

# UN report reveals deep social divide in Thailand

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A report released last month by Thailand's Ministry of Social Development and Human Security and the United Nations Development Program (UNDP) points to the underlying social tensions that helped fuel recent protests in Bangkok against the government of Prime Minister Abhisit Vejjajiva.

The protests were called by the United Front for Democracy Against Dictatorship (UDD), which is aligned with former prime minister and telecom billionaire Thaksin Shinawatra. While the UDD leaders limited their demands to early elections, the tens of thousands of rural and urban poor demonstrators saw an opportunity to vent their frustrations over declining living standards and the deepening divide between rich and poor. At least 85 people died in the military crackdown that ended the protests on May 19.

The Human Development Report 2009, "Human Security, Today and Tomorrow", is a cautious document, intended to present an "optimistic perspective" on the country's recent development under the guidance of "His Majesty the King's initiatives". Nevertheless it contains a number of findings that reveal the vast transformation of Thai society under the impact of globalisation, and sharp changes in social relations.

Foremost is the growth of inequality. Rapid economic growth—an average of 7 percent a year—resulted in official poverty levels falling from 21 to 8.5 percent between 2000 and 2007. Despite this decline in absolute poverty, however, the gulf between rich and poor has widened. Since the mid-1980s, real per capita income has roughly tripled, yet the main beneficiaries have been a narrow, privileged layer. Over 5 million people are still below the austere official poverty line, while many more are struggling from day to day.

One measure of inequality cited in the report is the ratio between the average income of the top fifth of households and the bottom fifth. In Japan and Scandinavia, the multiple is around 3-4. In the rest of Europe and North America, it is 5-8. Among Thailand's South East Asian neighbours, the figure is 9-11. At 13-15, Thailand is the most unequal society in South East Asia. Further evidence of rising inequality is provided by

country's Gini coefficient, which has risen from 0.4 to 0.5 since 1960, while in countries like Malaysia and the Philippines the trend has been the reverse.

Over the past half century, Thailand's mainly agricultural economy has changed dramatically, with the rapidly developing industrial and service sectors highly integrated into the global economy. The country has become a major cheap labour platform, heavily dependent on foreign investment and exports. Tourism, which accounts for 6 to 8 percent of GDP, employs a significant layer of the total workforce.

These economic developments have accentuated social divisions. Nearly 60 percent of the workforce is employed in the "informal sector" that includes most of those in agriculture and two-fifths of those outside it. The latter is concentrated in transport, trade and construction, and also accounts for some 22 percent of manufacturing workers.

"Informal" workers are deprived of basic rights under the country's labour laws, excluded from social security, denied opportunities for training and advancement, and receive poverty level wages. They include a high proportion of older workers, as younger workers often replace those employed in the "formal sector" once they get to 40 years of age.

The most exploited are the 3.5 million migrants from Myanmar, Cambodia, Laos and China—equivalent to 10 percent of the working population. Many are so-called "illegal" and semi-legal migrants, stateless and displaced persons, and long-standing residents who do not have full citizenship. They have few rights, are vulnerable to victimisation and violence, and work in menial, low-wage jobs.

Rural areas have suffered from longstanding neglect. Investment in agriculture has been low and the rural economy is no longer insulated from world markets. The small-scale family farms that prevail in Thailand are uneconomic. Many farmers are older, with the average age of farmers now above 50 years. The households have little or no land and the families have high dependency rates, with large numbers of children and

elderly people. The informal social safety net that has sustained rural life is rapidly breaking down.

Many of the rural poor are landless labourers whose income is described as “right at the bottom of the scale”. Others are smallholders. Of 5.8 million households with agricultural land, 1.4 million own less than 0.8 hectare. Many do not produce enough food for themselves, either because the land is inadequate or because they cultivate non-food crops. Rural households are forced to spend over 80 percent of their total income on food, and are thus highly vulnerable to price fluctuations.

Rural households, of which 1-in-10 are rated as officially “poor,” often rely on remittances from family members working in urban centres. For the rural population as a whole, these amount to some 9 percent of total income. Along with many urban workers who face intermittent or lengthy periods of poverty, large numbers of rural households are heavily indebted. In 2007, 63.3 percent of all households were in debt, with the average amount increasing from 82,485 baht in 2003 to 116, 585 baht (\$US3,600). For many poor families, this represents months of their income.

The disparities between urban and rural areas are reflected in a series of social and economic indices comparing the top five and bottom five provinces—the latter are inevitably in the country’s rural north and north east, where many of the UDD protesters came from, or the south, where there is an Islamic separatist insurgency.

In the top five in 2007, the poverty incidence ranged between zero and 0.1 percent of the population; in the bottom five, it was between 20.0 and 65.2 percent. Average monthly household income for the top five was 25,447 to 39,020 baht compared to 7,245 to 10,782 baht for the bottom five. The number of children in distress per 100,000 people was 0.5 to 2.2 for the top five, compared to 129.4 to 308.1 for the bottom five. And the list goes on.

The internationalisation of the economy has exposed Thailand to global instability. In 1997, it was the first country hit by the Asian financial crisis. The government, also then led by Abhisit’s Democrat Party, implemented the demands of the International Monetary Fund to impose austerity measures and further open up the economy to foreign investment. Thaksin won power in 2001 by exploiting the widespread opposition to the Democrat-led government and promising to protect Thai businesses. In office, he made limited handouts to rural areas as part of his stimulus measures, but, under pressure from the international markets, he continued to open up the Thai economy.

As a result, the country’s external exposure deepened. The recovery was fragile, depending on increasing exports, on the basis of the cheap currency, and attracting a flood of tourists. Free trade agreements were signed with ASEAN, New Zealand, Australia, India and China, and tariffs were slashed. The ratio of exports to GDP rose to 64 percent. Dependence on foreign direct investment rose to 3-5 percent of GDP, triple the level prior to the crisis.

The UN report only briefly touches on the impact of the current world financial crisis, which hit the exported-orientated economy hard. The government responded with stimulus measures amounting to nearly 2 trillion baht, but these “could not prevent a large shrinkage of the economy”. The stimulus boost to consumption was “puny” in comparison to the loss of demand from exports—leading to large job losses and declining living standards.

The report obliquely refers to the effective disenfranchisement of the masses, noting with concern that wealthy business interests dominate all the political parties. With one “partial exception,” all are “little oligarchies, dominated by a single leader and controlled by a small coterie”. The report points out that there is more “conflict and insecurity than at any time in the previous thirty years” and warns that the situation could spiral out of control unless the “failings” of the country’s political system are addressed.

Embroiled in their own factional conflicts, the Thai ruling elites are no more capable than their counterparts in other countries in addressing these “failings”. The resort to bloody military force last month reflected the exhaustion of all the safety valves used to contain class tensions amid rising hostility to all the existing political institutions, which are deeply discredited. The underlying social tensions and political issues remain and will inevitably erupt, sooner or later, in further upheavals and new forms of class struggle.



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