Indicators," <http://www2.bot.or.th/statistics/ReportPage.aspx?reportID=409&language=eng> (accessed April 21, 2011).

¹⁸⁴ "Government Expenditure," Information and Communication Technology Center, Ministry of Finance. http://dwfoc.mof.go.th/foc_eng/index.asp (accessed on April 21, 2011).

would use less than .74 percent of the 2011 government budget for undesignated commitments.

During the initial phases of adoption, CCTs may have high administrative costs. In the beginning, a majority of resources are spent on targeting and monitoring mechanisms. Lowering costs through reductions in targeting and monitoring is not advised since these practices ultimately undermine the programs overall efficiency.

Fortunately, monitoring and targeting becomes easier over time, leading to a reduction in administrative costs. For example, in 1997, targeting costs represented 65 percent of Mexico's total CCT administrative costs.¹⁸⁵ By 2000, targeting costs fell to 11 percent and the largest cost component were the actual transfers (41 percent).¹⁸⁶ The initial costs are small to the overall benefit to society. Especially considering that there are now dozens of nations that have effective as well as cost-effective CCTs in progress.

Conclusion: Holistic Solutions for Thailand

In recent years, there has been significant government effort towards enhancing the security of most vulnerable groups of Thai people. For example, free universal health care has improved the quality of life and security for a large portion of the population.¹⁸⁷ In addition, the informal sector pension plan, now under serious consideration, would represent another landmark development in social security.¹⁸⁸ Despite several accomplishments, much remains to be done for the state of human welfare in Thailand.

CCTs provide short- as well as long-term solution to issues of inequality and poverty, prevalent in developing capitalist societies. These new-generation social safety

¹⁸⁵ Son, Hyun H. "Conditional Cash Transfer Programs: An Effective Tool for Poverty Alleviation?" Asian Development Bank Economics and Research Department Policy Brief Series no. 51 (July 2008), 5.

¹⁸⁶ Ibid.

¹⁸⁷ Somchai and Son, iii.

¹⁸⁸ Ibid.

net mechanisms can vitally contribute to Thai society by addressing several key issues simultaneously.

The immediate impacts of CCTs include alleviating household poverty by raising the consumption ceilings of poor families. Moreover the additional income provided by government aid also reduces income stress and facilitates a domestic environment more conducive to proper child development. Additionally, CCT implementation has great potential in improving relations between the government and public, thereby reducing social conflict and creating an environment promotive of other policy reforms.

Ultimately, inter-generational transmission of poverty is reduced by elevating low-income youth to education, health, and nutrition levels of wealthier children via CCT incentives. CCT programs effectively even the “playing field” for young generations, leading to improvements in class mobility among impoverished socioeconomic groups.

The positive correlation between human capital and economic growth has been established through numerous cross-country empirical studies; for example, primary and secondary school enrollment rates are positively linked with overall economic growth.¹⁸⁹ At Thailand’s current stage of economic development, human capital investment must accompany infusion of capital. Currently, Thailand is not realizing its full human capital potential, leaving a large portion of the population poorly educated. Through CCTs, the Thai government can engage the nation’s total human capital stock, thereby increasing returns in domestic investment.

Old Siam has been plagued for years by poverty, social unrest, inequality, and economic uncertainty. Years of prosperity under capitalism have masked the ugly truth,

¹⁸⁹ Son (2010), 10.

while civil unrest and global economic downturn have recently exposed it. Thailand experiences precisely the combination of social ills which CCTs have been proven to ameliorate. Ultimately, the nation must engage a well-developed approach to solving the nation's persisting problems. An appropriate CCT program can holistically address poverty alleviation and human capital investment, offering equal opportunity to all members of Thai society.

Appendix 1

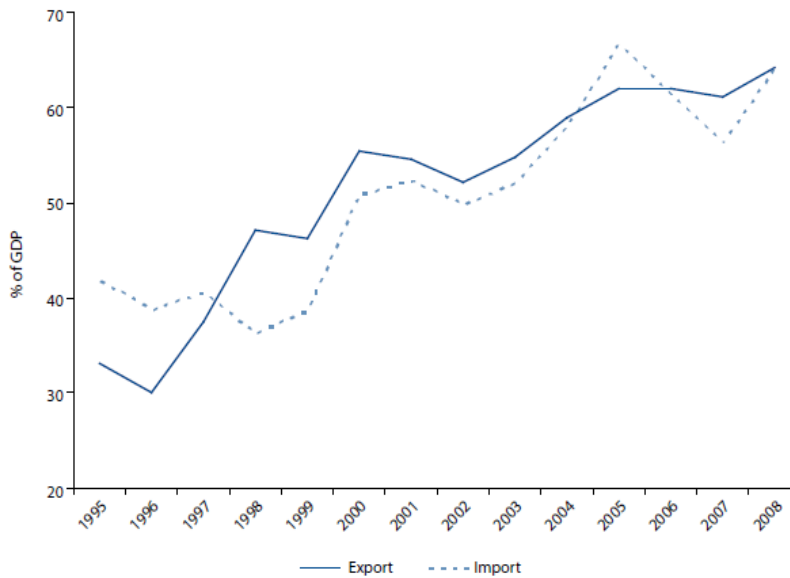
Prime Minister Abhisit Vejjajiva Declares five-point roadmap for national reconciliation leading to elections by November 14, 2010

- A five-point reconciliation roadmap proposed on May 3, 2010, by PM Abhisit Vejjajiva to resolve the current political problem based on the views and grievances from all groups in Thai society could be summarized as follows: 1) *Upholding the monarchy*: To protect the monarchy from being drawn into the present conflict, all Thais should work together to uphold and promote a correct understanding about the institution, given the various contributions which H.M. the King and other members of the Royal Family have made to the nation. The public should also help prevent any media from violating the revered institution; 2) *Resolving fundamental problems of social injustice*: The Royal Thai Government (RTG) must undertake systematic and structural reformation of Thai welfare system to address the problems of social and economic injustice at the national level to tackle elements of grievances of people among those joining the demonstrations, as well as those not protesting. The process of reconciliation or national reform would draw all sectors of society together to help resolve these problems by coming up with concrete and synchronised measures and clear and assessable targets of raising income levels and creating opportunities for the people; 3) *Enabling media's constructive operation*: The media must have freedom, but such freedom should be regulated by an independent mechanism in order to ensure that they are not misused to create conflict and hatred, thereby leading to violence. If the media could operate in a constructive manner, then Thai society would be able to overcome conflict and return swiftly to normalcy and harmony; 4) *Establishing facts about violent incidents*: For peace to prevail, the society must live together on the basis of the truth. An independent fact-finding committee that ensures justice for all concerned in the incidents occurred since the demonstration began in March - has been proposed to handle the investigation and to seek out the truth for society; and 5) *Establishing mutually acceptable political rules*: It is high time to put all issues on the table to set up a mechanism to solicit views from all sides to bring about justice for those involved in the political conflict and all groups in society, so that they would no longer lead to rejection of the political process and conflict in the future.
- With everyone working together on the afore-mentioned five elements, and with the RTG and civil society able to perform their duties unimpeded, without anyone attempting to create division or disturbances or violence and in no time, Thai society would be able to restore harmony and normalcy. In such a case, RTG would hold election on 14 November 2010. However, should the disturbances persist, the RTG would still be committed to his five-point roadmap, although the process could be delayed and a clear election timeframe may not be determined.

Source: Royal Thai Embassy, Washington, D.C.

Appendix 2

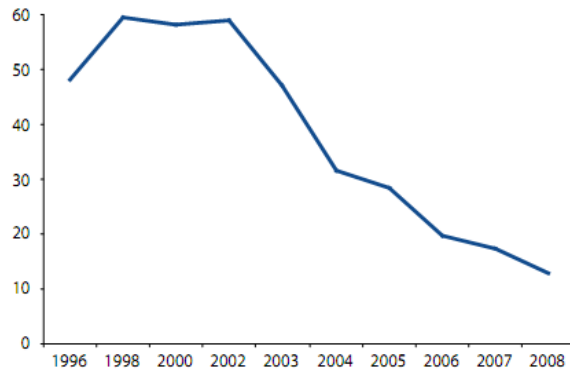
Figure 2.1 Trade as percent of GDP, 1995-2008



Source: Somchai and Son, 8.

Appendix 3

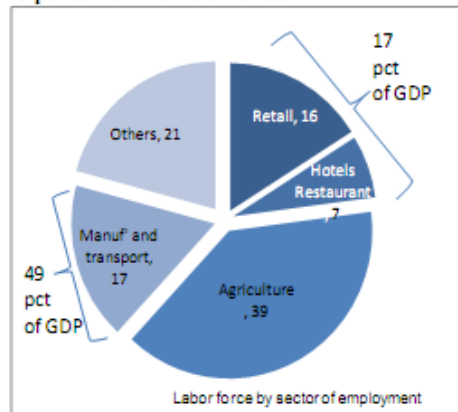
Figure 2.36 Thailand political stability index (World Bank) 1996-2008



Source: Somchai and Son, 58.

Appendix 4

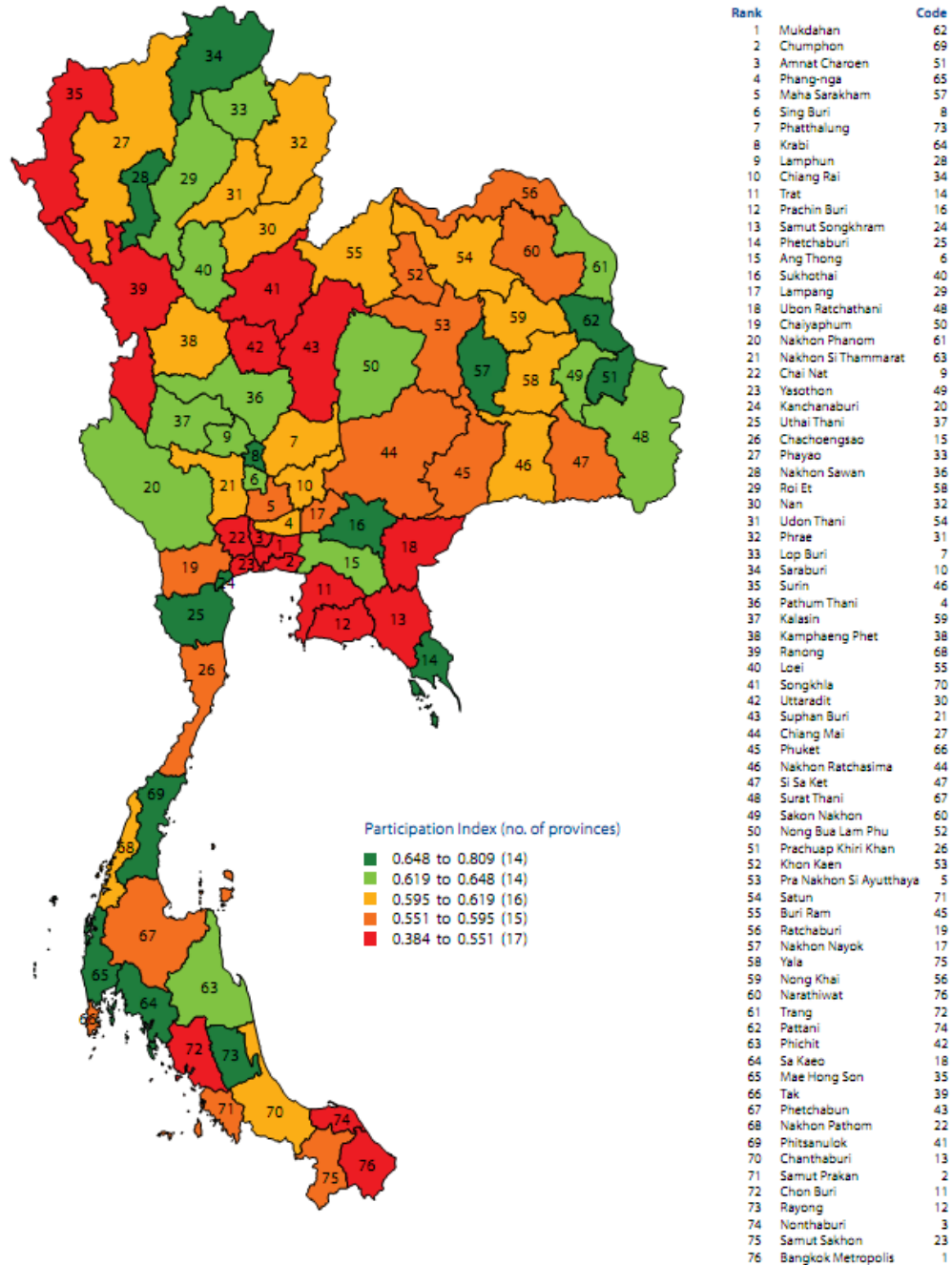
Figure 5. Sectors resilient to the political crisis account for 49 percent of GDP, but only employ 17 percent of the labor force.



Source: Sander and others, 3.

Appendix 5

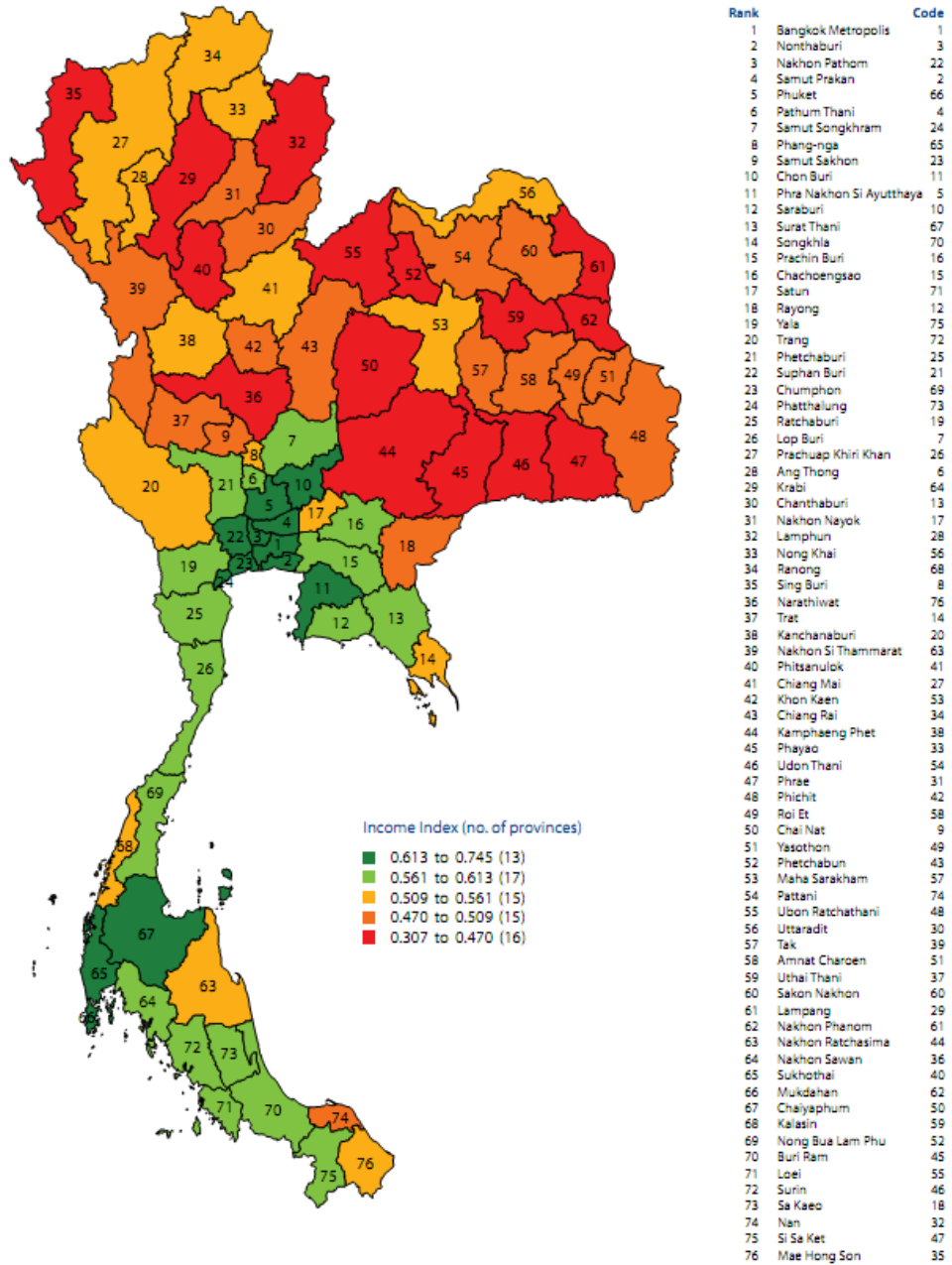
The Human Achievement Index (HAI) is the first human development index at the provincial level that provides an overall assessment of Thailand's human development. The participation index consists of four indicators: voter turnout, community groups, households participating in local groups, and household participating in social services. Provincial participation is ranked from highest to lowest i.e., green corresponds to highest participation levels, while red indicates lowest participation levels.



Source: Somchai and Son, 138.

Appendix 6

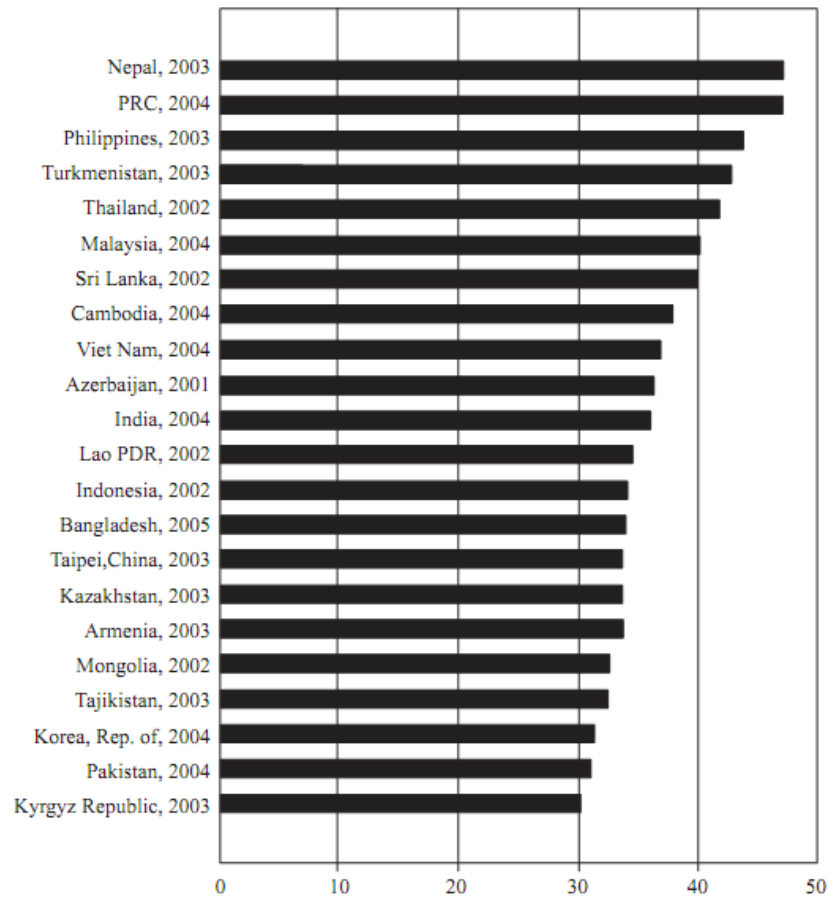
The Human Achievement Index (HAI) is the first human development index at the provincial level that provides an overall assessment of Thailand's human development. The income index consists of four indicators: household income, poverty incidence, households with debt, and income disparity measured by the Gini coefficient. Provincial income is ranked from highest to lowest i.e., green correspond to highest income levels, while red indicates lowest income levels.



Source: Somchai and Son, 124.

Appendix 7

Figure 1. Gini Coefficients in ADB Developing Member Countries
(expenditure and income distributions)

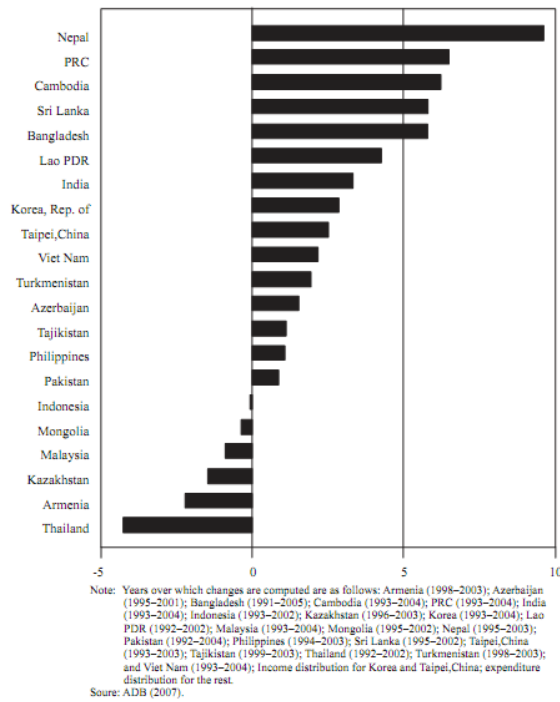


Note: Pre-household income distributions are used for Korea (urban wage and salaried households only) and Taipei, China. Per capita expenditure distributions are used for the rest.

Source: Ali, 3.

Appendix 8

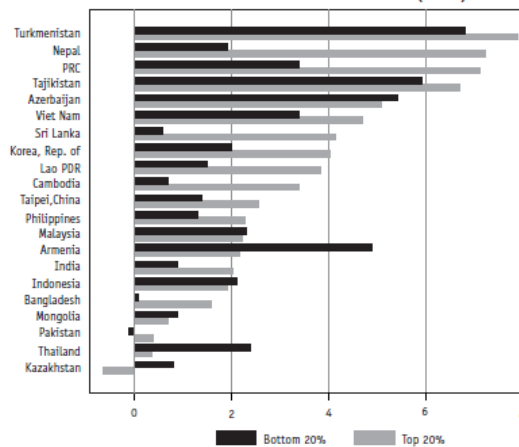
Figure 2. Changes in Gini Coefficient for Expenditure/Income Distributions, 1990s–2000s (percentage points)



Source: Ali, 4.

Appendix 9

FIGURE 3
ANNUALIZED GROWTH RATES OF PER CAPITA EXPENDITURES
OF BOTTOM 20% AND TOP 20% INCOME QUINTILES (PERCENT)



Note: Annualized growth rates are for the following period: 1998–2003 for Armenia, 1995–2001 for Azerbaijan, 1991–2005 for Bangladesh, 1993–2004 for Cambodia, 1993–2004 for China, 1993–2004 for India, 1993–2002 for Indonesia, 1996–2003 for Kazakhstan, 1993–2004 for Korea, 1992–2002 for Lao PDR, 1993–2004 for Malaysia, 1995–2002 for Mongolia, 1995–2003 for Nepal, 1992–2004 for Pakistan, 1994–2003 for Philippines, 1995–2002 for Sri Lanka, 1993–2003 for Taipei, China, 1999–2003 for Tajikistan, 1992–2002 for Thailand, 1998–2003 for Turkmenistan, and 1993–2004 for Viet Nam.
Sources: Staff estimates using grouped/tabulated data from World Bank's PovcalNet database, WIIIDa database (World Institute for Development Economic Research 2007), selected national statistics offices, and unit record data.

Source: Ali, 3.

Appendix 10

Table 10.
Thailand: Gini coefficients, 1962-1992

Year	Set 1	Set 2	Set 3
1962	0.41	-	0.41
1968	0.43	-	0.43
1975	0.42	0.43	0.42
1981	0.44	0.45	0.43
1986	0.47	0.5	0.47
1988	-	0.48	0.47
1990	-	0.5	0.49
1992	-	0.54	0.51

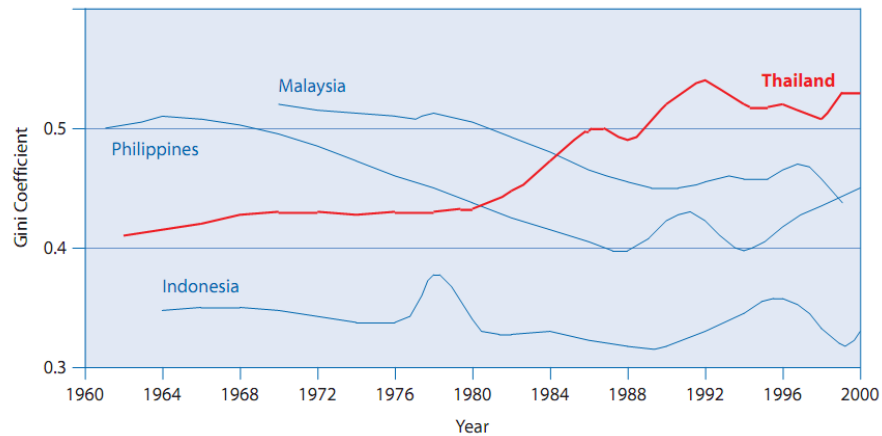
Table 11.
Thailand: Per capita household income distribution, 1962-1998

Year	Series I			Series II				Series III				
	1962-1963	1968-1969	1971-1973	1975-1976	1980-1981	1985-1986	1988	1990	1992	1994	1996	1998
Quintile 1	2.9	3.4	2.4	6.1	5.4	4.6	4.9	4.4	4.1	4.1	4.3	4.3
Quintile 2	6.2	6.1	5.1	9.7	9.1	7.9	8.5	7.6	7.2	7.4	7.6	7.8
Quintile 3	10.5	10.4	9.7	14	13.4	12.1	12.4	11.7	11.2	11.7	11.9	11.9
Quintile 4	20.9	19.2	18.4	21	20.6	19.9	19.7	19.4	18.8	19.6	19.8	19.7
Quintile 5	59.5	60.9	64.4	49.3	51.5	55.6	54.5	56.9	58.7	57.1	56.5	56.3
Top 10%					35.4	39.2	37.8	40.4	42.3	40.6	40	39.8
Gini Index	0.456	0.482	0.535	0.426	0.453	0.5	0.49	0.51	0.53	0.52	0.51	0.51
Shorrocks Index								1.58	1.76	1.49	1.28	1.11
Series I: Medhi (1977)												
Series II: Suganya and Somchai (1988)												
Series III: Isra (1999b), compatible with Series II												

Source: Jomo, 11.

Appendix 11

Figure 2.3 Trends in inequality (Gini Coefficient), 1960-2000



Source: Baker, 23.

Appendix 12

Table 6: Sources of Growth in East Asia, 1960–2003

Economies	Annual Growth Rate	Percentage Contribution of			
		Employment	Physical Capital	Human Capital	Factor Productivity
China, People's Rep. of	6.9	28.1	26.9	5.2	38.8
Indonesia	5.5	47.1	32.0	8.9	11.6
Republic of Korea	7.4	36.5	36.6	9.5	16.6
Malaysia	6.6	49.6	31.0	8.2	10.8
Philippines	3.9	75.3	20.8	10.0	-6.4
Singapore	7.9	42.6	36.3	5.8	14.6
Thailand	6.7	37.1	35.0	5.7	21.6
Taipei,China	8.4	31.7	36.1	6.4	24.6

Source: Son (2010), 14.

Appendix 13

TABLE 2.4 PERCENTAGE OF EMPLOYED PERSONS AGED 15 YEARS AND OVER BY LEVEL OF EDUCATIONAL ATTAINMENT: 2003 - 2007

(จำนวนเป็นพัน Number in thousand)

ระดับการศึกษาที่สำเร็จ	2546 (2003)	2547 (2004)	2548 (2005)	2549 (2006)	2550 (2007)	Level of educational attainment
รวมยอด	100.0	100.0	100.0	100.0	100.0	Total
	(33,841.0)	(34,728.8)	(35,257.2)	(35,685.5)	(36,249.5)	
ไม่มีการศึกษา	3.4	3.5	3.6	3.5	3.4	No education
ต่ำกว่าประถมศึกษา	37.3	35.5	34.5	34.1	32.0	Less than Elementary
ประถมศึกษา	22.5	22.4	22.1	21.8	22.8	Elementary
มัธยมศึกษาตอนต้น	13.6	14.1	14.1	14.2	14.7	Lower Secondary
มัธยมศึกษาตอนปลาย	10.7	11.3	11.6	11.9	12.5	Upper Secondary Level
สายสามัญ	7.4	7.9	8.2	8.7	9.2	General/Academic
สายอาชีพศึกษา	3.2	3.3	3.4	3.2	3.3	Vocational
สายวิชาการศึกษา	0.0	0.0	0.0	0.0	0.0	Teacher Training
อุดมศึกษา	12.1	12.8	13.6	13.9	14.2	Higher Level
สายวิชาการ	6.0	6.6	7.2	7.5	7.7	Academic
สายวิชาชีพ	3.8	3.9	4.0	4.1	4.4	Higher Technical Education
สายวิชาการศึกษา	2.3	2.3	2.3	2.4	2.1	Teacher Training
อื่นๆ ⁽¹⁾	0.1	0.1	0.1	0.1	0.1	Others ⁽¹⁾
ไม่ทราบ	0.2	0.4	0.4	0.4	0.4	Unknown

Source: The 2008 Key Statistics of Thailand. National Statistical Office of Thailand.

Appendix 14

The Universal Declaration of Human Rights

Article 24:

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

Article 25:

1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

Source: The Universal Declaration of Human Rights.

Appendix 15 A

Millennium Development Goals for Thailand

Table 2.1 Thailand's MDG and MDG Plus targets and indicators

Goal		Target	Indicator
Poverty	MDG	Halve the proportion of people living in extreme poverty between 1990 and 2015	<ul style="list-style-type: none"> Proportion of population below national poverty line Poverty gap ratio Share of poorest quintile in individual household income
	MDG+	Reduce poverty to less than 4 percent by 2009	<ul style="list-style-type: none"> Proportion of population below poverty line in the northeast and three southernmost provinces Poverty severity
Hunger	MDG	Halve the proportion of people who suffer from hunger between 1990 and 2015	<ul style="list-style-type: none"> Prevalence of underweight children (under five years of age) Proportion of population below minimum level of dietary energy consumption
	MDG+		<ul style="list-style-type: none"> Prevalence of underweight highland children Prevalence of micro-nutrient deficiency (iodine, iron and vitamin A) among school-aged children Proportion of population aged older than 20 years of age below minimum level of dietary energy consumption
Education	MDG	Ensure that by 2015, boys and girls alike, will be able to complete a full course of primary schooling	<ul style="list-style-type: none"> Net and gross enrolment ratio in primary education Proportion of pupils starting grade 1 who reach grade 5 (retention rate) Literacy rate of 15-year-olds
	MDG+	Universal lower secondary education by 2006 Universal upper secondary education by 2015	<ul style="list-style-type: none"> Net and gross enrolment ratio in lower and upper secondary education Retention rate in lower and upper secondary education National test scores of primary, lower and upper secondary students IT literacy of 15- to 24-year-olds
Gender	MDG	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	<ul style="list-style-type: none"> Ratio of girls to boys in primary, secondary and tertiary education Ratio of literate women to men of 15- to 24-year-olds Share of women in waged employment in non-agricultural sector Proportion of seats held by women in national parliament
	MDG+	Double the proportion of women in the national parliament, Tambon Administrative Organizations, and executive positions in the civil service by 2006	<ul style="list-style-type: none"> Ratios of girls to boys in selected fields in tertiary education Ratio of literate women to men over 40 years old Proportion of women's income to men's in waged employment in non-agricultural sector Proportion of women in Tambon Administrative Organizations and executive positions in the civil service
Child health	MDG	Reduce by two thirds, between 1990 and 2015, the under-five mortality rate	<ul style="list-style-type: none"> Under-five mortality rate (USMR) Infant mortality rate (IMR) Proportion of 1-year-old children immunized against measles
	MDG+	Reduce IMR to 15 per 1,000 live births by 2006 Reduce by half, between 2005 and 2015, the USMR in highland areas, selected northern provinces and three southernmost provinces	<ul style="list-style-type: none"> IMR in highland areas, northern provinces and three southernmost provinces USMR in highland areas, selected northern provinces and the three southernmost provinces

Source: Thailand Millennium Development Goals, 9.

Appendix 15 B

Millennium Development Goals for Thailand Continued.

Table 2.1 Thailand's MDG and MDG Plus targets and indicators (continued)

Goal		Target	Indicator
Maternal health	MDG	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	<ul style="list-style-type: none"> • Maternal mortality ratio (MMR) • Proportion of births attended by skilled health personnel
	MDG+	Reduce maternal mortality ratio to 18 per 100,000 live births by 2006 Reduce by half, between 2005 and 2015, the maternal mortality ratio in highland areas, selected northern provinces and the three southernmost provinces	<ul style="list-style-type: none"> • Maternal mortality ratio in highland areas, northern provinces and the three southernmost provinces
HIV/AIDS	MDG	Have halted by 2015 and begun to reverse the spread of HIV/AIDS	<ul style="list-style-type: none"> • HIV prevalence among pregnant women • Rates of constant condom use of secondary school male students • Number of children orphaned by AIDS
	MDG+	Reduce HIV prevalence among reproductive adults to 1 percent by 2006	<ul style="list-style-type: none"> • HIV prevalence among reproductive adults • HIV prevalence among injecting drug users
Malaria, tuberculosis and heart disease	MDG	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	<ul style="list-style-type: none"> • Incidence and death rates associated with malaria • Prevalence and death rates associated with tuberculosis • Proportion of tuberculosis cases cured under DOTS
	MDG+	Reduce malaria incidence in 30 border provinces to less than 1.4 per 1,000 by 2006	<ul style="list-style-type: none"> • Malaria incidence in 30 border provinces • Prevalence and death rates associated with heart disease
Sustainable development	MDG	Integrate the principles of sustainable development into country policies and programmes and reverse the losses of environmental resources	<ul style="list-style-type: none"> • Proportion of land area covered by forest • Ratio of area protected to maintain biological diversity to surface area • Energy use per 1,000 Baht of GDP • Carbon dioxide emission and consumption of ozone-depleting CFCs • Proportion of population using solid fuel (i.e. fuel wood, charcoal)
	MDG+	Increase the share of renewable energy to 8 percent of the commercial primary energy by 2011 Increase the share of municipal waste recycled to 30 percent by 2006	<ul style="list-style-type: none"> • Mangrove forest area • Share of renewable energy in commercial primary energy • Proportion of major rivers that do not meet DO, BOD and TCB standard • Proportion of municipal waste recycled
Safe drinking water and sanitation	MDG	Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation	<ul style="list-style-type: none"> • Proportion of urban and rural population with sustainable access to an improved water source • Proportion of urban and rural population with access to improved sanitation
Secure tenure	MDG	By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers (globally)	<ul style="list-style-type: none"> • Proportion of households with access to secure tenure (owned, leased or rented)

Source: Thailand Millennium Development Goals, 10.

Appendix 16 A

Table 2. Social safety net projects of the Ministry of Labour and Social Welfare

(regular budget)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
1. Social Security Fund	Social Security Office	Workers/self-insured persons	Workers in firms with more than 10 workers contributing 1-3% of wages to the fund, with contributions from employers & government	Contribution		Compensation in case of sickness, maternity, invalidity, non-work-related death, old-age pension, and child allowance
				14 612	1996	
				16 211	1997	
				11 170	1998	
				21 249	1999	
				Benefits		
				6 320	1996	
				7 153	1997	
				9 312	1998	
				8 465	1999	
2. Workmen's Compensation Fund	Social Security Office	Employees	Employees insured for sickness and work-related causes, employers' contributions at 0.2-1% of wages.	Contribution		Compensation in case of death, injury, sickness and loss of organs owing to work-related conditions
				1 837.50	1996	
				2 235.25	1997	
				1 732.53	1998	
				1 603.79	1999	
				Benefits		
				1 609.50	1996	
				1 986.48	1997	
				1 629.82	1998	
				1 404.40	1999	
3. Employee Welfare Fund	Dept. of Labour Protection and Welfare	Employees	More than 10 employees in an establishment	a. 200 million baht government subsidy in 2000		Savings plus interest for voluntary leave/death; based on service rate and length of work. 30 times daily wages for the retrenched if employers are not able to pay.
				b. Funds from fees collected from neglecting to follow the Act.		

(continued)

Source: Working Group to Prepare a National Report on Strengthening Policies on Social Safety Nets. Ministry of Labor and Social Welfare, October 18, 2000.

Appendix 16 B

Table 2 (continued)

Project	Agencies	Target group	Conditions	Budget/fund		Benefits
				Millions of baht	Year	
4. Overseas Workers Aid Fund	Dept. of Employment	Overseas job-seekers	Permitted workers to work overseas through job-placement agencies or independent overseas job seekers	36.89	1997	Death, disability, not-passing health exam, Abandoned by employers, adversities in a foreign land, Waiting time to start work, to be indicted
				43.11	1998	
				51.45	1999	
				56.34	2000	
5. Credit loans for overseas job-seekers	Dept. of Employment	Labour with external debt	Permitted job-seekers to work overseas	Budget to compensate interstates difference of 3% to debtors		Compensation for 3% interstates difference within 90 baht credit
6. Worker's Fund	Dept. of Labour Protection and Welfare	Labour with non-bank debts	Labour in work establishments	100	1996	Loans to relieve workers' debts from outside the system
				100	1997	
				50	1998	
				50	1999	
7. Construction workers and their families	Dept. of Labour Protection and Welfare	Employees and their families	Workers on construction sites	4.33	1998	Raising the quality of life of employees and families.
				3.86	1999	
				3.54	2000	
				3.65	2001	
8. Skill Development Fund	Dept. of Skill Development	New labour force		200	1995	Short-term loan for training and raising skill levels
		Dismissed labour		50	1996	
				-	1997	
				50	1998	
				320	1999	
9. Revolving Fund for Women	Dept. of Public Welfare	Rural women	5-person production	1.46	1996	No-interest 15,000 baht loan per group to be repaid within 2 years
			women group with training from DPW	4.61	1997	
				10.14	1998	
				21.48	1999	
				20.42	2000	

(continued)

Source: Ibid.

Appendix 16 C

Table 2 (continued)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
10. Social services for children in families; foster families; adoption services; welfare institutions	Dept. of Public Welfare	Children	Newborn to 18 years children including families; abandoned/neglected adoption	378.02	1996	Counselling, financial and material support; child support for foster families; government institutions
				480.78	1997	
				486.88	1998	
				452.08	1999	
11. Services for disadvantaged women	Dept. of Public Welfare	Women and girls	Disadvantaged women	218.36	1996	Protection/welfare Occupational training Alternative to prostitution
				248.57	1997	
				230.71	1998	
				211.65	1999	
12. Services for older persons	Dept. of Public Welfare	Elderly persons	Aged: poor, homeless, lack of family support or in adversity	534.5	1996	Elderly homes and monthly allowances
				802.87	1997	
				870.65	1998	
				858.57	1999	
13. Services for people with disabilities	Dept. of Public Welfare	People with disability		195.51	1996	Rehabilitation centre, Monthly allowance, Job-creating/employment services
				352.28	1997	
				424.81	1998	
				301.11	1999	
14. Services for hill people	Dept. of Public Welfare	Hill people		303.74	1996	Occupation, education, social, Public utility development
				330.13	1997	
				310.01	1998	
				284.84	1999	
15. Families/Community services	Dept. of Public Welfare	People in distress		131.15	1996	Temporary shelters, occupational training, fund and loans for job creation
				73.77	1997	
				163.13	1998	
				262.31	1999	
				292.55	2000	

(continued)

Source: Ibid.

Appendix 16 D

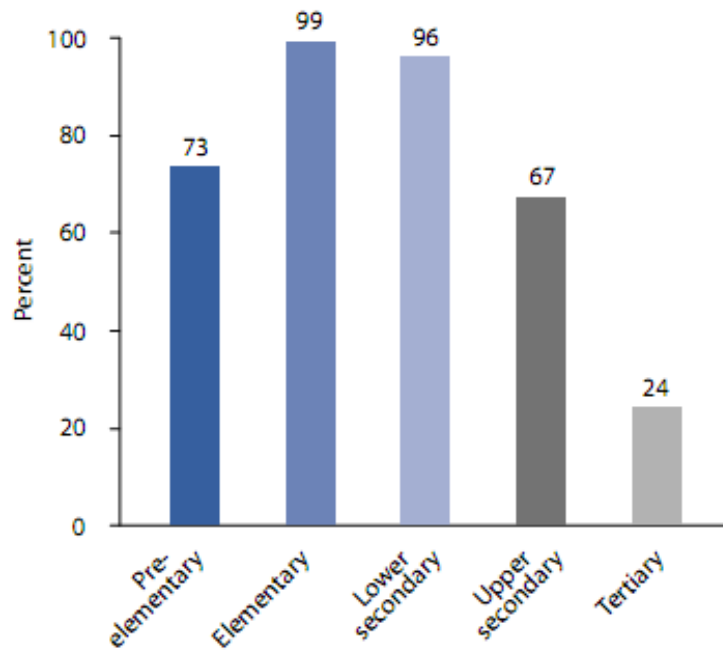
Table 2 (continued)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
16. Services for disaster victims	Dept. of Public Welfare	Disaster victims	Natural disaster victims Man-made disaster victims	139.96	1996	Relief fund: cost of funeral, health care, construction materials, immediate services
				156.94	1997	
				135.75	1998	
				135.23	1999	
				134.97	2000	
				139.79	2001	
17. Emergency loan (pawnshop)	Dept. of Public Welfare	General public		3 858.33	1997	Assistance to the poor/need
				4 373.32	1998	
				4 586.78	1999	
18. Services for the destitute	Dept. of Public Welfare	Beggars	The beggars, the homeless, the destitute	90.89	1996	Provision of physical, mental and occupational rehabilitation services
				104.64	1997	
				97.38	1998	
				88.85	1999	
				92.38	2000	
				92.85	2001	
19. Services for HIV-infected persons	Dept. of Public Welfare	HIV-infected persons	-	59.95	1997	Vocational grant, living allowance, government homes for HIV-infected children
				67.53	1998	
				57.14	1999	
				59.50	2000	
				57.65	2001	
20. Village Welfare Centre (also included in table 6)	Ministry of Labour and Social Welfare	Disadvantaged and people in distress	Initial fund of 12,500 baht/ village	858.85 (total)	Since 1994	Revolving fund and loan; total of 68,708 villages have been supported.

Source: Ibid.

Appendix 17

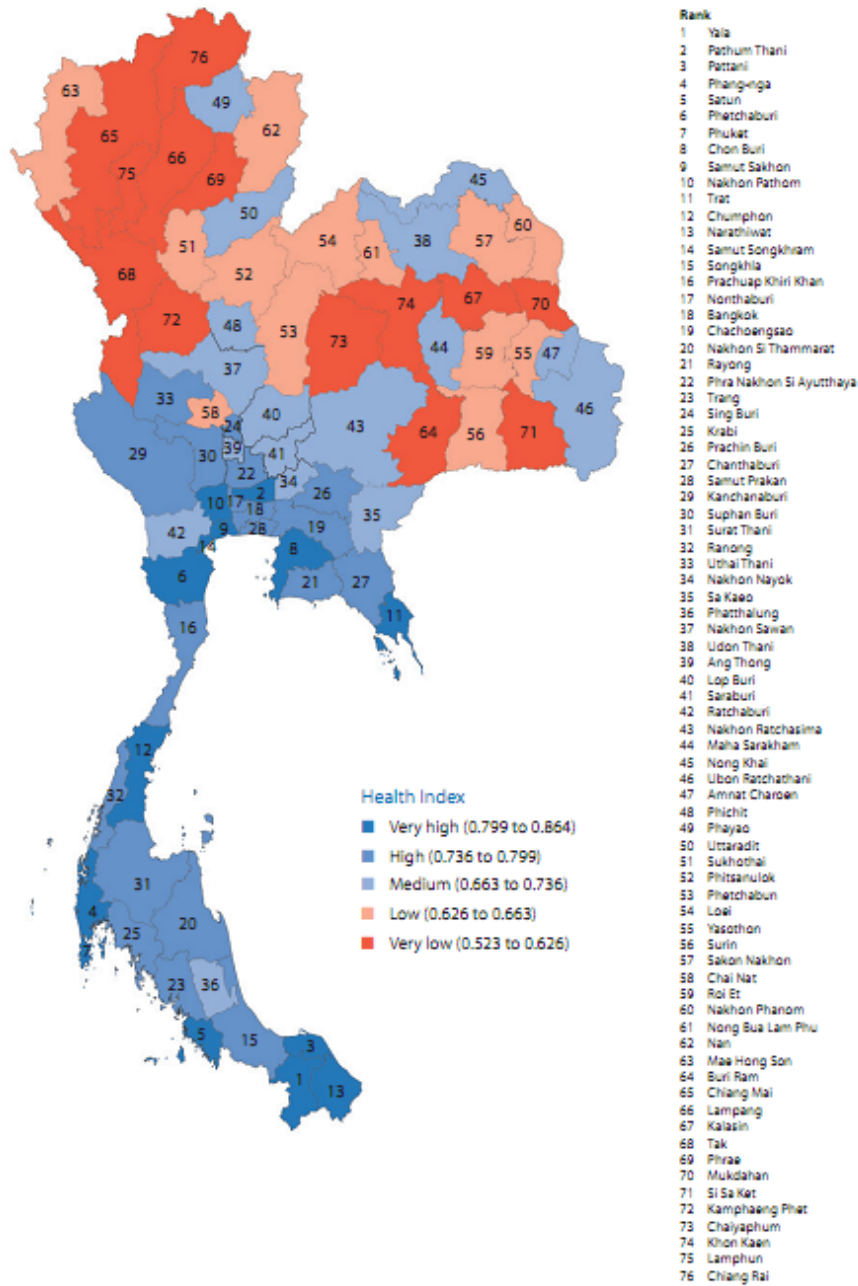
Figure 2.8 Education enrolment rates, 2007



Source: Somchai and Son, 14.

Appendix 18

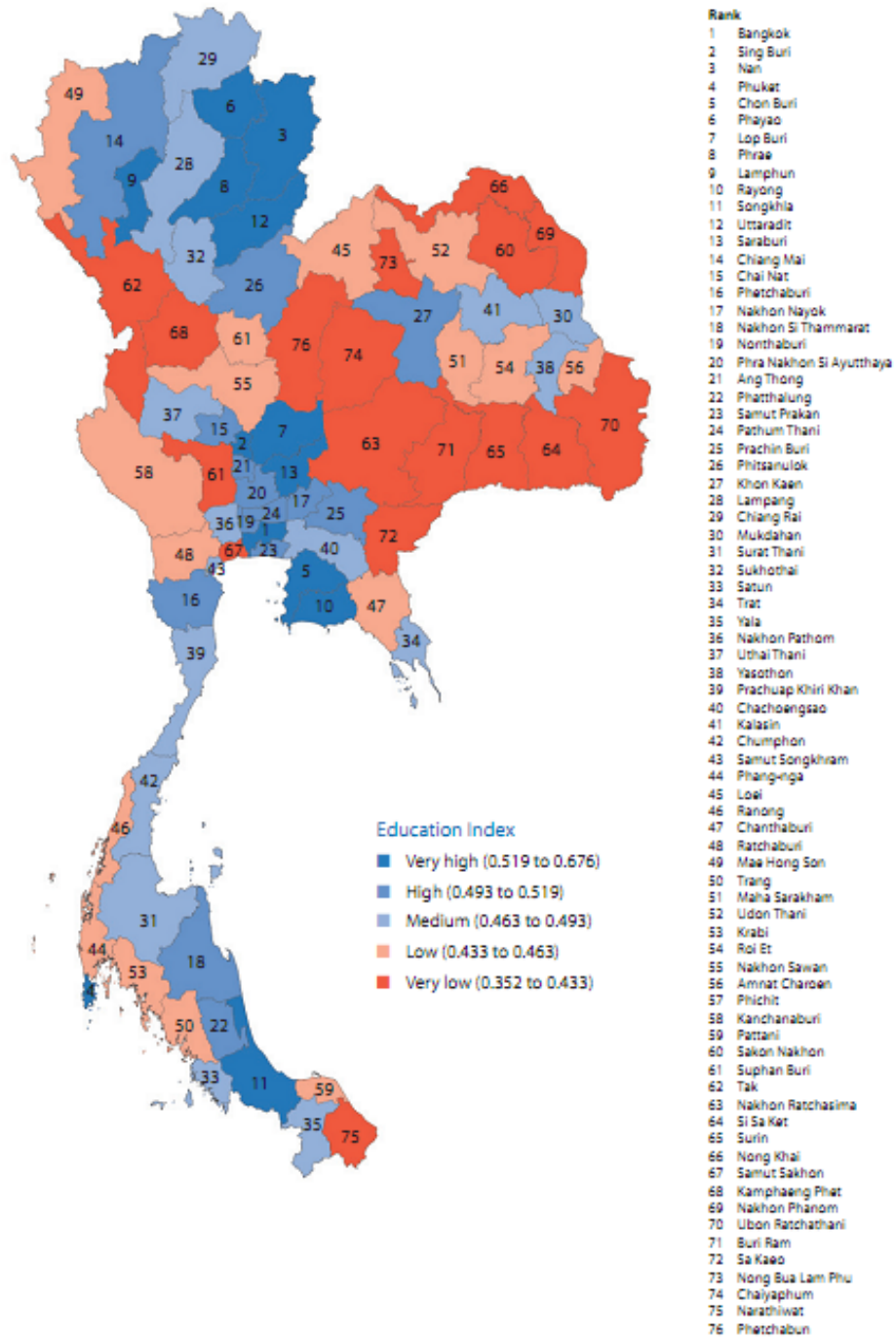
Figure AI.1 Health Index



Source: Baker, 88.

Appendix 19

Figure AI.2 Education Index



Source: Baker, 90.

Appendix 20

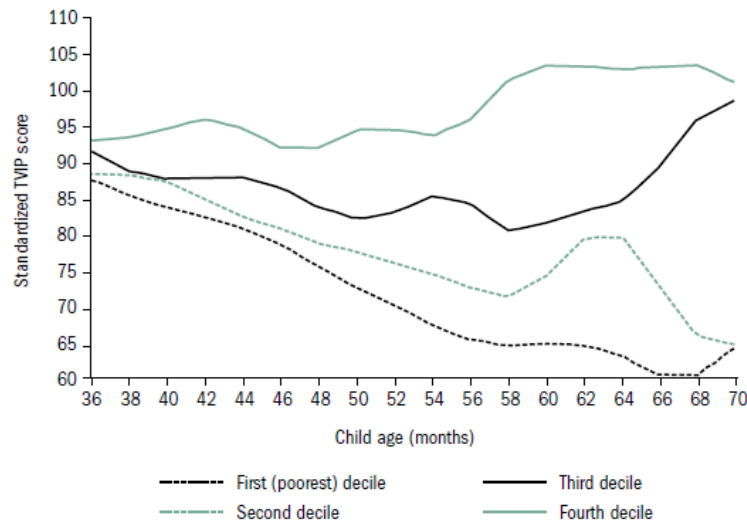
Table 4: Years of Schooling for Selected Asian Countries

Country	Average Years of Schooling in 2010			Annual Growth Rate in Years of Schooling, 1950–2010			Years Needed for Convergence		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
China, People's Rep. of	7.6	8.7	8.2	3.5	2.2	2.7	9.9	10.3	10.5
Indonesia	5.6	6.6	6.1	3.6	2.3	2.8	18.2	22.1	20.7
Philippines	9.2	8.7	9.0	2.0	1.5	1.8	7.6	14.8	10.6
Thailand	7.3	7.7	7.5	1.7	1.0	1.3	22.5	37.1	28.7
Viet Nam	6.3	6.6	6.4	1.9	0.9	1.3	28.3	55.2	38.9
Bangladesh	5.6	6.0	5.8	6.0	2.6	3.5	11.2	23.3	18.2
India	4.1	6.1	5.1	4.3	2.6	3.1	23.1	22.3	24.6
Pakistan	4.3	6.7	5.6	5.1	1.9	2.9	18.4	25.5	23.4
Sri Lanka	8.3	8.6	8.4	1.7	0.9	1.2	14.9	27.3	20.3
Industrialized Countries	10.7	10.9	10.8	1.1	0.9	1.0	0	0	0

Source: Son (2010), 9.

Appendix 21

Figure 5 Cognitive Development by Wealth Decile in Ecuador, 2003–04



Source: Christina Paxson and Norbert Schady, "Cognitive Development among Young Children in Ecuador: The Roles of Wealth, Health, and Parenting." *Journal of Human Resources*, 42-1 (2007), 49-84.

Appendix 22

ตาราง 3.2 จำนวน และร้อยละของนักเรียนต่อประชากรในวัยเรียน จำแนกตามระดับการศึกษา และชั้นเรียน ปีการศึกษา 2549 - 2550

TABLE 3.2 NUMBER AND PERCENTAGE OF STUDENTS SCHOOL-AGE POPULATION BY LEVEL OF EDUCATION AND GRADE: ACADEMIC YEARS 2006 - 2007

ระดับการศึกษาชั้นเรียน	อายุ Age	ประชากร ในวัยเรียน School-age population	จำนวนนักเรียน		ร้อยละของนักเรียน ⁽¹⁾ ต่อประชากรในวัยเรียน		Level of education/grade
			Number of students		Students as percentage of school-age population		
			2549 (2006)	2550 ²⁾ (2007)	2549 (2006)	2550 ²⁾ (2007)	
รวมยอด	3 - 21	17,117,335	14,622,313	14,482,194	84.69	84.61	Total
ก่อนประถมศึกษา	3-6	2,383,715	1,771,998	1,768,673	75.02	73.77	Pre-Elementary Education
อนุบาล 1	3	808,458	185,897	193,878	23.75	23.98	Kindergarten 1
อนุบาล 2	4	785,137	779,922	783,727	99.98	99.82	Kindergarten 2
อนุบาล 3	5	790,120	795,002	770,258	100.48	97.49	Kindergarten 3
เด็กเล็ก			11,177	10,910	1.41	1.38	Pre-primary
ประถมศึกษา	6 - 11	5,324,427	5,695,472	5,564,624	103.47	104.51	Elementary Education
ประถมศึกษาปีที่ 1	6	793,205	885,999	881,211	105.92	111.09	Grade 1
ประถมศึกษาปีที่ 2	7	838,092	870,069	859,818	104.20	102.57	Grade 2
ประถมศึกษาปีที่ 3	8	836,214	859,533	868,370	107.25	103.95	Grade 3
ประถมศึกษาปีที่ 4	9	895,722	1,006,519	955,419	103.87	106.88	Grade 4
ประถมศึกษาปีที่ 5	10	869,729	1,000,087	1,004,397	100.95	103.58	Grade 5
ประถมศึกษาปีที่ 6	11	991,485	974,285	995,809	99.45	100.42	Grade 6
มัธยมศึกษาตอนต้น	12 - 14	2,887,644	2,782,081	2,782,834	96.67	96.37	Lower Secondary Education
มัธยมศึกษาปีที่ 1	12	980,720	958,021	959,973	100.95	97.88	Grade 7
มัธยมศึกษาปีที่ 2	13	949,892	928,296	932,997	97.05	98.22	Grade 8
มัธยมศึกษาปีที่ 3	14	957,032	895,764	889,864	92.12	92.98	Grade 9

ตาราง 3.2 จำนวน และร้อยละของนักเรียนต่อประชากรในวัยเรียน จำแนกตามระดับการศึกษา และชั้นเรียน ปีการศึกษา 2549 - 2550 (ต่อ)

TABLE 3.2 NUMBER AND PERCENTAGE OF STUDENTS SCHOOL-AGE POPULATION BY LEVEL OF EDUCATION AND GRADE: ACADEMIC YEARS 2006 - 2007 (Contd.)

ระดับการศึกษาชั้นเรียน	อายุ Age	ประชากร ในวัยเรียน School-age population	จำนวนนักเรียน		ร้อยละของนักเรียน ⁽¹⁾ ต่อประชากรในวัยเรียน		Level of education/grade
			Number of students		Students as percentage of school-age population		
			2549 (2006)	2550 ²⁾ (2007)	2549 (2006)	2550 ²⁾ (2007)	
มัธยมศึกษาตอนปลาย	15 - 17	2,897,652	1,868,999	1,945,929	66.77	67.16	Upper Secondary Education
มัธยมศึกษาปีที่ 4	15	973,275	744,079	789,305	78.88	79.04	Grade 10
มัธยมศึกษาปีที่ 5	16	988,101	595,454	624,993	62.25	64.56	Grade 11
มัธยมศึกษาปีที่ 6	17	936,176	529,466	551,631	57.73	57.89	Grade 12
อุดมศึกษา	18 - 21	3,623,997	2,502,753	2,430,234	68.05	67.05	Higher Education
ปริญญาตรีและต่ำกว่า	18 - 21	3,623,997	2,288,704	2,212,819	62.50	61.05	Undergraduate Degree and below
อุดมศึกษาปีที่ 1	18	916,898	785,838	720,729	85.29	78.82	Higher Ed. 1st yr.
อุดมศึกษาปีที่ 2 - 4	19 - 21	2,707,301	1,533,088	1,491,890	55.14	55.11	Higher Ed. 2nd yr - Higher Ed. 4th yr.
สูงกว่าปริญญาตรี	-	-	204,059	217,815	-	-	Graduate Degree
ประกาศนียบัตรบัณฑิต	-	-	8,148	16,215	-	-	Graduate Diploma
ปริญญาโท	-	-	181,045	182,357	-	-	Master Degree
ประกาศนียบัตรบัณฑิตชั้นสูง	-	-	907	754	-	-	Higher Graduate Diploma
ปริญญาเอก	-	-	13,859	15,279	-	-	Doctorate Degree

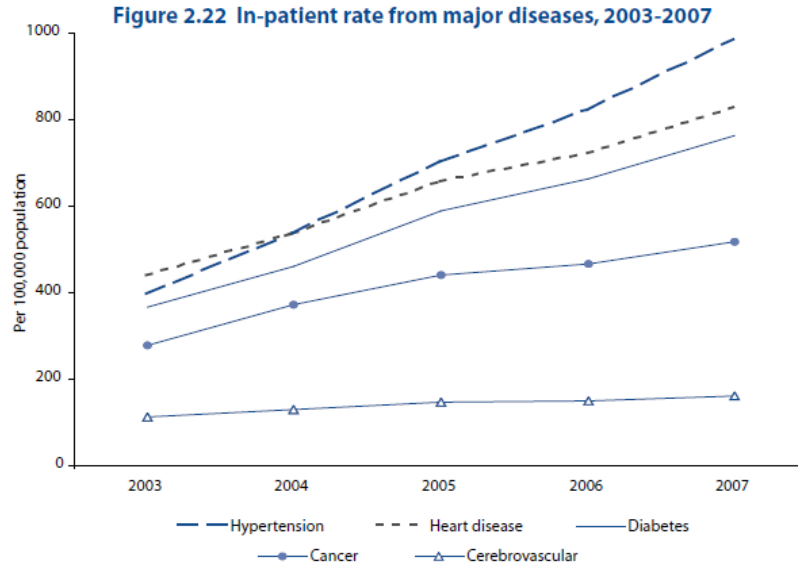
(1) บางชั้นเรียน ร้อยละของนักเรียนต่อประชากรในวัยเรียนเกิน 100% เพราะเป็นการคำนวณอัตราการศึกษาชั้นเรียนอย่างเหมาะสม ซึ่งมิใช่จำนวนนักเรียนมากกว่าจำนวนประชากรในวัยเรียน

In some cases, enrolment ratio is over 100% because the number of students is greater than the number of school-age population.

ที่มา: สำนักงานสถิติแห่งชาติ กระทรวงศึกษาธิการ

Source: The 2008 Key Statistics of Thailand, National Statistical Office of Thailand.

Appendix 23



Source: Somchai and Son, 38.

Appendix 24

ตาราง 4.5 ร้อยละของผู้ที่มีอายุ 11 ปีขึ้นไป จำแนกตามพฤติกรรมการสูบบุหรี่ และภาค พ.ศ. 2547 และ 2550

TABLE 4.5 PERCENTAGE OF POPULATION AGED 11 YEARS AND OVER BY CIGARETTE SMOKING HABIT, AND REGION: 2004 AND 2007

ภาค	พฤติกรรมการสูบบุหรี่ Cigarette smoking habit								Region
	2547 (2004)				2550 (2007)				
	รวมยอด Total	สูบ Smoke	เคยสูบ Ever smoke	ไม่สูบ Never smoke	รวมยอด Total	สูบ Smoke	เคยสูบ Ever smoke	ไม่สูบ Never smoke	
ราชอาณาจักรไทย	100.0 (53,779,097)	100.0 (11,361,457)	100.0 (2,971,073)	100.0 (39,446,563)	100.0 (55,239,859)	100.0 (10,871,516)	100.0 (3,397,187)	100.0 (40,971,155)	Whole Kingdom
กรุงเทพมหานคร	13.2	8.9	8.6	14.7	10.9	6.9	6.4	12.4	Bangkok
ภาคกลาง (ไม่รวม กทม.)	23.4	21.2	18.4	24.4	25.0	22.4	22.2	25.9	Central Region (Excluding BKK)
ภาคเหนือ	18.4	20.1	28.0	17.2	18.0	18.9	25.8	17.2	Northern Region
ภาคตะวันออกเฉียงเหนือ	32.4	35.4	35.4	31.4	32.9	35.4	36.2	31.6	Northeastern Region
ภาคใต้	12.6	14.4	9.6	12.3	13.2	15.4	9.4	12.9	Southern Region

ที่มา: การสำรวจพฤติกรรมการสูบบุหรี่และการดื่มสุราของประชากร พ.ศ. 2547, 2550 สำนักงานสถิติแห่งชาติ กระทรวงเทคโนโลยีสารสนเทศและการสื่อสาร

Source: The 2008 Key Statistics of Thailand, National Statistical Office of Thailand.

Appendix 24 A

ตาราง 4.6 ร้อยละของผู้ที่มีอายุ 11 ปีขึ้นไป จำแนกตามพฤติกรรมการดื่มสุรา และภาค พ.ศ. 2547 และ 2550

TABLE 4.6 PERCENTAGE OF POPULATION AGED 11 YEARS AND OVER BY ALCOHOLIC DRINKING HABIT, AND REGION: 2004 AND 2007

ภาค	พฤติกรรมการดื่มสุรา Alcoholic drinking habit								Region
	2547 (2004)				2550 (2007)				
	รวมยอด Total	ดื่ม Drink	เคยดื่ม Ever drink	ไม่เคยดื่ม Never drink	รวมยอด Total	ดื่ม Drink	เคยดื่ม Ever drink	ไม่เคยดื่ม Never drink	
พระราชอาณาจักร	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Whole Kingdom
	(53,779,097)	(16,169,745)	(2,825,380)	(34,783,950)	(55,239,859)	(14,986,580)	(3,856,887)	(38,394,411)	
กรุงเทพมหานคร	13.2	9.9	7.1	15.2	10.9	7.8	6.5	12.7	Bangkok
									Central Region
ภาคกลาง (ไม่รวม กทม.)	23.4	21.3	21.7	24.5	25.0	22.4	24.2	26.1	(Excluding BKK.)
ภาคเหนือ	18.4	24.4	22.9	15.3	18.0	23.5	22.2	15.3	Northern Region
ภาคตะวันออกเฉียงเหนือ	32.4	36.8	39.5	29.8	32.9	36.6	38.9	29.9	Northeastern Region
ภาคใต้	12.6	7.6	8.7	15.2	13.2	7.7	8.2	16.0	Southern Region

Source: The 2008 Key Statistics of Thailand, National Statistical Office of Thailand.

Appendix 25

Box 1.11 HAI Participation Index

The *HAI Participation Index* is constructed from data on voter turnout, community groups, participation in local groups, and participation in social services.

The Northeast is the leader, followed by the North, and the South. Participation is lowest in Bangkok and Bangkok Vicinity.

Top Five Provinces	Bottom Five Provinces
1. Amnat Charoen (Northeast)	72. Chon Buri (East)
2. Maha Sarakham (Northeast)	73. Pathum Thani (Bangkok Vicinity)
3. Lamphun (North)	74. Bangkok
4. Phang-nga (South)	75. Nonthaburi (Bangkok Vicinity)
5. Chumphon (South)	76. Samut Sakhon (Bangkok Vicinity)

Source: Baker, 16.

Appendix 26

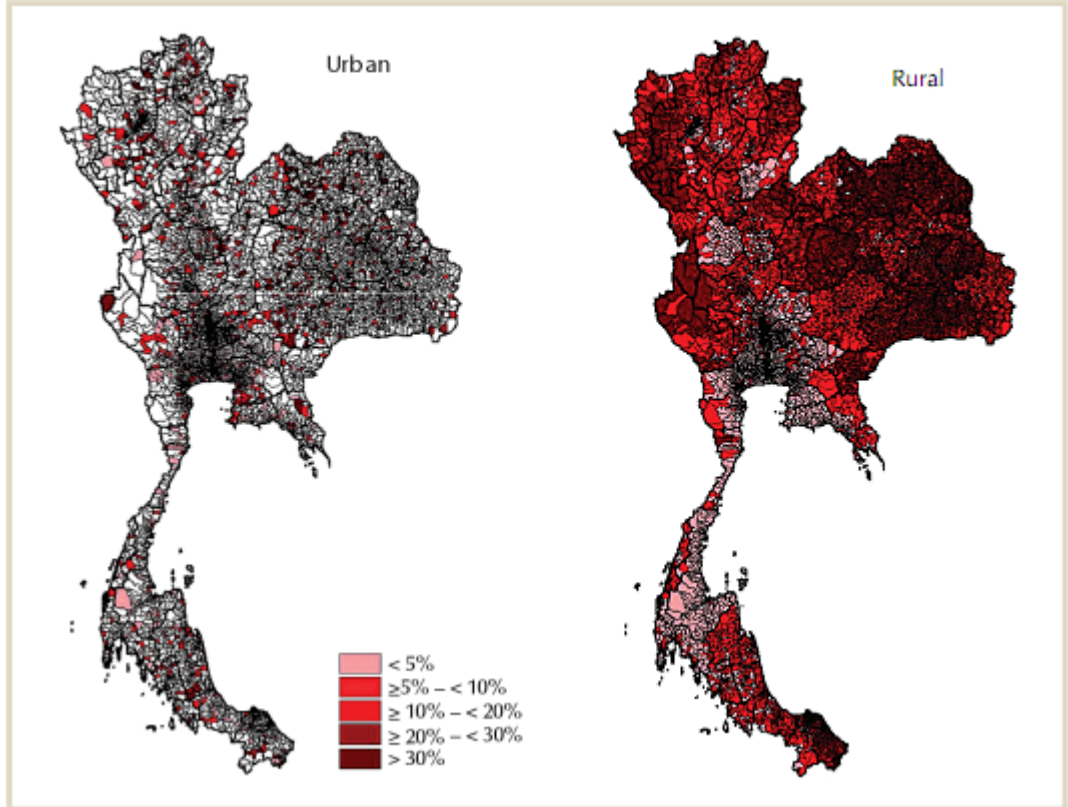
Table 1.2 Implementation of “Similar” Programs: Contrast between Mexico and Brazil		
Program feature	Mexico	Brazil
<i>More-similar features</i>		
Program size	5 million families 25% of the population	11 million families 25% of the population
Definition of conditions	<p>Education:</p> <ul style="list-style-type: none"> • School enrollment and minimum attendance rate of 85%, both monthly and annually • Completion of high school (for savings account) <p>Health:</p> <ul style="list-style-type: none"> • Compliance by all household members with the required number of health center visits and mother’s attendance at health and nutrition lectures 	<p>Education:</p> <ul style="list-style-type: none"> • At least 85% school attendance in a 3-month period for children aged 6–15 <p>Health:</p> <ul style="list-style-type: none"> • Children 0–7: vaccination and follow-up of nutritional development • Pregnant women: pre- and postnatal visits, health and nutrition seminars
<i>Less-similar features</i>		
Targeting system	<p>Geographic targeting used to determine which rural areas participated initially</p> <p>Proxy means test used for household targeting within localities and in urban areas</p> <p>Program itself does targeting and program registration</p>	<p>Geographic targeting used to assign ration of slots in registry of poor households</p> <p>Means test used as household targeting system</p> <p>Municipalities do program targeting and program registration</p>
Evaluation	Explicitly taken into account in program design	No systematic attempt to integrate evaluation of program impact into design
Benefit structure	Differentiated by age, grade, gender	Differentiated by poverty level
Payment mechanism	In cash at program-specific payment points	Via debit card usable at banks, ATM machines, and lottery points
Enforcement of conditions	Rigorous, reduction in benefits at first round of noncompliance	Warning system, noncomplying households seen as in need of additional “care” and problem solving

Source: Fiszbein and others, 37.

Appendix 27

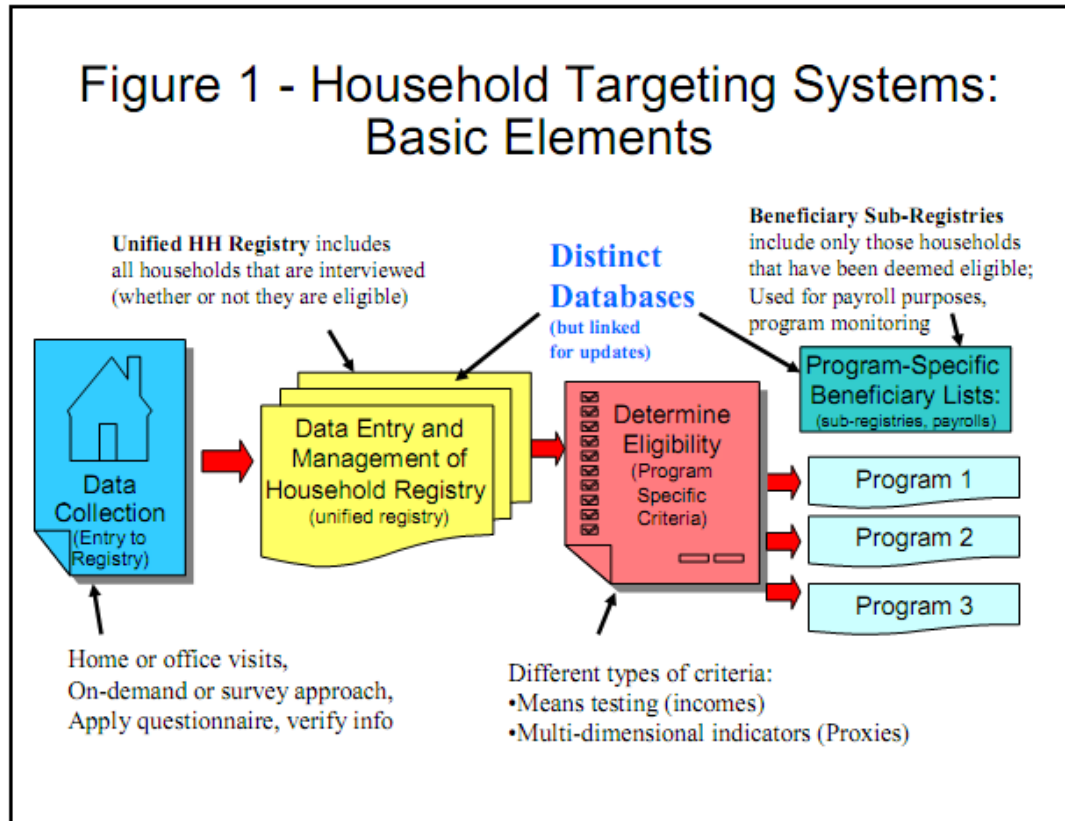
Over nearly 75 percent of the sub districts and over half of all villages and urban blocks in the Northeast showed poverty incident rates at least 50 percent in excess of national averages.

Figure 13.2 Poverty Headcount Ratio, Thailand 2000



Source: Somchai, Jitsuchon. "Small Area Estimation Poverty Map for Thailand." Paper presented at the SMERU Research Institute and Ford Foundation International Seminar in Jakarta, December 1-2, 2004.

Appendix 28



Source: Castañeda and others, 7.

Table 3 – Combining Geographic Targeting and Household Assessment Mechanisms for Data Collection in Unified Household Registries

Geographic Targeting Category (from disaggregated poverty map)	Implications and Factors to Consider	Application and Registry Process		Promotion and Outreach Methods
		INITIAL START-UP	PERMANENT	
<p>Heterogeneous areas:</p> <ul style="list-style-type: none"> • Medium- or lower-poverty rates (<70%); • High inequality (Most areas) 	<ul style="list-style-type: none"> • Many families will not be poor • Need to avoid costs of interviewing large numbers of non-poor • Need to make program available to those that are poor 	<p>INITIAL AND PERMANENT:</p> <p>Demand-driven application process: candidates come in to local welfare offices to apply; home visits follow initial interview (to verify residence, identity, welfare indicators).</p> <p>Regular re-certification by those that receive benefits required (every 2 years?)</p>	<ul style="list-style-type: none"> • Public information campaign • Access via main local welfare office (self-selection for applications) 	
<p>Areas with very high poverty density:</p> <ul style="list-style-type: none"> • High poverty rate (>70-80%), and • Large number of poor people per km (e.g., high poverty urban areas) 	<ul style="list-style-type: none"> • Most families will be poor • Still need to register them and verify residence, identity – could use “short form” • Large concentration (density) of poor people reduces unit costs of interviewing and registering 	<p>Initial survey-outreach sweep, registering all families within that geographic area into database.</p> <p>Also allow those poor who were not included to go to local welfare offices to apply.</p>	<p>Permanent demand-driven application process: Candidates come to local welfare offices to fill out basic application form and conduct initial interview (basic registry information). Home visit would follow to verify residence, household composition, and welfare indicators (marginal cost of latter is small once home visit already being conducted)</p> <p>Regular (bi-annual?) re-certification by those that receive benefits required.</p>	<ul style="list-style-type: none"> • Public information campaign • Initial survey sweep • Satellite or mobile registry offices located in these areas • Candidates could also go to the main local welfare office
<p>Areas with high but dispersed poverty:</p> <ul style="list-style-type: none"> • high poverty rate (>70-80%), but • low density (e.g., very poor remote, rural areas) 	<ul style="list-style-type: none"> • Most families will be poor • Still need to register them and verify residence, identity – could use “short form” • Dispersion of poor families (and likely remote locations) raises unit costs of interviewing and registering 	<p>Initial survey-outreach sweep, registering all families within that geographic area into database.</p> <p>Also allow those who were not included to go to local welfare offices to apply.</p>	<p>Permanent process of repeated survey sweeps using mobile unit and institutionalized teams due to high unit costs of each separate interview (economies of scale with survey sweep approach)</p> <p>Potentially eligible families can also come to nearest welfare office to apply at any time to guarantee open access between sweeps</p>	<ul style="list-style-type: none"> • Public information campaign • Initial survey sweep • Repeated survey sweeps with mobile units and institutionalized teams • Candidates could also go to the nearest main local welfare office

Appendix 30

Table 10: Basic Minimum Needs Indicators (2005)

<p>1. Health</p> <p>1) Pregnant women obtain health care before delivery.</p> <p>2) Pregnant women obtain delivery service and health check after delivery.</p> <p>3) Birth weight of new born babies is not less than 2,500 grams.</p> <p>4) Infants under 1 year old are given all necessary vaccines.</p> <p>5) Infants are exclusively breast fed at least the first four months.</p> <p>6) New born - 5 years old children grow up at standard rate.</p> <p>7) 6-15 years old children grow up at standard rate.</p> <p>8) 6-12 years old are given vaccines.</p> <p>9) Everybody in a household has quality and standard food.</p> <p>10) A household correctly knows about medicine usage. (in case of getting little ill)</p> <p>11) 35 years old up have an annual health check.</p>	<p>3. Education</p> <p>20) 3-5 years old children obtain proper care services.</p> <p>21) 6-15 yrs old children obtain compulsory education.</p> <p>22) Those who have completed a compulsory education continue to high school level.</p> <p>23) Those students who have not continued their study receive occupational training.</p> <p>24) 15-60 years old in a household can read and write Thai.</p> <p>25) A household receives advantageous information at least 5 times a week.</p>
<p>2. Housing</p> <p>12) Housing is durable at least for 5 years and has tenure security.</p> <p>13) A household has sufficient water to consume.</p> <p>14) Household has safe water sufficient to drink.</p> <p>15) A household area is healthily managed.</p> <p>16) A household does not bother from pollution.</p> <p>17) A household knows how to prevent the accidents</p> <p>18) A household has no harm to lives and properties.</p> <p>19) A warm family</p>	<p>4. Economy</p> <p>26) Household income is on the subsistence level (at least 20,000 baht per head per year).</p> <p>27) 18-60 yrs. old people are fully employed.</p> <p>28) A household has regular saving.</p>
	<p>5. Ways of Living</p> <p>29) Household members are not alcoholics.</p> <p>30) Household members do not smoke cigarette.</p> <p>31) A household does religious activities at least once a week.</p> <p>32) Elderly receive care.</p> <p>33) Disabled receive care.</p>
	<p>6. Participation</p> <p>34) A household belongs to at least one community group.</p> <p>35) A household participates and shares their thought in community meetings.</p> <p>36) A household participates in community activities.</p> <p>37) Qualified members use their votes in the last election</p>

Source: "Defining and Measuring poverty," Poverty in Thailand, Office of the National Economic and Social Development Board, 10.

Appendix 31

ตาราง 7.2 ค่าใช้จ่ายทั้งสิ้น และค่าใช้จ่ายเพื่อการอุปโภคบริโภคเฉลี่ยต่อเดือนต่อครัวเรือน จำแนกเป็นรายภาค พ.ศ. 2550

TABLE 7.2 AVERAGE MONTHLY TOTAL EXPENDITURE AND CONSUMPTION EXPENDITURE BY REGION: 2007

(บาท Baht)

ภาค	ค่าใช้จ่ายทั้งสิ้น ต่อครัวเรือน Total expenditure per household	ค่าใช้จ่ายเพื่อการอุปโภคบริโภค ต่อครัวเรือน Consumption expenditure per household	ร้อยละของ		Region
			ค่าใช้จ่ายอุปโภคบริโภค ต่อค่าใช้จ่ายทั้งสิ้น Percent of consumption expenditure to total expenditure	ร้อยละของ ค่าใช้จ่ายทั้งสิ้น ต่อรายได้ทั้งสิ้น Percent of total expenditure to total income	
ทั่วราชอาณาจักร	14,500	12,735	87.8	77.7	Whole Kingdom
กรุงเทพมหานคร และ 3 จังหวัด ⁽¹⁾	23,996	21,009	87.6	68.5	Greater Bangkok ⁽¹⁾
ภาคกลาง ⁽²⁾	15,168	13,273	87.5	80.1	Central Region ⁽²⁾
ภาคเหนือ	10,990	9,623	87.6	81.0	Northern Region
ภาคตะวันออกเฉียงเหนือ	10,920	9,702	88.8	84.0	Northeastern Region
ภาคใต้	15,875	13,868	87.4	80.5	Southern Region

(1) รวมจังหวัดนนทบุรี ปทุมธานี และสมุทรปราการ

Includes Nonthaburi, Pathum Thani and Samut Prakan.

(2) ไม่รวมกรุงเทพมหานคร นนทบุรี ปทุมธานี และสมุทรปราการ

Excludes Bangkok, Nonthaburi, Pathum Thani and Samut Prakan.

ที่มา: การสำรวจภาวะเศรษฐกิจและสังคมของครัวเรือน พ.ศ. 2550 ทั่วราชอาณาจักร สำนักงานสถิติแห่งชาติ กระทรวงเทคโนโลยีสารสนเทศและการสื่อสาร

Source: The 2008 Key Statistics of Thailand. National Statistical Office of Thailand.

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